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All interested parties and
stakeholders

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Fuel Poor Network Extensions Scheme: eligibility criteria and DECC's Central Heating Fund.

To get a gas connection under the fuel poor network extension scheme ("Scheme") a household needs to meet our eligibility¹ criteria. This open letter is to confirm that we are updating our eligibility criteria for the Scheme to make it explicit that DECC's central heating fund is one of the eligibility criteria for the Scheme. This means that if a household is eligible for assistance under DECC's central heating fund ("CHF"), then that household is also eligible for assistance under the Scheme.

Please note that the extension of qualifying criteria for the Scheme only applies for the duration of the DECC CHF. The CHF is currently anticipated to complete delivery by August 2016.

In order to maximise the benefits of the Scheme our approach to set the eligibility criteria has been to use the criteria that either reflect commonly used proxies of fuel poverty, or are employed for related measures. This approach helps to ensure that the households that benefit from the Scheme are equally likely to benefit from other forms of assistance. Including DECC's CHF as one of the eligibility criteria for the Scheme is consistent with this approach.

Background

We conducted a review² of Scheme between August 2014³ and September 2015, to assess how well the Scheme was aligned with wider government strategies on heating and fuel poverty and whether there were any changes we could make that would maximise the benefits the Scheme could deliver. The review concluded in September 2015⁴.

Our review of the Scheme highlighted the lack of funding, particularly in England, for in-house works such as new boilers, radiators and internal pipework. We engaged closely with DECC on this issue throughout our review. DECC acknowledged that the funding for in-house works is a barrier for those households which are least able to afford them. To address the funding gap where households are unable to fund the installation of a first time central heating system, DECC introduced the CHF in March 2015, a £25million scheme

¹ [Appendix 5, March 2015 Key findings of Fuel Poor Network Extension Scheme Review](#)

² In the recent years we have seen a number of developments in how fuel poverty is being tackled. As part of [RIIO-GD1 Final Proposals](#), we said that we would review the Scheme during the price control period to take account of these developments.

³ [August 2014 Fuel Poor Network Extension Scheme Consultation letter](#)

⁴ [September 2015 Final Decision on Fuel Poor Network Extension Scheme](#)

available for local authorities to support off-grid households in England. The CHF piloted the approach of funding of in-house works through local authority competition.

As part of the review of the Scheme, we also concluded in March 2015 that each of Gas Distribution Network companies (GDNs) can connect more eligible household to the gas network. The number of connections each GDN delivers annually under the Scheme is one of the outputs on which each GDNs' performance is assessed in RIIO-GD1. We asked GDNs to reforecast⁵ the number of fuel poor gas connections they could deliver for the remainder of RIIO-GD1 (until 31 March 2021).

In arriving at the revised forecasts, we asked the GDNs to also take account of the recent announcements made the government to assist off-gas grid low income and vulnerable consumers, which included the announcement by DECC to introduce the CHF. Therefore the revised connections numbers submitted to us by GDNs and subsequently accepted by us (following our best practice processes of stakeholders consultation⁶) already include additional connections that will be delivered by GDNs in the remainder of RIIO-GD1 as a result of the introduction of CHF by DECC. Hence, in explicitly including the CHF criterion within the overall eligibility criteria for the Scheme, we are bringing the eligibility criteria in line with what we have already requested of the GDNs.

The Scheme is delivered by the GDNs. For details on eligibility of households for the Scheme, please contact the relevant GDN as per the details provided in our factsheet⁷ on the Scheme.

Please respond to Stacy Feldmann on Stacy.Feldmann@ofgem.gov.uk by 26 April 2016 if you would like to discuss the contents any aspect of this letter.

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⁵ [The findings of our review of Fuel Poor Network Extension Scheme](#), March 2015, Chapter 7, page 24

⁶ [August 2015 consultation on changes to RIIO-GD1 connection targets under fuel network extension scheme](#)

⁷ [Factsheet on the Fuel Poor Network Extension Scheme](#)