



Promoting choice and value
for all gas and electricity customers

Social Issues



Social themes

- Social obligations are key element of ED1 consumer narrative – retaining strong links with consumer vulnerability strategy
- DNOs have obligations to publicise and maintain PSR. We want DNOs to build upon this obligation - work collaboratively and strategically with others to identify:
 - How they can improve the quality and coverage of their PSR
 - What further support the DNO can provide
 - How other agencies may be able to provide additional assistance to DNO customers
 - DNOs to set out in their business plan how they intend to respond to this challenge

For example:

Interruptions on your network may highlight customers that would benefit from additional support
Improved relationships with partner orgs may enable access to additional support for fuel poor customers on your network

Interactions with a customer (eg meter move) may highlight particular non-energy issues that (eg mobility issues) that could be relevant to another organisation (eg local authority).

- As a regional monopoly provider DNOs have interactions with a wide range of consumers. DNOs can enable others to provide solutions to – community groups, gas networks, suppliers, LAs
- May require cultural/behaviour shift from DNOs to identify and integrate these activities as part of their core business.

Avoiding network reinforcement for social benefits

- Working groups/consultation has not revealed specific DNO activities/outputs – CCG/PCRF mindful of role suppliers need to play in addressing fuel poverty
- Some want DNOs to seek opportunities to offset reinforcement whilst delivering social benefits

NEA

1. Enhanced use of PSR & collaboration with wider stakeholders
2. Targeting enhanced energy efficiency measures in fuel poor households to avoid reinforcement
3. Reduce network connection costs (DNOs to provide access to financing)
4. Zero use of system. Widen scope of fuel poor network extensions (gas)

FPAG

1. Regulatory incentives for distributed generation to avoid network reinforcement costs
2. Load management incentives to avoid network reinforcement costs
3. Ofgem/Ofwat - Bio-methane incentives for GDNs and Water Companies (avoiding elec network reinforcement)
4. DECC - District Heating being potentially “Green-dealable” in the future
5. DECC - Reducing household carbon emissions
6. DECC/EU - Carbon revenues – auction EU ETS and Carbon Floor Price and the EU desire to see 50% recycled back to consumers.
7. DECC – Renewable Heat Incentive and CHP
8. NGrid - System balancing incentives, at the time of excess of renewable energy

- Central theme of ED1 (flexibility and capacity) - very strong incentives (IQI) to undertake activities that avoid reinforcement costs

Innovation and Business Plans

- NIA could apply for activities (incl. energy efficiency measures) that:
 - May deliver benefits for the network (ie. offset reinforcement)
 - No certainty on commercial success of trial
 - Do not duplicate pre-existing learning & enable others to learn from trial
 - If successful trial should become BAU
 - Approach should be set out in Innovation Strategy
- It may require a cultural shift for DNOs to start looking for these opportunities.
- We expect DNOs to outline how they are going to address social issues in Business Plans. DNO approach to social issues will form part of our Business Plan assessment.

Stakeholder Engagement Incentive

- Stakeholder Engagement Incentive provides good opportunity to incentivise these behaviours on an ongoing basis
 - Increased financial incentive (up to 0.5% of allowed revenue).
 - Specific focus on engagement with social issues.
 - DNOs' strategic understanding of role that DNO can play in tackling relevant social issues and integration of this into core business activities.
 - Use of data and customer insight, to understand social issues and identify effective solutions.
 - Approach taken to develop quality, coverage and usefulness of Priority Service Register.
 - DNOs development of relationships with partner organisations to enable effective solutions.
 - Looking to work with others to develop appropriate assessment process and criteria (so that it rewards DNOs that are proactive in this area).
- Gas fuel poor network extensions costs will not be made available for DNOs (due to legal restrictions of Gas Act).

The background of the slide is a composite image. On the left, there are rows of solar panels under a bright sun. On the right, a hand is shown holding a white document. In the bottom left corner, a blue gas burner is visible. The overall theme is energy and customer service.

ofgem

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