

## Vulnerability and Carbon Monoxide Allowance (VCMA) October Consultation<sup>1</sup> Response Summary

### Eligibility Criteria

A consumer representative group suggested that the requirement for VCMA Projects to have a positive SROI should be removed as it could lead to artificial inflation in order to secure funding. We disagree with removing this requirement as the value of an activity that does not have a positive SROI is unclear. Some stakeholders also raised the importance of there being a common SROI methodology in place. As mentioned in our Final Determinations<sup>2</sup>, we encourage GDNs to develop this during RIIO-GD2 so we can look to implement an SROI metric in the future.

A consumer representative group thought that the requirement that VCMA Projects must not be able to be delivered through other funding may cause GDNs to be risk averse in using the VCMA. We acknowledge that sometimes funding may exist but not be available, and have amended the eligibility criteria to allow this in some circumstances.

### Project Registration

One stakeholder queried whether a GDN can begin a project and later register to expand it with more VCMA funding and how this would be done. To clarify, this can be done, and we would expect it to be registered and reported on in the same way as beginning a new VCMA Project. We think the wording of the Governance Document allows for this.

Another stakeholder commented that there is no mention of associated processes with registering VCMA Projects, or information regarding how they will be assessed by Ofgem. Ofgem will not be directly registering or assessing VCMA Projects; we expect GDNs to register VCMA Projects following the process outlined in the Governance Document, and in line with the eligibility criteria we have included. GDNs will be expected to report to Ofgem and

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<sup>1</sup> <https://www.ofgem.gov.uk/publications-and-updates/consultation-gas-network-vulnerability-and-carbon-monoxide-allowance-vcma-and-fuel-poor-network-extension-scheme-fpnes-governance-documents>

<sup>2</sup> Final Determinations – GD annex [https://www.ofgem.gov.uk/system/files/docs/2020/12/final\\_determinations\\_-\\_gd\\_annex\\_.pdf](https://www.ofgem.gov.uk/system/files/docs/2020/12/final_determinations_-_gd_annex_.pdf)

interested parties on VCMA Projects through annual reporting obligations, and at the annual showcase event.

## **Annual Reporting Obligations**

One GDN argued that it is not in the remit of a Governance Document to impose additional obligations on Licensees without being in the licence. However, this is in line with the scope of the Governance Document that is set out in the licence and other Governance Documents which also set out reporting requirements.

## **Annual Showcase Event**

One stakeholder encouraged us to set an appropriate time in the year for when the annual showcase event should take place. However, we think that this should be the decision of the GDNs as they are responsible for the format of the event. The GDNs must engage with stakeholders on the agenda and arrangements for the event, including when the event should be held.

Two stakeholders were not satisfied with GDNs charging a fee to attendees, arguing that the event is a price control requirement so should not incur a cost. We acknowledge this, particularly in light of Covid-19 restrictions preventing physical events, and as it could act as a barrier for possible attendees, and have removed the cost to attendees. Instead, GDNs can use collaborative VCMA funding to cover the efficient cost to the Licensees' of organising the conference.

One GDN questioned the necessity of the event, pointing to alternative reporting channels eg company websites. There is widespread stakeholder support for the annual showcase event and, as outlined in our Final Determinations, the annual showcase event is part of RIIO-GD2 vulnerability package and provides a reputational incentive for work in this area. It offers the opportunity for GDNs to showcase their work and exchange ideas with each other and their stakeholders and therefore is important to keep.