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Direct Dial: 020 7901 3907
Email: switchingprogramme@ofgem.gov.uk

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Decision on margin and incentives for DCC's role within the Design, Build and Test Phase of the Switching Programme

This document and attached annexes sets out our[1] decision following our consultation on 16 October 2018 on margin and incentives for the Data Comunications Company's (DCC) role within the Design, Build and Test (DBT) Phase of the Switching Programme (note this was included within the wider consultation Switching Programme: Regulation and Governance – way forward and statutory consultation on licence modifications[2]). The consultation document set out Ofgem's proposals in relation to the incentive framework for the DBT phase of the programme and asked for input to further define this. It also invited views on the appropriateness of the proposed incentive framework and the activities related to it.

Summary of responses

In order to reach a decision on the 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 to be placed on DCC during the DBT phase of the programme. We would like to thank respondents for the time and effort taken to compile their responses. The non-confidential responses are available online[3].

We received 39 responses to the consultation Switching Programme: Regulation and Governance – way forward and statutory consultation on licence modifications (we have published the non-confidential responses on our website[2]). Not all responses included answers to the questions on the incentives framework for DCC's role within the DBT phase of the programme. Summaries of the responses related to the questions on margin and incentives are presented in **Annex A.** The finalised approaches to determining the incentives framework are outlined below.

The direction

We have incorporated these changes into the direction to define the Centralised Registration Service Performance Adjustment (CRSPA) term. This direction and supporting documents are published alongside this decision. The CRSPA term is a price control term within the DCC Licence

[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/publications-and-updates/switching-programme-regulation-and-governance-way-forward-and-statutory-consultation-licence-modifications
[3] https://www.ofgem.gov.uk/publications-and-updates/switching-programme-regulation-and-governance-way-forward-and-statutory-consultation-licence-modifications

and was originally defined for the Transitional Phase in the direction issued in February 2017[4].

In order to extend this performance regime (margin and incentive framework) to cover the DBT Phase, the CRSPA direction has been amended. This amendment splits the CRSPA term into a term for the Transitional Phase and a term for the DBT phase. The Transitional Phase framework has not been altered other than naming changes to further clarify its applicability to the Transitional Phase. The amendment to add terms for the DBT phase reflects the positions outlined in this document.

Chosen Incentives Framework

Following consultation, we have set out our decision on the margin and incentives framework to apply to DCC during the DBT Phase of the Switching Programme in the table below. The information set out below supports the direction issued by the Authority to define the CRSPA term published alongside this decision.

In summary, we have chosen five incentivised Delivery Milestones (DMs), which are outlined below, along with the indicative milestone dates, their relative margin weightings and margin loss periods.

#	Milestone	Indicative Milestone Date	Weighting	Time period (TIM)
DM1	DBT Readiness	End July 2019	30%	4 weeks
DM2	CSS PIT Exit	April 2020	20%	4 weeks
DM3	SI Readiness for SIT	April 2020	25%	2 weeks
DM4	E2E Testing Exit	December 2020	10%	4 weeks
DM5	Transition Stage 2 Exit	February 2021	15%	2 weeks

Further details of our decision, and supporting rationale, on the full margin and incentives framework is set out in the table below. This includes further detail on the above incentives and margin loss mechanism, the margin available to DCC, the total margin at risk, the margin loss curves, the recovery mechanism and the discretionary milestone.

	Decision	**Rationale**
Margin available	DCC will be able to earn a maximum margin of 12%[5] fixed for the length of the DBT Phase. As outlined within the consultation, this will be applied to Internal Costs (as defined by the CRSIC term)[6] only and will not include an adjustment mechanism. No margin will be applied to External Costs. External Costs will be defined within the DCC's Regulatory Instructions and Guidance to include: CSS Address Service, CSS Registration Service, Service Management Tools, System	This is as set out in the consultation – see sections 7.30–7.32 for rationale.

[4] https://www.ofgem.gov.uk/publications-and-updates/decision-margin-and-incentives-dccs-role-within-transitional-phase-switching-programme
[5] The margin is applied as a rate of return added to Centralised Registration Service Internal Costs (CRSIC), which have been deemed to be economically and efficiently incurred. A 12% margin equates a 13.6% rate of return
[6] https://www.ofgem.gov.uk/publications-and-updates/decision-margin-and-incentives-dccs-role-within-design-build-and-test-phase-switching-programme

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	Integration Service, and Core Systems Assurance.	
Margin at risk	All margin related to successful delivery of the DBT Phase will be at risk, i.e. all margin on Internal Costs relating to design, testing, delivery, commercial and management teams is at risk. Margin earned on central internal support teams costs (e.g. regulation and finance roles) would not be placed at risk under this regime as they are covered by the existing Operational Performance Regime (OPR)[7], and we want to avoid duplication and potential conflicts across incentives structures. Resources associated with Operational Readiness activities will also not be placed at risk during DBT as they will fall under the steady state operations performance regime. This equates to 70% of DCC's total margin earned on all Internal Costs during the DBT Phase being at risk. A further £200k (an additional approx. 8% based on the current forecast costs set out within the draft DCC Business Case for the DBT phase[8]) will be placed at risk as part of the discretionary milestone in relation to address data quality, which is set out below.	This is as set out in the consultation – see sections 7.34–7.36 for rationale. Mapping of the roles in the draft DCC Business Case for the DBT phase puts the margin at risk on Internal Costs relating to successful delivery of the DBT Phase at 70% of all Internal Costs. This also ensures there will be no double counting under the OPR, future price control arrangements and the discretionary milestone (see below). We have concluded that for ease of price control and transparency of margin at risk, a fixed percentage figure for this should be set.
Milestones	The five incentivised Delivery Milestones are confirmed as: • DM1: **DBT Readiness** • DM2: **CSS PIT Exit** • DM3: **SI Readiness for SIT** • DM4: **E2E Testing Exit** • DM5: **Transition Stage 2 Exit** Indicative dates for these milestones are as follows: • DBT Readiness (DM1): **End July 2019** • CSS PIT Exit (DM2): **April 2020** • SI Readiness for SIT (DM3): **April 2020** • E2E Testing Exit (DM4): **December 2020** • Transition Stage 2 Exit (DM5): **February 2021**	This is as set out in the consultation – see sections 7.37 and 7.38 for rationale.

7 https://www.ofgem.gov.uk/publications-and-updates/dcc-operational-performance-regime-principles-and-objectives
8 https://www.smartdcc.co.uk/smart-future/switching-programme/switching-business-case/

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	A more detailed description of these milestones and their position within the DBT Programme Plan is set out in Appendix 3 of our October 2018 consultation.	
Portion of margin at risk / milestone	The total margin at risk will be split (i.e. weighted) across the five incentivised Delivery Milestones as follows: • DM1: 30% • DM2: 20% • DM3: 25% • DM4: 10% • DM5: 15% The relative portion of margin at risk per milestone represents the importance and impact each milestone has in relation to the successful delivery of the Switching Programme and the industry participants involved.	Stakeholder feedback to the consultation has led to the portion of margin at risk for four of the five DMs to change (only DM4 has remained as proposed). Stakeholders felt that CSS (and therefore also DCC's) readiness for PIT Exit (DM2) had similar importance to the SI's readiness for SIT (DM3), so it should be incentivised to a similar level. We have therefore increased the margin at risk for DM2, and lowered it for DM3. The increase in margin at risk on DM2 also reflects the high-level of control that DCC have over this milestone being achieved. Stakeholder feedback also highlighted that it is important to adequately incentivise DM5 to ensure DCC helps drive the programme towards Go-Live, so we have increased the margin at risk for this milestone. It was also felt that DM1 had been incentivised too much, and that there was a risk if DCC missed that milestone they would not be adequately motivated to hit future milestones. Therefore, we have reduced the margin at risk for this milestone. The margin at risk here still remains high to reflect the importance of this milestone, the high-level of control that DCC has over achieving it and the impact any delay here would have on wider programme stakeholders.
Time period for margin loss and margin loss curves	There will be a "kinked" drop off for margin at risk comprised of two straight lines; a shallow one followed by a steeper one. This is the best shape because DCC will be incentivised to minimise the delay in achieving a milestone, with an increased rate of margin loss after the "kink" until the point at which no margin is earnt.	The rationale for this is set out in the consultation – see relevant sections of the table on pages 69 & 70 for rationale. However, taking onboard feedback from stakeholders we have opted for a series of straight lines rather than a curve. The initial shallower rate of margin loss reflects that a short delay can be mitigated or caught up more

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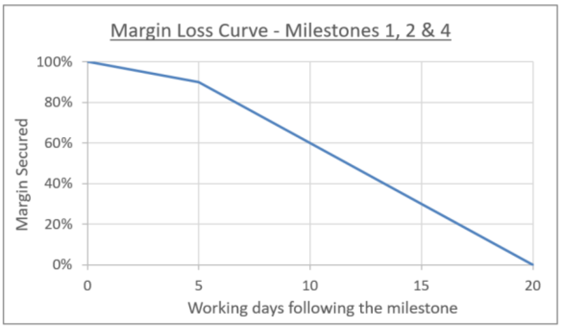
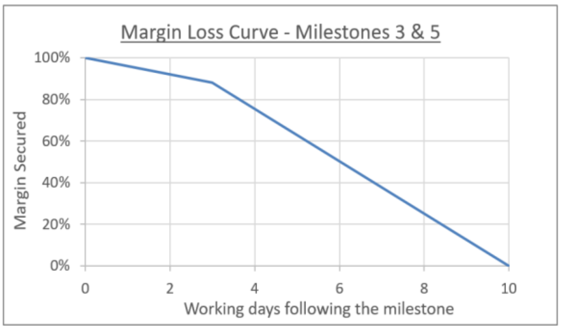
	The margin loss period for each milestone will be: • DMs 1, 2 & 4: 4 weeks • DMs 3 & 5: 2 weeks The “kink” occurs at approx. a quarter of the way through the margin loss periods, up to which the margin loss rate is 10% of the DM margin at risk (i.e. for the Milestones 1, 2 and 4 margin will decrease gradually from 100% to 90% over the first five working days (2% lost / day). After the “kink”, the margin loss rate gets steeper for each further working day delay, up until the point no margin is earnt. This is represented in the two graphs below:  	easily by DCC. Both of which would ultimately reduce the impact of delays on programme participants.
Achieving milestones	Incentivised Delivery Milestones will only be deemed successfully completed following external assurance, by the Licensed Party Assurance provider, that the agreed quality criteria have been met. This will include the relevant entry and exit criteria which will be agreed within the programme.	This is as set out in the consultation – see the relevant section of the table on page 70 for rationale.
Recovery mechanism	Within this margin and incentives framework, we have included a recovery mechanism, defined as the Discretionary Recovery Mechanism (DRM) in the direction.	This is largely as set out in the consultation – see the relevant section of the table on pages 70 & 71 for rationale.

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	The DRM allows for DCC to recover up to 30% of lost margin from previous milestones which have not been achieved only if the baselined programme Go-Live date is subsequently met, and if certain outcomes in relation to engagement and communication are achieved. More detail on the DRM, including the scope, requirements, evidence criteria, and the application and assessment processes can be found in the supporting DRM Guidance Note[9].	Further to this, stakeholders were broadly supportive of including a recovery mechanism based on DCC's communication and engagement because they could see the value it would bring them, as well as encouraging behaviours from DCC that would set it up for success in its role operating the CSS post Go Live. It was felt that 30% was the correct level of margin that could be recovered because any delay to a milestone will have economic impacts for programme participants, irrespective of how well or early this has been communicated by DCC. This was supported in stakeholders' feedback to the consultation.
Discretionary Milestone	Within this margin and incentives framework, we have also included a discretionary milestone, defined as the Discretionary Data Reward (DDR) in the direction. The DDR allows for a discretionary adjustment to be made to DCC, within a cap and collar, up to the value of +/- £200k, if the baseline standard for REL address matching, to be defined by the Authority, has been met or exceeded by the relevant programme milestone, and if certain outcomes in relation to the management of costs of the service provider contract(s) have been achieved. Where the REL address matching standard has not been met by the relevant programme milestone date, there will be a mirrored discretionary downside up to the value of £200k. More detail on the DDR, including the scope, requirements, evidence criteria, and the application and assessment processes can be found in the supporting DDR Guidance Note[10].	This is largely as set out in the consultation – see sections 7.43–7.52 for rationale. Further to this, stakeholders were broadly supportive of including a discretionary reward, but were clear that exceeding the REL address matching standard, and the costs associated with doing so, should deliver benefits to consumers. They were also clear that the baseline level of the REL address matching standard is suitably challenging. There was also a strong steer from stakeholders that they would only be supportive of a discretionary milestone if there was an associated downside if the REL address matching standard was not met. Further rationale can be found in the supporting DDR Guidance Note.

Note that this decision, and the margin and incentives framework it sets out, only applies to DCC's activities for the DBT Phase of the Switching Programme, and does not cover the post implementation period or steady state operations. A consultation, and decision, on the margin and incentives framework that will apply to DCC for these phases will be issued subsequently.

9 https://www.ofgem.gov.uk/publications-and-updates/decision-margin-and-incentives-dccs-role-within-design-build-and-test-phase-switching-programme
10 https://www.ofgem.gov.uk/publications-and-updates/decision-margin-and-incentives-dccs-role-within-design-build-and-test-phase-switching-programme

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Milestone management

As DCC will be operating as part of a wider programme eco-system, we acknowledge that there could be situations which may impact milestones that are outside of DCC's control. Under certain circumstances, following the Switching Programme Change Control and Management (CC&M) Process and with SRO approval, the incentivised DMs may be amended. We have identified two broad areas for reasons why milestones may be moved or redefined:

- **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 (either in full or in part) is delivered late, then the incentivised milestone date can be moved in line with the actual delay to the critical path. This will be enacted through the CC&M Process.
- **Programme scope change:** A programme related change to scope that is approved through the CC&M Process and has an impact on the critical path would lead to the incentivised milestone being moved or redefined.

Any change to incentivised milestones will be assessed and logged in accordance with the Policy for Incentivised Milestone Management (PIMM). The process for a change will reflect the CC&M Process, with ultimate approval coming from the Switching Programme SRO. This process will be developed jointly by Ofgem and DCC and the PIMM will be baselined.

Next steps

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

DCC are currently running a consultation on their draft Business Case for the DBT Phase of the Switching Programme. This closes at 12pm on 7th May 2019. We anticipate the responses to this and the updated DCC Business Case being published in May 2019.

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

The Office of Gas and Electricity Markets
10 South Colonnade, London, E14 4PU **Tel** 020 7901 7000 **Fax** 020 7901 7066

ANNEX A – Summary of responses received relating to margin and incentives

Whilst we received 39 responses to the consultation, not all included answers on the margin and incentives for DCC's role within the DBT Phase of the Switching Programme. Out of the responses to questions 7.1, 7.2 and 7.3, we received 22 responses to each question that either chose not to answer the questions put forward, or provided a neutral response. Out of the responses to question 7.4 we received 20 responses that either chose not to answer the question put forward, or provided a neutral response. Some of the responses we did receive gave comments on margin and the appointment of DCC to this role more generally without directly answering the questions put forward. These responses together with the direct answers to the questions are summarised below.

7.1 Do you agree with the five incentivised milestones identified? Do you think any milestone should be given greater importance and therefore a larger proportion of margin placed at risk?

Of those that responded, a majority (13) agreed with the five incentivised milestones, whilst only two respondents clearly disagreed with the question. Two other respondents, whilst agreeing with the five incentivised milestones identified, still had some major concerns, and recommended changes. Eight respondents raised points about the weighting of the margins, and suggestions for additional milestones.

Of those that agreed, they did so on the basis that they are all the key deliverables on the programme's critical path and therefore seem logical, and that they cover in total the entire DCC margin. Respondents noted that due to the nature of the milestones, it will provide reassurance that the right level of quality has been achieved alongside delivery timescales.

One respondent questioned whether the milestone for SI Readiness for SIT would be more appropriate as an incentive for the SI rather than the DCC. One respondent raised a suggestion that an additional milestone regarding System Integration Testing completion should be included given the impact of delays in completing SIT, and therefore commencing User Entry Process Testing, will have on market participants.

One respondent made a comment that even though the milestones are logical, there may well be benefit from breaking these up and adding an extra layer of sub-milestones. It was said that this will help to identify which milestones are dependent on key activities being completed.

Some respondents said that the weighting might need review to place more emphasis on Milestone 4 and Milestone 5 to ensure that DCC is sufficiently motivated throughout DBT. It was felt that if E2E testing is not completed with enough resource, and clearly defined; it will be difficult for parties to successfully manage the rollout of the REC. The weighting of this milestone should be at least 5% higher than listed. The respondent suggested dropping Milestone 3 to 25%.

<u>*Ofgem Response*</u>

Taking on-board feedback from respondents we have kept the same five milestones (as set out in this document) but reflecting on stakeholder input have changed the weighting of these milestones. Each milestone will have a milestone description document associated with it, which will set out the requirements that must be met for this milestone to be achieved. The Ofgem procured Licensed Party Assurance service provider will provide assurance that the requirements have been met.

The selected milestones should cover DCC's full role during DBT, including its role as the contract manager for the CSS Address Service, CSS Registration Service, Service Management Tools, System Integration Service, Core Systems Assurance Service. Therefore, we feel it is still appropriate to place DCC's margin at risk for SI Readiness for SIT. DCC intends to reflect these incentivised milestones within their service provider contracts (along with additional milestones).

We want to keep the performance regime proportional to the length and scale of the programme, and although there could be some benefit to adding additional milestones or sub-milestones, this would become cumbersome to manage and ultimately risk being a distraction to DCC from its core delivery role. Although SIT exit is an important milestone to be met it, is not fully within DCC's control which further limits its appropriateness to use as a milestone and we believe that DCC should be motivated to ensure that all aspects within its control are achieved on time in order for them to achieve Milestone 4.

We have adjusted the milestone weightings taking on board feedback as set out in table 2.

7.2 Do you agree with our proposals for the shape of the margin loss curves? Do you have any suggestions for other margin loss curves which may better incentivise DCC to achieve its milestones in a timely manner while encouraging quality?

Of those that responded, a majority (11) fully agreed with the proposals. Only one respondent disagreed. Seven made further suggestions in their responses. Those that agreed felt it ensures that the DCC is not unduly penalised for missing a milestone by a few days, and that curved drop off should incentivise DCC to continue to attempt to deliver as close to the original date as possible in order to maximise the amount of margin they achieve. This will encourage the correct behaviours in the sense of doing the right thing for the industry vs a push for the line at all costs. Stakeholders also felt that the principles will help ensure quality and efficient cost delivery.

Stakeholders suggested that, as a curved margin loss graph is complex to measure, two straight-line graphs with a shallow slope immediately after the milestone dates with a steeper slope, reducing to zero shortly thereafter, would be simpler to understand and administer. By replacing a smooth curve with a stepped approach, it would also be possible to set interim targets and could be altered to reflect the wider impact on industry parties. Another stakeholder suggested that Ofgem should also consider DCC's past performance in relation to stakeholder satisfaction.

One respondent disagreed with the proposed margin loss curve. They said that the DCC should be incentivised to avoid missed milestones by a greater proportion of the margin lost for any missed milestone, and that the curve proposed could result in a substantial delay being experienced and yet the DCC still retaining the majority of the margin. They said this is not appropriate.

Ofgem Response

As set out in table 2, we have taken on board feedback and changed from a curved margin drop off to a series of straight lines, as we agreed with stakeholders that a curve would be difficult to administer. For the first few days after the milestone due date, a shallower gradient has been used to ensure DCC is not unduly penalised for missing a milestone by a few days. This should also minimise the risk of detriment to future phases of the programme from DCC delivering to the original milestone date, but to a lower quality if a few days delay enables DCC to deliver the milestone to a greater quality. This first period decreases the margin by 10% linearly, for Milestones 1, 2 and 4 this decrease is spread over 5 working days and for Milestones 3 and 5 this is decreased over 3 days.

The period in which DCC's margin drops to zero is based on consideration of:

- the length of preceding activities to that milestone;
- the impact on other programme participant timings; and
- the overall impact on the full programme DBT timeline.

For Milestones 1, 2 and 4 this has been set at 4 weeks (20 working days) and for Milestones 3 and 5 this has been set at 2 weeks (10 working days). The intention of this is that DCC will not earn any margin on a milestone that has resulted in a significant delay to the programme and programme participants.

We have taken on-board comments in relation to stakeholder and customer satisfaction. Stakeholder engagement will be a requirement within each milestone that must be demonstrated in order for the milestone to have been met. We have also included this within the recovery mechanism (DRM) set out in the guidance note published alongside this decision.

7.3 Do you agree with our proposal for a potential recovery mechanism? What types of criteria could be considered for demonstrating clear, transparent communication and what portion of lost margin should be available to be recovered?

Of those that responded, the majority (eight) agreed with the proposal, whilst three others agreed in principle but would like either further clarification on the potential recovery mechanism or had some suggestions on the criteria (see below). Five respondents disagreed with the proposal for a potential recovery mechanism.

Those stakeholders that agreed with the inclusion of a recovery mechanism supported capping the amount of lost margin that could be recovered and that the level of the cap proposed was right because it would be more equitable to consumers, and that it would encourage the right set of behaviours from DCC. They also felt that the level of the cap would still provide DCC with adequate incentive for timely and quality delivery of subsequent milestones. It was also pointed out that the mechanism would be in line with other cost recovery mechanisms already in place.

On the assumption that the proposal for the recovery mechanism was accepted, one respondent emphasised the importance of DCC showing evidence that they have communicated to stakeholders widely, captured feedback accurately and explained how the feedback influenced their decisions. This included transparency on how DCC manages risks to the Programme.

Those stakeholders that disagreed with this proposal did so largely on the principle that DCC should not be able to recover a portion of margin they had lost due to poor, or non-performance.

With regard to the suggested criteria, most respondents highlighted their concern that clear and transparent communication is a subjective measure, and that more objective measures should be used. Two respondents suggested using the net promoter score (NPS) as a more objective and rounded measure of customer satisfaction.

There was a suggestion that rather than measuring the de-risking of future Programme phases (as this will be challenging), any recovery of lost margin should be based on, and clearly linked to, objective evidence that the impact of any delay to parties had been minimised as far as possible. Linked to this, one respondent emphasised the importance of DCC providing genuinely realistic reassessments of timescales when they communicate delays to industry, and that stakeholders should be informed immediately of any delays as soon as DCC becomes aware it is even a possibility.

Ofgem Response

Based on stakeholder responses we have developed the DRM and published a guidance document alongside this decision. The DRM allows DCC to recover up to a maximum of 30% of previously lost margin if the baselined Programme Go-Live date is met. The level of recovery within the 30% will depend on efforts DCC has made to limit the impact of the previous delays on programme stakeholders. This could include early communication of a possible delay as soon as any risk of possible delay is identified (ahead of realisation), comprehensive completion of change requests including realistic impact assessments and cooperatively working with stakeholders to mitigate impact.

We are strongly encouraging DCC to incorporate NPS scoring within any future stakeholder surveys and we anticipate this being incorporated in some way in the third wave of the DCC stakeholder survey due in summer 2019.

We acknowledge that any delay will impact other stakeholders, so it is not appropriate to be able to recover a large portion of margin. We have mitigated this partly through capping the recovery at 30%. We believe there is still merit in allowing a portion to be recovered to ensure that DCC is incentivised to continue to deliver for the programme up to programme Go-Live. Although DCC is not fully responsible any activities between its final incentivised Delivery Milestones (five) and Go Live, the cooperation of DCC will still be critical.

7.4 Do you agree with our proposals for a discretionary reward where it can be demonstrated that DCC has gone above and beyond established requirements for REL Address matching? Please give reasons

Of those that responded, 7 expressed clear support for the proposals and a further 8 respondents supported it in principle but raised concerns or comments. 3 respondents provided clear disagreement with the proposals.

Those respondents that agreed with the proposal to include a discretionary reward felt it would provide benefits to the consumer (providing the improvements in data quality fundamentally supports the registration process for consumers), and that it should help DCC strive to deliver a good service, rather than one that is simply adequate. They also agreed that any discretionary reward should be mirrored by an equivalent downside in the event the REL Address matching standard is not met.

The stakeholders that disagreed with the proposal were worried that the DCC could pick up an incentive reward on the basis of work carried out by other industry parties during data cleansing, and therefore the work of the DCC needs to be clearly tracked and demonstrable in order to obtain this reward. They were also concerned that setting a 12% maximum margin level on Internal Costs alongside a recovery mechanism for lost margin, the option of a discretionary reward could be too favourable to the DCC. They also cited concerns that it could become a perverse incentive, and would be burdensome to administer.

One respondent described incentivising the DCC to ensure timely delivery of a quality service could be seen as a "quick win" for the DCC, and this could come at the risk of detriment to other elements of the DCC's work. Another respondent asked to see more detail on the proposals around how the discretionary reward would be calculated, as they would be uncomfortable with Ofgem being the sole decision maker regarding this.

Ofgem Response

Taking on board feedback from respondent we have decided to further develop the discretionary reward. This further development is set out in the DDR Guidance Document published alongside this decision.

The DDR encourages DCC to deliver the best outcome possible rather than the minimum level to meet the standard. This helps balance timely and quality delivery on an area that is fundamental to the success of the programme and the delivering benefits to consumers. There are pre-requisite requirements in relation to cost (representing no additional cost over the contract length and that all costs are contained within External Costs where DCC earns no margin). We will also take into account DCC's prioritisation of activities, which we believe limits the risk of this acting as a perverse incentive.

The DDR assessment process is anticipated to include input from a REC Party. We have described the assessment criteria and evidence in a way that encourages engagement across industry in setting the standard, the approach to meeting / exceeding this, and in demonstrating that DCC has achieved the standard.