

Appendix two –How our performance affects your bill (bill impact)

In-period adjustment – For most of our performance commitments, the penalties and rewards that apply as a result of our performance will be added up at the end of each financial year and reported in our Annual Performance Report. This year if we receive an overall reward, we can make a small increase to customer bills in AMP8. If we are in an overall penalty position, we will reduce customer bills in AMP8.

End of period – For a small number of our performance commitments we will measure and report our performance across the full five years of AMP7 and then work out whether we have met or failed our targets. Any penalties and rewards generated from these performance commitments will be added to or taken off customers' bills in AMP8.

We have met or beaten 79% of the targets in year four, improving the services that we provide to customers. Our performance has generated financial penalties of £34.244 million and outperformance payments of £67.441 million .

This means that the net outperformance payment for year four of AMP7 is expected to be £33.195 million. Ofwat will now review our calculations and reported performance and will decide the final value of these payments for year four of AMP7. These will then be reflected in customers' bills in AMP8.

If Ofwat confirms our estimate of an outperformance payment of £33.197, we estimate this will represent an increase of approximately £15 to £16 in the average household bill over one year.

