

Meghna Tewari & Denis Berg  
Ofgem  
10 South Colonnade  
Canary Wharf  
London  
E14 4PU

Dear Meghna and Denis,

### **Consultation on Ofgem's new Consumer Vulnerability Strategy 2025**

In response to the proposed changes to the Consumer Vulnerability Strategy published on 13<sup>th</sup> June 2019, I can confirm that we have reviewed each of the changes and I enclose our official response, in line with Ofgem's guidance.

In summary, Northern Powergrid supports the proposed revisions to the strategy; we feel that the five suggested themes and outcomes within the strategy provide further clarity for our focus in this area.

*Q1: Do you agree with the five priority themes and the outcomes we will aim for (as set out in Chapter 3-7 and annex 2)?*

We have developed a set of seven themes for our DSO strategy which we believe aligns strongly with the five put forward in this strategy. Our DSO approach focuses on:

- realising the opportunities for decarbonisation in the North of England;
- better reliability of the network;
- local, greener, cheaper electricity supply;
- increased efficiency of our investment;
- understanding long-term distributional impact and advocating fairness;
- advocating and deploying a socially inclusive customer flexibility offer; and
- responsible, secure use of data that results in positive outcomes for vulnerable customers.

We think these fit together and seek the synergies to deliver real improvements for vulnerable customers, particularly the smart use of data, social inclusion and the focus on affordability.

Q2: Do you agree with our approach on affordability? While we recognise this is a concern for many consumers in vulnerable situations, we think addressing wider affordability pressures is mainly a matter for government to address?

Yes. In particular that wider affordability pressures on consumers in vulnerable situations are not specifically for DNOs to address. But we think Ofgem and government should coherently set out the roles and responsibilities in the energy system including what the role of DNOs with regards to this topic should be. DNOs may have a restricted capacity in which to support vulnerable customers but we do live and work in these communities and have both a desire and a legitimate ask to 'do our bit'. Could the role of a DNO be expanded to include a regulated programme focussed on affordability? For example, we already have a network of partnerships with third sector agencies who support us with the delivery of our social programmes.

Q3: What more could be done through energy regulation to assist customers in vulnerable situations in the longer term? How should any such further measures be funded?

We already work closely with large energy suppliers; however, we see limited engagement from many of the smaller new market entrants. DNOs have developed expertise in assisting customers in vulnerable situations and may be best placed to support these new suppliers to share best practice and further develop their learning and service development.

We have the ability to assist with quality data management to underpin effective service provision for vulnerable customers; including how to cleanse their data to ensure it remains current and fit for purpose. This is particularly important as their respective Priority Services Registers (PSR) grow.

DNOs could also examine approaches to energy efficiency schemes, in particular those using customer behavioural science as part of this process. It is not enough to offer energy efficiency advice without looking at the behaviours of households and how these can be potentially changed e.g. one of our innovation projects GenGame looked to incentivise changes in individual behaviours in order to influence consumption of electricity. All DNOs should be designing an inclusive DSO system which strengthens support for vulnerable customers alongside the usage of behavioural science ensuring that no one is left behind.

We also support proposals to innovate funding through the idea of a 'Use it or Lose it' allowance and see this as a creative way to start, scale and embed innovative projects. In the past four years we have developed this approach within our social programme initiatives and also within our Community Partnering Fund which provides seed funding for innovative projects. We do, however, think that applying a strict use it or lose it approach to partnerships is risky as it doesn't lend itself to innovation in its true form.

Question 4: Do you agree with our proposals for the first year of the strategy?

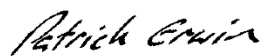
Finally we agree with the aims of the first year of the strategy and believe them to be achievable and realistic in their target setting. We welcome the suggestion of further consultations on the future energy retail market and the recognition that working collaboratively offers a more joined up actionable plan to better improve the service offered to vulnerable customers.

The current IDNO relative price control arrangements are also detrimental to vulnerable consumers, especially those on low incomes due to their impact on affordability. These outdated arrangements mean that the benefits of connecting low cost-to-serve customers flow either to property

developers or IDNOs, and are also causing upward pressure on prices to all energy consumers over time, regardless of whether that customer is connected to an IDNO network.

We would ask that Ofgem considers our points above and I would be grateful if you could write to me with more information in response to the enclosed enquiries.

Yours sincerely,

A handwritten signature in black ink that reads "Patrick Erwin". The signature is written in a cursive, slightly slanted style.

Patrick Erwin  
Policy & Markets Director  
Northern Powergrid