



Consultation response

National Energy Action (NEA) response to Ofgem's Consultation 'RIIO-3 Draft Determinations for the Electricity Transmission, Gas Distribution and Gas Transmission sectors'

About National Energy Action (NEA)

National Energy Action¹ works across England, Wales, and Northern Ireland to ensure that everyone in the UK² can afford to live in a warm and safe home. To achieve this, we aim to improve access to energy and debt advice, provide training, support energy efficiency policies, local projects and co-ordinate other related services which can help change lives.

Background to this response

National Energy Action has worked with Ofgem and the GDNs to ensure that the RIIO-GD3 business plans work as effectively as possible to meet the needs of fuel poor households. To do this we have:

- Engaged with the RIIO-GD3 policy process
- Held membership on the ISGs of Wales & West, Cadent and SGN
- Attended stakeholder engagement events, run by each of the GDNs
- Met with GDNs bilaterally regarding their business plans

Most importantly, National Energy Action has been working with GDNs to deliver Vulnerability and Carbon Monoxide Allowance (VCMA) programmes. The biggest, and most transformational, of these programmes is Warm Homes, Healthy Futures, which is summarised below.

Warm Homes Healthy Futures – A case study

Warm Homes, Healthy Futures (WHHF) is a nationally co-ordinated programme led by National Energy Action and funded through the Vulnerability and Carbon Monoxide Allowance (VCMA). Its purpose is simple but vital: to ensure that people whose health is made worse by cold, damp or poor-quality homes can live in safer, warmer conditions. The programme connects health and social care professionals with local energy support.

Since its launch, WHHF has supported more than 5,000 individuals across England, Wales and Scotland, unlocking over £2.5 million in previously unclaimed benefits. It operates through a network of over 25 energy advice organisations and more than

100 referral partners, including GPs, social prescribers, hospital teams and local authorities, covering 33 out of 42 Integrated Care Boards in England. This integration means that frontline professionals can quickly refer patients for help that addresses the non-clinical drivers of poor health.

The need for this kind of support is clear. Over half of all beneficiaries in the programme live with an income of less than £12,000 a year. Many face multiple vulnerabilities, with over a third reporting a mental health condition and nearly a third being single parents. Two-thirds of clients said they had struggled to find help elsewhere. For these households, the programme is filling a critical gap.

The support provided is practical and wide-ranging. Clients receive tailored energy advice, benefit entitlement checks, and crisis help such as fuel vouchers and winter warmth packs. Where needed, they are signposted to boiler servicing schemes and given carbon monoxide safety advice. This holistic approach delivers measurable results:

- Before receiving help, 84% of clients could not keep their homes warm when needed. After support, that figure dropped to 59%.
- The number of people always turning their heating down due to cost fell by more than a third.
- Almost half reported that their home temperature had improved.
- Beneficiaries feel more in control after support is received:
 - 51% said they were better able to manage their bills.
 - 67% reported improved knowledge of carbon monoxide risks.

The benefits extend beyond warmth:

- 41% of clients reported improved physical health.
- 44% reported better mental health.
- Nearly half said the support changed how they or someone in their household managed a disability.

These outcomes are reinforced by personal stories, such as Barbara, who had over £5,000 in energy debt before WHHF negotiated an affordable repayment plan and provided emergency vouchers. And Dalila, a single mother who received vital support to keep her home warm during her child's recovery from surgery.

Warm Homes, Healthy Futures demonstrates what high impact, outcomes-focused VCMA investment can achieve: practical help for households, measurable wellbeing improvements, and a model that supports multiple national missions.

Our response to this consultation

Our response makes general points focused on the GD3 sector draft determination. National Energy Action is generally content with the outcome of the draft determination, particularly regarding the elements relating to vulnerability. However, there are two areas where Ofgem could improve the sector methodology for its final determination:

- Ensuring that the use of VCMA funding is optimised.
- Safeguarding vulnerability in the baseline

These are each addressed in turn below.

Ensuring that the use of VCMA funding is optimised

National Energy Action welcomes the proposed increase in the Vulnerability and Carbon Monoxide Allowance (VCMA) as part of the RIIO-GD3 Draft Determinations. This uplift reflects recognition of the growing need for targeted support for vulnerable consumers. However, despite the proposed increase in the overall allowance, there will be a year-on-year reduction in actual spend. This underscores the need for Ofgem to ensure that the VCMA design is optimised to deliver the greatest possible impact.

To date, the VCMA has facilitated valuable partnership work, enabling GDNs to collaborate with trusted organisations to deliver energy advice, income maximisation, and emergency support such as fuel vouchers. These interventions have provided essential relief to households facing energy insecurity. However, the scale of need continues to grow, and the VCMA must evolve to ensure that funding is directed towards programmes that deliver demonstrable and sustained outcomes for vulnerable consumers.

[NEA-National Energy Action](#) believes that one example of where this has been achieved in the current framework is our 'Warm Homes, Healthy Futures' programme. Enabled by the uplift in funding that came as a consequence of the end of the Fuel Poverty Network Extension Scheme, this multi-million-pound initiative integrates energy efficiency, health interventions, and community engagement to address fuel poverty at scale, particularly aiming to reduce health inequalities. The outcomes extend beyond immediate customer benefits, contributing to improved health, enhanced housing conditions, and greater community resilience. This type of programme shows the kind of high-impact work that VCMA funding should prioritise—moving beyond transactional support to deliver systemic improvements in people's lives.

In addition, [NEA-National Energy Action](#) believes that the collaborative element of the VCMA allowance warrants further attention. Current guidance requires that 25% of the allowance be spent on projects involving more than one GDN. While this requirement is commendable, it has not yet realised its full potential:

- In the absence of clear strategic direction, much of the collaborative spend has been allocated to relatively routine activities—such as helpline promotion, carbon monoxide safety, and fuel crisis support.
- These are undoubtedly beneficial, but they do not represent the full scope of what collaborative working can achieve.
- Ofgem should consider increasing the minimum collaborative spend and providing guidance that encourages innovation, scale, and strategic impact.
- Programmes such as Warm Homes, Healthy Futures, which deliver outcomes beyond the surface level, should serve as exemplars for future collaborative investment.

Ofgem should ensure that the VCMA allowance is not only retained but strategically directed. By focusing on measurable outcomes and enhancing the ambition of collaborative projects, Ofgem can ensure that the VCMA delivers lasting value for vulnerable consumers and contributes meaningfully to addressing the root causes of fuel poverty.

Safeguarding vulnerability in the baseline

The decision to embed certain vulnerability and carbon monoxide safety activities within the baseline allowance is welcome. This approach rightly recognises that many of these interventions have become core business for GDNs and creates greater scope for the VCMA to be used for more strategic, outcomes-focused initiatives. However, while the intention is sound, there are risks that must be managed to ensure this change does not result in a reduction in activity.

The primary concern is that, once incorporated into the baseline, these activities will compete with other operational priorities. GDNs are under pressure to deliver efficiencies across their business plans, and without specific protections, vulnerability work may be deprioritised in favour of activities that carry direct licence obligations. Unlike other areas of baseline spend, the activities now deemed business-as-usual in the vulnerability space do not benefit from any minimum standards or enforceable requirements. In a context where GDNs must make difficult choices, it is likely that work not tied to licence conditions, and therefore not subject to financial penalties, could be the first to be scaled back.

The intention to engage with stakeholders on the development of reputational incentives and enhanced reporting is welcome. This is a positive step and could help maintain visibility and accountability for these activities. However, Ofgem should look to safeguard delivery through the introduction of a formal licence obligation. This would be a more 'iron-clad' way to ensure that vulnerability and CO safety work is treated with the same priority as other regulated activities and would provide a clear and enforceable standard for GDNs to meet. Without such a mechanism, there remains a material risk that essential services could be diminished over time.

Key recommendations

Optimising VCMA design

- **Outcome-focused design:** Require GDNs to demonstrate measurable, sustained outcomes within VCMA projects (e.g., health improvements, debt reduction).
- **Strategic collaboration:** Increase the minimum collaborative spend above 25% to ensure that VCMA can have a material impact on achieving national priorities.

Safeguarding vulnerability in the baseline

- **Formal licence obligation:** Introduce a formal licence obligation for baseline vulnerability activities to reduce the risk that these activities are deprioritised due to efficiency pressures.

References and Notes

¹ For more information visit: www.nea.org.uk.

² [NEA-National Energy Action](#) also works alongside our sister charity Energy Action Scotland (EAS) to ensure we collectively have a UK-wide reach.