VCMA Governance Document – consultation response

Whilst the responses below are from two networks, all GDNs have worked closely with Ofgem to review the document by way of the VCMA Working Groups.

Consultation questions – response from Northern Gas Networks and SGN

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

   All GDNs agree with the proposed amendments in this regard. Stakeholders are keen to see preventative measures on safety and appliance checks, that also improve energy efficiency for vulnerable customers. GDNs need to understand the next steps for a customer in this scenario, namely:-

   ➢ If a partner identifies that the service highlights an issue (possibly condemned appliance) and the partner can't access any other funding, what happens to that customer? A customer could be left in a worse position with increased risks. Whilst we do not want cross subsidy of energy efficiency measures, common sense should prevail, if it is known that the customer is in financial hardship and the partner can't identify any other funding. We feel there should be a route back to the repair/replacement of appliances for customers. In the scenario above, can VCMA funding be used to support the customer in terms of next steps ie can the customer be linked back into existing repair/replacement process (currently for an emergency intervention only)?

   ➢ GDNs would like to confirm that the scheme is accessible to those who are responsible for the **maintenance of essential gas appliances** as we do see vulnerable customers where the gas cookers are the responsibility of the tenant

   All GDNs are comfortable with the income thresholds and qualifying benefits detailed in the ECO4 Eligibility Requirements form (Section 2.12b). We'd recommend that the GDNs tailor the ECO4 form (Appendix 1), so that it aligns to the scope of the VMCA, capturing relevant information only and incorporates the health criteria and all of the list of benefits below.

   a) Income based Jobseekers Allowance (JSA)

   b) Income related Employment and Support Allowance (ESA)

   c) Income Support (IS)

   d) Pension Credit Guarantee Credit (PCGC)

   e) Working Tax Credit (WTC)

   f) Child Tax Credit (CTC)

   g) Universal Credit (UC)

   h) Housing Benefit

   i) Pension Credit Savings Credit (PCSC)

   j) Child Benefit

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

    GDNs are supportive of the common SROI model being developed in conjunction with SIRIO Synergies. This tool should be available by the end of September. As part of this project, facilitated by Energy Networks Association, is the introduction of a rule book developed for use in VCMA assessments, to enable further consistency.

3. **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, we are supportive of the additional requirements, however, would like this to be reworded. 10 days notification to Ofgem for projects over £1m – we would like to be able to approach Ofgem for comment on schemes over £1m at the earliest opportunity, but **at least 10 days in advance** once the draft PEA is developed. This needs to be well ahead of final PEA, senior leadership sign off and contract commitments. Whilst we understand there will be no formal approval or rejection from Ofgem, we would like a response (suggest within 5 days) to indicate Ofgem have seen the PEA document. If no response / feedback from Ofgem is received, we would like the confidence that Ofgem are comfortable, and no questions have been raised.

    Allowances have been increased significantly and with new and enhanced projects, there is the potential for more projects to reach this threshold. There is a concern from the GDNs that this could create a backlog in review.

4. **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"?**

    Agree. Stakeholders have already fed back that virtual is preferential and more inclusive, based on who the stakeholders are / potential travel and time constraints. The first two showcase events have been held online with very high stakeholder attendance. This keeps VCMA costs down and enables smaller, grass roots community groups, to attend without being financially impacted. A hybrid solution may also be a future option and GDNs will continue to take feedback from stakeholders.

Additional points to consider for the document

➢ Include an additional table to show the GDN company specific project spend in addition to the table showing the collaborative spend. This makes it transparent to third parties, the total amount available to each GDN (insert after section 2.6)
➢ VCMA project and commitments tracker should be similar to the RRP report but not require DAG. Example below.

Project Name	Company specific or collaborative	Partner(s)	Period	GDN specific Committed VCMA spend (Project duration)
A			xx/xx/xx – xx/xx/xx	£
B				
C				
Total				£

➢ Ofgem need to publish a schedule of dates when the reports are required, six monthly would suffice

➢ 2.31 – We recommend that wording is updated in 2.31 to say 'In the event that any funding claimed for an eligible VCMA Project is not spent by the end of the project, it must return to its original VCMA fund.