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5th December 2024

Consultation on a proposal to update the Vulnerability and Carbon Monoxide Allowance (VCMA) Governance Document

Wales & West Utilities own and operate the gas network in Wales and the south west of England. We serve 2.5m domestic customers with 680,000 currently on the gas suppliers' Priority Service Registers in our area.

As well as our licence obligation to identify and provide support to priority customers during our communications and works, we also work with multiple partner organisations using VCMA funding to tackle fuel poverty, ensure those in vulnerable situations can engage with the energy sector, provide support to customers with broken gas appliances and raise awareness of the dangers of carbon monoxide and the benefits of being on the Priority Service Register.

We are pleased at this positive response from Ofgem following concerns raised by the GDNs and their stakeholders around customers who are not receiving means tested benefits not being supported with gas appliance repairs and replacement services.

Prior to the VCMA Governance changes in July 2023, we were supporting vulnerable customers with broken gas appliances who were elderly, alone, in poor health and some families with young children using an income threshold of £30k per year.

The July 2023 changes aligned our scheme directly with ECO4 governance. This meant only customers on means tested benefits were eligible for support. As we demonstrated during our workshop in October, this means customers on low incomes and in poor health cannot be supported by the GDNs if they are not on means tested benefits. In some cases, people have not applied due to pride or mental capacity to apply. Others have seen their circumstances change recently due to a health condition, but it can take months for a benefits claim to be processed.

This has also meant we have been reluctant to offer proactive service to customers. There is a high risk that if an appliance has not been serviced for years that a service

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will find a fault. We didn't want to be in a position where we could not then offer the repair service leaving the customer in a worse position than before we intervened.

With ECO4 and the Welsh Government Warm Homes Programme also using means testing as the primary eligibility criteria, these customers have nowhere to turn for support unless there is some local authority or charity funding. Some resort to loans that they struggle to afford. Our engineers have come across people who decide not to do anything and have lived without heating or proper cooking facilities for years to the detriment of their health and wellbeing.

The table below shows a summary of the support to customer in the 13 months prior to the July 2023 governance changes, and the 13 months after the changes.

	13 months to VCMA Governance change July 2023	Post governance change (from Aug 23)	Variance
Engineers referrals	167	150	-10%
Number boiler repairs	28	16	-43%
Number of boiler replacements	30	11	-64%
Gas Cooker repairs / replacements	31	7	-73%
Gas fire repairs / replacement	6	0	-100%
Total repairs / replacements	75	34	-55%
Total funding for above plus pipework repairs / other misc. works and engineers call out costs	£184k	£57k	-69%

We see our role here as a last resort repair or replacement service once all other options have been discounted, either due to eligibility or urgency. We have a limited ringfenced budget for these services left for RIIO GD2 and in our RIIO GD3 Business plan proposals we will have allocated less than 10% of our funding to Services Beyond the Meter which includes the repair and replacement services.

We are already working with our VCMA partners to agree how we capture the evidence around the revised eligibility without being unduly intrusive into people's lives ready to implement these changes early in 2025.

To provide Ofgem some assurance for the remainder of RIIO GD2 we are happy to provide high summary information on a quarterly basis of the number of people helped

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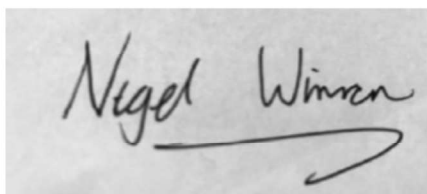


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and the amount of funding for these services alongside the reporting on actual and committed spend. However, as part of the review of the VCMA governance document for RIIO GD3, we do not believe this is required on an enduring basis as annual RRP and VCMA / Vulnerability reporting will provide all of this information.

Please contact us if you would like to discuss any of the responses in more detail.

Yours sincerely,

A handwritten signature in black ink that reads "Nigel Winnan". The signature is written in a cursive style with a long, sweeping underline.

Nigel Winnan
Customer and Social Obligations Manager
Wales & West Utilities

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