



## Fuel Poverty Advisory Group

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Dear Anna Rossington,

### **FPAG Response to RIIO-ED1: Electricity Distribution Networks Operators' resubmitted business plans – publication, views and next steps**

Thank you for sharing with the Fuel Poverty Advisory Group for England (FPAG) your letter dated 31 March 2014, seeking views on the Distribution Network Operator (DNO) business plans to Ofgem for the next electricity distribution price control (RIIO-ED1).

As the government's expert Non-Departmental Public Body (NDPB) advising on tackling fuel poverty in England, FPAG is pleased to comment on the DNO business plans.

FPAG welcomes the bold and innovative new social obligations on DNOs in relation to RIIO-ED1 and the key role DNOs will play in identifying and delivering solutions to fuel poor and vulnerable consumers, including but not limited to customers on the Priority Services Register (PSR).

FPAG sees these obligations as an innovative way forward that will achieve the twin benefits of reducing electricity loads and network reinforcement, alongside creating permanent demand reductions in fuel poor households. This could be achieved for example, through replacing expensive and inefficient electric heating units in a large tower block (where safety reasons, gas is not an option) with a heat distribution network. Local demands on the electricity network would drop and the cost of heating would be reduced, resulting in a direct social outcome for low income households.

FPAG also expects these social initiatives will foster information sharing and learning across local partnerships and community energy efforts.

To achieve these obligations, FPAG recommends that in addition to developing independent programmes, DNOs should link to the Energy Company Obligation (ECO) and the Green Deal. This approach could adapt the 'Golden Rule' applied to Green Deal projects, so that the contribution by the DNO for the project would always be lower than the costs of network reinforcement.



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Although FPAG does not wish to comment on the specifics of individual DNO business plans, FPAG would like to see the following to improve the quality of plans:

- A forecast of 'business as usual' costs associated with grid reinforcement
- An identification of time-related demand hotspots across the geographical grid
- A geographical identification of Green Deal and ECO delivery across the network
- A consideration of economically viable permanent demand-side electricity reductions, particularly in regions where there are high concentrations of fuel poor households, linked to a map of 'reinforcement hotspots' in the grid

To monitor these obligations and track progress, FPAG recommends that Ofgem reports on DNO activity under ED1 on an annual basis, using a standardised form. This form should also include details about which network reinforcements are made over the year and what parties were involved (including local authorities, social housing providers and ECO obligated suppliers).

If you would like to discuss any of these points further, please do not hesitate to contact me on [fpag@decc.gsi.gov.uk](mailto:fpag@decc.gsi.gov.uk).

Yours faithfully,

**Derek Lickorish MBE**  
Chair of FPAG