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7th August 2019

Vulnerability Strategy 2025 Consultation Response

Wales & West Utilities is the Gas Distribution network (GDN) for Wales and south west England serving 7.5m people. We cover 1/6th of the UK land mass and transport gas to over 2.5 million supply points.

We welcome the new Consumer Vulnerability Strategy. It provides a framework by which ourselves and our partners can understand how we ensure people in vulnerable circumstances can be impacted by the energy market, and how we can measure the impact of our policies, procedures and services to help achieve this.

Question 1: Do you agree with the five priority themes and the outcomes we will aim for?

We agree with the five priority themes laid out in the consultation. As a GDN we believe we are already delivering services that can be aligned to each of these priorities.

As a GDN, our key priority is safety. The only mention of safety in this document is in the definition of Priority Services 'there to help with access, safety and communication in relation to a customer's energy supply who needs additional support'. We feel that the safety message should be stronger in the document with examples provided such as free gas safety checks from suppliers and the gas industry doing more to inform and protect people from carbon monoxide poisoning.

Question 2: Do you agree with our approach on affordability?

We agree that government have responsibility for tackling general poverty of which fuel poverty is a consequence. The role of Ofgem is to ensure that the energy industry only passes reasonable costs onto customers.

However, we do believe that we are well placed as a GDN, working in 150,000 homes and business each year, to identify people who would benefit from additional support measures such as tackling fuel debt, helping people out of fuel poverty through partnerships to increase income, encourage switching to the best tariffs and provide energy efficiency advice and link up with funding. We welcome the proposal for a 'Use it or lose it allowance' within the RII0-GD2 framework that will allow us to fund work with a range of partners to improve the lives of people in our region.

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Question 3: What more could be done through energy regulation to assist consumers in vulnerable situations in the longer term?

As a GDN we are currently working with Ofgem and our Stakeholders to develop our business plans for RIIO-GD2. The RIIO-GD2 sector specific methodology decision – Gas 24th May 2019 shows the Ofgem emphasis on customers and vulnerability with almost half of the document dedicated to customers. We do welcome the decision to create a Use it or lose it pot of £30m for the networks to do more to tackle consumer vulnerability and carbon monoxide and believe the proposed new Licence Obligations and Output Delivery Incentives will formalise what we are already doing.

We are also pleased to see that Innovation funding will be available for projects that benefit vulnerable customers alongside our business as usual investment.

Our stakeholder engagement work has shown the importance of promoting and encouraging people to sign up to the Priority Service Register (PSR). It has been a recurring theme and been ranked as the most important thing we can do for customers in vulnerable situations. Research shows that understanding of the PSR and the benefits of customers is low and that only 1 in 3 people who should be on the register are currently registered. This does however raise the prospect of more than 50% of the customers in our area being on the gas suppliers PSR. This could increase the numbers of customers on the gas suppliers register in our area from 500,000 to well over 1 million. Companies will need to be able to further prioritise the register and to be able to target funding such as the Warm Homes Discount and Winter Fuel Payments to the most financially in need.

Stakeholders have questioned why there is not one Priority Service Register utility wide as this is a key cause of customer confusion. They have asked us to ensure we have data sharing agreements in place across the utility companies in the interim, but want a common register. We support this view and therefore ask Ofgem and Ofwat to explore how a common PSR can be established and funded so that customers only need to sign up once with the confidence their records will be available to gas, electric and water companies whilst their rights under the GDPR are protected.

We recognise the potential benefits of using data in a smart way to identify vulnerability and risks. Smart meters will continue to be rolled out over the next decade as traditional meters come to the end of their life and will provide consumption data from most homes and businesses. Using this data alongside open dataset and Department of Work and Pensions data opens ways of sensitively monitoring customers and making proactive interventions. We would like the regulator to look at how the barriers between suppliers and GDNs can be broken down so that we are able to work together to jointly support and safeguard customers.

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

We support the proposals for the first year of the strategy.

We will be working with Ofgem through the RIIO-GD2 working groups during 2019 to gain a full understanding of new principal based Licence Obligations to support customers in vulnerable situations, how we can demonstrate our compliance with this requirement, and to draft the Licence Condition.

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We would also like to work closely with Ofgem to create an analytical framework. We would like to be able to build our systems and analytics around the proposed consumer archetypes and ensure reporting on our new vulnerability Licence Obligations is aligned to this.

Yours sincerely,



Steve Edwards
Director of Regulation and Commercial
Wales & West Utilities

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