

DRS 2009/10: WWU Non Gas Fuel Poor submission

Gas Distribution Non Gas Fuel Poor Scheme

During the industry discussions on the current Price Control WWU was pro-active and supportive of a scheme to promote extension of the Gas Network to the most vulnerable in society. WWU actually proposed one of the models for consideration by the industry.

WWU has played a leading role with Ofgem, and industry as a whole, to develop and implement a scheme that will provide gas to the most fuel poor in society; without placing undue risk on the networks or additional costs to existing consumers. We are delighted that the contribution by WWU has helped deliver a scheme that is now providing gas connections to thousands of the most fuel poor homes in the UK.

We provide a summary of the specific contributions made by WWU management in the development of the scheme.

The Fuel Poor Voucher

The initial Ofgem proposal was that Networks could provide a discount on Connection charges to eligible fuel poor customers. WWU proactively engaged Ofgem to introduce an alternative mechanism as we had concerns of compliance with both primary legislation and our licence. WWU provided legal and commercial support which led to the creation of the innovative “Voucher” concept. The Networks now charge the full cost to all that accept a quote but a third party (the approved partners) issue the voucher, for those who prove eligibility, as a method of payment. This has become a key feature of the Non Gas Fuel Poor scheme

The value of the discount

WWU are fully supportive of the Non Gas Fuel Poor scheme but we wanted to ensure that any discount did not put any additional burden on existing gas consumers. WWU proactively modelled various scenarios and shared these with Ofgem to demonstrate to Ofgem and the industry a level of discount that could be given to ensure no material adverse impacts to existing consumers. We are pleased that our analysis helped support the level of the voucher value within the scheme.

Eligibility Criteria

The WWU geography covers 1/6th of the UK and contains many fuel poor communities and individuals. We felt strongly that the initial eligibility criteria proposals of the scheme could be expanded to reflect eligibility tests applied in other community support schemes. WWU engaged with a local community support group (Warm Wales) and invested the time to develop additional proposals with Ofgem (Networks & Markets) to expand eligibility. We are delighted that eligibility was expanded to include the most deprived areas in England and Wales and not just the original UK IMD20 list.

The WWU Non Gas Fuel Poor Scheme

Following the final publication of the Non Gas Fuel Poor scheme from Ofgem, we were very keen to maximise the use of the scheme throughout the WWU geography. We undertook an extensive publicity campaign that involved communication to every MP, Welsh Assembly Member, Local Authority and all housing associations. We also issued press statements and ensured both local and national coverage. We have had excellent support from our two approved partners who have issued 502 vouchers to date with WWU having 351 quotations accepted under this scheme. The First Minister of Wales attended one of the first schemes in Bridgend which delivered over 30 fuel poor connections to elderly residents just before one of the coldest winters in recent times. We continue to work hard with our partners and hope to bring Gas to the most vulnerable in Wales and South West England.

Summary

WWU is very proud to have played a significant role in the development of the Non Gas Fuel Poor scheme across the UK and is working hard to maximise uptake within our geography. We are now looking at ways to further develop the scheme with Ofgem and the other networks.