

Mr Kevin Tse
Head of Price Control Monitoring and Response
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU
vcma@ofgem.gov.uk

Wales & West House
Spoooner Close,
Celtic Springs, Coedkernew
Newport NP10 8FZ

Ty Wales & West
Clos Spoooner,
Celtic Springs, Coedcernyw
Casnewydd NP10 8FZ

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VCMA Governance Review

Dear Kevin,

Wales & West Utilities are responding the Ofgem consultation on changes to the Vulnerability and Carbon Monoxide Allowance (VCMA) governance document.

We have worked closely with the Ofgem team on the document but wish to respond formally to the questions in the consultation and add some other suggestions for making the document clear.

Consultation questions

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

We are fine with the use of the ECO4 income thresholds and qualifying benefits as described in the ECO4 eligibility form. The form does not work for GDNs and we will create a simplified version that our partners can use to capture relevant customer data. We note the appendix includes part of the form but the eligibility criteria below should be added for completeness.

- 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.

Wales & West Utilities Limited

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Some of our partners have expressed concern that being rigid over the income and benefits risks some people who have not claimed those benefits for various reasons being missed for support. The quote below is from Chris Jones, CEO of Care & Repair Cymru

‘We believe that the VCMA should allow for discretion within the eligibility criteria to better target the service based on need in exceptional circumstances rather than a benefits cliff edge approach which will miss some people with insufficient means but in genuine need. This would be in-keeping with the spirit of ECO, by taking on the principles of ECO Flex Routes such as including households on a low income, health conditions or living with severe or long-term ill-health as a stand-alone eligibility criterion as opposed to package of criteria that must all be met.’

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

The GDNs are already working towards the implementation of a common Social Rate on Investment I model along with the DNOs and Gas Transmission companies under an ENA tender event. We have been working with the chosen partner Sirio to develop the proxies and tool which should be tested and available for use by the end of September. Having a common tool does not mean everyone will pick the same outcomes for projects so the GDNs are also looking to develop a simple rule book to support VCMA assessments. We intend to invite Ofgem and other stakeholders to an overview session in September.

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?

The value of £1m feels reasonable but the current proposal that we provide Ofgem with information 10 days before the companies sign off the PEA is not going to add value unless Ofgem commit to either responding they have read the document and have no further questions or respond with questions before the PEA is complete and a contract entered into.

We propose the wording is amended to say ‘where the project value exceeds £1m the GDNs will notify Ofgem at least 10 working days before the final PEA is available allowing Ofgem to notify receipt and raise any questions within 10 working days.’

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”?

The first two showcase events have been held online with the recent event attracting over 200 stakeholders. This keeps down costs used from the VCMA, allows smaller stakeholders and charities to attend without incurring travel and accommodation costs, and the use of breakout rooms and polling means stakeholders have every opportunity to provide feedback.

The GDNs may choose to hold a hybrid event in the future allowing some in person debate with stakeholders also able to view and contribute online.

Other comments on the document:

1. Include a table to show the GDN project specific spend in addition to the table showing the collaborative spend so it is clear to third parties the total amount available to each GDN (insert after section 2.4)
2. 2.20 – VCMA project and commitments tracker should be similar to the RRP report but not require Data Assurance. Example

Project	GDN or collaborative	Partner	Period	Committed spend	Allowance
A					
B					
C					
Total				£x	£y

3. 2.20 - Ofgem need to publish a schedule of dates when the reports are required

Yours sincerely



Nigel Winnan
Customer and Social Obligations Manager
Wales & West Utilities
07971 449704