

OUTCOMES, PERFORMANCE COMMITMENTS AND INCENTIVES

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RULES OF ENGAGEMENT

OUTCOMES, PERFORMANCE COMMITMENTS AND ODI

Figure 4.1 – A summary of outcomes, performance commitments and ODIs

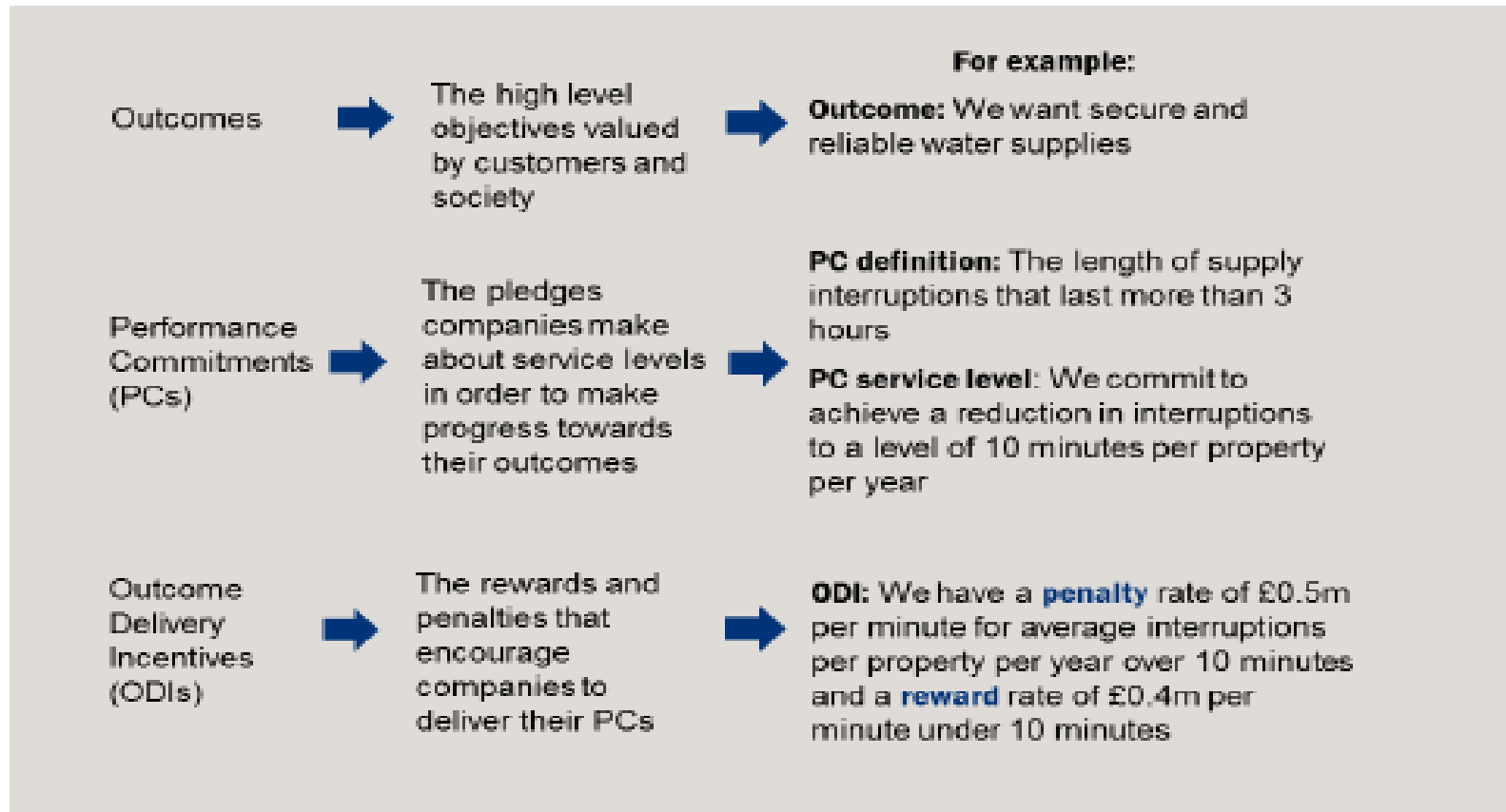


Figure 4.2 – Proposed common performance commitments for PR19



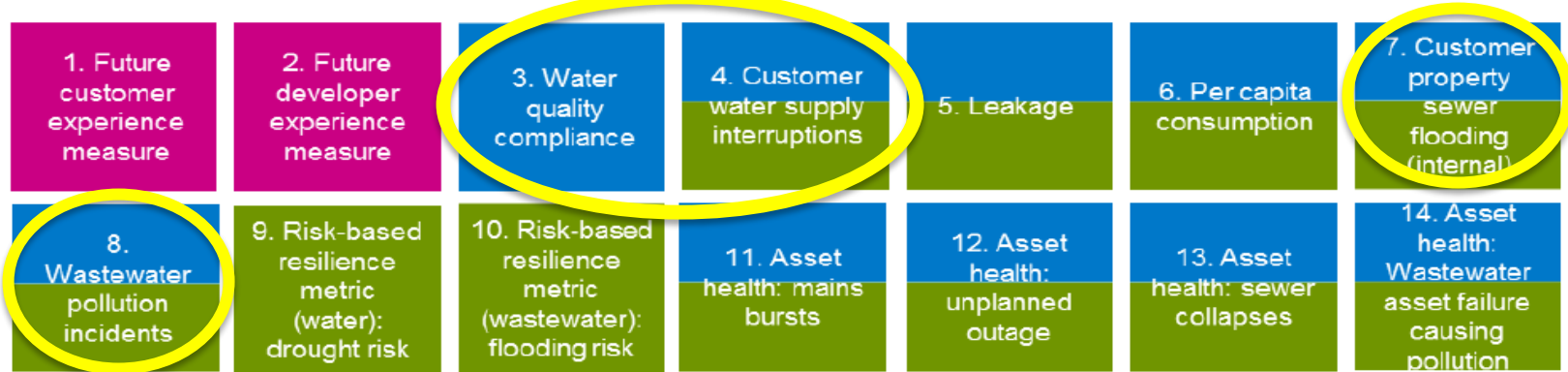
Area of focus

■ Customer experience
 ■ Day to day performance
 ■ Future performance/resilience

1 to 6 and 9, 11 and 12 apply to WoCs and WaSCs

7, 8 and 10, 13 and 14 apply to WaSCs only

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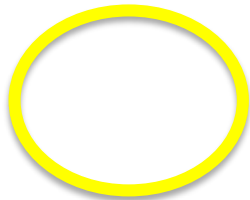


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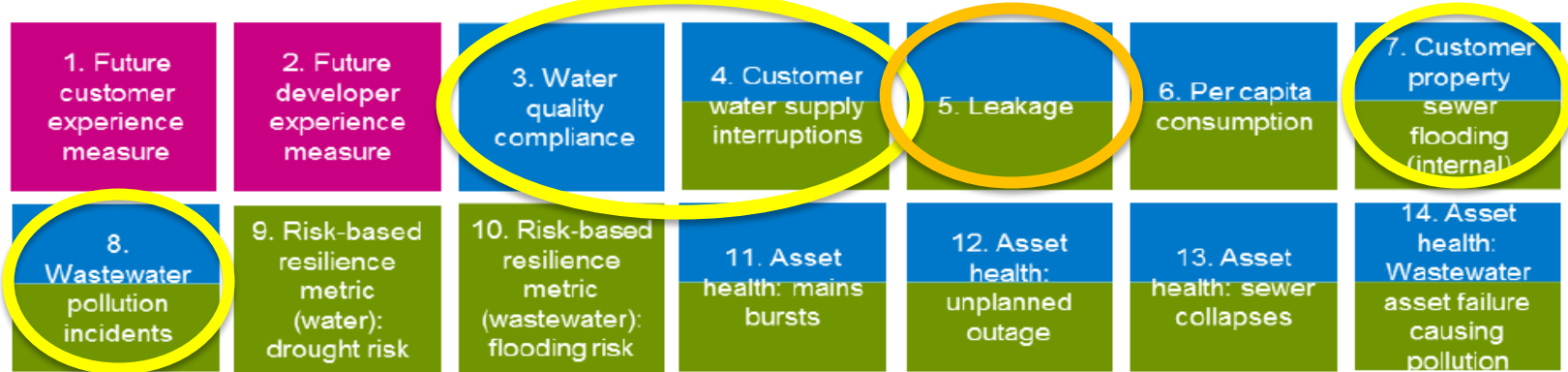
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PCs set to at least the forecast performance level for Upper Quartile in 2024 – 2025 with no glide path

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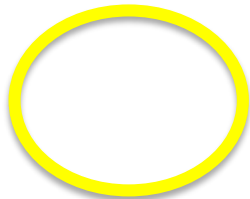


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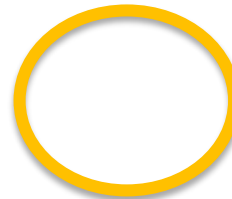
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Proposed leakage PC levels justified against a specific set of challenges.

BESPOKE MEASURES RULES TO FOLLOW

- Must demonstrate coverage of
 - The different price controls – not necessarily specific to each price control but must demonstrate how PCs cover all controls
 - Vulnerability – must have a PC
 - Environment – one or more PCs relating to environmental impact
 - Resilience – bespoke PCs relevant to region and customers
 - Abstraction Incentive Mechanism (AIM)
- Definitions must be clear
- There should be no, or very few exemptions included in the definitions
 - Exceptions would need to be well justified and supported by customers
- Justify discontinuing of PR14 PCs
 - Evidence and reasoning for removing a PC especially if performance is poor

REGIONAL ODIS? DISCUSSION POINTS

- Should we set Performance Commitments and ODIs on a regional basis?
 - i.e. separately for “Northumbrian” and “Essex & Suffolk”
- Which measures or types of measures might be best suited to a regional approach?
- How far should we apply the regional concept?
 - Report performance on a regional basis?
 - Set targets/performance commitment levels on a regional basis?
 - Set incentive rates on a regional basis?
 - Apply net incentives to customer bills on a regional basis?
 - Have different measures for each region?

THANK YOU

The background features a gradient from dark blue at the top to light green at the bottom. A white horizontal line is positioned near the top. Large, stylized waves in shades of blue and green sweep across the lower half of the image. The text 'THANK YOU' is centered in the upper left quadrant in a bold, white, sans-serif font.