

Community Energy Solutions CIC

Consultation Document Response To The Gas Distribution Price Control Review Third Consultation Document

1. Community Energy Solutions (CES) is a demonstration company set up by the DTI Design & Demonstration unit to develop a new delivery model to provide affordable warmth measures to deprived communities. One of its aims is to facilitate and co-ordinate the extension of the gas network into non gas communities who suffer from a high index of multiple deprivation. CES and its subsidiaries have been established as community interest companies and therefore all the funding and savings generated by the company will be used to benefit the communities assisted.
2. CES welcomes the opportunity to comment on the Gas Distribution Price Control Review (Third Consultation Document) and restricts its comments to Network Extensions contained in Section 7 of the review.
3. In order to achieve the Government's targets for reducing carbon emissions and the eradication of fuel poverty there undoubtedly needs to be better targeting and co-ordination of existing government funding. There have been efforts made to improve targeting of the fuel poor following the National Audit Office review of Defra's Warm Front scheme however there is still currently limited co-ordination between different funding streams. This limited co-ordination is being addressed by CES who will demonstrate a robust methodology for facilitating and co-ordinating funding from the diverse sources.
4. Most of the funding available is for 'in house works' costs rather than providing for infrastructure costs. Without regulatory intervention therefore the number of new gas network extensions will remain small and largely dependant on social housing providers funding the extensions from their own limited resources.
5. CES supports the initial view reached by Ofgem whereby either Option 5 or 6 could be implemented but complemented by Option 3. This would provide both the means and the incentive to a GDN to extend the network to deprived communities.
6. We are pleased to note that Ofgem recognise that GDNs would need to make available resources for the complex job of co-ordinating the many diverse and changing funding sources available. The majority of this funding enables the 'in house works' such as a gas fired central heating system and insulation, necessary for the eradication of fuel poverty, to be installed. Without these installations the benefits of the new gas main will not be realised to either the gas transporters or the consumer.

7. As some IGT are currently offering support for network extensions into deprived communities CES also welcomes Ofgem's view that their licenses are amended to allow them to adopt this strategy as well.
8. Specific social and environmental criteria would need to be developed for any incentive which encouraged GDNs to install gas into fuel poor communities. CES have experience of evaluating communities both in terms of deprivation and the environmental impact of network extensions and would be pleased to discuss with Ofgem our experiences.

C. J. Leek
Chief Executive
Community Energy Solutions CIC
St Joseph's Business Centre
West Lane
Killingworth Village
Newcastle upon Tyne
NE12 7BH

Tel: 0191 216 0888