

Warm Home
Discount (WHD)

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Summary of updates in the Warm Home Discount: Draft Guidance for Suppliers England and Wales 2022 – 2026 (version 8)

Overview of amendments to WHD Guidance: Delivery v7.2

This document outlines the amendments we have made to our WHD Guidance: Delivery v7.2 that was published on 31 March 2021. The overarching change is the removal of Scotland, and all amendments are included in the Warm Home Discount Supplier Guidance (version 8) - England and Wales.

About this Guidance

- Revised date to show that measures installed in between 1 April 2022 and 31 March 2026 should follow the Warm Home Discount Supplier Guidance (version 8) - England and Wales.
- Supplier obligation thresholds will be reduced to 50,000 domestic customer accounts for the 2022/23 scheme year and then to 1,000 domestic customer accounts from 2023/24. This change eliminates the 'Compulsory Smaller Supplier' bracket.
- The Broader Group has been replaced with Core Group 2.

Chapter 1 Introduction

- Paragraphs 1.4, 1.5, 1.6: updated to include the three elements of WHD: Core Group 1, Core Group 2, and Industry Initiatives.
- Figure 1: fixed rebate payments have been updated to include the £10 increase up to £150 for the Core Group 1 and Core Group 2. The estimation of Core Group 2 spending is based on the size of the eligible benefits groups using DWP benefits. Industry Initiatives obligations are determined by market share and spending on Core Groups.
- Paragraph 1.8: updated definitions of fuel poverty across Wales and England.
- Paragraphs 1.9- 1.14: Updated roles and responsibilities of suppliers and their customer account thresholds.
- Table 2: updated the responsibilities of Compulsory and Voluntary Suppliers to reflect their obligations as part of Core Group 2.

Chapter 2 Spending profile and limits

- Paragraph 2.1, 2.2: spending target figures have been updated for England and Wales throughout the WHD scheme.
- Figure 2: updated the 'Annual Spending Target' to include the Core Group 2 in the Core Group Spending obligation. Adjusted spending on Industry Initiatives and included adjustment cap.
- Paragraph 2.6: update on the Core Groups spending estimate based on DWP benefits forecasts and data-matching rates with suppliers.

- Paragraph 2.8: new paragraph outlining BEIS' eligibility statement that sets out the criteria on which rebate payments are allocated to persons living in fuel poverty or fuel poverty risk group.
- Paragraph 2.9: wording updated to clarify that £40m of WHD spending for SY12 will be attributed to Industry Initiatives. The spending target for Industry Initiatives will be adjusted each year.
- Paragraph 2.12, 2.13: new paragraphs added to state that the spend on boiler replacement is limited to £8 million per scheme year and that boiler and central heating system replacements are permitted in emergency situations under Industry Initiatives.
- Paragraph 2.14: new paragraph added that £6 million debt write-off cap will be allocated under WHD for electricity and gas suppliers.
- Paragraph 2.15: added information that a maximum of £3 million of the £6 million debt write-off cap can be allocated to people which are not supplied by a pre-payment meter (PPM).
- Paragraph 2.18: new paragraph on supplier's expectation to provide a wider package of measures other than debt write-off to customers in fuel poverty.
- Paragraph 2.20: removed Industry Initiatives percentage as the financial assistance changes are set at a minimum of £5 million and a maximum of £10.
- Paragraph 2.21: wording updated to reflect the financial assistance cap at £150 per household per SY.
- Table 3: New table added to update caps on boiler replacements, debt write-off and financial assistance.

Chapter 3 Determining WHD obligations

- Paragraphs 3.1: updated customer data notification dates to reflect the process for determining supplier's obligations from SY12. Update on the second customer number reporting date, following new guidance delivery rules from 2022. New paragraph outlining the supplier obligation threshold changes from 2023/2024.
- Paragraph 3.2: update on supplier obligation thresholds for mandatory participation from SY12.
- Figure 3: updated the process for determining obligation with dates for SY 12 – 15 and second customer reporting.
- Paragraph 3.6: new paragraph explaining licence obligation changes from SY12.
- Paragraph 3.7: update on England and Wales 'customer' definition in the regulations.
- Paragraph 3.10: update provided on calculating market share for compulsory suppliers.
- Paragraph 3.11: replaced reference to Industry Initiatives spending cap with reference to minimum and maximum spending on specific Industry Initiatives activities.

- Paragraph 3.17: new paragraph on overspend calculations for SY12 in England and Wales. For other scheme years, relevant suppliers will need to adjust their Industry Initiatives obligation by 90.6% in England and Wales and their appropriate obligation by 9.4% in Scotland.
- Paragraph 3.20: new paragraph on underspend calculations for SY12 in England and Wales. For other scheme years, relevant suppliers will need to adjust their Industry Initiatives obligation by 90.6% in England and Wales and their appropriate obligation by 9.4% in Scotland.
- Paragraph 3.24: update on adjustments for non-core additional overspend for Supplier of Last Resort (SOLR). Under this update, a SOLR can overspend by up to 10% of the supplier's original non-core spending obligation.

Chapter 4 Core Group 1 and 2

- Paragraph 4.2: updated reference to customer communications when data-matching is successful under Core Group 1.
- Paragraph 4.3: new paragraph outlining Core Group 2 data-matching.
- Paragraphs 4.9- 4.11: new guidance around the eligibility notice that determines a person's eligibility for WHD and enables the data-matching process.
- Paragraphs 4.21- 4.22: new paragraphs to explain the eligibility under Core Group 2.
- Table 4: new guidance added about Core Group 2 customer eligibility and qualifying benefits.
- Paragraph 4.25: new paragraph highlighting BEIS' eligibility statement that will outline a high energy cost threshold.
- Paragraph 4.26: new information on VOA data determining low-income households who have high energy costs.
- Paragraph 4.27- 4.32: update on the imputation methodology and sweep-up as well as new information provided on DWP's customer communication.
- Paragraph 4.34: new information on rebates that have not been redeemed by the customer and update on the supplier's responsibility to attempt rebate delivery.
- Table 5: Updated definition under e) to reflect England and Wales customer only
- Paragraph 4.38- 4.43: new guidance on the reconciliation mechanism for Core Group 1 and Core Group 2 expenditures and suppliers.
- Paragraph 4.69- 4.70: new paragraphs added on when a supplier's licence is terminated midway through the scheme year and Ofgem's recalculation of market shares.

Chapter 5 Provision of rebates

- Paragraph 5.3: new paragraph added on the supplier rebate due date based on the SY.

- Paragraph 5.9: update on dual fuel accounts and rebate provided to customer's electricity and gas accounts.
- Paragraph 5.11: new paragraph outlining the options for suppliers to provide credit to a customer's gas account or for PPM customers to provide the credits towards future gas use, following a customer request.
- Figure 6: scheme year update for monitoring rebate redemption.

Chapter 6 Industry Initiatives

- Paragraph 6.3: new paragraph reflecting the updated spending target for Industry Initiatives and the supplier's market share. More information is provided on connected scheme suppliers' spending and obligations.
- Paragraph 6.4: new guidance on the adjustment of Industry Initiative spending.
- Paragraph 6.7: date amended for the start of Industry Initiatives spending to 1 April 2022.
- Paragraph 6.15: added smart meter advice as part of permitted activities under Industry Initiatives. Added information on permitting repairs for existing boiler and central heating systems running on LPG, oil, and other fuels, but prohibitions on the installation of new LPG or oil boilers and central heating systems under WHD. Further information is added on helping to reduce debts to domestic premises.
- Paragraph 6.32, 6.33: new guidance on prohibiting WHD co-funding with the Energy Company Obligation (ECO), Boiler Upgrade Scheme (BUS) and Home Upgrade Grant (HUG).
- Paragraph 6.48: Added required information from suppliers to obtain for the WHD end of year report.
- Table 6: Added examples of possible outcomes for Industry Initiatives.

Chapter 7 Reporting

- Paragraph 7.1: new paragraph added that, under the WHD scheme, a second customer number reporting date will be introduced for suppliers from SY13. One is for mid-year reporting, and the second is for end-of-year reporting.
- Paragraph 7.2: new paragraph on reporting for energy suppliers with multiple licences.
- Paragraph 7.3: new guidance on Ofgem's administrative role; collecting and calculating supplier's customer number data.
- Paragraph 7.6: paragraph added on the number of GB customers who, by the 31 December or on the calculation date, must be provided electricity, gas or dual fuel by suppliers.
- Paragraph 7.7: new information added on the second customer reporting date from SY13.

- Paragraph 7.8: new paragraph explaining mid-year reporting changes and the second customer reporting date.
- Paragraph 7.9: new paragraph added to explain Ofgem’s responsibility to calculate a supplier’s GB domestic customer number should the supplier fail to communicate the customer data by the reporting date.
- Paragraph 7.10: new information on Ofgem’s role of writing to each compulsory and voluntary supplier to confirm their WHD obligations.
- Paragraph 7.11 updated end-of-year reporting dates.
- Paragraph 7.18: new paragraph including Ofgem’s end-of-year compliance checks on suppliers.
- Paragraph 7.42: new dates for supplier’s final rebate redemption reporting.

Chapter 8 Fraud and Auditing

- Table 7: Updated table outlining the supplier’s internal audit requirements.

Chapter 9 Appendix

- Table 8: Updated summary table of key changes under WHD guidance.