Making a positive difference
for energy consumers

Industry participants, consumers
and their representatives and
other interested parties

Direct Dial: 020 7901 7206
Email: switchingprogramme@ofgem.gov.uk

Date: 9 March 2017

Decision on margin and incentives for DCC's role within the Transitional Phase of the Switching Programme

This document and attached annexes sets out our[1] decision following our consultation on 24 November 2016 on a draft direction on margin and incentives for DCC's role within the Transitional Phase of the Switching Programme.[2] The consultation document out Ofgem's proposed position on DCC's margin and asked for input on the most suitable methodology and comparators to determine this figure. It also invited views on the appropriateness of the proposed incentive framework and the activities related to it. This direction is made in advance of DCC publishing its indicative charging statement at the end of March 2017. The charging statement will be in line with the start of the 2018 regulatory year, during which the margin and incentives schemes will be in effect. We anticipate that the DCC Switching Programme Business Case will be published in Spring 2017, which will provide the rationale for the DCC charging statement and will act as the baseline for DCC's programme delivery and financial reporting.

Summary of responses

In order to reach a decision on the margin and incentives framework to apply to DCC we sought input and guidance from stakeholders via consultation and through programme governance groups. We have taken these responses into consideration and they have assisted us in reaching a final position on margin and incentives. We would like to thank respondents for the time and effort taken to compile their responses. The non-confidential responses are available online alongside this decision.

We received 10 responses to the consultation (respondents listed in Annex A), with summaries of the responses related to the questions on margin and incentives presented in **Annex B** and **Annex C** respectively. We have also included additional comments outside the consultation questions that were raised through this consultation and the consultation on DCC's Business Case[3] in **Annex D**. The finalised approaches to determining both margin and incentives are outlined below.

[1] References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.
[2]https://www.ofgem.gov.uk/system/files/docs/2016/11/consultation_on_margin_and_incentives_for_dccs_role_in_the_transition_phase_of_the_switching_programme.pdf
[3] https://www.ofgem.gov.uk/publications-and-updates/draft-dcc-business-case-dcc-activities-during-transitional-phase-switching-programme

Margin determination

Following consultation, we believe the appropriate margin for DCC's role in the Transitional Phase of the Switching Programme to be 12% (13.6% rate of return) fixed for the length of the Transitional Phase. As outlined within the consultation this will be applied to Internal Costs (as defined by the CRSIC term)[4] and will not include an adjustment mechanism. This differs from DCC's initial proposal for the Transitional Phase of the Switching Programme of a fixed 15% margin applied to Internal and External Costs with an adjustment mechanism.

We have concluded that 12% is an appropriate margin taking into account respondents' views in relation to the appropriate methodology and the limited number of appropriate comparators. The majority of respondents felt that DCC operates in a low risk environment where any reputational risk is balanced by the potential upside from successfully delivering a national project. Consequently, respondents felt that a margin value commensurate to risk should be to the lower end of any comparator range. However, we have also taken into consideration the role and activities that DCC will be undertaking in delivering the Transitional Phase to ensure they are appropriately remunerated. It should be noted that the 12% marks the maximum margin that DCC can earn and this will decrease if the incentivised milestones (as outlined below in the incentives framework section) are not met or if incurred costs are disallowed through the annual price control review. The milestone dates will be based on an externally assured plan aligned between Ofgem and DCC based on ambitious, non-contingent planning assumptions.

We proposed that a return on sales margin approach be used and all respondents agreed this was the most appropriate methodology. We further consulted on the appropriate comparator measure to assess DCC's return and the majority of responses argued that earnings before tax best reflected DCC's tax and finance position. Respondents felt that DCC's role most closely aligned to energy IT and professional service providers with the most direct comparators being Xoserve and ElectraLink. Further suggested comparators included Gemserv, Elexon and the West Coast Rail Franchise.

Some respondents also felt that any margin figure should incorporate DCC's 9.5% shared service charge. Our decision on DCC's price control,[5] published on 28 February 2017, states that for new scope activities which were not included in the DCC's licence bid, DCC must provide justification to demonstrate any shared services cost relating to these activities are economic and efficient. The decision further states that we consider the methodology used by DCC in their 2015/16 price control submission for estimating the tangible benefits of the services provided by Capita as reasonable. As such, the 9.5% shared service charge will not be automatically applied to Switching Programme costs, but we encourage DCC to monitor and improve their processes and methodology for estimating the intangible benefits.

Any incurred Internal Costs that are not justified and/or deemed uneconomic and inefficient in the annual price control review will be disallowed. This determines the Centralised Registration Service Internal Cost (CRSIC) term per regulatory year. Margin will be applied to this term and therefore margin will not be earned on disallowed Internal Costs.

Taking into consideration all of the above, along with responses to the consultation, and our conclusion in relation to incentives, we believe that 12% is appropriate as the maximum allowable margin for DCC to earn if all incentivised milestones are achieved on time and following independent assurance that the acceptance criteria have been met to the required quality.

[4] https://epr.ofgem.gov.uk/Document

[5] https://www.ofgem.gov.uk/system/files/docs/2017/02/2017.02_data_communications_company_dcc_price_control_decision_201516.pdf

The Office of Gas and Electricity Markets
9 Millbank London SW1P 3GE **Tel** 020 7901 7000 **Fax** 020 7901 7066 **www.ofgem.gov.uk**

Chosen incentives framework

Taking into consideration the responses received from the consultation we have established an incentives framework which will place DCC's margin at risk based on the timely delivery of milestones to agreed quality. The incentivised milestones will be the completion of: (i) the CRS detailed design (technical specification); (ii) tender pack; and (iii) contract award recommendation report. This has been included within the direction defining the Centralised Registration Service Performance Adjustment (CRSPA) term within DCC's licence.

Margin loss curve

Taking into consideration responses received we have decided to adopt a margin loss curve that is a straight line that drops off to 0% over a 4-week period for each milestone. A 2-point straight line curve has been chosen as preferable to the 3-point reverse s-curve also proposed in the consultation. This is due to its simplicity and transparency, and also the strong support for this approach in the consultation responses.

The drop off period for the curve was consulted on as a proportion of time taken to deliver each milestone, with the options of 15%, 20% and 25% proposed. Following further consideration, and in the light of the consultation responses, we feel that adopting a fixed number of weeks for each milestone would be a more transparent approach and would be easier to plan for. The 4-week period over which the margin earned decreases to 0% both encourages DCC to make up any slippage and aligns with Ofgem's initial thinking on what is realistic in terms of the scope for this phase of the programme. The 4-week period is defined within the direction as 20 Relevant Days and uses the same programme planning assumption that days between 27 - 31 December (inclusive) are non-working days.

For the avoidance of doubt, the 4-week drop off is not cumulative across milestones, i.e. drop off time from one milestone cannot be carried forward to later milestones so that the total delay to the Transitional Phase for the allowed margin to drop to zero at milestone three is four weeks (not 12 weeks). In addition, subsequent milestone dates will not be automatically shifted if DCC delivers an earlier product behind (or ahead of) schedule.

Milestone dates will be set from the re-baselined plan which will be aligned with our proposal of a preferred solution. This plan will be externally assured as realistically deliverable based on ambitious and non-contingent planning assumptions. After this point incentivised milestone dates will be set and can only be shifted in certain circumstances with Switching Programme Board approval, for example a change in scope or for reasons deemed by Ofgem to be beyond DCC's control or if Ofgem were late in completing an inbound dependency (this is outlined further in the milestone management section below). Any change to incentivised milestones will go through the Change Control Process with ultimate approval coming from the Switching Programme Board. Stakeholders will be informed of any changes to the dates and we will seek stakeholder input to such decisions as appropriate and where feasible.

Recovery mechanism

We asked a series of questions in the consultation to inform our thinking on the mechanics of the recovery mechanism. The responses received indicated a strong preference for a recovery mechanism to be included. A 100% recovery mechanism will be adopted which will follow the shape of the margin loss curve used for the milestones, i.e. the level available to be recovered would drop off over the 4-week period. The majority of the responses that were in favour of the recovery mechanism supported this approach.

We believe a 100% recovery mechanism best incentivises DCC to achieve the final milestone which is important as delay from this point would have the greatest impact on delivering future programme phases. We consulted on using either a relative or absolute method for the mechanics of the recovery mechanism, with responses on this decision split

The Office of Gas and Electricity Markets
9 Millbank London SW1P 3GE **Tel** 020 7901 7000 **Fax** 020 7901 7066 **www.ofgem.gov.uk**

between these options. The absolute mechanism has been chosen for its ease and transparency, while also noting that the difference between adopting either option becomes marginal the shorter the length of time after which 0% margin is granted. This mechanism will be easier for all stakeholders to track and understand and will therefore have greater weight in encouraging behaviours that will result in timely delivery.

Independent assurance

Milestone dates will be set based on the baselined plan aligned with our proposed preferred solution, which will be identified at design baseline two in the programme plan. This baselined plan will be externally assured as realistic and achievable based on underlying non-contingent planning assumptions with risks declared outside of the plan.

To ensure the correct balance between incentivising timely delivery with quality products, independent assurance will be procured to ensure that pre-agreed acceptance criteria for each incentivised milestone have been met. Where possible, industry will have the opportunity to feed into and review the acceptance criteria. We intend to include a requirement within the acceptance criteria that DCC has appropriately engaged with stakeholders during the delivery of each milestone and addressed issues raised. A milestone will only be deemed as met once the associated work product(s) has successfully passed independent assurance against the acceptance criteria and accepted by the programme. The incentivised milestone dates identified will be the date at which the product quality has been assured and accepted by the programme.

Milestone management

As DCC will be operating to an ambitious and non-contingent plan we acknowledge that there are a number of situations which may impact delivery to the planned dates. As there is no time contingency accounted for within the plan there may be instances where incentivised milestone dates cannot be met. Under certain circumstances, and with Switching Programme Board approval, the incentivised milestone dates may be moved. We have identified three broad areas for reasons why milestone dates may not be met and have outlined the circumstances under which a date may be moved.

- **Delay**: For situations where DCC is responsible for the activity and DCC is accountable for the delay, the milestone date will not be moved. If an activity that DCC is not responsible for is delivered late e.g. Ofgem delivers late a product which is an inbound dependency for the incentivised milestone, then the incentivised milestone date will be moved in line with the actual delay to the critical path. This will be enacted through the Change Control Process.
- **Realisation of risk**: Where a pre-identified, realised risk is within DCC's control milestone dates will not move. For pre-identified risks agreed to be outside of DCC's control, e.g. Ofgem controlled risks and risks external to the programme (e.g. *force majeure* situations), where DCC has taken the appropriate documented mitigating action, then milestone dates can be moved subject to the Change Control Process by the amount of actual impact to the milestone. Risks will be identified and managed within DCC's Risks, Assumptions, Issues, Dependencies and Opportunities log (RAIDO[6]) and Ofgem's Switching Programme Risk log along with mitigating actions and risk owners.
- **Programme scope change:** A programme related change to scope that is approved through the Change Control Process and has an impact on the critical path would lead to the incentivised milestone being moved.

Any change to incentivised milestones will be assessed and logged in accordance with a Policy for Incentivised Milestone Management (PIMM), with ultimate approval coming from the Switching Programme Board through the Change Control Process. This process will be

[6] This forms part of the DCC Business Case

The Office of Gas and Electricity Markets
9 Millbank London SW1P 3GE **Tel** 020 7901 7000 **Fax** 020 7901 7066 **www.ofgem.gov.uk**

developed jointly by Ofgem and DCC and will be effective ahead of our decision of a chosen solution.

Next steps

We have published the direction on these decisions on the Ofgem website and this is now in place.

In parallel to this consultation we ran a consultation on DCC's draft business case for the Transitional Phase of the Switching Programme.[7] We anticipate the responses to this and the updated DCC Business Case being published in Spring 2017. Updates on the alignment of the DCC and Ofgem plans, and clarification of DCC's role have been presented to stakeholders at programme forums and we will continue to engage on these points.

If you have any questions regarding this document or the associated annexes please contact Natasha Sheel (*natasha.sheel@ofgem.gov.uk*).

Yours faithfully

Rachel Clark
Programme Director, Switching Programme

[7] https://www.ofgem.gov.uk/publications-and-updates/draft-dcc-business-case-dcc-activities-during-transitional-phase-switching-programme

The Office of Gas and Electricity Markets
9 Millbank London SW1P 3GE **Tel** 020 7901 7000 **Fax** 020 7901 7066 **www.ofgem.gov.uk**

ANNEX A – List of responses

We received ten responses to our consultation, two of which are confidential.

We have published the non-confidential responses on our website.

The non-confidential respondents to our consultation were:

- British Gas
- Citizen’s Advice
- DCC
- EDF
- Energy UK
- First Utility
- Scottish Power
- SSE

The Office of Gas and Electricity Markets
9 Millbank London SW1P 3GE **Tel** 020 7901 7000 **Fax** 020 7901 7066 **www.ofgem.gov.uk**

ANNEX B – Summary of responses received relating to margin

The determination of DCC's margin for the Transitional Phase of the Switching Programme, along with the motivation for its determination, were contested topics of discussion among stakeholders in an additional Switching Programme Design Group meeting held in December as part of our consultation. From both that discussion and the consultation, it is clear that stakeholders recognise the need for DCC to earn a margin that reflects its risk, with the measurement of this margin determined in light of the nature and structure of DCC's business assessed against appropriate comparators. There are also commercial expectations to take into account to reflect the appetite for companies to tender for the DCC licence at renewal. Finally, the margin awarded to DCC should be proportional to its role in the Switching Programme.

Out of the ten responses to this consultation, two dealt with margin and incentives at a very high level, while a further two responses gave comments on margin without directly answering the questions put forward. These responses together with the direct answers to the questions are summarised below.

Responses from Chapter 3 questions related to margin

Question 1. Do you agree with the proposed methodology for assessing DCC's margin, including the proposal to use EBT or net profit as the comparable measure? If not, please justify an alternative methodology.

Most respondents, with the exception of two, agreed to the use of a return on sales approach, with a preference for using earnings before tax (EBT), to determine DCC's margin due to the nature of DCC's activities and its asset-light operation. One respondent noted that "EBT is the most appropriate basis for measuring DCC's margin. While EBIT and Net Profit are more often used as standard measures, EBT more closely reflects the financial circumstances of DCC". One respondent said that they "agree that a return on sales approach would offer a far more appropriate measure than, for example, EBITDA during the Transition phase; particularly given the asset light nature of the [*sic*] DCC's activities".

One respondent felt that setting a margin for DCC during the Transitional Phase of the programme was unnecessary and proposed the development of a performance credit system instead. In our May 2016 decision document on DCC's role in the Transitional Phase[8] we outlined the reasoning for adopting the ex post plus approach and that DCC can reasonably expect a margin for its Switching Programme activities. We believe that the directed incentives framework contains key elements of the performance credit system.

Question 2. Do you agree with our proposed assessment of DCC's risk? If there are further aspects to this which you feel have not been covered, please specify.

In our consultation document we identified limited risk to DCC. The main risk is DCC's reputational risk, although this had potential upside. We believe that the programme structure allows for DCC to largely mitigate any residual risks.

All stakeholders, other than DCC, agreed with us that the risks DCC faces in the Transitional Phase of the Switching Programme are relatively low. One respondent stated that they "agree that all economic, regulatory and reputational risks are almost entirely within the DCC's control". Another respondent supported our view saying that "there is little risk faced by DCC other than reputational risk. However, we would argue that the reputational risk to DCC is so minimal it is inconsequential".

[8] https://www.ofgem.gov.uk/publications-and-updates/decision-dccs-role-developing-centralised-registration-service

The Office of Gas and Electricity Markets
9 Millbank London SW1P 3GE **Tel** 020 7901 7000 **Fax** 020 7901 7066 **www.ofgem.gov.uk**

DCC, although agreeing with our identification of key risk areas, disagreed with our characterisations of them. DCC felt that it faces economic risk due to the fact that Ofgem is not approving the plan or corresponding budget as presented in DCC's business case which means that DCC bears the risk of cost disallowances. Further, DCC note that "risk is not the sole determinant of a return" as its "shareholder has the right to make a commercial return commensurate with its expectations".

Question 3. What further comparators would you suggest we use in establishing DCC's margin? Please justify any proposed comparators and the suitability of using their corresponding industry.

In proposing our range of 8-12% for DCC's margin we drew from a wide range of comparators covering companies supporting the data exchange in the energy market, IT systems providers in the energy sector, contract management companies and a variety of sector comparators.

The responses indicated that finding an exact comparator for DCC is difficult. Although there was support for the comparators we chose, it was felt that the risks faced by DCC greatly differ from those that companies face through a competitive tender (with these companies facing higher risks) and the risks taken in the current competitive market are priced into the profit margins being charged.

Further suggestions of comparators included Gemserv (with one respondent noting that its 2016 profit margin was 10.7%), Virgin Rail Holdings Limited,[9] Elexon, as well as energy networks. DCC reiterated its proposal to use professional services firms as comparators given the expectations Ofgem has of DCC in the context of the programme.

It was also noted by respondents that consumers will ultimately be paying for DCC's involvement in the programme and it is important that the margin granted to DCC can be justified to provide value for money for consumers.

[9] Another respondent stated that Virgin's involvement in operating the West Coast railway earned it a margin of just 1%. The same respondent did note that "train operating companies do incur certain pass-through costs which artificially deflate the margin percentage". This franchise now operates on a profit share basis which further limits its applicability.

The Office of Gas and Electricity Markets
9 Millbank London SW1P 3GE **Tel** 020 7901 7000 **Fax** 020 7901 7066 **www.ofgem.gov.uk**

ANNEX C – Summary of responses to the questions on designing the incentives framework

Stakeholders expressed strong support for the use of incentives in the programme through their responses to our consultation on DCC's draft Business Case for the current phase of the Switching Programme.[10] In response to consultation questions about how to structure incentives, the high-level comments centred on designing the structure to balance the need to motivate expeditious delivery whilst dis-incentivising late delivery. There is also continued support from stakeholders for the enforcement of financial implications to delayed milestone delivery.

There were ten responses received for this consultation. Two were very high level and gave no comments on incentives and one further response gave only very high-level response on incentives. In response to this consultation, feedback focussed on the specific questions asked. More generalised responses on incentives were received within the responses to the business case consultation, where there were requests for more incentives to be considered.

Responses from Chapter 5 questions related to incentives

Question 1. Do you agree with our minded to position for the shape of the margin at risk curve? Does it adequately address the desire to ensure DCC is motivated to deliver on time or as soon as possible thereafter? If not, please explain why and how it can be improved.

Given acceptance of the principals of the margin and incentives approach already decided, all bar one respondent supported Ofgem's minded to position to use a two-point straight line graph as the drop-off.

The two-point line was viewed as a relatively simple design that is transparent and easy to administer and encourages timely delivery. It was noted by one respondent that "the gradient of [the] line will be key to setting the incentive correctly", and this will be done through answering Question 2 below.

There was an alternative suggestion by one respondent that the drop-off should reflect a sharper penalty for missing the initial implementation date, followed by a gentle gradient sloping towards losing 100% of margin.

Question 2. What is your view on our proposed position to determine the appropriate length of time after which 0% of margin is granted for each milestone? (What is the "X" in "T1+X"?) Please provide justification for any alternative suggestions.

One respondent felt that no margin should be offered once a milestone was missed as late delivery has financial and reputation costs for Ofgem and industry rather than DCC. Another responded that DCC should have minimal opportunity to earn margin once a milestone is missed. It was also raised that there is a need to identify and account for the consequential impact of any delay on other parties.

The direct answers to this question resulted in responses for the value for X ranging from 10-20% (with DCC supporting 25%). The range of 15% to 20% was perceived by stakeholders to be an appropriate balance between incentivising timely delivery and penalising delays. One stakeholder felt that 10% was more appropriate.

[10] https://www.ofgem.gov.uk/publications-and-updates/draft-dcc-business-case-dcc-activities-during-transitional-phase-switching-programme

The Office of Gas and Electricity Markets
9 Millbank London SW1P 3GE **Tel** 020 7901 7000 **Fax** 020 7901 7066 **www.ofgem.gov.uk**

The upper range of the proposed value for X was viewed as generous given their view of a perceived low risk profile of the work.

Question 3. Is 100% of the previously lost margin appropriate for the recovery mechanism where the final milestone is met on time? If not, what proportion would be?

With the exception of responses supporting zero margin recovery, there was general agreement for a recovery mechanism to be in place, with a suggestion by one respondent that it be for 80% of the lost margin rather than 100%. It was also highlighted that there should be consideration for any extra costs that delays may have caused to industry, with delayed parties potentially unable to recover their costs while DCC does.

Of the responses received, two did not feel a recovery mechanism was appropriate, with one respondent commenting that "it would reward DCC fully even if some or all prior milestones were missed and severe delays were experienced". Four respondents (including DCC) agreed with a 100% recovery mechanism with one respondent recognising that it "will ensure the strongest focus on delivering DM3 and maintaining progress along the critical path". Another respondent felt that that less should be recovered, proposing approximately 80% to represent potential increased costs to the programme from late delivery.

Question 4. Do you have a preference for the mechanics of the recovery mechanism (table 9) and whether recovery should be based on absolute or relative delay? Please support any suggestions.

There was a mixed response to this question, with respondents split between choosing an absolute or relative delay. It was felt that the relative delay could result in DCC being disproportionately penalised for delays which do not have a material impact on the overall programme. However, respondents also felt that it could help maintain the integrity of the incentive regime by ensuring that a fair proportion of lost margin can be recovered. The absolute mechanism was favoured for its ease and transparency.

The Office of Gas and Electricity Markets
9 Millbank London SW1P 3GE **Tel** 020 7901 7000 **Fax** 020 7901 7066 **www.ofgem.gov.uk**

ANNEX D – Summary of further comments raised through the consultation

In addition to answering the questions set out in the consultation, respondents raised further points for consideration. These are summarised below, and where the comment is addressed in existing programme documents this has been noted.

- DCC's role in the Switching Programme

One respondent raised a concern that "the assumption that the DCC will undertake this work has gone largely unchallenged". This was addressed in the consultations leading up to the May 2016 decision on DCC's role.[11] This also outlined our arguments for adopting an ex post plus price control arrangement and why DCC can reasonably expect to earn margin which answers points raised by a separate respondent.

- No financial implications for the stakeholder satisfaction incentive

One respondent argued for the stakeholder satisfaction incentive to have margin placed at risk, saying that they "question whether the reputational consequences of failing to score well on the stakeholder engagement incentive will be sufficient and suggest margin is placed at risk, given the criticality of stakeholder input to the success of the Programme".

Another respondent noted that this incentive is not an adequate measure of stakeholder satisfaction. "If it [reputational risk] is to be held up as a significant driver, then in fact stakeholder feedback should be included in that measurement of reputational quality and therefore associated risk." Although the stakeholder satisfaction incentive will not place margin at risk during this phase it will provide the necessary baseline to allow it to be used in future phases.

The value of stakeholder input to the programme is important for its success, though the use of incentives in this phase needs to be proportional to its financial value and effort. As noted in this consultation[12] the costs of this phase of the programme are not seen as proportional to designing a complex incentive scheme that needs to be fairly and transparently applied to a subjective measure and potential response bias. We intend to include a requirement within the acceptance criteria that DCC has appropriately engaged with stakeholders during the delivery of each milestone. This means that DCC's margin will still be at risk if it cannot be demonstrated that the necessary stakeholder engagement has taken place and that comments raised have been acknowledged and, where appropriate, addressed. We believe that this presents the best option to correctly incentivise this critical programme input route.

- DCC's costs linked to the margin loss

One respondent believed that the approximately 50% of DCC's costs that are linked to CRS detailed design (technical specification) and procurement activities are at odds with the 25% that has its margin at risk. It also believes that DCC's programme management resource costs for the Switching Programme should be included in the margin at risk, as these resources have a direct influence over the success of the DCC meeting their milestones. The costs associated with delivering the milestones will be finalised once an aligned plan is reached and we will assess at this stage and in the price control submission which costs have directly fed into the delivery the incentivised milestones.

- How Ofgem are handling re-plans

---

[11]https://www.ofgem.gov.uk/system/files/docs/2016/05/dcc_statcon_decision_publication_final.pdf
[12]https://www.ofgem.gov.uk/system/files/docs/2016/11/consultation_on_margin_and_incentives_for_dccs_role_in_the_transition_phase_of_the_switching_programme.pdf; p.51.

One respondent asked for principles to be in place for assessing re-plans, including DCC's potential additional costs and the effect on the DCC's margin. We are developing the principles for a change control and governance process with DCC and will present this to stakeholders via the appropriate forum. Any change to incentivised milestones will have to be approved by the Switching Programme Board taking into consideration what is in the best interest of delivering the full programme. We will inform stakeholders of any changes and will seek stakeholder input to all decisions as appropriate and where feasible.

The Office of Gas and Electricity Markets
9 Millbank London SW1P 3GE **Tel** 020 7901 7000 **Fax** 020 7901 7066 **www.ofgem.gov.uk**