

## RIIO-ED2 Consumer Vulnerability Guidance Document

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Contact	RIIO-ED2 Team
Team:	Onshore Operations: Price Control Setting (RIIO-ED2)
Telephone	020 7901 1861
Email:	<a href="mailto:RIIOED2@ofgem.gov.uk">RIIOED2@ofgem.gov.uk</a>

1.1. This document is version 1.0 of the RIIO-ED2<sup>1</sup> Consumer Vulnerability Guidance Document referred to under Special Condition 4.6 of the Electricity Distribution Licence.

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<sup>1</sup> RIIO stands for Revenue = Incentives + Innovation + Outputs.

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Any enquiries related to the text of this publication should be sent to Ofgem at:  
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## **Related Documents**

- RIIO-ED2 Final Determinations, Core Methodology Document, Chapter 5
- Special Condition 4.6 (Consumer Vulnerability output delivery incentive) of the Electricity Distribution Licence.

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## 1. Introduction

1.1. To ensure that Distribution Network Operators (licensees) deliver the key vulnerability priorities to protect those whose wellbeing is most at risk during a loss of supply, to help those in, or at risk of, fuel poverty and in supporting those at risk of being left behind by the energy system transition to net zero, we have introduced the Consumer Vulnerability Incentive (CVI) as a financial output delivery incentive and the Annual Vulnerability Report (AVR) as a reputational output delivery incentive within RIIO-ED2.<sup>2</sup>

1.2. The purpose of the RIIO-ED2 Consumer Vulnerability Guidance Document is to set out guidance in relation to Special Condition 4.6 of the Electricity Distribution Licence, including the reporting requirements and methodologies for:

- the CVI; and
- the AVR.

1.3. The CVI and the AVR ensure that licensees are held accountable for delivering their vulnerability strategies and vulnerability principles and baseline expectations within the RIIO-ED2 price control period and incentivise the development of efficient, ambitious and best practice initiatives. Appendix 1 outlines the consumer vulnerability principles and baseline expectations.

1.4. This Guidance is intended to help the licensee comply with its licence obligations under Special Condition 4.6, by providing further information to assist the licensee in reporting its performance under the CVI in accordance with the RIIO-ED2 Regulatory Reporting Pack (RRP). It also provides a template for the structure and content of the AVR to ensure that the licensee's AVR focuses on material matters in relation to support for Domestic Customers in a Vulnerable Situation, is relevant, easy to understand, accurate and, where possible, is comparable across licensees.

1.5. It is the responsibility of each licensee to understand the provisions of the Guidance and how those provisions apply to it. This Guidance comes into effect on 1 April 2023.

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<sup>2</sup> 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.

1.6. Where the Guidance refers to the 'licensee', this also includes any Representative acting on behalf of the licensee.

1.7. Capitalised terms have the same meaning as stated in Special Condition 1.2 of the Electricity Distribution Licence unless otherwise stated.

## **Compliance**

1.8. Licensees are required by Special Condition 4.6 to comply with this document.

1.9. For the avoidance of doubt, this document is subordinate to the licence. This document does not change any definition or obligations contained within the licence and in the event of any ambiguity over the Guidance, the licence will take precedence.

1.10. This Guidance in no way relieves affected parties, including licensees, from their responsibility to ensure ongoing compliance with legislation including competition, data protection, environment and consumer protection laws.

## **Review**

1.11. Ofgem may amend this Guidance by direction in accordance with the procedure set out in Special Condition 1.3.

## 2. Consumer Vulnerability Incentive (CVI)

2.1. The CVI assesses a licensee's performance against targets set under five common outturn performance metrics. It uses an automatic mechanism to determine whether a reward or penalty should be applied. Licensee's performance against the five metrics will be assessed at the end of the second and fifth Regulatory Years of RIIO-ED2.

### Reporting process and scope

2.2. Licensees are required to report their individual performance in relation to the CVI in the RRP.

2.3. Licensees are required to make their submission through the RIGs by 31 July 2025 and 31 July 2028. The sections below include further detail on what is to be reported for each metric within the incentive.

2.4. As part of the incentive, we have introduced a minimum requirements assessment which uses an independent assurance process to provide Ofgem and wider stakeholders with assurance that licensee's performance scores are comparable and reliable. We set out further detail in relation to this process in chapter 5.

### CVI performance metrics

2.5. The CVI is based on a set of defined, relevant, quantitative performance metrics which have their own targets. The metrics are used to evidence licensee's performance and determine whether any rewards or a penalty should be applied.

2.6. This section sets out further detail on the metrics, including the methodology all licensees must apply when measuring and reporting performance against the metrics within RIIO-ED2, including through the RRP and within the AVR.

2.7. The five metrics which licensees must report their performance against as part of the CVI are:

- Priority Services Register Reach
- The social value of Fuel Poverty Services Delivered
- The social value of Low Carbon Transition Services Delivered
- the satisfaction of Domestic Customers in Vulnerable Situations with Fuel Poverty Services Delivered (the Fuel Poverty Customer Satisfaction Survey)



- the satisfaction of Domestic Customers in Vulnerable situations with Low Carbon Transition Services Delivered (the Low Carbon Transition Customer Satisfaction Survey).

## **PSR Reach**

2.8. PSR Reach means the total number of households registered on the licensee's PSR out of the total number of households in the licensee's Distribution Services Area that are eligible to be registered in accordance with the criteria set out in this Guidance. This is to be represented as a ratio.

2.9. The PSR Reach must be calculated in accordance with the following formula:

$$\text{PSR Reach} = \frac{\text{Total number of households registered on the PSR}}{\text{Total number of households eligible for registration on the PSR}}$$

2.10. All licensees are required to apply the following principles in the determination of eligible households for the PSR:

- Eligibility is to be based on common, national datasets including data from the Office for National Statistics and Census data, as calculated by the Centre for Sustainable Energy for licensees using the PSR household methodology;
- A household which has multiple residents who would independently qualify for registration on the PSR are to be counted once for the purpose of the calculation;<sup>4</sup> and
- The result of the calculation of eligible households will be fixed for the RIIO-ED2 period and a licensee is to inform Ofgem of the total number of households eligible for registration on the PSR in its Distribution Services Area as of 1 April 2023 in order to set the denominator of the fraction within the formula in paragraph 2.9 and publish this fixed value of eligible households in its AVR.<sup>5,6</sup>

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<sup>4</sup> While this incentive records PSR registrations on a household basis, we expect DNOs to capture the needs of their customers on an individual customer basis in order to provide the most appropriate support.

<sup>5</sup> This figure should be communicated to Ofgem once calculated by the licensee and reported within its AVR as discussed in Chapter 4.

<sup>6</sup> While the number of households eligible to be registered on a licensee's PSR is fixed within the calculation for the purpose of CV ODI-F, we expect licensees to continue to maintain practices and procedures to identify Domestic Customers who may be eligible for the PSR in line with its obligations under SLC 10 (Special Services).

2.11. PSR Reach must be calculated in accordance with 2.9 and 2.10 above as at 31 March 2025 and 31 March 2028. The PSR Reach recorded on these dates is to be submitted by each licensee in accordance with the format prescribed in the RRP.

2.12. The independent assurance process for this metric is set out in the minimum requirements chapter below.

### **The social value of Fuel Poverty Services Delivered and the social value of Low Carbon Transition Services Delivered**

2.13. There are two metrics within the CVI which assess the social value of the services licensees deliver to Domestic Customers in Vulnerable Situations over RIIO-ED2; one relating to Fuel Poverty Services Delivered<sup>7</sup> and the other to Low Carbon Transition Services Delivered.<sup>8</sup>

2.14. The contact measured by these two metrics should be a direct, individual interaction and must not include large scale messaging such as, but not restricted to, mass broadcasts, leaflet drops or awareness campaigns. The service should not fall into any other category within the Broad Measure of Customer Service (BMCS), Major Connections or Distribution System Operator output delivery incentives, unless the service delivered goes beyond what is measured and assessed through these incentives – for example, support provided to a Domestic Customer in a Vulnerable Situation beyond the delivery of a connection.

2.15. Value is to be measured using the common Social Value Framework (SVF) (framework).<sup>9</sup> The framework makes assumptions in order to quantify the level of benefits achieved through licensee's delivery of services to support Domestic Customers in Vulnerable Situations. The aim of the framework is to provide a fair and comparable measure of value

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<sup>7</sup> Fuel Poverty Services Delivered has the meaning given to that term in the licence: means the contact an individual Domestic Customer in a Vulnerable Situation has had with their licensee or the licensee's partner or contractor where a service has been provided or a job has been completed which is of benefit to the Domestic Customer in a Vulnerable Situation in alleviating the impacts of fuel poverty.

<sup>8</sup> Low Carbon Transition Services Delivered has the meaning given to that term in the licence: means the contact an individual Domestic Customer in a Vulnerable Situation has had with their licensee or the licensee's partner or contractor where a service has been provided or a job has been completed which is of benefit to the Domestic Customer in a Vulnerable Situation in enabling participation in a net zero energy system.

<sup>9</sup> The SVF utilises a commonly followed 'Rulebook' to ensure that each licensee calculates NPV in a comparable and consistent way.

across licensees. It is recognised that the framework does not produce values which are completely accurate, nor is it expected to be completely accurate.

2.16. This framework requires the input of the number of Domestic Customers in a Vulnerable Situation to whom the licensee has delivered a service and the cost of those services, and takes into account assumptions in relation to how much of the benefit delivered can be attributed to the service delivered by the licensee (or by a Representative on the licensee's behalf).

2.17. Licensees are required to report the net present value (NPV) measurement of value cumulatively. By 31 July 2025, licensees should report the value delivered over Regulatory Years 2023/24 and 2024/25 against its target for the end of the 2024/25 Regulatory Year. By 31 July 2028, licensees should report the value delivered over all five Regulatory Years of RIIO-ED2 (from 1 April 2023 to 31 March 2028) against the target set for the end of the 2027/28 Regulatory Year.

2.18. The independent assurance process for the two value of services delivered metrics is set out in the minimum requirements chapter below.

### **Fuel Poverty Customer Satisfaction Survey and Low Carbon Transition Customer Satisfaction Survey**

2.19. There are two metrics within the CVI which assess customers' satisfaction with the services licensees deliver to Domestic Customers in Vulnerable Situations over RIIO-ED2. They are the Fuel Poverty Customer Satisfaction Survey<sup>10</sup> and the Low Carbon Transition Customer Satisfaction Survey.<sup>11</sup>

2.20. The customer satisfaction measured by each of the surveys should be in relation to the relevant Fuel Poverty Services Delivered or Low Carbon Transition Services Delivered and measure the contact in accordance with paragraph 2.14.

#### *Calculating the results of the surveys*

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<sup>10</sup> Fuel Poverty Customer Satisfaction Survey has the meaning given to that term in the licence: means the survey used to measure the satisfaction of Domestic Customers in Vulnerable Situations with the Fuel Poverty Services Delivered by the licensee.

<sup>11</sup> Low Carbon Customer Satisfaction Survey has the meaning given to that term in the licence: means the survey used to measure the satisfaction of Domestic Customers in Vulnerable Situations with the Low Carbon Transition Services Delivered by the licensee.

2.21. The questionnaire for each survey has several screening questions and leads up to a question asking, 'Overall, using a scale of one to ten, where one is very dissatisfied and ten is very satisfied, taking all aspects of the service from [name of licensee] into account, how satisfied were you with the service provided?'. Whilst all the questions are relevant to customers' quality of service, for the purposes of the CVI, Ofgem considers that this question, known as the "killer question", best captures customers' overall experience.

2.22. The scores to be reported for each survey will be based on the average customer satisfaction score, out of ten, from the customers who actually gave a score for the killer question. The licensee's performance against the killer question for each survey, will be aggregated and averaged to produce the licensee's final score.

2.23. For the purposes of calculating the results, all completed surveys must be included in the sample. If a respondent terminates the interview before completing the survey, the interview will be kept in the sample if the respondent has terminated after they answered the killer question. If a respondent terminates the interview before the killer question has been answered, the interview will not be kept in the sample.

2.24. Where the independent third party identifies cases submitted and interviewed under the wrong service type or cases that have been duplicated; then these surveys will be ineligible and must be removed from the calculation of the final score. Additionally, surveys must be removed from the calculation of the final score in the following call scenarios:

- If the interviewer misleads the customer.
- Where the customer is confused and unable to adequately complete the survey.
- Where there is a language barrier and the customer is unable to complete the survey.
- Where it is clear there is confusion in distinguishing between different parties, such as third party connection providers, suppliers, meter operators or installers.
- Where there is evidence of discrimination.

2.25. Where a survey is found to be eligible for removal under the scenarios described above, the independent third party will inform the affected licensee and contact Ofgem for final approval to remove the survey. If required, the independent third party may also provide the call recording for the case as further evidence.

2.26. Licensees are required to report the average of all killer question scores received during the 2023/24 and 2024/25 Regulatory Years in the RRP to be submitted by 31 July 2025. Those scores should be calculated in accordance with the following formulae:

Fuel poverty services delivered CSAT

$$= \frac{\text{sum of all killer question scores over 2023/24 and 2024/25}}{\text{number of killer question respondents over 2023/24 and 2024/25}}$$

Low carbon transition services delivered CSAT

$$= \frac{\text{sum of all killer question scores over 2023/24 and 2024/25}}{\text{number of killer question respondents over 2023/24 and 2024/25}}$$

2.27. Licensees are required to report the average of all killer question scores received during the 2025/26, 2026/27 and 2027/28 Regulatory Years in the RRP to be submitted by 31 July 2028. Those scores should be calculated in accordance with the following formulae:

Fuel poverty services delivered CSAT

$$= \frac{\text{sum of all killer question scores over 2025/26, 2026/27 and 2027/28}}{\text{number of killer question respondents over 2025/26, 2026/27 and 2027/28}}$$

Low carbon transition services delivered CSAT

$$= \frac{\text{sum of all killer question scores over 2025/26, 2026/27 and 2027/28}}{\text{number of killer question respondents over 2025/26, 2026/27 and 2027/28}}$$

2.28. As licensees' performance data should be independently collected using the same method across all licensees, there is no minimum requirement check required as part of the assessment of performance within the CVI for the two survey metrics.

#### *Form of the customer satisfaction surveys*

2.29. Licensees are required to appoint an independent third party service provider, such as a market research company, to conduct the two customer satisfaction surveys on their behalf. The independent third party must be Market Research Society accredited<sup>12</sup> and the same independent third party must be appointed by all licensees. The independent third party

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<sup>12</sup> The Market Research Society is a professional body for market research. See here for more detail: [www.mrs.org.uk](http://www.mrs.org.uk)

service provider must be appointed by 1 April 2023 for a period lasting until at least 31 July 2028.

2.30. However, licensees can decide to replace an appointed independent service provider during RIIO-ED2 to conduct the customer satisfaction surveys, if all licensees collectively agree to do so. Licensees should make Ofgem aware of any changes to the independent third party and the reasons for the change.

2.31. The independent service provider must use the full survey scripts set out in Appendix 2 and 3 of this Guidance. Any proposed changes to the survey scripts must be agreed with Ofgem and all licensees. Amendments to the survey script in Appendix 2 and Appendix 3 do not constitute a modification to the Guidance.

2.32. Each licensee must satisfy itself that it is undertaking the customer satisfaction surveys in compliance with relevant data protection and other information legislation.

#### *Procedures to mitigate the risk of bias*

2.33. Licensees must maintain systems, processes and procedures as are reasonably necessary to mitigate the risk of bias in the results of the two customer satisfaction surveys. These systems, processes and procedures must include, but not be limited to, systems, processes and procedures that meet the requirements specified below:

- The licensee must not gather or process customer data in a manner that could reasonably be expected to bias the results of the survey.
- If a licensee wishes to contact customers to confirm whether or not they would like to participate in the Fuel Poverty Customer Satisfaction Survey or the Low Carbon Transition Customer Satisfaction Survey, the licensee must attempt to contact the entirety of the population for the relevant service type in that respect prior to providing the required data to the independent third party. Licensees must not use such contacts selectively for certain service types (but not others) in a way that the licensee could reasonably judge might affect the results of either survey within the CVI.
- The licensee (and the independent third party) must not use any financial or non-financial incentives to encourage customers to take part in the customer satisfaction survey.

*Data administration*

2.34. Subject to paragraph 2.35, to avoid any bias, the data provided by the licensee to the independent third party must contain the contact details of all customers who have experienced an activity specified in paragraphs 2.19 and 2.20 from 1 April 2023. Licensees may exclude contacts from the survey samples where customers have stated that they do not want to participate in any form of market research.

2.35. For each customer included in the sample, the licensee must provide the independent third party with:

- the licensee's name that the customer will recognise;
- the type of service delivered; a Fuel Poverty Service Delivered or a Low Carbon Transition Service Delivered;
- the date the service provided was completed;
- a contact telephone number (where known);
- any additional telephone numbers (where known);
- the customer's name (where known); and
- other information such as customer address and additional contact telephone number are optional.

2.36. Each licensee must submit the specified data to the independent third party on a weekly basis. For this purpose, the 'week' begins on a Monday and the data should be submitted to the independent third party by 4pm on the second working day following the week concerned.

2.37. The specified data for any customer who has had a Fuel Poverty Service Delivered or a Low Carbon Transition Service Delivered must be sent to the independent third party the week after such service has been delivered.

2.38. The independent third party must undertake its interviews within ten working days of the service being delivered to the Domestic Customer.

2.39. Once the ten working day timeframe for contact has expired, the sample data will be returned to the licensee highlighting the details of those customers who have been contacted and surveyed, and those who have been contacted and have asked not to be contacted in the future for licensee customer surveying activities.

*Sample selection and frequency of the surveys*

2.40. From the data provided by the licensee, the appointed independent third party is required to remove those customers that have previously been surveyed as part of either survey within one month. This will be applied on a licence area basis, for example, if the same customer has received a Fuel Poverty Service Delivered or Low Carbon Transition Service Delivered from two licensee areas within the same licensee group then they could be surveyed for both.

2.41. In instances where the same customer appears in more than one service type in any given week, the independent third party should ensure that the customer is surveyed no more than once in total and that the customer is only surveyed in relation to the service category with the smallest number of records if selected to be surveyed.

2.42. The independent third party should then select the customers to interview at random. The independent third party should complete enough interviews to deliver a statistically robust sample of responses.

2.43. Results should be calculated based on the number of interviews completed.

*Statistical robustness process*

2.44. There will be a statistical robustness check of the licensee's surveyed population, to ensure that any penalties incurred through the CVI are based on a statistically robust sample.

2.45. The statistical robustness check will apply to the full Regulatory Years in respect of which licensee's performance is assessed, taking account of the number of surveys undertaken and the size of the eligible population. The margin of error and confidence level used to determine the statistical robustness check will be set at 5% and 95% respectively.

2.46. Table 1 provides indicative numbers of surveys that need to be undertaken each year, for different population sizes, to determine the appropriate sample size at an error rate of 5% and a 95% confidence level.



**Table 1: Indicative survey numbers based on 95% confidence level**

Size of population	Margin of error at 5%
100	81
500	201
1000	278
2000	322
3000	341
4000	351
5000	357
6000	361
7000	364
8000	367
9000	368
10000	370

2.47. Where the margin of error is less than or equal to 5%, and the score is less than the target, the penalty will be triggered for the relevant licensee in accordance with Special Condition 4.6.

2.48. If the margin of error is higher than 5%, no financial penalty will be applied irrespective of the survey score.

2.49. See Table 2 below, which demonstrates the thresholds against which the penalty will be determined.

**Table 2: Penalty determination**

Margin of error	<5%	>5%
If licensee performance is less than target	Penalty	No penalty
If licensee performance is greater than or equal to target	No penalty	No penalty

2.50. Where the margin of error is less than or equal to 5%, and the score is higher than the target, the reward will be triggered for the relevant licensee in accordance with Special Condition 4.6.

2.51. If the margin of error is higher than 5%, no financial reward will be applied irrespective of the survey score.

2.52. See Table 3 below, which demonstrates the thresholds against which the reward will be determined.

**Table 3: Reward determination**

<b>Margin of error</b>	<b>&lt;5%</b>	<b>&gt;5%</b>
If licensee performance is higher than target	Reward	No reward
If licensee performance is less than or equal to target	No reward	No reward

### **3. Annual Vulnerability Report (AVR)**

3.1. Special Condition 4.6 of the electricity distribution licence requires each licensee to prepare an AVR in accordance with this Guidance and make the AVR readily accessible to the public from its Website.

3.2. The AVR will ensure each licensee is accountable on a yearly basis for implementing its vulnerability strategy commitments and meeting the vulnerability baseline expectations (see Appendix 1).

3.3. The AVR should provide stakeholders with an overview of the licensee's support services delivered for Domestic Customers in Vulnerable Situations. This should include reporting on progress in implementing the licensee's vulnerability strategy commitments, and CVI vulnerability targets, where applicable.

3.4. The licensee must follow the broad scope and specifications in structure, content and performance measures, as set out in this Guidance for the AVR. However, the licensee may provide additional information where it considers it appropriate to do so.

3.5. Licensees are required to provide the following information in the AVR using the format provided in the structure and tables set out in this section:

- annual progress against CVI performance metric targets set out in Table 4;
- regularly reported evidence (RRE) – additional quantitative information relating to the licensee's support for Domestic Customers in Vulnerable Situations set out in Table 5
- detail on how the licensee has used the Social Value Framework within its business, including in its decision making and prioritisation of vulnerability support services;
- an update on the progress made on the licensee's specific vulnerability strategy commitments as submitted in its RIIIO-ED2 Business Plan, and any additional activities it has undertaken and;
- the measures in place to support Domestic Customers in Vulnerable Situations over the winter period in the event of a loss of supply (winter preparedness measures).

## **AVR General instructions and requirements**

### **Report type and availability**

3.6. The AVR submission should be easy to read for all stakeholders and published on the licensee's Website. Interested parties should be able to easily understand the licensee's performance in the past Regulatory Year.

3.7. A group of licensees must publish a single AVR, which applies to all the licensees within the group. Sufficient information about each individual licensee is to be included in the AVR to provide an overview of an individual licensee's performance, and the AVR must clearly distinguish between licensees where relevant.

3.8. There is no restriction on the font sizes used for the AVR (however the submission must be legible).

3.9. There is no limit on the length of any submission. However, consideration should be given to the purpose and audience of the submission. For this reason we expect that submissions should be no longer than 30 pages, including for a group of licensees.

3.10. Where material amendments are made to any information reported, these amendments should be clearly communicated to stakeholders and Ofgem and clearly identified.

3.11. Where a licensee identifies that inaccurate information has been reported, it should notify Ofgem and make the corrections required as soon as practically possible.

### **AVR structure**

3.12. This section sets out a template for the structure that should form the basis of the licensees' AVR.

#### **Introduction**

3.13. In this section, licensees should provide a short introduction to the AVR which summarises the licensee's role in protecting and supporting Domestic Customers in Vulnerable Situations, provide an overview of its consumer vulnerability strategy and highlight the key vulnerability issues prevalent in the licensee's Distribution Services Area.

**CVI metric targets progress**

3.14. Each licensee must include a section covering its performance against the metric targets as part of the CVI. The licensee should include information in relation to all metrics listed below in a table with the same column and row headings set out below. Licensees belonging to the same group, and therefore publishing a single AVR, should include a breakdown of the performance of each licensee. Licensees may provide additional columns or rows if it chooses.

**Table 4: CVI metrics – ongoing performance**

<b>Metric</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 2 target</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 5 target</b>
PSR Reach			<i>Bespoke target</i>				<i>Bespoke target</i>
Social value of Fuel Poverty Services Delivered (NPV)			<i>Bespoke target</i>				<i>Bespoke target</i>
Social value of Low Carbon Transition Services Delivered (NPV)			<i>Bespoke target</i>				<i>Bespoke target</i>
Average Fuel Poverty Customer Satisfaction Survey score			<i>9/10</i>				<i>9/10</i>
Average Low Carbon Transition Customer			<i>9/10</i>				<i>9/10</i>

Metric	Year 1	Year 2	Year 2 target	Year 3	Year 4	Year 5	Year 5 target
Satisfaction Survey score							

3.15. Each licensee should input its bespoke target values specific to the licensee in the 'Year 2 target' and 'Year 5 target' columns.<sup>14</sup>

3.16. Each licensee should include the target for the customer satisfaction metrics, in accordance with the targets set out in Special Condition 4.6.

3.17. Licensees can provide additional narrative to accompany Table 4 to expand on the progress made and performance against the Year 2 and Year 5 targets within the table. This information will provide stakeholders with important reasoning as to why licensees' performance may differ from the targets.

3.18. In accordance with Chapter 4 on minimum requirements (paragraphs 4.7 and 4.8), licensees are required to include the independent assurance providers report (Table 6) alongside its ongoing performance reported within Table 4.

### Regularly Reported Evidence

3.19. Each licensee must include a section covering its performance in relation to the RRE set out in the table below. The licensee should include this information in a table with the same column and row headings to that which is set out below.

**Table 5: RRE table**

RRE	Expectation	Year 1	Year 2	Year 3	Year 4	Year 5
Frequency of PSR Customer data cleanse (reported on an annual basis)	Licensee has attempted to contact all PSR Customers to verify their data	% of registered PSR Customers the licensee has				

<sup>14</sup> The targets for the metrics should be inputted using the information set out within Special Condition 4.6 and the targets within the RIIO-ED2 Final Determinations Company Annexes.

RRE	Expectation	Year 1	Year 2	Year 3	Year 4	Year 5
		<i>attempted to contact to verify their data during the 2023-24 Regulatory Year</i>				
CSS score for PSR Customers who have experienced a power cut (reported on an annual basis)	9.01 target					
The volume of Fuel Poverty Services Delivered (reported on a cumulative basis)	Licensee forecast volume of Fuel Poverty Services Delivered for RIIO-ED2					
The volume of Low Carbon Transition Services Delivered (reported on a cumulative basis)	Licensee forecast volume of Low Carbon Transition Services Delivered for RIIO-ED2					

3.20. In line with Principle 1 of the vulnerability baseline expectations (Appendix 1), licensees should demonstrate the maintenance of their PSR databases through reporting in the table the percentage of registered PSR Customers they have attempted to contact to verify their PSR data during each Regulatory Year.

3.21. A core part of a licensee's role in protecting and supporting Domestic Customers in Vulnerable Situations is ensuring those who may be vulnerable during a loss of supply are protected and receive the appropriate support. As part of the AVR, we require licensees to report the average satisfaction survey results of PSR Customers who have experienced a power interruption. This should be the average calculated from all satisfaction scores of PSR

respondents to the supply interruptions survey as part of the BMCS. This information must be reported in the table as an annual score.

3.22. Each licensee should report the volume of Fuel Poverty Services Delivered and Low Carbon Transition Services Delivered through the RRE report element of the AVR. These volumes should be the same as those used to calculate the £NPV associated with services delivered. Licensees should report this on a cumulative basis year on year, showing the total volumes of services delivered over the course of RIIO-ED2, building up to a total figure for RIIO-ED2 at the time of reporting for the Regulatory Year beginning on 1 April 2027.

3.23. Licensees can provide additional narrative to accompany Table 5 to expand on the RRE and performance against the expectations set out in the second column of the table.

### **Social Value Framework utilisation**

3.24. A key element of the CVI are the performance metrics which measure the value of the services delivered by the licensee to Domestic Customers in Vulnerable Situations.

3.25. To calculate value delivered, represented by NPV, licensees are required to use the common Social Value Framework. The licensees have used this framework to forecast how they expect to deliver value to Domestic Customers in Vulnerable Situations through the activities outlined in their vulnerability strategies.

3.26. The outputs of using this tool can provide insights into the programmes of work which are working well, those that can be improved to deliver more value to Domestic Customers in Vulnerable Situations and those services that possibly are not delivering the expected value and should be discontinued from being delivered.

3.27. In this section of the AVR, licensees should set out how the Social Value Framework has been used by the licensee in the Regulatory Year preceding the submission of the AVR, including but not limited to:

- How it has been used in senior-level decision making; and
- How it has been used to prioritise vulnerability support services.

### **Progress in delivering vulnerability strategy commitments**



3.28. The licensee must include a table listing all its bespoke vulnerability strategy commitments for RIIO-ED2.

3.29. Table 6 should set out for each vulnerability strategy commitment:

- A short description of the commitment;
- A short description of the expected benefit or outcome;
- the activities involved in implementing the commitment over RIIO-ED2;
- A red / amber / green status indicator of progress with the implementing milestones for activities to achieve the licensee's end of RIIO-ED2 target as set out in its RIIO-ED2 Business Plan where relevant, where:
  - red indicates a milestone that is at significant risk and highly likely to be missed
  - amber indicates progress is delayed but is likely to be achievable before the end of the RIIO-ED2 and
  - green indicates progress against the milestone is on track; and
- An explanation for why the milestone has received its red, amber or green rating. If the commitment does not have specific milestones, an overall RAG rating should be provided for the commitment progress overall.

3.30. See Table 6 below for the template that must be followed when reporting against strategy commitments in the AVR.

3.31. Licensees can provide additional narrative to accompany Table 6 to expand on the progress made in delivering the strategy commitments.

**Table 6: Table template for AVR reporting**

<b>Vulnerability strategy commitment</b>	<b>Description</b>	<b>Expected outcome/benefit</b>	<b>Key milestones for implementing commitment (if relevant)</b>	<b>RAG status</b>	<b>Status update</b>
<i>Strategy commitment</i>	<i>Two to four sentence description</i>		<i>Milestone</i>		
			<i>Milestone</i>		
			<i>Milestone</i>		

### **Plans for effectively supporting Domestic Customers in Vulnerable Situations during winter periods**

3.32. We consider that having robust winter preparedness measures in place to ensure all Domestic Customers, particularly those in Vulnerable Situations, are supported in the event that they are affected by a power cut is an important part of a licensee's role.

3.33. In our review into the licensees' response to Storm Arwen, we recommended that there should be an enduring role for licensees to report information on winter preparedness measures within the RIIO-ED2 framework. We confirmed the scope of this reporting in our RIIO-ED2 Final Determinations by setting out that licensee's plans for supporting Domestic Customers in Vulnerable Situations over winter periods would be reported within the AVR.<sup>15</sup>

3.34. In this section of the AVR, licensees are required to submit the following information:

- A review of how successful its winter preparedness measures were in supporting Domestic Customers in Vulnerable Situations over the winter during the previous Regulatory Year. This information must include:

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<sup>15</sup> RIIO-ED2 Final Determinations, Core Methodology Document paragraph 5.207  
<https://www.ofgem.gov.uk/publications/riio-ed2-final-determinations>

- The plans the licensee had in place to prepare Domestic Customers in Vulnerable Situations prior to the winter period
  - The plans the licensee had in place to protect the interests of Domestic Customers in Vulnerable Situations during the winter period
  - A review of how effective the plans detailed in the first and second bullets above proved to be, including what worked well and what did not work so well.
  - The lessons learned that the licensee plans to take onboard from its review of the most recent winter in relation to preparing and protecting Domestic Customers in Vulnerable Situations.
- The forward view of how the licensee will improve its winter preparedness measures to better support and prepare Domestic Customers in Vulnerable Situations over future winter periods, including:
  - The plans the licensee has to embed the lessons learned identified in the final bullet above in its plans to prepare and protect Domestic Customers in Vulnerable Situations over the upcoming winter period (post-submission of the AVR).
  - Any other information the licensee can share on its plans for support prior to and during the upcoming winter, acknowledging that at the time of the AVR submission these plans are not likely to be finalised.

## 4. Minimum requirements

4.1. As part of the CVI and AVR, we have implemented a minimum requirements process which underpins the incentives. This is to provide assurance to Ofgem and wider stakeholders that licensees' scores are robust and comparable.

4.2. All 14 licensees are required to collectively appoint a common independent assurance provider to undertake the minimum requirements checks on their behalf. Licensees must appoint the independent assurance provider by 31 December 2023 and inform Ofgem as soon as reasonably practicable after confirmation of appointment. Licensees may decide to collectively appoint different independent assurance providers for different CVI metrics.

4.3. The independent assurance provider should provide each licensee with a report for each of its licensed areas detailing the outcome of their assurance check against the criteria set out in relation to the relevant CVI metric. The assessment criteria for each of the five metrics is set out in Table 7 below which acts as the reporting template for the independent assurance provider. Where a licensee has not met the criteria the independent assurance provider should supplement the information shown in Table 4 below with a document which sets out the reasons why the licensee has not met the criteria in question.

4.4. The process the independent assurance provider follows when assessing performance annually under the AVR assurance, the assurance for the CVI assessment for year two and the CVI assessment for year 5 of RIIO-ED2 is set out below in Tables 9, 10 and 11 respectively.

### Minimum requirements for the CVI

4.5. For the CVI, each licensee must provide Ofgem with the report produced by its independent assurance provider by 31 July 2025 and 31 July 2028 as part of the RRP submission. The assurance report and the licensees' performance submission through the RRP will be considered by Ofgem when assessing the licensee's performance under the incentive.

4.6. Licensees are required to meet all relevant criteria for a particular metric in order to obtain any reward in relation to performance associated with that metric. Table 8 below outlines the possible outcomes which would result in a licensee passing or failing the minimum requirement for a particular metric.

### Minimum requirements for the AVR

4.7. As part of the AVR, licensees are required to provide assurance to Ofgem and wider stakeholders that performance reported annually in relation to the CVImetrics in Table 4 is robust and comparable.

4.8. As part of a licensee's submission of its AVR, it should include the independent assurance provider's report as detailed in paragraph 4.3 to support licensee's reporting against the CVI metrics on an annual basis.

**Table 7 – Independent assurance provider reporting template for CVI and AVR**

Metric	Minimum requirement category	Minimum requirement criteria	Has the criteria been met? (Y/N)
PSR Reach minimum requirement (SpC 4.6.7)	PSR Reach has been reported in line with the common methodology	The PSR Reach actual performance is calculated in line with the agreed methodology and data provided by Centre for Sustainable Energy (CSE)	
	Confirmation that the licensee has attempted to contact 100% of its registered PSR customers to verify their data every 24 months	Has the licensee attempted to contact 100% of its registered PSR customers to verify their data every 24 months	
Value of Fuel Poverty Services Delivered minimum requirement (SpC 4.6.9)	Assurance that performance against the targets has been calculated and reported in line with the common Social Value Framework methodology	The £NPV value calculated is in line with the common Social Value Framework Rule Book	
		The £NPV value calculated is attributed to the value of Fuel Poverty Services Delivered and the scope of the metric set out within Chapter 2 of the RIIO-ED2 Consumer Vulnerability Guidance Document.	

Metric	Minimum requirement category	Minimum requirement criteria	Has the criteria been met? (Y/N)
		The values reported are accurate from the calculations in the relevant SROI model.	
Value of Low Carbon Transition Services Delivered minimum requirement (SpC 4.6.11)	Assurance that performance against the targets has been calculated and reported in line with the common methodology	The £NPV value calculated is in line with the common Social Value Framework Rule Book.	
		The £NPV value calculated is attributed to the value of Low Carbon Transition Services Delivered and the scope of the metric set out within Chapter 2 of the RIIO-ED2 Consumer Vulnerability Guidance Document.	
		The values reported are accurate from the calculations in the relevant SROI model.	

**Table 8: Possible outcomes as a result of passing or failing the minimum requirements**

Reported performance	Minimum requirement outcome	Overall outcome for metric
Reported performance would be eligible for incentive reward	Pass	Licensee eligible for reward in line with reported performance
Reported performance would be eligible for incentive reward	Fail	Licensee receives no reward or penalty
Reported performance would be within the deadband	Pass	Licensee receives no reward or penalty

Reported performance would be within the deadband	Fail	Licensee receives no reward or penalty
Reported performance would result in penalty	Pass	Licensee receives penalty in line with reported performance
Reported performance would result in penalty	Fail	Licensee receives penalty in line with reported performance

**Table 9 – AVR assurance**

Assurance process activity	Date to be completed
DNO submits data template to assurance partner	31 <sup>st</sup> May every year from 2024 to 2028
Assurance assessment Complete	30 <sup>th</sup> June every year from 2024 to 2028
AVR issued	31 <sup>st</sup> July every year from 2024 to 2028

**Table 10 – CV ODI-F Year 2 assurance**

Assurance process activity	Date to be completed
DNO submits data template to assurance partner	31 <sup>st</sup> May 2025
Assurance assessment complete	30 <sup>th</sup> June 2025
AVR issued	31 <sup>st</sup> July 2025

**Table 11 – CV ODI-F Year 5 assurance**

Assurance process activity	Date to be completed
DNO submits data template to assurance partner	31 <sup>st</sup> May 2028

Assurance assessment complete	30 <sup>th</sup> June 2028
AVR issued	31 <sup>st</sup> July 2028



## **Appendix 1 – Vulnerability principles and baseline expectations**

- 1.1 The following are the principles and baseline expectations for the standards of service that we expect licensees to deliver for Domestic Customers in Vulnerable Situations.. The vulnerability strategies produced by licensees at DNO group level are aligned to these principles and baseline expectations.

### **Principle 1: Effectively support Domestic Customers in Vulnerable Situations, particularly those most vulnerable during a loss of supply, through a sophisticated approach to the management, promotion and maintenance of a PSR.**

- 1.2 As a baseline expectation, we expect licensees to:

- Undertake proactive and targeted advertising of the PSR and the services offered to vulnerable consumer groups. By targeted, we mean towards specific areas of highest need or where data analysis suggests there are gaps in PSR Reach.
- Have a data and information strategy in place specific to meeting the needs of Domestic Customers in Vulnerable Situations. This should demonstrate how licensees will maintain their PSR database, with customer data checks at least every 24 months. Data analysis should be used to inform the development and delivery of service offerings. As part of their data and information strategy, licensees should consider how to best facilitate the sharing of data relevant to Domestic Customers in Vulnerable Situations with suppliers and other utilities to get customers onto the PSR in line with Data Best Practice.
- Communicate with and provide information to PSR Customers in formats suited to a range of additional communication needs, including hearing or sight loss. For accessibility services, companies should meet a minimum standard of Accessibility AA. Translation services should be available for at least the top 10 languages in a DNO area.
- Have dedicated lines, or prioritisation processes, available for Domestic Customers registered on the PSR when they need to contact the licensee, regardless of the time of day.
- Deliver a wide range of support during, or in relation to, a supply interruption that reflects different customer needs and is, at a minimum, in line with the licensee's

existing RIIO-ED1 provision. There should be a clear link between the information held about PSR Customers and how this is used to target, or prioritise, support. We consider a wide range of support could include, but is not limited to, crisis packs, hot meals and drinks, mobile generation, alternative accommodation or on-site welfare units. We would expect there to be multi-channel information provision during supply interruptions. Licensees can deliver this support directly or through/in conjunction with partner agencies.

**Principle 2: Maximise opportunities to identify and deliver support to Domestic Customers in Vulnerable Situations through smart use of data.**

1.3 As a baseline expectation, we expect licensees to:

- Utilise social indicator, or vulnerability, mapping to inform their service development and approach to partnerships. This approach may form part of the licensee's PSR management, but the identification of vulnerability should not be limited to PSR registrations and should recognise that vulnerability can be transient and may evolve in the transition to Net Zero.
- Maintain a good understanding of the social issues associated with the scope of their role, the prevalence of these within their consumer base and how they are evolving.

**Principle 3: Understand new forms of vulnerability, in particular by identifying blockers to participating in a smart flexible energy system.**

1.4 As a baseline expectation, we expect licensees to:

- Have an extensive network of partnerships with a range of organisation types, from multiple sectors including other utilities.
- Make use of referral channels and signposting support for Domestic Customers in Vulnerable Situations. This will primarily be done through customer service teams, but we expect licensees to seek opportunities to maximise consumer touchpoints.
- Be involved in two-way flow partnerships supporting Domestic Customers in Vulnerable Situations, in line with the companies understanding of social issues in their region. This should include the licensee having direct involvement in the end to end process of delivering support, providing expertise and co-creating schemes.

Where appropriate, we would expect to see example schemes where the DNO is taking a leading role.

- Have a clear process for identifying which partnerships are likely to be most effective at delivering benefits through co-operative working. This should be clearly linked to the priority areas of focus of the strategy, in particular addressing fuel poverty and supporting those at risk of being left by the energy system transition.

**Principle 4: Embed the approach to protecting the interests of Domestic Customers in Vulnerable Situations throughout a licensee's operations to maximise the opportunities to deliver support.**

1.5 As a baseline expectation, we expect licensees to:

- Have processes in place for embedding a commitment to protecting the interests of Domestic Customers in Vulnerable Situations within the licensee's culture. This should include a well-justified approach to ensuring all staff have received an appropriate form of vulnerability training to maximise the potential from all customer touchpoints. Companies should make use of external advice and support to set strategic direction, such as a vulnerability advisory or research panel. Licensees should appoint a vulnerability champion at senior management or board level.
- Seek opportunities to protect Domestic Customers in Vulnerable Situations throughout their capabilities.

## Appendix 2 – Fuel Poverty Customer Satisfaction Survey script

1.1. Firstly, can I just confirm that you have recently received [INSERT SERVICE NAME] from [INSERT LICENSEE]?

1.2. Now thinking back to your initial contact with [INSERT LICENSEE], using a scale of 1 to 10, where 1 is very dissatisfied and 10 is very satisfied; can you please tell me how satisfied you were with how easy it was to deal with [INSERT LICENSEE] when you first contacted them?

1.3. On a scale of 1 to 10, how beneficial has the service been to you, where 10 is very beneficial and 1 is not beneficial?

1.4. Have you noticed any energy savings as a result of [INSERT SERVICE NAME] to date?

**[If the customer says “no, too early to tell” or “unsure”, ask if the customer understands the savings they can expect over time.]**

1.5. **Killer question:** Overall, using a scale of 1 to 10, where 1 is very dissatisfied and 10 is very satisfied, taking all aspects of the service from [INSERT LICENSEE] into account, how satisfied were you with the service provided?

1.6. Please can you tell us why you gave a score of [INSERT SCORE FROM PREVIOUS QUESTION]?

1.7. Again, taking all aspects of the service provided by [INSERT LICENSEE] on this occasion into consideration, what could they have done better?

## Appendix 3 – Low Carbon Transition Customer Satisfaction Survey script

1.1. Firstly, can I just confirm that you have recently received [INSERT SERVICE NAME] from [INSERT LICENSEE]?

1.2. Now thinking back to your initial contact with [INSERT LICENSEE], using a scale of 1 to 10, where 1 is very dissatisfied and 10 is very satisfied; can you please tell me how satisfied you were with how easy it was to deal with [INSERT LICENSEE] when you first contacted them?

1.3. On a scale of 1 to 10, how beneficial has this service been to you, where 10 is very beneficial and 1 is not beneficial?

1.4. Have you adopted the technology required as a result of your interaction with [INSERT LICENSEE]?

**[If the customer says “no”, ask if it is their intention to adopt the technology in the future.]**

1.5. **Killer question:** Overall, using a scale of 1 to 10, where 1 is very dissatisfied and 10 is very satisfied, taking all aspects of the service from (licensee) into account, how satisfied were you with the service provided?

1.6. Please can you tell us why you gave a score of [INSERT SCORE FROM PREVIOUS QUESTION]?

1.7. Again, taking all aspects of the service provided by [INSERT LICENSEE] on this occasion into consideration, what could they have done better?