

# National Energy Action (NEA) response to Ofgem Consultation on modification to the Vulnerability and Carbon Monoxide Allowance (VCMA) Governance Document



Action for Warm Homes

## About National Energy Action (NEA)

NEA<sup>1</sup> works across England, Wales, and Northern Ireland to ensure that everyone in the UK<sup>2</sup> can afford to live in a warm, dry home. To achieve this, we aim to improve access to energy and debt advice, provide training, support energy efficiency policies, local projects and co-ordinate other related services which can help change lives.

## Background to this response

NEA has been involved in the price control process for GDNs, over a length period of time.

As well as directly supporting the delivery of ED1 and GD1, NEA has also ensured network companies are playing a key part in the delivery of the UK Government's Fuel Poverty Strategy. Alongside supporting the industries' efforts to develop new interactive mapping solutions for off gas grid homes<sup>3</sup>, NEA also undertook a review of progress toward meeting the 2021 gas connection targets. The report "In from the Cold"<sup>4</sup> underlined the value of First Time Central Heating (FTCH) as a key measure to address fuel poverty<sup>5</sup>. The report also found that at the halfway point, slower progress across England had been made compared to the other GB nations in the delivery of FPNES targets.<sup>6</sup> The constrained funding landscape for in-house measures was identified as a primary reason for this slower progress. This initially prompted the UK Government's £25m Central Heating Fund and the £150 million National Grid Warm Homes Fund. NEA has also championed the need for revisions to the Digital Economy Act to allow local authorities, public sector health bodies and energy network companies to undertake direct data matching process with the Department for Work and Pensions (DWP), independent of licensed gas and electricity suppliers<sup>7</sup>. Finally, NEA has extensively engaged with all four GDNs to help shape their business plans, through stakeholder meetings, workshops, and through NEA staff sitting on two CEGs as independents<sup>8</sup>.

Since then, we have worked with Ofgem and the GDNs on the RIIO GD2 process, from its initial formation in the policy working groups, right through to delivery of VCMA projects. In particular, we deliver the Warm and Safe Homes service on a cross GDN basis, as well as being key partners in the One Number service.

NEA is pleased that funds from the FPNES scheme are being re-allocated to the VCMA stream of work, and will work with the GDNs to ensure that the this additional funding is used, and leads to positive outcomes for fuel poor and vulnerable households.

## Our Response

### Answers to the Call for Evidence

#### **Q1: Do you agree with the proposed amendments to the VCMA eligibility criteria to allow an expanded scope for essential gas appliance servicing?**

Yes, NEA agrees with the proposed amendments to the VCMA eligibility criteria re gas appliance servicing. This will all more vulnerable households to access a service that could lead to avoidance of life-threatening situations, for example if the appliance was not performing well and leading to carbon monoxide emissions in the home.

There does, however, need to be more clarification about how Ofgem would like to see the Energy Company Obligation (ECO4) Eligibility Requirements Form used. It is not clear currently whether the form itself should be used, or the eligibility criteria set out in the form is the intention. Clarification will be useful in potentially avoiding costly administrative work with identifying eligibility.

NEA also believes that the eligibility criteria for company specific essential gas appliance servicing, repair and replacement should also be altered, and should reflect the proposed expanded eligibility criteria for gas appliance servicing projects. Our previous work<sup>9</sup> has shown that having such an expanded criteria,

particularly when this is focussed around the health of the occupant, can significantly reduce the impacts of fuel poverty for households that are particularly vulnerable.

**Q2. Do you agree with the introduction of a common SROI model?.**

Yes, we agree with this. The SROI for any measure will not differ significantly across geographies. Therefore it makes sense for there to be a common SROI model for all networks (across GDNs and DNOs)

**Q3. Do you support the additional requirements for GDNs to provide project information in respect of high value projects to Ofgem prior to internal sign-off?**

Yes, this is crucial, as the additional funding into the VCMA fund will undoubtedly lead to projects with larger costs than we are typically used to seeing in the scheme. The additional requirements set out are proportionate to the risk that comes to customers of such large projects being undertaken.

**Q4. Do you support the potential for the annual showcase event to be held online if GDNs' consultation with their stakeholders shows that such format best serves the purposes of "showcasing work and presenting ideas including, but not limited to, future projects to support consumers in Vulnerable Situations**

Yes. The online annual showcase event was a success in 2023, and this should be allowed in future years, if participants and stakeholders agree that it serves the stated purpose.

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## References and Notes

<sup>1</sup> For more information visit: [www.nea.org.uk](http://www.nea.org.uk).

<sup>2</sup> NEA also work alongside our sister charity Energy Action Scotland (EAS) to ensure we collectively have a UK wider reach.

<sup>3</sup> For more info see: <https://www.nongasmap.org.uk/>.

<sup>4</sup> In from the Cold: The funding gap for non-gas fuel poor homes under ECO and a proposal to fill it, NEA, February 2017

<sup>5</sup> The report noted that because those off the gas network are more reliant on expensive fuels such as electricity, fuel poor households off the gas grid experience average fuel poverty gaps that are double those of on-gas fuel poor. Since then, the latest fuel poverty statistics highlight the same pressing gap, (on gas fuel poor have average gaps of £296 vs off-gas £607).

<sup>6</sup> NEA. 2017. In From The Cold: The Funding Gap for Non-gas Fuel Poor Homes under ECO and a Proposal to Fill it. Available: [http://www.nea.org.uk/wp-content/uploads/2017/02/In-From-The-Cold\\_ECO-Funding-Gap-Paper\\_Final-1.pdf](http://www.nea.org.uk/wp-content/uploads/2017/02/In-From-The-Cold_ECO-Funding-Gap-Paper_Final-1.pdf).

<sup>7</sup> At present it is not possible for these key groups to do this without being subject to the enhanced General Data Protection Regulations or a time consuming appraisal of the household's circumstances and securing individual 'opt in' consent.

<sup>8</sup> NEA's Chief Executive Adam Scorer sits on the Wales and West CEG whilst Policy Manager Matthew Copeland sits on the SGN CSEG.

<sup>9</sup> This work has not been published online, but has previously been shared with Ofgem. It is the Warm Zones Reactive Repair Service Pilot Evaluation