

Do you agree with our proposed design of the VCMA UIOLI mechanism?

We agree in principle with the proposed design of the VCMA UIOLI mechanism and welcome Ofgem's recognition of the unique role that Gas Distribution Networks (GDNs) play in identifying and supporting vulnerable customers.

However, we remain concerned about the proposed funding reduction from £171m in RIIO-GD2 to £165m in RIIO-GD3. While a £6m reduction may appear modest on paper, in practice it represents thousands of vulnerable households who will miss out on critical support. Based on our delivery metrics, this reduction could equate to 8,926 fewer customers being reached, or a loss of over £25.9m in potential income gains for households.

More people than ever are in fuel poverty. In 2024, 36.3% of households (8.99 million) were required to spend more than 10% of their income on domestic energy. As one of the GDN's partners who have been working to deliver a service which helps support financially vulnerable customers to improve their situation and increase awareness of the PSR and the dangers of CO, the VCMA funding model has proven to be highly effective. The VCMA funding is enabling IE Hub to support over 135,000 customers to realise an annual income increase of £432 million (based on 61% of customers being entitled to an average of £5,194 per year - as demonstrated in our 2023/24 pilot with Cadent). These results are achieved not through transactional arrangements, but through a collaborative network of like-minded organisations committed to delivering better, holistic outcomes for vulnerable households.

We support the commitment to ring-fence 25% of total funding for collaborative projects, as collaboration has been key to achieving scale and efficiency in VCMA delivery across the UK. However, we believe with more funding, the GDNs can further extend their reach and impact. We would go as far as to suggest the ring-fenced percentage should be increased to encourage expansion of existing and proven project delivering efficiency through experience as well as economy of scale.

In conclusion, while we agree with the mechanism's design and its emphasis on collaboration, we strongly urge Ofgem to maintain at least the GD2 funding level of £171m. Given the rising rates of fuel poverty and cost of living pressures, we believe an increase should be seriously considered to ensure that vulnerable consumers continue to receive the vital support they urgently need.