Good Morning

Please find below a number of responses for the RIIO-3 Sector Specific Methodology Consultation. Severn Wye Energy Agency are a registered charity working in fuel poverty and green energy. We support vulnerable households across Wales and the border counties. We have been engaging with Wales and West Utilities and Cadent on the VCMA programme.

**GDQ31.**

**What are your views on our proposal to retain the use of the VCMA UIOLI allowance, on the alternative option to incentivise vulnerability through an ODI-F, and on which activities to support vulnerability could be funded through baseline allowances?**

We agree with OFGEMs preferred approach to retain the use of the VCMA UIOLI allowance, as an incentive-based approach through an ODI-F could create unhelpful competition, reduce beneficial risk-taking and inhibit collaboration to the potential detriment of consumers.

**GDQ32.**

**At what level should VCMA funding be set to ensure its effectiveness and sustainability, and what percentage should be ringfenced for collaborative projects?**

We think the VCMA funding for RIIO-GD3 should be maintained at the current level allocated to RIIO-GD2, including the uplift. This will allow the scheme to remain effective and support the ongoing development and delivery of projects that will support vulnerable customers across the country. We would propose that 25% of the budget is still ringfenced for collaborative project.

**GDQ33.**

**How should VCMA funding be allocated to ensure maximum impact for consumers in vulnerable situations?**

VCMA funding should be allocated based on number of customers in a GDN’s region and the level of deprivation across these customers. This would ensure that funding and projects is supporting those most in need, in a fair way.

**GDQ34.**

**How can learnings from VCMA projects better inform the GDNs' organisational approaches to consumer vulnerability?**

The VCMA programme encourages GDNs to work closely with delivery partners, to identify and support vulnerable customers. This has highlighted the experience and knowledge these delivery partners may have and has led to a reduction in duplication of efforts across GDNs and delivery partners. This has also helped provide delivery partners with additional capacity and opportunity to support those that are most vulnerable, and would otherwise get left behind.

If we can provide anything else, please do get in touch.