

22 June 2015

Rupika Madhura  
Distribution Policy  
Smarter Grids and Governance  
Ofgem  
9 Millbank  
London SW1P 3GE

Dear Rupika

#### **Review of the Fuel Poor Network Extension Scheme**

I am writing on behalf of Energy Networks Association (ENA). **ENA is the industry body for UK and Ireland gas and electricity transmission and distribution networks, essentially, the 'wires and pipes' that deliver energy to our homes and businesses.**

ENA members welcome Ofgem's publications of its findings of the review of the Fuel Poor Network Extension Scheme and this submission is made on behalf of our Gas Distribution Network (GDN) members, which are National Grid Gas Distribution, Northern Gas Networks, Scotia Gas Networks and Wales & West Utilities and our Independent Gas Transporter (IGT) Member, Brookfield Utilities.

Subsequent to Ofgem's further consultation being published, GDNs and IGTs met to agree the process through which a customer connecting to an IGT network can obtain a GDN Fuel Poor Network Extension Scheme ("FPNES") voucher. The response provided in Appendix 1 represents the process, as agreed by the GDNs and IGTs listed in Appendix 2 (referred to as "parties" for the purposes of this response).

In addition to establishing a formal process, parties would like the following points to be taken into consideration:

- The Fuel Poor voucher calculator should be developed to incorporate the ability to calculate the CSEP Fuel Poor voucher for IGT-connected customers – this will reduce administration and speed up the process;
- The GDNs are supportive, subject to Ofgem agreement, to move payments to IGTs on completion of Fuel Poor Connections to nearer real time in order to better support and encourage additional IGT Fuel Poor Connections. In turn, GDNs would like to ensure that the comparable funding mechanism to enable the GDNs to recover these costs allows them to do so in a timely manner.

Please note, many parties will be responding separately to this consultation. Individual submissions may include additional comments in response to Question 4.

All parties appreciate the opportunity to respond and would welcome any questions you may have in relation to this joint response.

Yours sincerely

A handwritten signature in black ink, appearing to read "David Smith". The signature is fluid and cursive, with the first name "David" and last name "Smith" clearly distinguishable.

David Smith  
**Chief Executive**

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## APPENDIX 1

### Question 4:

***In addition to the current arrangement, how can the Scheme be modified to better enable gas connections for eligible households that are located on a network, adjacent to GDN network, operated by an IGT?***

Parties agree that improvements to the Fuel Poor voucher application process will lead to greater use of the scheme by customers connecting to IGT networks. With a single, clearly defined process that is visible to and adopted by all parties, iGTs will be able to work with customers and local authorities with greater understanding of and confidence in the process.

Parties have agreed that the following process should be followed and if appropriate, formalised by Ofgem. It should be utilised where an IGT applies to the GDN for FPNES funding on behalf of a customer or customers.

iGT Fuel Poor Voucher Application Process	
Step 1	The IGT receives Fuel Poor connection request from customer or local authority – the IGT costs the work as normal for infill connection or network extension scheme.
Step 2	The IGT utilises an Ofgem approved Partner to undertake FPNES validity check.
Step 3	Where the Fuel Poor eligibility criteria is met by the customer(s), IGT request FPNES voucher from the relevant GDN. As part of the request, where the GDN requires, the IGT shall submit evidence of the cost of works and proposed project timescales (in the case of network extension schemes).
Step 4	The GDN calculates the value of the voucher(s) based on the 45 year NPV of GDN revenues <sup>1</sup> (to the CSEP) and responds to the IGT's request with the value of the FPNES voucher(s) within 5 working days from receipt of the IGT's request.
Step 5	The IGT reflects the Fuel Poor voucher value in the customer's contract with the IGT.
Step 6	The customer accepts the quote (signs contract).
Step 7	The IGT completes the contracted work.
Step 8a	The IGT invoices the GDN for the value of the Fuel Poor voucher within 30 days of the work being completed. The IGT provides meter or service details (as appropriate) and evidence that central heating has been installed to GDN (where required by the GDN and made available to the IGT by the customer), to demonstrate that the relevant work has been completed. Payment terms to be as agreed by parties, but invoices should be settled no later than 60 days from the date of the invoice.
Step 8b	The IGT invoices the customer <sup>2</sup> the balance (after the IGT has applied any applicable allowances).
Step 9	The GDN allocates the Fuel Poor voucher value to its Regulatory Asset Value (RAV), in accordance with the Ofgem-GDN agreed process <sup>3</sup> .

<sup>1</sup>Parties would like to see the Fuel Poor voucher calculator developed to incorporate the ability to calculate the CSEP Fuel Poor voucher for IGT-connected customers.

<sup>2</sup>Depending on internal process, an iGT may have received payment from customer at an earlier stage.

<sup>3</sup>It is the view of all parties that the payment of the voucher value by the GDN to the IGT should be made in real time, not at the end of the current price control period.



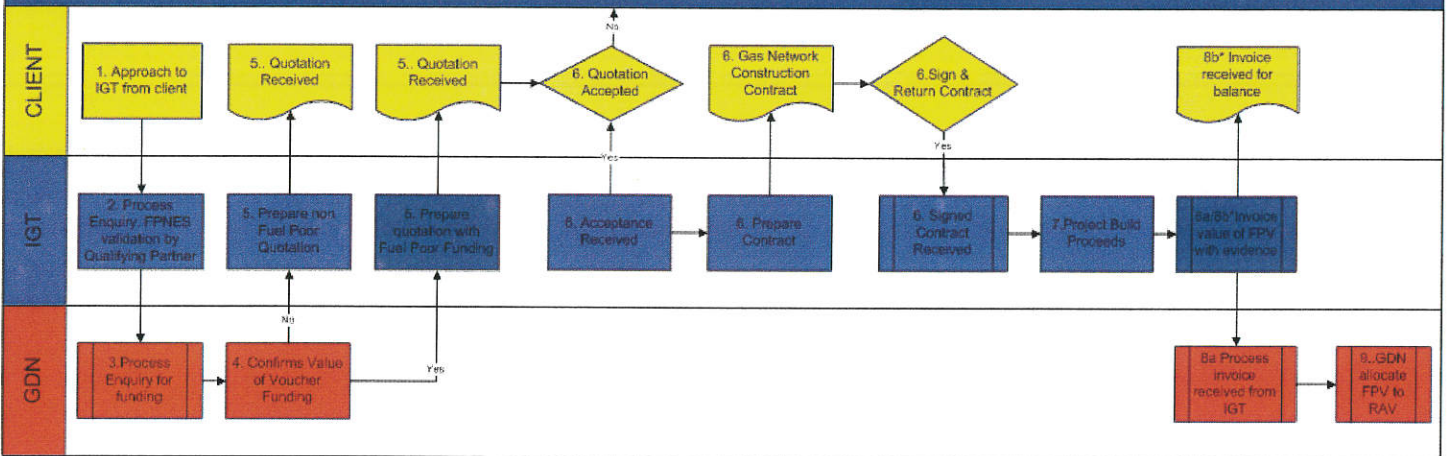
Timescales set out in the above process may differ on network extension schemes, subject to agreement between the relevant GDN and IGT.

iGT Fuel Poor Voucher Application Process – Miscellaneous	
Charging Statements	Each IGT and GDN Connection Charges Statement shall be amended to include a reference to the agreed IGT Fuel Poor Voucher Application Process.
Annual Review	IGTs and GDNs commit to reviewing this process at least once a year. If no other review has taken place, a placeholder review teleconference will be arranged in February of each year.

Formalising the above process, and ensuring all IGTs and GDNs abide by it, will guarantee delivery of a FPNES voucher to all eligible customers, irrespective of the GT's network to which they are connecting.

The chart on the next page illustrates the end to end process, as described above.

# Fuel Poor Voucher Process v 0.13



1: FPNES Voucher Application Process

## **APPENDIX 2:**

### GDNs

National Grid Gas Distribution plc.  
Northern Gas Networks Limited  
Wales & West Utilities Limited  
Scotia Gas Networks Limited

### IGTs

GTC Pipelines Limited (Brookfield Utilities)  
Independent Pipelines Limited  
ES Pipelines Limited  
Energetics Limited  
Fulcrum Pipelines Limited  
Indigo Pipelines Limited