

November 2025

Ofwat's response to the CMA's Provisional Determinations

Outcomes

1. Introduction

- 1.1 This document provides our response to the Competition and Markets Authority (CMA)'s provisional determinations regarding Outcomes and Price control deliverables (PCDs).
- 1.2 To aid clarity and facilitate comparison, we have structured our response to mirror the format of the CMA's provisional determinations.
- 1.3 Our response regarding the Aggregate Sharing Mechanism, Outturn Adjustment Mechanism and risk modelling is covered in our document 'Response to Provisional Determinations – Risk and Return'.

2. Price Control Deliverables

- 2.1 We welcome the CMA's provisional decision to adopt the price control deliverables (PCDs) from our final determination. PCDs will enable us to hold companies to account to deliver the record level of investment required in PR24, and to protect customers from non-delivery or late delivery. This is in line with the Industry Water Commission's (IWC) final report which sets out that "there should continue to be a claw back mechanism (like that included within Price Review 2024 non-delivery PCDs) to ensure effective accountability where companies fail to deliver on infrastructure plans, or where they spend in an unapproved manner".¹
- 2.2 We support the CMA's provisional decision to adopt the PCDs we applied at final determinations to base expenditure, including investment funded through modelled allowances (i.e. 'what base buys'). PCDs were applied where companies planned a step up in investment during the 2025-30 period, and where we considered there was an increased risk of non-delivery. Given the downturn in renewal rates during AMP7, and the failure of companies to deliver the investment levels set out in PR19 business plans, we agree with the CMA that reducing the scope of base PCDs would be inappropriate.²
- 2.3 We agree with the CMA that companies should first deliver the investment funded through the base models before turning to additional allowances.³ Moreover, where additional allowances have been provided, it is appropriate to require the company to deliver the investment in line with the drivers of the adjustment. Otherwise, it is unclear what benefits customers and the environment receive for the additional costs. This position closely aligns to the IWC recommendation 19, which calls for further ringfencing of base capital maintenance allowances, supported by PCDs, to ensure allowances are invested appropriately and for their intended purpose.⁴
- 2.4 We support the CMA's provisional decision to adopt the PCDs which we applied to enhancement expenditure at final determinations, including the metering PCD and lead pipe replacements PCD. However, we are asking the CMA to update PCDs in some areas of enhancement where the CMA has provisionally decided to amend the enhancement expenditure allowances for companies. We set out

[OF-RTPD-019] Independent Water Commission, Final Report, pp.409, para 972

² [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp.27, para 6.53

³ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp.27, para 6.53

⁴ [OF-RTPD-019] Independent Water Commission, Final Report, pp.205, para 454-455

further details on this in 'Ofwat's Response to Provision Determinations – Base and Enhancement' document.

- 2.5 Since our final determinations we have continued to work on the detail supporting our PCD framework. On 9 September 2025, we published our consultation on changes to PR24 price control deliverables.⁵ As discussed in the CMA hearings, in the consultation we have set out proposed guidance on the operation of PCDs. This includes additional clarity on how non-delivery PCDs will apply to projects which should have been delivered by the end of AMP8, but have not been delivered by then, and the introduction of a proportionate change control process. We are currently considering responses to that consultation and expect to publish our final guidance in November 2025, as part of our final PR24 reconciliation rulebook.
- 2.6 We summarise our response to each of CMA's provisional decisions on price control deliverables in Table 1.

⁵ [OF-RTPD-042] Ofwat, Consultation on changes to price control deliverables

Table 1: Ofwat response to CMA provisional determinations on price control deliverables

Issue (Company)	CMA provisional finding	Ofwat's response
Price control deliverables applied to enhancement expenditure allowances		
Metering PCD	The CMA has provisionally decided to not adjust the metering PCD in response to Anglian Water's request to simplify PCD to count meters installed. ⁶	<ul style="list-style-type: none"> We support the CMA's provisional decision to not adjust the metering PCD. It is important that companies are held to delivering the non-household smart meters that customers are funding as these meters are expected to deliver greater water savings than household meters. We have built flexibility in the PCD to allow companies to swap non-household smart meters for household smart meters up to a level to allow companies to manage change and optimise rollout.⁷
Lead PCD	The CMA has provisionally decided to not adjust the lead PCD in response to Northumbrian Water's request to allow flexibility to substitute between different types of lead pipe work and create an incentive to deliver more lead replacement schemes. ⁸	<ul style="list-style-type: none"> We support the CMA's provisional decision to not adjust the lead PCD.⁹ We agree that if a compelling case for higher levels of lead pipe replacement emerged before the end of AMP8 this could be considered as part of PR29.¹⁰
Price control deliverables applied to base expenditure allowances		

⁶ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp.17-18, para 6.28-30

⁷ [OF-RTPD-029] Ofwat, PR24 redeterminations – expenditure allowances – common issues, pp.234, para 7.117-7.118

⁸ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp.21-23, para 6.38-6.40

⁹ [OF-RTPD-029] Ofwat, PR24 redeterminations – expenditure allowances – common issues, pp.234, para 7.117-118

¹⁰ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp.21-23, para 6.40

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<p>Scope of mains renewals PCD</p>	<p>The CMA has provisionally decided to retain our decision to apply a PCD to mains renewals that includes renewals funded through what base buys, and the additional uplift to allowances to improve asset health.¹¹</p>	<ul style="list-style-type: none"> • We support the CMA's provisional decision to incorporate all mains renewals, including those funded through existing base allowances. This will hold companies to account for delivering an increase in mains renewals during the period in line with what they have been funded for. • We agree with the CMA that excluding base funded renewals from the PCD would be inappropriate. We agree that this PCD is essential to hold companies to account to deliver on mains renewals they have been funded to deliver, particularly given the significant decline in renewal rates during the PR19 period, and the potential impact to the levels of service provided to customers over time.¹² In addition, the PCD should incentivise companies to move towards a more sustainable renewal rate which in turn will support long-term resilience, help secure that companies' functions are properly carried out and protect the interests of consumers in relation the reliable provision of water supplies.¹³ • As acknowledged by the sector, mains renewals have been undertaken at an unsustainably low rate in recent years. Companies have been funded to deliver a step change in renewals during the PR24 period. This should enable the sector to move towards a more sustainable renewal rate over the 2025-30 period that promotes the long-term health of the assets.¹⁴
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[OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp.27, para 6.54

² [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp.27, para 6.53-6.54

³ Companies' functions include a general duty to, in summary, develop and maintain an efficient and economical system of water supply and to ensure that all such arrangements have been made for, among other things, maintaining water mains, as are necessary for securing that the company is and continues to be able to meet its water supply obligations (section 37 of the Water Industry Act 1991).

⁴ [OF-RTPD-029] Ofwat, PR24 redeterminations – expenditure allowances – common issues, pp.66, para 2.248-2.251

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<p>Condition grade requirements</p>	<p>The CMA has provisionally decided to retain the PCD requirement for companies to renew condition grade 4 and 5 mains using the increase to allowances provided through the sector wide mains renewals cost adjustment.¹⁵</p>	<ul style="list-style-type: none"> • We support the CMA's provisional decision to retain condition grade requirements in the mains renewals PCD. This provides protection to customers against the risk that companies choose to deliver the cheapest mains renewals that do not deliver benefit to customers and the environment or improve the health of the network in line with the aims of the sector wide mains renewal cost adjustment. It also helps to demonstrate to customers the improvement in asset condition being delivered by the adjustment. • As highlighted in the CMA's assessment, this requirement only applies to the sector wide mains renewal cost adjustment, and companies have flexibility on how they deliver the main renewals that must be delivered with the implicit allowance from the base cost models (ie what base buys). It also does not require companies to target specific mains cohorts companies identified in PR24 business plans. We accept that these cohorts are based on average burst rate over the last five years, and specific lengths of pipes can be expected to move between condition grades. The PCD therefore gives the flexibility to companies to target the mains with the highest burst rates during the period.^{16 17} • For clarity, we applied company specific requirements to Anglian Water's PCD in line with the factors identified in its cost adjustment claim. This largely relates to soil type and material. However, given the company has a relatively small proportion of condition grade 4 and 5 mains (0.5%), we required the company to
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⁵ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp.29, para 6.58

⁶ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp.29, para 6.57

⁷ [OF-RTPD-029] Ofwat, PR24 redeterminations – expenditure allowances – common issues, pp.69, para 2.261

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		target these mains as part of its total mains renewals programme (0.53% per year renewal rate). ¹⁸
Non-delivery price control deliverables and negative expected returns		
Clarity on application of claw-back	The CMA has provisionally retained the non-delivery PCD approach set out in our final determinations, provided Ofwat's final guidance addresses risks from regulatory discretion over clawbacks and proportionate ways to handle financing benefits from delayed delivery. ¹⁹	<ul style="list-style-type: none"> We support the CMA's provisional decision to retain our approach to non-delivery PCDs subject to further guidance. In our September consultation on changes to PR24 price control deliverables²⁰ we proposed further clarity on how we will apply non-delivery PCDs in relation to late schemes. We are proposing to not withdraw PR24 funding for these projects either by not applying the non-delivery PCD claw-back and extending the PCD to the end of AMP9; or by applying the claw-back but reallowing the same level of funding as part of PR29.²¹ We will determine the best route for maintaining same level of funding for late projects based on the level of expenditure achieved by the company by the end of AMP8. This is to avoid companies earning unjustified financing benefits. We expect to publish our final guidance on this in November 2025.
Time incentives price control deliverables		
Application of time incentives	The CMA provisionally decided that it is appropriate for time incentive PCDs to be introduced in AMP8 to encourage timely delivery. ²²	<ul style="list-style-type: none"> We support the CMA's provisional decision to retain the application of time incentive PCDs in AMP8. Time incentives will encourage companies to deliver to schedule, making sure customers and the environment are receiving the funded benefits in a timely manner.

¹⁸ [OF-RTPD-029] Ofwat, PR24 redeterminations – expenditure allowances – common issues, pp.68-69, para 2.256-2.259

¹⁹ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp.33, para 6.68-6.74

²⁰ [OF-RTPD-042] Ofwat, Consultation on changes to price control deliverables

²¹ [OF-RTPD-042] Ofwat, Consultation on changes to price control deliverables, section 2.1.

²² [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp.37, para 6.87

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		<ul style="list-style-type: none"> • We agree with the CMA that time incentives will help address the risk of companies backloading the delivery profile, thus supporting the deliverability of the programme. • Our review of company delivery plans suggests that companies are challenging themselves to accelerate delivery in areas of expenditure where time incentives apply. We note that the majority of companies are forecasting to outperform our time incentives for phosphorus removal and storm overflows. This evidence suggests that our profiling of PCD output in these areas is appropriate and has encouraged companies to bring forward delivery, compared to business plans.
Incentive rates	The CMA has provisionally retained time incentive PCDs in line with our final determinations. ²³	<ul style="list-style-type: none"> • We support the CMA's provisional decision to retain time incentive PCDs as per our final determinations. • We welcome the CMA's view that our approach to the application of time incentives provides companies with significant scope to manage penalty risks and that is unlikely to undermine the scope for efficient delivery. • We agree with the CMA that the financing benefit for companies from delaying expenditure could make our calibration of time incentive rates conservative.
The scope for price control deliverables to be adjusted within the AMP		
Within AMP adjustment mechanism	The CMA has provisionally decided to not introduce a within-AMP adjustment mechanism. The CMA supported Ofwat's	<ul style="list-style-type: none"> • We support the CMA's provisional decision to not introduce a within-AMP adjustment mechanism. • We welcome the CMA's support for our proposal to introduce a proportionate change control process. We consulted on this

²³ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp.38, para 6.90

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	development of a narrowly defined PCD change control process. ²⁴	proposal as part of our consultation on changes to PR24 price control deliverables. ²⁵ The new process will allow for material in-period changes for PCDs where companies are expected to have less ability to manage delivery risks. We expect to publish our final guidance on this in November 2025.
Price control deliverables and overlapping penalties		
PCD/ODI offset mechanism	The CMA provisionally decided to not introduce an offset mechanism between PCDs and ODIs (or other regulatory penalties). ²⁶	<ul style="list-style-type: none"> • We support the CMA's provisional decision to not introduce an offset mechanism between PCD and outcome delivery incentives (ODI) payments. • Our analysis of business plans suggests that the overlap between PCDs and ODIs is zero or near zero for majority of PCDs.²⁷ The overlap is only material for a few PCDs and even for these PCDs the overlap is not significant.²⁸ • We agree with the CMA that the financial consequences of these incentives serve different purposes and should remain separate.²⁹
Price control deliverables and administrative and regulatory burdens		
Administrative burden of reporting	The CMA has provisionally retained the PCD reporting and assurance requirements set out in our final determinations. ³⁰	<ul style="list-style-type: none"> • We support the CMA's provisional decision to retain our PCD reporting and assurance requirements. We consider that these

²⁴ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp.43, para 6.98-6.100

²⁵ [OF-RTPD-042] Ofwat, Consultation on changes to price control deliverables, section 2.2

²⁶ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp.43, para 6.109-6.111

²⁷ [OF-RTPD-029] Ofwat, PR24 redeterminations – expenditure allowances – common issues, pp.215, para 7.41

²⁸ [OF-RTPD-029] Ofwat, PR24 redeterminations – expenditure allowances – common issues, pp.215, para 7.41

²⁹ See [OF-RTPD-029] Ofwat, PR24 redeterminations – expenditure allowances – common issues, pp.215-219, para 7.38-7.48

³⁰ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp.45, para 6.123

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		requirements are proportionate and necessary to hold companies to account and regain public trust in the water sector. ³¹
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³ See [OF-RTPD-029] Ofwat, PR24 redeterminations – expenditure allowances – common issues, pp.229-232, para 7.97-7.111

3. Outcomes

- 3.1 In setting the Outcomes framework, we aim to hold companies to account for outcomes that customers fund and incentivise companies to go further where it is in the interests of customers and the environment. We welcome the CMA's provisional determination which retains the main pillars of our framework – such as our top-down approach to setting ODI rates, our decisions regarding the data we use and the allocation of risk.
- 3.2 The CMA largely retains our final determinations decisions for key components of the outcomes framework, including PCLs, ODI rates and risk protections. These decisions ensure that incentives are maintained for performance in vital areas such as storm overflows, pollution incidents and customer experience. Generally, its provisional decisions reach a suitable balance between incentivising improvements in performance and protecting companies from excessive risk.
- 3.3 In line with the CMA's guidance, we have focused our response on points arising from the provisional determinations. The key areas regarding our outcomes framework that the CMA should consider are as follows.

Water supply interruptions

- 3.4 We do not support the CMA's provisional decision to move away from the 5 minute PCL for water supply interruptions for all disputing companies except South East Water. The proposed PCL would reduce the level of ambition to below current and historic performance levels for all disputing companies. Northumbrian Water and Wessex Water's forecasts indicate they will meet or outperform our final determination PCL. As these companies did not appeal against this PCL, the CMA's approach is likely to create a windfall for these companies at the expense of customers.
- 3.5 We do not support the CMA's provisional decision to set a company-specific PCL for water supply interruptions for South East Water. It is not appropriate that the CMA has provisionally decided to reduce the target for South East Water in an area of performance where the company has performed worse than the industry lower-quartile in every year over the 2020-25 period. A reduced target would negatively impact customers, lead to inconsistent service across regions and risk weakening incentives for maintaining and improving performance in a vital area. However, should the CMA maintain its decision to apply a company-specific PCL, we propose an approach which is more consistent with how we have set company-specific PCLs in other areas.

Total Pollution Incidents

- 3.6 We support the CMA's view that the Environment Agency and Natural Resources Wales are best placed to determine the most appropriate measurement approach for total pollution incidents and that our consultation is the correct process for considering changes to the measurement of this performance commitment (PC).³²
- 3.7 We do not support the CMA's proposal to reduce the ODI rate for total pollution incidents in year 1 of the PR24 period. This performance commitment was set as "high importance" for PR24 informed by customer preferences and the UK government's strategic priorities for Ofwat. Retaining a strong, consistent ODI rate for 2025-26 is important so that companies are sufficiently rewarded or penalised for their pollution incidents performance relative to the 2025-26 PCL in line with the non-disputing companies. Our proposed approach to updating the ODI rate to reflect the changes to the total pollution incidents performance commitment is set out in our consultation. This approach adjusts the performance range calculation and risk protections for 2026-2030 to reflect the changes to the measurement of the performance commitment. Any changes to the ODI rate in advance of this are unnecessary and introduce additional complexity.
- 3.8 However, should the CMA maintain its decision to apply a different ODI rate for 2025-26 we have proposed an alternative approach for setting a common proxy PCL for PR14 performance which provides a more balanced incentive that better reflects industry historical performance.

Customer Measure of Experience (C-MeX) and Developer Services Measure of Experience (D-MeX)

- 3.9 We support the CMA's provisional view that South East Water and Southern Water have not provided compelling evidence to support their arguments that there is a regional bias to C-MeX scores, that poor historic performance should result in a larger downward adjustment to the UK Customer Satisfaction Index all-sector average and that an inappropriately high degree of risk is attached to the experience measures. The decline in performance across the 2020-2025 period makes it more important than ever for companies to deliver genuine improvements in customer service.

³² [OF-RTPD-065] Ofwat, Consultation on changes to three PR24 environmental performance commitments, October 2025

Enhanced ODI thresholds

- 3.10 The CMA has provisionally decided to adjust PCLs for water supply interruptions and leakage. It is important to consider the enhanced ODI thresholds for these PCs in the context of these proposed PCLs.
- 3.11 We do not support retaining the enhanced threshold unchanged for leakage for Anglian and South East Water in light of the changes the CMA proposes to the PCLs for those companies. Enhanced delivery incentives are intended to encourage companies to innovate and improve performance beyond the current industry frontier for the benefit for all customers in the long term. Leakage PCLs are set on a company specific basis with a common improvement factor set beyond companies' individual targets. We propose that, if the CMA were to alter the leakage PCL for Anglian Water and South East Water, an enhanced threshold which reflects their updated PCL should be implemented for these companies.
- 3.12 However, we do support retaining the enhanced threshold for water supply interruptions. While enhanced thresholds were set using a 'PCL plus common improvement factor' methodology, this does not mean enhanced thresholds automatically require updating where PCLs have changed.³³ For example, at final determinations we retained the enhanced levels set for external sewer flooding at draft determinations. This was because adjusting the enhanced thresholds alongside the PCL would no longer reflect the frontier of performance and could lead to large outperformance payments without improvements beyond the true frontier.³⁴ Any adjustments to the water supply interruptions enhanced threshold would have the same adverse effect as the current threshold is calibrated to existing frontier performance levels for the common PCL.³⁵ The adjusted threshold would lead to a 2025-26 level which eight of the seventeen companies have historically achieved, including Wessex Water, Anglian Water and Northumbrian Water.³⁶ This reinforces the view that aligning enhanced thresholds with the revised PCL would mean that they no longer reflect true frontier performance.

Use of the latest year of data

³³ [OF-OU-011] Ofwat, PR24 draft determinations Delivering outcomes for customers and the environment, pp.27-28

³⁴ [OF-OA-017] Ofwat, PR24 final determinations: Delivering outcomes for customers and the environment, pp.75-76

³⁵ The enhanced threshold level set for water supply interruptions is set at 2 minutes and 39 seconds, this falls between the 90th and 95th percentile level of performance for water supply interruptions from 2020-2024.

³⁶ [OF-OU-026] PR24 final determinations: Performance commitment model – Water supply interruptions, December 2024 (republished 23 July 2025) FD Input Final data

- 3.13 We have not used 2024-25 data in our response to the CMA's provisional determinations, except in specific cases where we previously agreed with Disputing Companies and the CMA that it is necessary. The CMA has stated that it will consider the use of updated information in its final determination.³⁷ Disputing Companies may argue that the CMA should incorporate 2024-25 data where this would reduce ODI rates. If the CMA accepts this, then it should include 2024-25 data consistently across the outcomes package where relevant, including when setting the water supply interruption PCLs.
- 3.14 Table 2 provides further detail on areas we ask the CMA to reconsider for its final determinations, including further detail on some of the points above. The analysis that we refer to in our rationale is provided in an external workbook.

³⁷ [OF-RTPD-016] CMA, Provisional Determinations Volume 4, pp. 275-276, para 10.6

Table 2: Ofwat's response to the CMA's provisional determinations for outcomes

Issue (Company)	CMA provisional finding	Ofwat's response
External sewer flooding PCL (Anglian Water)	<p>The CMA has provisionally decided to adjust Ofwat's final determination PCL for Anglian Water in relation to external sewer flooding. The provisional decision can be summarised as:</p> <ul style="list-style-type: none"> • setting the baseline equal to the average of the levels implied by Ofwat's final determination PCL and Anglian Water's approaches to achieve a balanced view; • using the uncorrected version of Ofwat's PCL to inform its profile; • continuing to apply a sector-wide convergence point of 13.49 assumed for 2032-33; and • assuming a linear improvement from the 2024-25 baseline level to the assumed 2032-33 convergence point. <p>The CMA's provisional decision is that when assessing the level at which Anglian Water's external sewer</p>	<p>We support the CMA's provisional decision to adjust the external sewer flooding PCL for Anglian Water.</p> <p>We support the CMA's provisional assessment:</p> <ul style="list-style-type: none"> • that it would not be appropriate to apply a common PCL based on an assessment of median sector performance as requested by Anglian Water; and • that the PCL can be set on a balanced view. <p>We understand the CMA's rationale for using more recent performance data to balance the need for stretch and achievability which aligns with our broader approach for setting PCLs at final determinations.³⁹</p> <p>However, as requested by Anglian Water, we recommend that the CMA correct Ofwat's final determination external sewer flooding PCL for Anglian Water.⁴⁰</p>

³⁹ [OF-OA-017] Ofwat, PR24 final determinations: Delivering outcomes for customers and the environment, pp.4

⁴⁰ [OF-OA-001] Anglian Water, Anglian Water – Statement of Case, pp.149

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Issue (Company)	CMA provisional finding	Ofwat's response
	<p>flooding PCL should be set, it is appropriate to take account of the risks that using:</p> <ul style="list-style-type: none"> the sector median (as proposed by Anglian) would result in unduly lenient PCLs in a context where PCLs had been set on a bespoke basis and not applied to all companies in PR19; and Ofwat's approach to set the baseline based on Anglian Water's outturn performance could weaken incentives for performance improvements over time where a company exceeds expected levels of performance and this generates additional costs that may not be directly funded through base allowances. <p>Therefore, the CMA sets the PCL by combining Ofwat's and Anglian Water's two approaches.</p> <p>The CMA notes that the provisional decision is that no changes should be made to the PCLs for external sewer flooding for other Disputing Companies on the basis that:</p> <ul style="list-style-type: none"> no other Disputing Companies requested the change; and 	<p>We set out our proposed external sewer flooding PCLs in tables submitted as part of our response.⁴¹</p> <p>While we broadly align with the CMA's proposed PCL, it is important to recognise that Anglian Water's performance has deteriorated in external sewer flooding year on year since 2019-20. There is a risk that Anglian Water's customers pay outperformance payments for levels already achieved by Anglian Water historically. We consider that this remains an area where there is significant scope for improvement across the sector, particularly when compared to internal sewer flooding levels. Therefore, we agree with the CMA's decision not to adjust PR24 external sewer flooding PCLs for other Disputing Companies.</p>

⁴¹ [OF-RTPD-094] Ofwat's Response to Provisional Determinations for Outcomes (Tables), OUT001

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Issue (Company)	CMA provisional finding	Ofwat's response
	<ul style="list-style-type: none"> the specific approach Ofwat used in the PR24 FDs to set Anglian Water's PCL was not applied to other Disputing Companies.³⁸ 	
Total pollution incidents PCL (Anglian Water and Southern Water)	<p>The CMA has provisionally decided to retain the PR24 FD approach to determining the total pollution incidents PCL.</p> <p>The CMA welcomed Ofwat's plan to consult on how best to adjust relevant aspects of the performance commitment for year 2 to year 5 of the PR24 period once the changes to their Environmental performance assessment (EPA) methodology used by the Environment Agency and Natural Resources Wales were confirmed.⁴²</p>	<p>We support the CMA's decision to retain the PR24 FD approach.</p> <p>The Environment Agency and Natural Resources Wales published their updated EPA methodology on 15 October 2025.⁴³ We have therefore published our consultation on our proposals to adjust relevant aspects of the performance commitment to maintain the level of stretch and performance payments in line with our PR24 FD.⁴⁴ The consultation will close on 10 December 2025 [REDACTED]</p> <p>We have used the adjusted ODI arrangements for Disputing Companies as the reference point from which the level of</p>

³⁸ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp. 56-63, para 6.156-6.175

⁴² [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp. 63-70, para 6.176-6.203

⁴³ [OF-RTPD-028] Environment Agency & Natural Resources Wales, 'Water and sewerage companies: EPA methodology for 2026 to 2030', October 2025

⁴⁴ [OF-RTPD-065] Ofwat, Consultation on changes to three PR24 environmental performance commitments, October 2025

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Issue (Company)	CMA provisional finding	Ofwat's response
		stretch and performance payments are assessed for those companies. ⁴⁵
Water supply interruptions PCL (Anglian Water, Southern Water)	<p>The CMA has provisionally decided to adjust Ofwat's final determination PCL of a flat 00:05:00 throughout 2025-30 period to:</p> <ul style="list-style-type: none"> • setting the baseline using the median of companies' average performance in 2020-24 to 00:09:38; • retaining Ofwat's 2029-30 PCL of 00:05:00; and • setting a linear glidepath from the proposed baseline to 00:05:00 by 2029-30. <p>This would apply to all Disputing Companies (Anglian Water, Southern Water, Northumbrian Water and Wessex Water) except for South East Water.</p> <p>The CMA's provisional determinations can be summarised as:</p> <ul style="list-style-type: none"> • viewing the flat 00:05:00 PCL in the first year of PR24 as unrealistic given recent historical performance - the CMA's proposed baseline provides an appropriate anchor to what has been 	<p>We do not support the CMA's provisional decision to reset the common water supply interruption PCL for all disputing companies except South East Water. Although we understand the rationale for using more recent performance data to balance the need for stretch and availability, we do not believe it serves the best interests of customers.</p> <p>Ofwat's final determination PCL of a flat 5 minutes throughout the period is an achievable yet stretching target, which median and upper quartile companies can fairly expect to meet and outperform. It will stretch lower performing companies to deliver substantial improvements for their customers and promote greater consistency across the industry. We consider that this performance level is achievable, even in the early years of the 2025-30 period.</p> <p>Setting the first year of the PCL at 00:08:43 would permit an additional 3 minutes and 43 seconds of supply interruptions beyond our final determination PCL. Under the CMA's</p>

⁴⁵ [OF-RTPD-065] Ofwat, Consultation on changes to three PR24 environmental performance commitments, October 2025, pp.5-6.

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Issue (Company)	CMA provisional finding	Ofwat's response
	<p>achievable while also setting targets that encourage improvement over the next 5 years;</p> <ul style="list-style-type: none"> • aligning with Ofwat's approach for other common PCLs, informed by recent performance data; and • setting this PCL that allows reasonable scope for ODI outperformance, addressing downside risks for this performance commitment.⁴⁶ 	<p>proposed baseline, companies may not deliver any improvement in reducing supply interruptions yet could still generate financial rewards.</p> <p>The CMA's proposed PCL is a significant reduction of service standards and ambition relative to all disputing companies' current and historic performance which will unfairly impact their customers.</p> <p>Northumbrian Water and Wessex Water, who did not appeal on this PCL, stand to receive a windfall. Their median performance for between 2016-17 and 2023-24 has been 00:05:34 and 00:05:50, respectively and both are forecasting to meet or outperform 00:05:00 in every year of PR24.⁴⁷ Under the CMA's proposed PCL, Northumbrian Water would earn outperformance payments of £8.87m if it deliver its final determination forecasts. This payment is four times the reward it would receive under the final determinations PCL. Wessex water would stand to gain £2.77m in outperformance payments under the CMA's proposed PCL.</p>

⁴⁶ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp. 70-78, para 6.204-6.231

⁴⁷ [OF-OU-026] PR24 final determinations: Performance commitment model – Water supply interruptions, December 2024 (republished 23 July 2025) 'FD_Input_Final data '

Ofwat's Response to Provisional Determinations
Outcomes

Issue (Company)	CMA provisional finding	Ofwat's response
		We set out our calculations in the tables provided as part of our response. ⁴⁸
Water supply interruptions PCL (South East Water)	<p>The CMA has provisionally determined that a company-specific PCL is appropriate for South East Water for water supply interruptions as there are enhancement schemes funded for the company that can be regarded as necessary for region-specific risks and issues to enable delivery of the common PCL.</p> <p>The provisional decisions can be summarised as follows.</p> <ul style="list-style-type: none"> • Determining that a company-specific PCL is appropriate to take account of where the enhancement schemes for which South East Water has been funded can be regarded as necessary for addressing region-specific risks or issues to enable delivery of the common PCL. • Consequently, setting the opening value for the company-specific PCL at 00:12:22, based on South East Water's response to our draft determinations. 	<p>We do not support the CMA's provisional decision to adjust the supply interruption PCL for South East Water.</p> <p>The proposed approach would reward South East Water for consistently poor performance over the past decade, during which the company has not met any of its PCL targets. This is particularly concerning in an area of the highest priority to customers.⁵⁰</p> <p>As set out in our response to South East Water's statement of case, we do not consider it appropriate for the company to mitigate the impact of its service failures onto customers, especially when South East Water has been identified as lacking effective operational control and preparedness for interruption events.^{51 52} Furthermore, as highlighted during the Outcomes Hearings, it is not only major enhancement investment that drives a shift in performance, but also effective network management, monitoring and incident response which we do not consider</p>

⁴⁸ [OF-RTPD-094] Ofwat's Response to Provisional Determinations for Outcomes (Tables), OUT002 and OUT003

⁵⁰ [OF-RTPD-074] South East Water , PR24 Business Plan, Chapter 2, pp.18

⁵¹ [OF-OA-005] South East Water – Statement of Case, pp. 82

⁵² [OF-OU-048] DWI, Consolidated review of the widespread loss of supplies arising from the freeze/thaw event affecting England in December 2022, pp.20, para 8.9

Ofwat's Response to Provisional Determinations
Outcomes

Issue (Company)	CMA provisional finding	Ofwat's response
	<p>This is the average of South East Water's three best years of historical performance since 2016.⁴⁹</p>	<p>South East Water has provided clear evidence of managing and improving.⁵³</p> <p>By contrast, a previously poorer performing company in this metric, Severn Trent, has met its PCL for the first time this period, performing better than the 5 minute target and achieving a 31% improvement from last year.⁵⁴ It has introduced a Network Response Team to mitigate the impact of medium sized events, applied lessons learnt from previous incidents and made progress in reducing the effect of outlier events throughout the period to bring about lower supply interruptions.⁵⁵ Rewarding South East Water in terms of an easier PCL for poor performance, when we believe it can achieve improvement through better management and operations, slows down the ambition required from it to deliver step change and major improvements for its customers.</p> <div data-bbox="1182 1141 2092 1264" style="background-color: black; height: 77px; width: 100%;"></div>

⁴⁹ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp.78-98, para 6.232-6.297

⁵³ [OF-RTPD-004] CMA, Outcomes hearing transcript, pp.123

⁵⁴ [OF-RTPD-084] Severn Trent Water, Annual Performance Report 2024/25, pp.32

⁵⁵ [OF-RTPD-084] Severn Trent Water, Annual Performance Report 2024/25, pp.32

Ofwat's Response to Provisional Determinations
Outcomes

Issue (Company)	CMA provisional finding	Ofwat's response
		<div data-bbox="1182 363 2092 829" style="background-color: black; width: 100%; height: 100%;"></div> <p>Furthermore, we do not support the CMA's provisional decision that it would be appropriate for South East Water to have a company-specific PCL for water supply interruptions.</p> <ul style="list-style-type: none"> As set out in our response to South East Water's statement of case, it is appropriate to set a high evidential bar for deviating from a common performance level where it will result in targets being set at a lower level of performance in that region.⁵⁷

⁵⁶ [REDACTED]

⁵⁷ [OF-RTPD-020] Ofwat, PR24 redeterminations – Response to South East Water's statement of case, pp. 86–87, para 4.240–4.243

Ofwat's Response to Provisional Determinations
Outcomes

Issue (Company)	CMA provisional finding	Ofwat's response
		<ul style="list-style-type: none"> Using the framework we set out at final determination to assess South East Water's statement of case, we did not consider the evidence the company provided to be compelling.⁵⁸ <p>Should the CMA decide to implement a company specific PCL in the case of South East Water, we would recommend that it considers the following adjustments to its proposed company-specific PCL.</p> <p>We propose that the appropriate starting value for 2025-26 for South East Water's company-specific PCL should be 00:11:27, as opposed to 00:12:22 as proposed by the CMA.⁵⁹ Our proposal is based on the average of the best two years of historical performance for South East Water since 2015-16, these being outturn performance of 00:12:54 in 2016-17 and 00:10:00 in 2019-20.⁶⁰</p> <p>Our proposal is consistent with our approach for setting a company-specific PCL for United Utilities on internal sewer flooding where the 2024-25 baseline was the midpoint</p>

⁵⁸ [OF-OA-017] Ofwat, PR24 final determination: Delivering outcomes for customers and the environment, pp. 81-2

⁵⁹ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp. 97-98, para 6.294-6.295

⁶⁰ [OF-RTPD-022] Ofwat, Long-term trend dataset, sheet 'Water supply interruptions', cells AD23 and AG23

Ofwat's Response to Provisional Determinations
Outcomes

Issue (Company)	CMA provisional finding	Ofwat's response
		<p>between the company's best and second-best performing years during the 2020-24 period.⁶¹ We note that South East Water itself asked for consistency in how it is treated when setting water supply interruptions PCLs compared to the approach taken for United Utilities.⁶²</p> <p>Using 00:11:27 would ensure that the starting value has an appropriate degree of stretch to protect the interests of consumers, given South East Water has delivered this level of performance in the past, whilst also maintaining regulatory consistency with the approach taken on other company-specific PCLs and proposed increases to base cost allowances for South East Water.</p> <p>We propose that the CMA alters the glidepath of its proposed company-specific PCL so that the PCL follows a linear trend down to 00:05:00 in 2029-30 rather than being a flat upwards adjustment to the common PCL (of either 00:03:39 under the CMA proposal or 00:02:44 based on our proposed starting value above) for the first four years of the 2025-30 period.⁶³ It is in the interests of South East Water's customers for the company to be incentivised to deliver</p>

⁶¹ [OF-RTPD-021] Ofwat, PR24 final determinations United Utilities Water Outcomes appendix, pp.7

⁶² [OF-OA-005] South East Water, PR24 Redetermination Statement of Case, pp.70-71, para 5.23-5.24

⁶³ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp. 97-98, para 6.294-6.295

Ofwat's Response to Provisional Determinations
Outcomes

Issue (Company)	CMA provisional finding	Ofwat's response
		<p>performance as close to the common PCL target as possible from the outset and throughout the 2025-30 period. The CMA's proposed approach risks South East Water not being sufficiently incentivised to deliver strong performance for customers throughout the period.</p> <p>Implementing a linear glidepath down to the 00:05:00 target in 2029-30 is consistent both with the approach taken when setting the glidepath for other PCLs, including when setting United Utilities' company-specific internal sewer flooding PCL, and the fact that South East Water will complete some of its enhancement expenditure before the end of the 2025-30 period. Additionally, it must be considered that South East Water could overstate, not only the level of performance from enhancement, but also the timing of delivery, further supporting the rationale for a linear profile.</p> <p>Applying the two changes outlined above would result in the attached company-specific water supply interruptions PCL for South East Water.⁶⁴</p>
Water supply interruptions	The CMA has not proposed changes to enhanced threshold levels in the provisional determinations. In	We support the CMA's approach of not adjusting the enhanced threshold for water supply interruptions.

⁶⁴ [OF-RTPD-094] Ofwat's Response to Provisional Determinations for Outcomes (Tables), OUT004

Ofwat's Response to Provisional Determinations
Outcomes

Issue (Company)	CMA provisional finding	Ofwat's response
<p>enhanced ODI threshold</p> <p>(All Disputing Companies)</p>	<p>In light of the proposed adjustments made by the CMA to the water supply interruptions PCL, we outline our reasons to retain the enhanced threshold at the level of 00:02:39 minutes set at final determinations.</p>	<p>At final determinations we applied a common improvement factor, calculated as the 90th percentile (P90) of the difference between PR19 actual performance and targets. This was then subtracted from the PCL for each year of the 2025-2030 period to set an enhanced threshold based on industry-leading outperformance achieved during PR19.⁶⁵ However, if thresholds were adjusted by adding an unadjusted common improvement factor in relation to the PCL proposed by the CMA it would result in new enhanced PCL thresholds for Disputing Companies.⁶⁶</p> <p>It is inappropriate to adjust the enhanced PCL thresholds because:</p> <ul style="list-style-type: none"> • the performance commitment is set on a common basis and the updated enhanced threshold does not represent genuine frontier performance; • it would result in companies receiving enhanced payments for catch-up performance rather than for delivering major innovation or improvement; and • it is not in the interests of customers, as it could lead to payments without evidence of sector-wide benefit.

⁶⁵ [OF-OU-11] Ofwat, PR24 draft determinations: Delivering outcomes for customers and the environment, pp.29

⁶⁶ [OF-RTPD-094] Ofwat's Response to Provisional Determinations for Outcomes (Tables), OUT005

Ofwat's Response to Provisional Determinations
Outcomes

Issue (Company)	CMA provisional finding	Ofwat's response
		<p>Enhanced thresholds under these conditions would not require frontier performance to be achieved. It would be inconsistent with our objective for setting enhanced ODIs to encourage companies to innovate and improve performance beyond the current industry frontier to the benefit of customers in the long-term.⁶⁷</p> <p>Our view is consistent with the approach we took at final determinations for external sewer flooding. We adjusted these PCLs at draft determinations but retained the draft determinations enhanced PCLs. As adjusting them to reflect the changes made to the PCLs would not reflect frontier performance.⁶⁸</p>
Water supply interruptions deadband (South East Water)	<p>The CMA has provisionally set a deadband between the company specific PCL and their proposed common PCL. The CMA considers that customers should not have to pay for performance that other companies would receive underperformance for. The CMA considers this is appropriate given the time</p>	<p>We support the CMA's rationale regarding the proposed deadband between the company specific PCL values and agree with this proposal, if the CMA implements a company specific PCL.⁷⁰</p> <p>A deadband protects consumers from funding outperformance payments for South East Water if it were to deliver performance that would be deemed poor</p>

⁶⁷ [OF- OA-017] Ofwat, PR24 Final determinations: Delivering outcomes for customers and the environment, pp.35

⁶⁸ [OF- OA-017] Ofwat, PR24 Final determinations: Delivering outcomes for customers and the environment, pp.75-76

⁷⁰ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp. 99, para 6.297

Ofwat's Response to Provisional Determinations
Outcomes

Issue (Company)	CMA provisional finding	Ofwat's response
	limited nature of the convergence with the common PCL. ⁶⁹	<p>performance by any other water company. The use of a deadband (instead of making the PC underperformance only) maintains a level of incentive for the company to improve. If the company outperforms the common PCL, it will be able to earn outperformance payments and customers will receive a better service in return.</p> <p>The impact of the deadband is reduced as the company's PCL converges with the common PCL by the end of the regulatory period.</p>
Water supply interruptions collar (South East Water)	The CMA has provisionally decided to implement a collar for South East Water at 1% RoRE in line with other companies. It references the balance between retaining a financial incentive for poor performers and not subjecting companies to excessive risk. It outlines its preference for limiting the downside risk faced by SEW when setting the WSI collar. ⁷¹	<p>We support the CMA's proposal to adjust the underperformance collar for South East Water, if the CMA implements a company specific PCL.</p> <p>As noted within our response to South East Water's statement of case, setting the collar at too low a level risks South East Water reaching it regularly. This would diminish the financial incentives faced by the company.⁷²</p>

⁶⁹ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp. 99, para 6.297

⁷¹ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, October 2025, pp. 98-99, para 6.296-6.297

⁷² [OF-RTPD-020] Ofwat, PR24 redeterminations – Response to South East Water's statement of case, pp. 88-92, para 4.249-4.258

Ofwat's Response to Provisional Determinations
Outcomes

Issue (Company)	CMA provisional finding	Ofwat's response
		<p>However, the CMA's proposed company-specific PCL (or our proposed alternative) increases the PCL and with it the level of the collar. The likelihood of reaching the collar is therefore reduced. A collar of at least 1% would retain an acceptable incentive for SEW to improve performance.</p> <p>We note that a consequence of a lower collar is to reduce the downside overall risk faced by South East Water.</p>
<p>Leakage PCL (Anglian Water and South East Water)</p>	<p>The CMA has provisionally decided to adjust Anglian Water and South East Water's leakage PCLs to reflect its 2024-25 outturn performance and provide the associated enhancement allowances.</p> <p>Anglian Water and South East Water had PR19 enhancement allowances with a clawback mechanism. These clawback mechanisms require companies to return enhancement allowances for leakage reductions not delivered in 2024-25 to customers.</p> <p>On this basis, the CMA's provisional determinations are:</p>	<p>We support the CMA's decision to change South East Water's leakage PCL and provide the associated enhancement allowance. The linear profile proposed is consistent with our approach at PR24 final determinations.⁷⁴</p> <p>We partially support the CMA's decision to change Anglian Water's leakage PCL. We support the use of the 2024-25 leakage outturn data to set the 2024-25 baseline and maintain the 2029-30 PCL we set in our PR24 final determination.</p> <p>However, we do not support setting a linear profile from the baseline to 2029-30. Instead, we propose that the CMA considers an adjustment to Anglian Water's profile to</p>

⁷⁴ [OF-OU-055] Ofwat, PR24 final determinations South East Water – Outcomes appendix, pp.3

Ofwat's Response to Provisional Determinations
Outcomes

Issue (Company)	CMA provisional finding	Ofwat's response
	<ul style="list-style-type: none"> • setting the 2024-25 baseline based on the companies' 2024-25 leakage outturn; • maintaining the 2029-30 PCL set by Ofwat in its PR24 FD; and • setting the PR24 PCLs on a linear glide path from the new baseline to the respective companies' 2029-30 PCL.⁷³ 	<p>accelerate progress towards alignment with its Water Resources Management Plan (WRMP) targets.</p> <p>This adjusted profile would align the annual leakage levels that the PCL is based on with the WRMP targets from 2027-28 (year 3) onwards. This would be consistent with our approach at final determination, where we used annual leakage levels consistent with companies' WRMP forecasts for 2027-28, 2028-29 and 2029-30 as the basis for our PCLs wherever possible.</p> <p>This proposed approach differs from our previous response (Ofwat RFI 12), where we suggested a linear approach due to the absence of assurance of 2024-25 outturn data.⁷⁵ Now that the data is assured, we have revised the profile to better align with the final determination approach.</p> <p>Anglian Water's median annual leakage reduction from 2018-2024 for years where a reduction is delivered is 8.75 MI/d. We propose that the CMA considers a reduction of 8.8 MI/d over years 1 and 2 of the 2025-30 period, which we consider to be achievable yet stretching for Anglian Water.</p>

⁷³ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp.98-102, para 6.298-6.317

⁷⁵ [OF-RTPD-040] Ofwat, Ofwat Response to RFI 12, June 2025, Question 3(a)

Ofwat's Response to Provisional Determinations
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Issue (Company)	CMA provisional finding	Ofwat's response
		<p>The change in the profile we are proposing does not impact cost allowances which is based on the annual leakage reduction from 2024-25 to 2029-30.⁷⁶</p> <p>We set out our proposed leakage PCLs incorporating the adjustment described above for Anglian Water in the tables submitted as part of our response.⁷⁷</p>
<p>Leakage enhanced ODI threshold</p> <p>(Anglian Water and South East Water)</p>	<p>The CMA has not proposed changes to enhanced threshold levels in the provisional determinations.</p>	<p>We do not support the decision to leave the enhanced leakage thresholds for Anglian Water and South East Water unchanged despite adjustments to their PCLs. Aligning these thresholds maintains strong incentives for frontier performance and to drive significant improvements in leakage reduction.</p> <p>The enhanced thresholds are calculated to deliver major improvement beyond a company's PCL which reflects "historical leakage reduction targets that have been set based on the relative water stress of individual regions."⁷⁸ As leakage is set on a company specific basis there is no set industry frontier level of performance. Companies are set</p>

⁷⁶ Ofwat, Ofwat's Response to Provisional Determinations – Base and Enhancement Costs', October 2025

⁷⁷ [OF-RTPD-094] Ofwat's Response to Provisional Determinations for Outcomes (Tables), OUT006

⁷⁸ [OF- OA-017] Ofwat, PR24 Final determinations: Delivering outcomes for customers and the environment, p.123

Ofwat's Response to Provisional Determinations
Outcomes

Issue (Company)	CMA provisional finding	Ofwat's response
		<p>efficient unit cost enhancement allowances to achieve the leakage reductions they have committed to deliver.⁷⁹ Therefore, material improvement beyond these targets would require genuine innovation and frontier levels of performance improvement.</p> <p>If no changes are made to the current leakage enhanced thresholds, the incentive power is weakened, which is not in customers' interests and reduces faster progression towards government targets.⁸⁰ Therefore, it is appropriate to revise them alongside any PCL changes to preserve ambition, fairness and help to ensure genuine improvement and innovation are rewarded.</p> <p>The 2024 price review (PR24) final determination enhanced threshold model uses Ofwat's view of companies' leakage forecast performance as an input.⁸¹ For South East Water, Ofwat's final determination PCL was used as a realistic forecast performance. If the CMA choose to revise the enhanced threshold, we recommend using the final leakage PCL as the input.</p>

⁷⁹ [OF- OA-017] Ofwat, PR24 Final determinations: Delivering outcomes for customers and the environment, pp.125-126

⁸⁰ [OF-RTPD-030] Defra, Plan for Water: our integrated plan for delivering clean and plentiful water, Chapter 3, 'Managing Water Demand'

⁸¹ [OF-RTPD-038] Ofwat, ODI rates Enhanced Thresholds model, 'g. LEA enhanced threshold'

Ofwat's Response to Provisional Determinations
Outcomes

Issue (Company)	CMA provisional finding	Ofwat's response
		We set out our proposed leakage enhanced PCLs in the tables provided as part of our response. ⁸²
C-MeX and D-MeX (All Disputing Companies)	<p>South East Water argued by looking at the UK Customer Satisfaction Index (UKCSI) regional averages that using the UKCSI all-sector average is biased against water companies that work in certain regions (such as south east England). The CMA did not agree that any regional difference can necessarily be attributed to customers in certain regions reporting lower customer satisfaction for the same level of service.⁸³</p> <p>The CMA would not support using complaints data in C-MeX until the quality and reliability of the data has improved.⁸⁴</p> <p>Southern Water argued that the UKCSI all-sector average should have a larger downward adjustment based on an extrapolation of recent performance. The</p>	<p>We support the CMA's provisional decisions on C-MeX and D-MeX.</p> <p>The decline in performance across the 2020-2025 period makes it more important than ever for companies to deliver genuine improvements in customer service and the provisional decisions support our ambitions in this regard.</p>

⁸² [OF-RTPD-094] Ofwat's Response to Provisional Determinations for Outcomes (Tables), OUT007

⁸³ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp.109, para 6.340-6.341

⁸⁴ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp 111, para 6.348

Ofwat's Response to Provisional Determinations
Outcomes

Issue (Company)	CMA provisional finding	Ofwat's response
	<p>CMA did not support Southern Water's case to increase the downward adjustment to the UKCSI average.⁸⁵</p> <p>Southern Water requested that the risk allocations used to determine the ODI rates for customer experience measures be reduced as Ofwat did not consider the size of the retail revenue, developer services and non-household revenue relative to companies' wholesale business. The CMA did not accept that Ofwat's PR24 final determinations allocated an inappropriately high degree of risk to the experience measures when risk is assessed as a proportion of RoRE.⁸⁶</p>	

⁸⁵ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp. 109, para 6.346

⁸⁶ [OF-RTPD-015] CMA, Provisional Determinations Volume 3, pp. 136, para 6.436

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