

Decision

4G Communications Hub only exchange site visits: Communications Hub Replacement Reimbursement Methodology

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In September 2025, we, Ofgem and the Department for Energy Security and Net Zero, published a joint consultation¹ on the proposed methodology for calculating a single value for a successful 4G Communications Hub only exchange site visit (the “Communications Hub Replacement Reimbursement Methodology”).

This document sets out our final decision on the methodology, including the cost components, calculation approach, and annual review process. Following consideration of the feedback received, we have decided to proceed with the minded-to proposal.

Alongside the consultation, we also issued a request for information (RFI) to large energy suppliers and invited small energy suppliers and meter operators to respond voluntarily. Using this data, and applying the final methodology, we have calculated that the Reimbursement Amount for the period 1 April 2026 to 31 March 2027 will be £105.

¹ [4G Communications Hub only exchange site visits: proposed methodology for calculating a centralised price | Ofgem](#)

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1. Introduction

This chapter provides the background and rationale for the requirement to establish a replacement reimbursement methodology for 4G Communications Hub only exchange site visits in the central and south communication service provider regions of Great Britain. It also sets out our final decision on the design of the calculation methodology for a reimbursement amount and the final value for FY 2026/2027.

Background and context

Most second generation (SMETS2) Smart Metering Systems across the Central and South Communication Service Providers (CSP) regions currently utilise 2G and 3G mobile networks, which are planned to be shut down in 2033. In order to retain smart meter functionality, the Communications Hubs that form part of these Smart Metering Systems must be replaced with Communications Hubs that operate on the 4G mobile network. Following the identification of a funding gap for the replacement of these Communications Hubs in cases where meters are not also being replaced, the Department for Energy Security and Net Zero (DESNZ) confirmed on 29 February 2024 that the Data Communications Company (DCC) would provide centralised funding for SMETS2 Communications Hub only swap-out site visits. A single CH Replacement Reimbursement Amount (also referred to as the “Centralised Price”) will be paid to energy suppliers for each successful site visit. This price is determined using a Communications Hub Replacement Reimbursement Methodology, jointly developed by DESNZ and Ofgem, to ensure consistent and equitable cost recovery across the sector. This decision document sets out the finalised methodology and the resulting Communications Hub (CH) Replacement Reimbursement Amount for FY 2026/2027.

Our decision

Following consideration of the consultation responses, we have decided to proceed with our consultation proposal for the 4G Communications Hub only Replacement Reimbursement Calculation Methodology, including the proposed cost components, calculation methodology, and annual review process.

Related publications

July 2023 (updated link hosted in February 2024 publication webpage):
smartenergycodecompany.co.uk/documents/sec/4g-communications-hub-only-exchange-activity-financing/

February 2024: [Smart Metering Implementation Programme: 4G Communications Hub only exchange site visits arrangements, and further proposal on the DCC charging mechanism and legal changes - Smart Energy Code](#)

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August 2025: [Smart Metering Implementation Programme: DESNZ conclusions on 4G Communications Hub only exchange site visit DCC charging mechanism and legal changes - Smart Energy Code](#)

September 2025: [4G Communications Hub only exchange site visits: proposed methodology for calculating a centralised price | Ofgem](#)

December 2025: [Smart Metering Implementation Programme: SEC Changes for 4G Communications Hub only exchange site visit DCC charging mechanism - Smart Energy Code](#)

Decision-making stages

Stage 1 Consultation open: 9 September 2025

Stage 2 Consultation closes (awaiting decision). Deadline for responses: 5 November 2025

Stage 3 Responses reviewed, and consultation decision published: 27 February 2026

Send us your feedback

We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this decision. We would also like to get your answers to these questions:

- Do you have any comments about the quality of this document?
- Do you have any comments about its tone and content?
- Was it easy to read and understand? Or could it have been better written?
- Are its conclusions balanced?
- Did it make reasoned recommendations?
- Do you have any further comments?

Please send your feedback to stakeholders@ofgem.gov.uk.

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2. Decision, stakeholder feedback and considerations

This chapter provides an overview of the main themes raised in the consultation responses, including cost components, calculation methodology, and annual review process, and it sets out our responses to the feedback. Having considered the responses received, we confirm our decision to proceed with the proposals as consulted on.

Decision

2.1 Following consideration of the consultation responses, we have decided to proceed with our consultation proposal for the 4G Communications Hub Replacement Reimbursement Methodology. We have decided to proceed with the cost components and calculation methodology as consulted on. We have also decided to proceed with the annual review process as consulted on, and further, we will consider initiating an ad hoc review if a significant market change event Ofgem or DESNZ consider to be a force majeure event occurs.

Summary of responses and considerations

2.2 We received 16 responses to our consultation: eight from large energy suppliers, three from Meter Asset Providers (MAPs), two from Distribution Network Operators (DNOs), two from wider industry stakeholders, and one from a member of the public. This conclusion document focuses on the substantive points that are directly relevant and in scope to this decision. Below, we summarise the overarching themes emerging from the stakeholder feedback, along with our considerations in response to the points raised. We have considered and responded to feedback that was within the scope of the consultation. Comments outside the scope have not been addressed in this response.

The cost components

2.3 In our September 2025 consultation, we sought views on the following questions in relation to the proposed cost components:

Questions

Q1. Do you agree with the cost components that have been included in the Reimbursement Amount calculation? Please provide rationale and evidence to support your answer.

Q2. Do you agree with the cost components that have been excluded from the Reimbursement Amount calculation? Please provide rationale and evidence to support your answer.

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Q3. Are there any additional cost components that should be included in the proposed Reimbursement Amount calculation? If so, please list them and explain why they should be included.

Q4. Do you have any other comments on the proposed cost components?

Summary of responses

- 2.4 Respondents broadly agreed with the included cost components; however, several respondents proposed additional cost components for inclusion into the calculation. Below is a summary of the main additions suggested to be incorporated into the calculation.
- 2.5 Multiple respondents suggested that demand generation activities (to encourage consumers to accept an exchange) should be included as a cost component in the CH Replacement Reimbursement Amount calculation, in addition to recruitment and training costs for installers. One respondent also noted that they believe energy suppliers should be able to define and submit the components of the costs of this activity based on their individual requirements.
- 2.6 One respondent noted that assumptions for a suitably qualified installer should be a SMETS2 qualified installer, given the current uncertainty around the large scale effectiveness of Trust Centre Swap Out (TCSO) and the likelihood that early activity may require higher skill levels to avoid repeat visits and potential negative impacts on consumers as a result.
- 2.7 Another respondent challenged the exclusion of Communications Hub Premature Replacement Charges (PRCs) from the methodology, arguing that many replacements occur from mandated requirements rather than supplier choice, and consequently energy suppliers should not be penalised for complying with the obligations.
- 2.8 Respondents also highlighted the concern that the return process for 2G/3G Communication Hubs would not operate effectively when undertaken at large scale, and that these inefficiencies could increase reverse logistics costs for subsequent 4G Communications Hubs only exchanges.
- 2.9 Some respondents also raised the impact of appointment duration, and they expressed a desire for the methodology to account for an appropriate duration to help avoid sub-optimal outcomes, noting that if the duration used in the cost assumptions is set too low, it could unintentionally disincentivise sufficient time being spent on site.

Consideration of responses

- 2.10 We have considered the suggestions set out in the preceding section regarding cost components and address the principal points below.
- 2.11 We consider that any consumer engagement or marketing activity related to the wider 4G transition is not strictly attributable to Communications Hubs only

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exchanges. We consider that consumer engagement costs are business as usual, as they are delivered through existing systems, established teams and current engagement processes, rather than requiring new or additional capability.

- 2.12 Therefore, these costs will also apply to the broader transition activity, including full smart metering system replacements for SMETS1 premises and wider meter-health visits. As noted in DESNZ's February 2024 consultation response², we recognise that whilst some respondents wish to see this reflected as a cost component, the scope of the CH Replacement Reimbursement Amount must focus on the key components of deployment costs and ensure that these are sufficiently covered to minimise possible cash flow impacts on energy suppliers.
- 2.13 In relation to recruitment and training costs, whilst we recognise that undertaking this activity at scale will be a relatively novel activity for energy suppliers, we would expect wider recruitment and training, and workforce development needs to take place independently of this activity. Energy suppliers are also able and may choose to utilise their existing workforce to deliver this activity in line with their commercial judgement and operational discretion.
- 2.14 It is our view that the skillset of the installer undertaking a 4G Communications Hub only swap-out is a matter for the installing party to determine. The methodology for the Reimbursement Amount does not prescribe the level of qualification or skillset required. Instead, the price for this cost component is set using the cost data submitted by Large Energy Suppliers, alongside voluntary returns provided by small energy suppliers and meter operators (MOPs), and it will be supported by Annual Supplier Returns (ASR) data. We expect that industry will use a mix of skillsets to deliver this activity, and the CH Replacement Reimbursement Amount will reflect this through an aggregate average covering the spectrum of commercial decisions taken by individual energy suppliers.
- 2.15 In relation to the exclusion of Communications Hub PRCs, due to changes introduced by Smart Energy Code (SEC) Modification MP275³, no charges will apply for returns of 2G/3G Communication Hubs that have been replaced by 4G Communication Hubs, and thus energy suppliers will not incur any additional costs for returns associated with this activity.
- 2.16 Regarding the concerns raised by respondents that inefficiencies in the large scale 2G/3G Communications Hub return process could lead to higher reverse logistics costs, we don't consider such issues to be unique to the 4G Communications Hub only exchanges. While the importance of a well-designed and efficient returns process is recognised, any issues arising from the

² [Smart Metering Implementation Programme: 4G Communications Hub only exchange site visits arrangements, and further proposal on the DCC charging mechanism and legal changes - Smart Energy Code](#)

³ [Section K changes to support 4G Communications Hubs rollout - Smart Energy Code](#)

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management of Communications Hub returns would apply more broadly across the wider 4G transition, including other replacement activities.

- 2.17 Appointment duration data forms part of the RFI issued to Large Energy Suppliers, and it will be collected voluntarily from small energy suppliers and MOPs, as part of the annual review process. Whilst we expect installers and energy suppliers to aim for outcomes that minimise any detriment to the consumer experience and subsequent 4G operational performance, the time spent on site (and any behaviours that may influence it) remains a commercial decision for individual energy suppliers to consider.

Response to feedback received

- 2.18 Following careful analysis and consideration of the points raised in responses from stakeholders to these consultation questions, for the reasons set out in paragraphs 2.10 to 2.17, we are of the view that these do not warrant a change to the cost components set out in the consultation. These components will therefore remain as proposed and will be included in the calculation methodology.

The calculation methodology

- 2.19 In our September 2025 consultation, we sought views on the following questions in relation to the proposed calculation methodology:

Questions

- Q5. Do you agree with the proposed calculation methodology? Please provide rational and evidence to support your answer.
- Q6. Do you believe an alternative methodology could yield a more accurate calculation? Please provide rational and evidence to support your answer.
- Q7. Do you have any other comments in relation to the proposed methodology?

Summary of responses

- 2.20 Respondents generally agreed, or had a neutral view, of the proposed calculation methodology, with three respondents expressing disagreement. Below is a summary of the main suggestions to be incorporated into the calculation methodology.
- 2.21 Several respondents disagreed with using a combined weighted average for third party and in house labour activities, arguing that this approach could disincentivise energy suppliers from investing in long term installation workforce capacity and skills needed for wider Clean Power 2030 activities. One respondent disagreed with basing the weighted average on the volume of existing 2G/3G communications hubs, and with the proposed treatment of outliers, believing that this approach would disproportionately benefit large energy suppliers.
- 2.22 One respondent suggested that the Reimbursement Amount should vary to reflect cost differences arising from geographical factors.

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- 2.23 One respondent did not agree with using outturn costs for the initial calculation, and they questioned the statistical validity of relying on actual figures given the limited number of actual Communications Hub only exchanges completed to date.
- 2.24 One respondent proposed that the methodology should include additional penalties in cases where the meter(s) were removed, and the installing party was unable to substantiate the reason for removal.
- 2.25 One respondent suggested that the supplier weighting based on volumes of 2G/3G Communications Hubs installed in Central and South CSP regions should be reviewed at a set frequency whilst the CH Replacement Reimbursement Amount is in place, in order to ensure that any cumulative impacts from supplier churn or wider progress on replacement activity are appropriately reflected. The respondent also proposed a similar interim review for other elements of the calculation, such as the inflation index (CPIH) and the Job Completion Adjustment.
- 2.26 One respondent believed that the reimbursement amount had already been predetermined with the indicative price for FY 2026/2027 (published in September 2025 alongside the consultation), and expressed concern that this had created a misconception that the RFI process was being used to validate an existing figure rather than to inform the calculation of the CH Replacement Reimbursement Amount.
- 2.27 One respondent requested greater clarity on what activity constitutes a successful swap out and therefore qualifies for the CH Replacement Reimbursement Amount.
- 2.28 Some respondents also raised comments and questions in relation to the requirements and approach of the replacement of long-range radio (LRR) Communications Hubs in the North CSP region and whether a similar centralised funding scheme would be put in place to cover these replacements.

Consideration of responses

- 2.29 We have considered the suggestions set out in the preceding section regarding the calculation methodology and address the principal points below.
- 2.30 As noted earlier in this decision document, the Reimbursement Amount methodology does not prescribe a specific operational delivery model for how the site visits for Communications Hub exchanges are conducted. Instead, it reflects a blended approach that captures the range of delivery models used across industry, including both the use of internal field forces and third-party providers. Reflecting weighted average costs helps to ensure that the aggregate revenue provided through the Reimbursement Amount is appropriate.
- 2.31 We recognise that geographical factors can influence the cost of a 4G Communications Hub only exchange. However, geography is not the only driver of

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cost, and there are other material determinants, including operational factors, which could also impact the cost of this activity. Designing a bespoke reimbursement approach that attempts to account for all such circumstances (geographical and non-geographical) would add significant complexity to the process and could also risk inconsistent treatment across similar jobs. The calculation methodology uses supplier cost evidence and standardised adjustments to produce a single reimbursable amount for a successful 4G Communications Hub only exchanges, on a transparent basis that is practical to operate at scale. The policy objective of the centralised funding arrangements is to provide energy suppliers with a straightforward, optional route to undertake 4G Communications Hub only exchanges without replacing operating meters to support efficient asset utilisation and avoid unnecessary meter replacement. A single reimbursement amount aligns with that objective by keeping administration simple and minimising disputes over “case by case” pricing, while still being based on industry’s cost evidence and subject to periodic review.

- 2.32 We recognise that the calculation of the CH Replacement Reimbursement Amount during the first year of the Communications Hub only Replacement Service is likely to be impacted by the limited availability of data as this activity is not yet occurring at scale. By using the data associated with the smaller scale activity that energy suppliers have already undertaken and substituting any missing cost elements with equivalent costs for a single fuel, electricity only smart meter installation, we are confident that the CH Replacement Reimbursement Amount for 2026/2027 provides a reasonable estimate of the likely costs incurred. As the service matures, we expect the CH Replacement Reimbursement Amount to become increasingly aligned with the actual costs incurred, and to reflect the efficiencies and economies of scale that should emerge as this activity takes place on a larger scale.
- 2.33 As noted previously, the Communications Hub Replacement Reimbursement Service is an optional service that energy suppliers may choose to utilise to replace only the Communications Hub where appropriate. The decision to replace only the Communications Hub is a commercial matter for individual energy suppliers, who may instead choose to replace the entire metering system and use their existing commercial arrangements with Meter Asset Providers to cover the associated replacement costs. On that basis, as participation in this scheme is voluntary, we cannot impose any penalties on energy suppliers for not choosing to use it.
- 2.34 When considering the apportionment of supplier weighting, we believe it is in the interests of the consumer to maintain a stable approach so as to avoid unnecessary volatility in how activity levels, and therefore costs, are reflected over time. Accordingly, we will base the weighted average on the total number of 2G/3G Communications Hubs (attached to a SMETS2 meter) each large energy supplier has in the Central and South region as of Q4 2025. As part of the Annual

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Review Process, we will evaluate whether significant market changes, such as a Supplier of Last Resort (SoLR) event or commercial acquisition and takeover that significantly impacts the portfolio share.

2.35 The indicative price that was published in September 2025 was based on RFI data submitted by large energy suppliers in November 2024. The published range (£100-£115) was solely to illustrate how cost data would be assessed under the methodology. It did not propose a CH Replacement Reimbursement Amount. The final amount was determined following the outcome of this consultation and the receipt of updated RFI data.

2.36 The amendments made to the SEC licence and set out in the conclusions document published by DESNZ in August 2025⁴, define a Communications Hub (CH) Replacement Reimbursement Event as follows: A “CH Replacement Reimbursement Event” shall be taken to have occurred in respect of a Communications Hub when all of the following requirements are satisfied:

- A previously installed 2G/3G Communications Hub was removed from a premises and that 2G/3G Communications Hub was a SMETS2+ Communications Hub;
- During the site visit to remove the 2G/3G Communications Hub, no new Energy Meters were installed to serve the premises which were previously served by the 2G/3G Communications Hub;
- During such site visit, a 4G Communications Hub was installed to serve the premises which were previously served by the 2G/3G Communications Hub; and
- Such site visit occurred during a Regulatory Year to which the CH Replacement Reimbursement Service applies.

2.37 Any consideration or development of a service to reimburse LRR Communications Hubs only exchanges with 4G Communications Hubs is outside of the scope of this consultation and decision, and it would be subject to a separate consultation process.

Response to feedback received

2.38 Following careful analysis and consideration of the points raised in responses from stakeholders to these consultation questions, for the reasons set out in paragraphs 2.29 to 2.37, we are of the view that these do not warrant a change to the calculation methodology set out in the consultation which will remain as proposed.

⁴ [Smart Metering Implementation Programme: DESNZ conclusions on 4G Communications Hub only exchange site visit DCC charging mechanism and legal changes - Smart Energy Code](#)

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The annual review process

2.39 In our September 2025 consultation, we sought views on the following questions in relation to the proposed annual review process:

Questions

Q8. Do you agree with the proposed annual review process? Please provide rationale and evidence to support your answer.

Q9. Do you consider that an alternative review process might better reflect changes in market conditions and support a more accurate and realistic Reimbursement Amount? Please provide rationale and evidence to support your answer.

Q10. Do you have any other comments on the annual review process?

Summary of responses

2.40 Most respondents agreed with the proposed annual review process. Below is a summary of the main suggestions from respondents to be incorporated into the annual review process.

2.41 Several respondents suggested that reviews should take place more frequently, particularly during the initial years of the service, to enable closer monitoring of actual costs and changes in average job duration. Two suppliers also emphasised that the associated reporting requirements as part of the annual review process must not be overly burdensome or complicated for stakeholders to complete. One supplier also highlighted the need to avoid conflicts between the annual RFIs issued for this activity and existing quarterly RFI submission deadlines, noting that the proposed RFI period will coincide with the main school holiday periods. Another supplier requested clarity on how rapid market shifts (including force majeure events) would be addressed within the annual review process, and whether a trigger-based review could be undertaken, if necessary, ahead of the planned review.

2.42 Some respondents also raised comments and questions in relation to the details of the 4G Communications Hub only exchange reimbursement scheme that the DCC will deliver. This includes the large-scale Communications Hub return process, service commencement date, and the visibility of costs associated with the scheme on charging statements. These questions are outside the scope of this consultation and decision, and will instead be addressed by the DCC, as appropriate, via the relevant forums.

Consideration of responses

2.43 We have considered the suggestions set out in the preceding section regarding the annual review process and address the principal points below.

2.44 We recognise the need to ensure that RFIs issued to large energy suppliers, and voluntarily to small energy suppliers and MOPs, are proportionate to the data required and mindful of the resources required from stakeholders to complete

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reporting. However, due to the need to align the determination of the CH Replacement Reimbursement Amounts for the subsequent FYs with the price cap cycles, the timing of these requests and associated deadline for response cannot be adjusted. Whilst we acknowledge the importance of the CH Replacement Reimbursement Amount remaining reflective of actual costs, increasing the frequency of reviews would not only increase reporting requirements for industry, but would also require significant administrative resources from Ofgem and DESNZ. We do not consider that such impacts would be justified by any incremental improvement in accuracy. On this basis, we believe that, by conducting a thorough, single annual review, we will prioritise the establishment of a robust CH Replacement Reimbursement Amount that will give certainty to industry for each financial year.

- 2.45 With regard to undertaking an ad-hoc review in response to significant market changes or a force majeure event, Ofgem and DESNZ will consider initiating such a review where appropriate.

Response to feedback received

- 2.46 Following careful analysis and consideration of the points raised in responses from stakeholders to these consultation questions, for the reasons set out in paragraphs 2.43 to 2.45, we are of the view that these do not warrant a significant change to the annual review process proposed in the consultation. However, Ofgem and DESNZ will consider initiating an ad-hoc review where a significant market change occurs that Ofgem or DESNZ consider to constitute a force majeure event.

Calculation of the reimbursement amount for FY 2026/2027

Summary

- 2.47 This section explains how we have used the RFI data received from energy suppliers to calculate the CH Replacement Reimbursement Amount of £105 that will apply from 1 April 2026 to 31 March 2027. The section provides a summary of the RFI responses and sets out how the cost data provided has been adjusted for outliers to estimate a weighted average cost of a successful 4G Communications Hub only exchange visit. It also explains how the inflation adjustment and Job Completion Adjustment have been calculated and applied to the weighted average cost to determine the final CH Replacement Reimbursement Amount.

Overview of RFI responses

- 2.48 An RFI was issued alongside the consultation to gather data from large energy suppliers, small energy suppliers and MOPs on 4G Communications Hub only exchange visits to inform the calculation of the CH Replacement Reimbursement Amount. Respondents were asked to provide outturn cost data broken down into installer costs, appointment setting, forward logistics and

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reverse logistics, with costs reported separately, for visits delivered by internal field force and by third-party providers. The RFI also requested operational data on the number of exchange visits completed, the average duration of these visits and the proportion of these visits that were attempted but not completed at the first attempt. This information was requested for the reporting period 1 April 2025 to 31 August 2025.

- 2.49 A total of twelve responses to the RFI were received. Six Large Energy Suppliers submitted data, while a seventh provided a response to the consultation but without data, noting that it had not completed any 4G Communications Hub only exchange visits during the reporting period. In addition, three responses were received from smaller energy suppliers, two responses from a meter asset provider and one from a meter operator. As set out in the methodology, the CH Replacement Reimbursement Amount is directly informed by cost submissions from large energy suppliers, with additional cost data provided by other industry participants used for benchmarking purposes.
- 2.50 The RFI data covered a total of 1,187 4G Communications Hub only exchange visits completed during the reporting period. This represents a very small proportion of the total number of such visits expected to be completed by 2033 when 2G and 3G mobile networks are due to be shut down. As 4G Communications Hub only exchange visit activity scales up, costs are expected to decrease (in real terms) and installation performance to improve. These factors have been considered when assessing the data provided by energy suppliers to ensure the CH Replacement Reimbursement Amount is set at a reasonable level for the period in which it will apply.

Cost of 4G Communications Hub only exchange visits

- 2.51 All six Large Energy Suppliers that submitted RFIs provided cost data for 4G Communications Hub only exchange visits completed by their internal field force and one provided cost data for visits completed by a third party. Several Large Energy Suppliers noted that they had not yet concluded commercial negotiations with third party providers and were therefore unable to provide data on third party costs.
- 2.52 The cost data provided showed significant variation, with the highest reported cost per 4G Communications Hub only exchange visit being double the amount of the lowest. Installer costs consistently accounted for the largest share of total costs, while appointment setting, forward logistics, and reverse logistics each represented only a small proportion.
- 2.53 The RFI allowed large energy suppliers to submit data on additional costs they proposed for inclusion in the CH Replacement Reimbursement Amount calculation (referred to as “other costs”). Two energy suppliers provided data on such costs, suggesting the inclusion of costs related to operating a smart metering program and providing technical support for troubleshooting and

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resolving smart meter operational issues following a 4G Communications Hub only exchange. However, as explained earlier in this document, these costs have not been included in the calculations of the CH Replacement Reimbursement Amount because they are not considered directly attributable to the costs incurred during a 4G Communications Hub-only exchange visit.

2.54 Some other large energy suppliers suggested additional costs for inclusion in the calculation of the CH Replacement Reimbursement Amount as part of their consultation responses. These proposals included:

1. Communications Hub Premature Replacement Charges
2. Training, management and recruitment costs
3. Demand generation/customer engagement costs
4. Consideration of funding LRR Comms Hubs replacement in the North region

The rationale for excluding these costs from the methodology is provided in the earlier sections of this decision document, see paragraphs 2.15, 2.13, 2.11, 2.12, and 2.37.

2.55 The cost data submitted by other industry participants, including small energy suppliers, MAPs and MOPs, has been used for benchmarking third party costs provided by large energy suppliers.

Duration of 4G Communications Hub only exchange visits

2.56 All six large energy suppliers submitted data on the duration of 4G Communications Hub only exchange visits. Similar to the cost data, the reported visit times varied significantly, with the longest average duration being more than twice as long as the shortest. Some energy suppliers explained that longer visits reflected the completion of additional activities, such as meter fault resolution or meter maintenance and inspections, alongside the 4G Communications Hub exchange. Since the methodology is intended to reimburse energy suppliers only for work directly related to 4G Communications Hub only exchange visits, these additional activities have been identified and removed accordingly so that only Communications Hub exchange work is considered when calculating the CH Replacement Reimbursement Amount.

2.57 Several Large Energy Suppliers and other respondents indicated that they expect visit times to decrease as operations scale up, driven by learning effects and increased cost efficiencies. Technical improvements, including the implementation of the Great British Companion Specification (GBCS) 4.2 and firmware upgrades, are also anticipated to reduce job times. However, most respondents were unable to provide an estimate of the likely future duration at this stage.

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First time 4G Communications Hub only exchange visits attempted but not successfully completed

2.58 Only three of the six Large Energy Suppliers provided data on the number of first time 4G Communications Hub only exchange visits attempted but not successfully completed. While this provided an initial indication of success rates, several energy suppliers indicated that they are currently unable to track unsuccessful visits accurately. This is because 4G Communications Hub only exchange visits had often been carried out as part of fault resolution or meter inspection activities, making it difficult to isolate issues specifically related to this activity. In other cases, energy suppliers reported that they do not currently collect this data or that their submissions were based on very small samples. Consequently, the data provided is unlikely to represent the level of unsuccessful visits once suppliers scale up their 4G Communications Hub only exchange programmes.

Outlier adjustment

2.59 The outturn data submitted by Large Energy Suppliers in response to the RFI has been assessed for potential outliers and adjusted using a series of outlier tests. These adjustments help ensure the reliability and accuracy of the CH Replacement Reimbursement Amount. This process applies to both internal field force and third-party costs and it is carried out at the cost component level or, where a cost breakdown is not provided, at the total cost level.

2.60 All cost components were reviewed for outliers, and data points that were clearly identifiable as anomalous were removed to avoid distortion of the results. These adjustments were made following comparison of the data submitted by each Large Energy Supplier to the relevant benchmark and adjusting the costs as necessary. Any adjusted costs are also given a lower weight, to reflect reduced confidence in the underlying data provided. The precise outlier adjustments may differ in future, dependent on the outturn data received.

Removing other costs

2.61 As set out above, the RFI allowed Large Energy Suppliers to submit data on additional costs they proposed for inclusion in the CH Replacement Reimbursement Amount (referred to in this document as “other costs”). These are costs that fall outside the four defined cost components: installer, appointment setting, forward logistics and reverse logistics costs. “Other costs” are assessed and excluded where the cost is not deemed to be specific to the cost of a 4G Communications Hub only exchange visit.

2.62 This adjustment to remove “other costs” ensures the CH Replacement Reimbursement Amount reflects only the costs directly incurred by energy suppliers for a 4G Communications Hub only exchange visit. It avoids inflating the

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CH Replacement Reimbursement Amount with costs that are not considered to be directly relevant to the successful completion of the site visit.

Replacing missing costs

- 2.63 Where energy suppliers have provided a cost breakdown but omit data for cost components, the missing values are replaced using an alternative benchmark. In practice, this involves using outturn data for the equivalent cost component for a SMETS2 single fuel electricity installation reported in the Annual Supplier Returns ASR. The benchmarks from the ASR data are inflated to match the price base of the outturn costs provided in the RFI responses to ensure a like-for-like comparison.
- 2.64 This adjustment ensures the CH Replacement Reimbursement Amount is calculated utilising a full dataset. Including £0 values would suggest that a cost component of a 4G Communications Hub only exchange visit could be delivered at no cost, which would artificially and unjustifiably reduce the CH Replacement Reimbursement Amount.

Adjusting installer costs for duration

- 2.65 Where energy suppliers have provided a site visit time longer than 60 minutes, the installer cost is adjusted downwards by dividing the installer cost by the visit duration to identify the installer cost per minute. The installer cost per minute is then multiplied by 60 to calculate the installer cost for a 60-minute 4G Communications Hub only exchange visit.
- 2.66 This adjustment reflects the assumption that a successful 4G Communications Hub only exchange visit should take no longer than 60 minutes. This assumption is informed by evidence from the TCSO pilot and feedback from RFI respondents, provided in response to follow-up questions on visit duration after the initial RFI data analysis.

Replacing costs with equivalent costs of a SMETS2 single fuel electricity only smart meter installation

- 2.67 Where suppliers have provided a cost component greater than the equivalent cost component in the SMETS2 single fuel electricity installation, the cost component is adjusted downwards to match the SMETS2 benchmark. Because the SMETS2 data covers the period 1 January 2024 – 31 December 2024 and the outturn RFI data covers the period 1 April 2025 – 31 August 2025, an inflation adjustment is applied to the SMETS2 data. This uplift is based on historic Consumer Prices Index including owner occupiers' housing costs (CPIH) data. The adjustment reflects inflation between the midpoint of the SMETS2 reporting period and the midpoint of the RFI reporting period to make the two data sets comparable.

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2.68 This adjustment is based on the assumption that the cost of a successful 4G Communications Hub only exchange visit should not exceed the cost of installing a SMETS2 single-fuel electricity meter. This is because a 4G Communications Hub only exchange visit is expected to be less complex and take less time to complete than a meter installation.

Adjusting third party costs

2.69 Third party outturn data is compared with industry benchmarks provided in RFI responses and adjusted downwards or upwards accordingly.

2.70 This adjustment ensures that third party costs are in line with the costs that industry has demonstrated are feasible for an energy supplier to pay to a third-party provider per successful 4G Communications Hub only exchange visit.

Adjusting remaining low and high outliers to the weighted average cost

2.71 This outlier adjustment compares outturn data across energy suppliers to identify any values that are significantly higher or lower than average ranges. Significantly high or low values are first removed, after which a weighted average is calculated for each cost component using weights based on the number of 2G and 3G Communications Hub held by each supplier as of Q4 2025. Cost components which are significantly higher or lower than the weighted average are adjusted to align with it.

2.72 This adjustment addresses outliers not only between the outturn data and other datasets, but also within the outturn data across energy suppliers. This ensures that the CH Replacement Reimbursement Amount is representative of typical achievable costs for a 4G Communications Hub only exchange site visit, and it is not distorted by costs which are significantly higher or lower than what is feasible on average.

Summary of outlier adjustment

2.73 The above outlier adjustments provide the basis for the final outlier adjustment factors, which are calculated for each cost component as well as for the total cost for 4G Communications Hub only exchange visits.

2.74 The final outlier adjustment is applied to the RFI data to determine each Large Energy Suppliers adjusted cost for a 4G Communications Hub only exchange visit. Where costs have been adjusted (upwards or downwards) their corresponding weighting is also amended proportionally to the adjustment applied to reflect the amended level of confidence in that data.

2.75 The weighted average cost of a successful 4G Communications Hub only exchange visit after accounting for outliers is £93. This is multiplied by the inflation adjustment and Job Completion Adjustment to calculate the final CH Replacement Reimbursement Amount.

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Inflation adjustment

- 2.76 The weighted average cost of a successful 4G Communications Hub only exchange visit is also adjusted to account for inflation. This adjustment inflates the outturn costs provided in the RFI responses (covering the period 1 April 2025 to 31 August 2025) to align with the period in which the CH Replacement Reimbursement Amount will apply (1 April 2026 to 31 March 2027). The adjustment results in a 3% uplift being applied to the weighted average cost of a successful 4G Communications Hub only exchange visit.
- 2.77 The inflation adjustment is derived from historic and forecast CPIH data published by the Office for Budget Responsibility⁵ (OBR). This adjustment reflects the changes in prices between the midpoint of the period for which outturn costs have been provided and the midpoint of the period when the CH Replacement Reimbursement Amount will apply. For the first period, this equates to an inflation adjustment over a 15.5-month period from mid-June 2025 to the end of September 2026.
- 2.78 Using forecast inflation introduces the possibility that actual inflation (outturn) may differ from forecast. This could result in the CH Replacement Reimbursement Amount being set too high or too low relative to the actual inflation observed. Some respondents suggested shortening the review periods, which would partly mitigate this risk as it would reduce the reliance on longer-term forecasts.
- 2.79 As noted in our decision in relation to the annual review process earlier in this document, we have decided not to adopt shorter review periods. Please refer to this section (insert when final) for the rationale. Any forecast error associated with inflation is expected to be symmetric and have a relatively limited impact on the overall CH Replacement Reimbursement Amount relative to other cost drivers.

Job Completion Adjustment

- 2.80 The Job Completion Adjustment increases the weighted average cost of a successful 4G Communications Hub only exchange visit to account for situations where Communication Hubs replacements are not successfully completed on the first attempt. This adjustment is calculated based on the expected frequency and cost impact of unsuccessful visits, recognising that early-stage failures typically have lower cost implications.
- 2.81 The consultation proposed a 10% adjustment to reflect potential costs arising from unsuccessful first visits. The initial value was informed by a bottom-up assessment of historic job completion rates for first-time SMETS2 installations, reflecting the likelihood that similar challenges may also occur during 4G Communications Hub only exchange visits. This is because data

⁵ [Data - Office for Budget Responsibility](#)

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on unsuccessful visits for 4G Communications Hub only exchange visits was not available at the time of putting together this methodology.

2.82 Our internal analysis identified several reasons for unsuccessful visits for SMETS2 installations that are also likely to apply to 4G Communications Hub only exchange visits. These factors were incorporated in the calculation of the 10% adjustment and include:

- Energy supplier logistical challenges, such as limited or no access to parking near the property.
- Customer related access issues, such as refusing to grant access to the property or not being present at the scheduled appointment time.
- Meter accessibility problems, for example in flats where keys are needed to access meter boxes in communal areas or where home improvements have restricted access to the meter.

The potential for unsuccessful visits caused by technical failures during the 4G Communications Hub only exchange process was also included.

2.83 As part of the RFI published alongside the consultation, Large Energy Suppliers were requested to provide data on the number of first time 4G Communications Hub only exchange visits attempted but not successfully completed, as well as the reasons for these unsuccessful visits. Responses were received only from three of the six large energy suppliers that responded to the RFI.

2.84 The remaining energy suppliers who did not provide this data indicated that they are currently unable to track unsuccessful visits accurately. This is because 4G Communications Hub only exchange visits are often carried out as part of fault resolution or meter inspection activities, making it difficult to isolate issues specifically related to the 4G Communications Hub exchange. In other cases, suppliers reported that they do not currently collect this data or that their submissions were based on very small samples. Consequently, the data provided is unlikely to represent the true frequency of unsuccessful visits once suppliers scale up the 4G Communications Hub only exchange activity.

2.85 Given these limitations, we have decided to maintain the Job Completion Adjustment at 10% for FY 2026/2027, as proposed in the consultation. We expect that as suppliers expand their operations and achieve greater efficiencies, the proportion of visits that are unsuccessful on first attempt will reduce and the quality of data will improve.

Final Reimbursement Amount for FY 2026/2027

2.86 The CH Replacement Reimbursement Amount is calculated by multiplying the weighted average cost of a successful 4G Communications Hub only exchange visit (£93) by the inflation adjustment (3%, equivalent to £2) and the Job Completion Adjustment (10%, equivalent to £10). After rounding to the nearest

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pound, the final Reimbursement Amount is £105. This will apply from 1 April 2026 to 31 March 2027.

Implementation and next steps

- 2.87 We thank stakeholders for their feedback to our consultation and returns of RFIs, which has helped inform and support the decisions we have reached.
- 2.88 All 4G Communications Hub only exchanges carried out in the Central and South CSP regions from 1 April 2026 will be eligible for the CH Replacement Reimbursement Amount of £105. The DCC will deliver the scheme once it is operational.
- 2.89 As noted in the Network Evolution Transition and Migration Approach Document (NETMAD) consultation published by DESNZ in December 2025⁶, the financing facility is unlikely to be live in April 2026, although the delay is not expected to be significant. All eligible 4G Communications Hub exchanges undertaken from 1 April 2026 onwards will be covered and reimbursed retrospectively once the financing facility is in place.
- 2.90 We, Ofgem and DESNZ, will commence the annual review process to determine the Reimbursement Amount for FY 2027/2028 in July 2026.

⁶ [Smart Metering Implementation Programme: DESNZ consultation on proposed changes to the NETMAD \(SEC Appendix AU\) - Smart Energy Code](#)

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Appendix - The formula for the CH Replacement Reimbursement Amount

The formula for setting the CH Replacement Reimbursement Amount is unchanged from the consultation and is repeated below for reference.

The overarching formula used to determine the Reimbursement Amount (p) is shown in the equation below. The formula combines cost data from both energy suppliers who have provided a cost breakdown and for those who have not. The cost data is then adjusted for inflation (π) and the Job Completion Adjustment (JCA).

$$p = [(INSTALL + APPT + FOR + REV) \times W_1 + (TOTAL) \times W_2] \times (1 + \pi)(1 + JCA)$$

Where:

INSTALL represents the weighted average installer cost for large energy suppliers that have provided a cost breakdown and that have not been excluded as outliers. Where installer costs have been adjusted (upwards or downwards) their corresponding weighting would be amended proportionally to the adjustment applied.

APPT represents the weighted average appointment setting cost for large energy suppliers that have provided a cost breakdown and that have not been excluded as outliers. Where adjustments are applied to these costs (upwards or downwards) their corresponding weighting would be amended proportionally to the adjustment applied.

FOR represents the weighted average forward logistics cost for large energy suppliers that have provided a cost breakdown and that have not been excluded as outliers. Where adjustments are applied to these costs (upwards or downwards) their corresponding weighting would be amended proportionally to the adjustment applied.

REV represents the weighted average reverse logistics cost for large energy suppliers that have provided a cost breakdown and that have not been excluded as outliers. Where adjustments are applied to these costs (upwards or downwards) their corresponding weighting would be amended proportionally to the adjustment applied.

TOTAL represents the weighted average site visit cost for large energy suppliers that have *not* provided a cost breakdown and that have not been excluded as outliers. Where adjustments are applied to these costs (upwards or downwards) their corresponding weighting would be amended proportionally to the adjustment applied.

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W_1 represents the proportion of Communications Hubs associated with large energy supplier cost data where a cost breakdown has been provided (where appropriate, adjusted) and that have not been excluded as outliers.

W_2 represents the proportion of Communications Hubs associated with large energy supplier cost data where a cost breakdown has not been provided (where appropriate, adjusted) and that have not been excluded as outliers.

π represents the inflation rate adjustment based on the CPIH to convert overall weighted average outturn cost data to reflect the equivalent cost for the period the Reimbursement Amount will apply.

JCA represents the Job Completion Adjustment, which covers the additional costs incurred by large energy suppliers for first time swap outs attempted that are not successfully completed.

The weighted average installer cost (INSTALL) is equal to the total installer costs divided by the total number (where appropriate, adjusted) of 2G/3G Communications Hubs associated with those costs. Total installer costs are the sum of total internal field force and third-party installer costs for large energy suppliers that provide a cost breakdown, after adjusting or excluding outliers. As described in the methodology above, if the cost data for a large energy supplier is adjusted up or down, the weight applied to that cost will be adjusted downwards.

$$INSTALL = \frac{\sum[INSi_s \times Ai_s \times BREAKi_s \times AAi_s \times wi_s] + \sum[INSe_s \times Ae_s \times BREAKe_s \times AAe_s \times we_s]}{\sum[BREAKi_s \times AAi_s \times wi_s] + \sum[BREAKe_s \times AAe_s \times we_s]}$$

Where:

$INSi_s$ is the installer cost for large energy supplier s using their internal field force

$INSe_s$ is the installer cost for large energy supplier s using a third party provider

$BREAKi_s$ is a dummy variable for large energy supplier s which is 1 if a cost breakdown has been provided for internal field force costs and 0 otherwise

$BREAKe_s$ is a dummy variable for large energy supplier s which is 1 if a cost breakdown has been provided for third party provider costs and 0 otherwise

Ai_s is the outlier adjustment variable applied to internal field force installer costs provided by large energy supplier s and is equal to 1 if the data is not an outlier

Ae_s is the outlier adjustment variable applied to third party installer costs provided by large energy supplier s and is equal to 1 if the data is not an outlier

AAi_s is the outlier adjustment variable applied to the weight for internal field force installer costs provided by large energy supplier s and is equal to Ai_s if

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costs have been adjusted downwards and $1/Ai_s$ if costs have been adjusted upwards

AAe_s is the outlier adjustment variable applied to the weight for third party installer costs provided by large energy supplier s and is equal to Ae_s if costs have been adjusted downwards and $1/Ae_s$ if costs have been adjusted upwards

wi_s is the number of 2G/3G Communications Hubs for large energy supplier s as of Q4 2025 multiplied by the proportion of swap outs completed in the previous year by large energy supplier s using their internal field force

we_s is the number of 2G/3G Communications Hubs for large energy supplier s as of Q4 2025 multiplied by the proportion of swap outs completed in the previous year by large energy supplier s using a third party provider

The formula for the appointment setting, forward logistics and reverse logistics terms ($APPT$, FOR and REV) follows the same structure as the formula for installer costs. These are shown below.

$$APPT = \frac{\sum[APPi_s \times Bi_s \times BREAKi_s \times BBi_s \times wi_s] + \sum[APPe_s \times Be_s \times BREAKe_s \times BBe_s \times we_s]}{\sum[BREAKi_s \times BBi_s \times wi_s] + \sum[BREAKe_s \times BBe_s \times we_s]}$$

Where:

$APPi_s$ is the appointment setting cost for large energy supplier s using their internal field force

$APPe_s$ is the appointment setting cost for large energy supplier s using a third party provider

$BREAKi_s$ is a dummy variable for large energy supplier s which is 1 if a cost breakdown has been provided for internal field force costs and 0 otherwise

$BREAKe_s$ is a dummy variable for large energy supplier s which is 1 if a cost breakdown has been provided for third party provider costs and 0 otherwise

Bi_s is the outlier adjustment variable applied to internal field force appointment setting costs provided by large energy supplier s and is equal to 1 if the data is not an outlier

Be_s is the outlier adjustment variable applied to third party appointment setting costs provided by large energy supplier s and is equal to 1 if the data is not an outlier

BBi_s is the outlier adjustment variable applied to the weight for internal field force appointment setting costs provided by large energy supplier s and is equal

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to Bi_s if costs have been adjusted downwards and $1/Bi_s$ if costs have been adjusted upwards

BBe_s is the outlier adjustment variable applied to the weight for third party appointment setting costs provided by large energy supplier s and is equal to Be_s if costs have been adjusted downwards and $1/Be_s$ if costs have been adjusted upwards

wi_s is the number of 2G/3G Communications Hubs for large supplier s as of Q4 2025 multiplied by the proportion of swap outs completed in the previous year by supplier s using their internal field force

we_s is the number of 2G/3G Communications Hubs for large supplier s as of Q4 2025 multiplied by the proportion of swap outs completed in the previous year by supplier s using a third party provider

$$FOR = \frac{\sum[FORi_s \times Ci_s \times BREAKi_s \times Cci_s \times wi_s] + \sum[FORe_s \times Ce_s \times BREAKE_s \times Cce_s \times we_s]}{\sum[BREAKi_s \times Cci_s \times wi_s] + \sum[BREAKE_s \times Cce_s \times we_s]}$$

Where:

$FORi_s$ is the forward logistics cost for large energy supplier s using their internal field force

$FORe_s$ is the forward logistics cost for large energy supplier s using a third party provider

$BREAKi_s$ is a dummy variable for large energy supplier s which is 1 if a cost breakdown has been provided for internal field force costs and 0 otherwise

$BREAKE_s$ is a dummy variable for large energy supplier s which is 1 if a cost breakdown has been provided for third party provider costs and 0 otherwise

Ci_s is the outlier adjustment variable applied to internal field force forward logistics costs provided by large energy supplier s and is equal to 1 if the data is not an outlier

Ce_s is the outlier adjustment variable applied to third party forward logistics costs provided by large energy supplier s and is equal to 1 if the data is not an outlier

Cci_s is the outlier adjustment variable applied to the weight for internal field force forward logistics costs provided by large energy supplier s and is equal to Ci_s if costs have been adjusted downwards and $1/Ci_s$ if costs have been adjusted upwards

Cce_s is the outlier adjustment variable applied to the weight for third party forward logistics costs provided by large energy supplier s and is equal to Ce_s if

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costs have been adjusted downwards and $1/Ce_s$ if costs have been adjusted upwards

wi_s is the number of 2G/3G Communications Hubs for large energy supplier s as of Q4 2025 multiplied by the proportion of swap outs completed in the previous year by large energy supplier s using their internal field force

we_s is the number of 2G/3G Communications Hubs for large energy supplier s as of Q4 2025 multiplied by the proportion of swap outs completed in the previous year by large energy supplier s using a third party provider

$$REV = \frac{\sum[REVi_s \times Di_s \times BREAKi_s \times DDi_s \times wi_s] + \sum[REVe_s \times De_s \times BREAKe_s \times DDe_s \times we_s]}{\sum[BREAKi_s \times DDi_s \times wi_s] + \sum[BREAKe_s \times DDe_s \times we_s]}$$

Where:

$REVi_s$ is the reverse logistics cost for large energy supplier s using their internal field force

$REVe_s$ is the reverse logistics cost for large energy supplier s using a third party provider

$BREAKi_s$ is a dummy variable for large energy supplier s which is 1 if a cost breakdown has been provided for internal field force costs and 0 otherwise

$BREAKe_s$ is a dummy variable for large energy supplier s which is 1 if a cost breakdown has been provided for third party provider costs and 0 otherwise

Di_s is the outlier adjustment variable applied to internal field force reverse logistics costs provided by large energy supplier s and is equal to 1 if the data is not an outlier

De_s is the outlier adjustment variable applied to third party reverse logistics costs provided by large energy supplier s and is equal to 1 if the data is not an outlier

DDi_s is the outlier adjustment variable applied to the weight for internal field force reverse logistics costs provided by large energy supplier s and is equal to Di_s if costs have been adjusted downwards and $1/Di_s$ if costs have been adjusted upwards

DDe_s is the outlier adjustment variable applied to the weight for third party reverse logistics costs provided by large energy supplier s and is equal to De_s if costs have been adjusted downwards and $1/De_s$ if costs have been adjusted upwards

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wi_s is the number of 2G/3G Communications Hubs for large energy supplier s as of Q4 2025 multiplied by the proportion of swap outs completed in the previous year by large energy supplier s using their internal field force

we_s is the number of 2G/3G Communications Hubs for large energy supplier s as of Q4 2025 multiplied by the proportion of swap outs completed in the previous year by large energy supplier s using a third party provider

The formula for total site visit costs for large energy suppliers that have not provided a cost breakdown (TOTAL) follows a similar structure to installer, appointment setting, forward logistics and reverse logistics costs. The only exception is that the cost data is multiplied by one minus the cost breakdown variable as shown in the equation below.

$$TOTAL = \frac{\sum[TOTi_s \times E_s \times (1 - BREAKi_s) \times EEi_s \times wi_s] + \sum[TOTE_s \times Ee_s \times (1 - BREAKe_s) \times EEe_s \times we_s]}{\sum[(1 - BREAKi_s) \times EEi_s \times wi_s] + \sum[(1 - BREAKe_s) \times EEe_s \times we_s]}$$

Where:

$TOTi_s$ is the total site visit cost for large energy supplier s using their internal field force

$TOTE_s$ is the total site visit cost for large energy supplier s using a third party provider

$BREAKi_s$ is a dummy variable for large energy supplier s which is 1 if a cost breakdown has been provided for internal field force costs and 0 otherwise

$BREAKe_s$ is a dummy variable for large energy supplier s which is 1 if a cost breakdown has been provided for third party provider costs and 0 otherwise

Ei_s is the outlier adjustment variable applied to internal field force total site visit cost provided by large energy supplier s and is equal to 1 if the data is not an outlier

Ee_s is the outlier adjustment variable applied to third party total site visit cost provided by large energy supplier s and is equal to 1 if the data is not an outlier

EEi_s is the outlier adjustment variable applied to the weight for internal field force total site visit costs provided by large energy supplier s and is equal to Ei_s if costs have been adjusted downwards and $1/Ei_s$ if costs have been adjusted upwards

EEe_s is the outlier adjustment variable applied to the weight for third party total site visit costs provided by large energy supplier s and is equal to Ee_s if costs have been adjusted downwards and $1/Ee_s$ if costs have been adjusted upwards

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wi_s is the number of 2G/3G Communications Hubs for large energy supplier s as of Q4 2025 multiplied by the proportion of swap outs completed in the previous year by large energy supplier s using their internal field force

we_s is the number of 2G/3G Communications Hubs for large energy supplier s as of Q4 2025 multiplied by the proportion of swap outs completed in the previous year by large energy supplier s using a third party provider

The site visit costs for large energy suppliers providing a cost breakdown are multiplied by a weight, W_1 , which reflects the proportion of 2G/3G Communications Hubs associated with the cost data provided by large energy suppliers that provide a cost breakdown, after adjusting for outliers. The formula for W_1 is shown below.

$$W_1 = \frac{wINS + wAPPT + wFOR + wREV}{wINS + wAPPT + wFOR + wREV + wTOT}$$

Where:

$$wINS = \%INSTALL \times \left[\sum [BREAKi_s \times AAi_s \times wi_s] + \sum [BREAKe_s \times AAe_s \times we_s] \right]$$

$$wAPPT = \%APPT \times \left[\sum [BREAKi_s \times BBi_s \times wi_s] + \sum [BREAKe_s \times BBe_s \times we_s] \right]$$

$$wFOR = \%FOR \times \left[\sum [BREAKi_s \times CCI_s \times wi_s] + \sum [BREAKe_s \times CCE_s \times we_s] \right]$$

$$wREV = \%REV \times \left[\sum [BREAKi_s \times DDi_s \times wi_s] + \sum [BREAKe_s \times DDe_s \times we_s] \right]$$

$$wTOT = \left[\sum [(1 - BREAKi_s) \times EEi_s \times wi_s] + \sum [(1 - BREAKe_s) \times EEe_s \times we_s] \right]$$

$\%INSTALL$ is the proportion of the swap out costs for large energy suppliers that provide a cost breakdown that are installer costs, as defined by $INSTALL$

$\%APPT$ is the proportion of the swap out costs for large energy suppliers that provide a cost breakdown that are appointment setting costs, as defined by $APPT$

$\%FOR$ is the proportion of the swap out costs for large energy suppliers that provide a cost breakdown that are forward logistics costs, as defined by FOR

$\%REV$ is the proportion of the swap out costs for large energy suppliers that provide a cost breakdown that are reverse logistics costs, as defined by REV

The total site visit costs are multiplied by W_2 , which reflects the proportion of 2G/3G Communications Hubs associated with the cost data provided by large energy suppliers that do not provide a cost breakdown, after adjusting for outliers. The formula for W_2 is shown below.

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$$W_2 = \frac{wTOT}{wINS + wAPPT + wFOR + wREV + wTOT}$$

The values for the Job Completion Adjustment and inflation are inputs only and do not have separate formulae.