

Press Release

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NEW PARTNERSHIP ARRANGEMENTS MEAN UP TO 20,000 HOMES COULD BE CONNECTED TO THE MAINS GAS NETWORK

- **Local gas network companies to work with partners to provide fuel poor households with a gas connection**
- **Connecting more homes to gas networks will help tackle fuel poverty**
- **New connections aim to give customers a cheaper and greener source of energy**

Almost 20,000 households could be connected to the mains gas network due to new partnerships between gas distribution networks (GDNs) and agencies that provide grants for central heating systems or help to make homes more energy efficient.

All four of Britain's gas distribution networks have set up partnership agreements, approved by energy regulator Ofgem, allowing them to extend the network to fuel poor customers that currently rely on electricity, coal or fuel oil to heat their homes. They will work with agencies including the EAGA Partnership, which delivers the Government's Warm Front programme*, Community Energy Solutions Group, National Grid Affordable Warmth Solutions and Warm Wales.

Steve Smith, Senior Partner for Local Grids and RPI-X@20, Ofgem, said: "We need to explore new ways of helping fuel poor communities, especially as energy bills will rise in the long-term. Connecting more fuel poor customers to the gas mains gives them access to a cheaper energy source which also produces less carbon emissions than commonly used options such as bottled gas or heating oil.

"However getting a connection is only the start as people will need help and financial support for central heating and energy efficiency. This is where these new partnership arrangements will make a big difference."

Some British energy customers are not connected to the gas mains because they are living in rural areas beyond the mains network. Some pockets of urban areas, including some of the country's most deprived, are also without a gas connection. The poorest communities can be overlooked when it comes to extending the gas network because householders cannot afford the cost of a connection or to pay for gas central heating.

Now GDNs will work with their partners to identify the homes that are eligible for financial support toward the cost of the connection, central heating and other measures to make the home more energy efficient. The GDNs will work with their partners to deliver the gas connections, central heating and other measures in a co-ordinated fashion to the poorest households and communities.

* Warm Front is the Government programme of grants for new central heating systems and insulation.

Notes to editors

1. Britain's four gas distribution networks are National Grid Gas, Northern Gas Networks, Scotia Gas Networks and Wales & West Utilities.

2. How does the incentive scheme for the GDNs to connect more fuel poor households work?

When the gas networks were first built they were not extended to rural parts of Britain as it was not deemed economically viable to do so as there would not be enough customers. In the current 2008-2013 price control, gas distribution networks (GDNs) already have financial incentives to connect up homes located within the areas of Britain defined by government as the most deprived. However Ofgem has widened the criteria allowing the GDNs to connect any household that is in fuel poverty (i.e. spending more than 10% of disposable income on heating costs). They can also connect all homes eligible for measures under Warm Front (England), and the Scottish and Welsh equivalents; plus any home within the priority group for the Government's Carbon Emissions Reduction Target (CERT). Under the CERT programme all energy suppliers have to meet targets for reducing carbon emissions from people's homes through greater energy efficiency. The priority group for CERT comprises the elderly and people on low incomes. Suppliers must direct at least 40% of carbon savings to this priority group. Widening the eligibility criteria for extensions means that in total, up to 20,000 households could be connected between now and the end of the current price control in 2013.

3. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's functions are set out mainly in the Gas Act 1986, the Electricity Act 1989, the Competition Act 1998 and the Utilities Act 2000. In this note, the functions of the Authority under all the relevant Acts are, for simplicity, described as the functions of Ofgem.

For further press information contact:

Chris Lock: 020 7901 7225

Alison Wright: 020 7901 7217

Out of hours: 07766 511470