

Warm Home Discount 2019-2020



ofgem

Making a positive difference
for energy consumers

Foreword

I am pleased to present our ninth annual report on the Warm Home Discount (WHD) scheme. The report covers the support provided to vulnerable consumers through the WHD scheme from 01 April 2019 to 31 March 2020. We also explain how the scheme works to help vulnerable consumers with their energy bills. We then highlight the main achievements from the past year and look forward to scheme activities during the course of Scheme Year 10 (SY10), April 2020 to March 2021.

In August 2018, the government extended the scheme until March 2021, as a key part of the Fuel Poverty Strategy. For this period, the Department for Business, Energy & Industrial Strategy (BEIS) introduced changes to the Warm Home Discount Regulations 2011 (as amended) to further improve delivery to consumers and encourage more innovation in supporting customers in, or at risk of, fuel poverty.

As increasing numbers of customers switch to smaller suppliers, we have continued to see more suppliers reaching the threshold to be full participants in the WHD scheme. In Scheme Year 9 (SY9), E Energy, Green Network Energy, Avro Energy and Octopus Energy became obligated compulsory suppliers for the first time.

We are pleased to report that all obligated suppliers met their individual WHD obligations. Together, the suppliers met the overall scheme spending obligations for SY9, providing over £348 million of support to vulnerable consumers including £140 rebates to 2.2 million vulnerable consumers.

During the course of SY9, we have been working with policy-makers as they consider the future of the WHD Scheme and wider support for vulnerable consumers. We recognise the contribution that the WHD Scheme makes to tackling fuel poverty in Great Britain, and work with BEIS to improve the scheme. As the current WHD Regulations end in March 2021, BEIS has published a consultation in October 2020 on extending the scheme into SY11¹. As a result of this, we anticipate BEIS will introduce some changes to the scheme in SY11. The responses and decision to the consultation will be communicated in due course by BEIS.

¹ BEIS WHD consultation for 2021-2022: <https://www.gov.uk/government/consultations/warm-home-discount-scheme-2021-to-2022>

Contents

Foreword	2
Contents	3
Associated Documents	4
Overview	5
1. Compliance in Scheme Year 9	9
2. Core Group.....	15
3. Broader Group	19
4. Industry Initiatives	23
5. Audit Programme	29
6. Looking Back: Scheme Year 9 Outcomes	31
7. Looking Forward.....	34
Appendix 1	36

Associated Documents

- The Warm Home Discount Regulations 2011 , the Warm Home Discount (Reconciliation) Regulations 2011 and the Disclosure of State Pension Credit Information (Warm Home Discount) Regulations, (as amended)
<http://www.legislation.gov.uk/all?title=warm%20home%20discount>
- The Warm Home Discount: Guidance for Suppliers v6.1²
<https://www.ofgem.gov.uk/publications-and-updates/warm-home-discount-whd-guidance-suppliers-version-61>
- The Warm Home Discount Annual Report: Scheme Year 8
<https://www.ofgem.gov.uk/publications-and-updates/warm-home-discount-annual-report-scheme-year-8>
- Warm Home Discount (WHD) Reports and Data
<https://www.ofgem.gov.uk/environmental-programmes/social-programmes/warm-home-discount/warm-home-discount-reports-and-statistics>
- The Department of Business, Energy and Industrial Strategy (BEIS) consultation on the Warm Home Discount Scheme 2018 to 2019
<https://www.gov.uk/government/consultations/warm-home-discount-scheme-2018-to-2019>

² WHD Guidance for Suppliers: Version 6.1 in effect for SY8 to SY10.

Overview

The Warm Home Discount Scheme (WHD) requires participating domestic energy suppliers to provide support to those who are in or at risk of fuel poverty.³ We are publishing this report as part of our duties keep the operation of the scheme, and suppliers' compliance with it under review⁴. **This report covers the ninth year of the scheme – 1 April 2019 to 31 March 2020 (SY9).**

Operation of the Warm Home Discount Scheme

The WHD scheme began in 2011 and places obligations on licenced electricity suppliers who have either passed a threshold for compulsory participation or who have volunteered to join the scheme. The threshold for participation is set in relation to the number of domestic customers of the licensed supplier and any other licenced suppliers in the same group of companies. Within the ninth year, any licenced supplier within a group, which had at least 250,000 domestic customers for gas and electricity (calculated annually), was obligated to participate in the WHD scheme. In addition, any licenced supplier within a group, which had at least 200,000 domestic customers for gas and electricity (calculated annually), was obligated to deliver the Core group only.

The scheme imposes annual obligations on licenced electricity suppliers (referred to as "suppliers" for the remainder of the report), which must be delivered within defined scheme periods. These periods generally last 12 months, running from April to the following March. Scheme period for SY9 commenced on 1 April 2019 to 31 March 2020.

Rebate Provision and Delivery

The primary method of support for eligible consumers through the WHD scheme is provision of rebates against customer energy bills, through either the Core Group or Broader Group elements. Both elements provide a rebate of £140, but differ in how customers are identified as eligible.

We treat a rebate as being 'provided' where a supplier has attempted to give a rebate to a customer, and "delivered" when the customer has successfully received it. In a small number of cases, the customer may not redeem a voucher or cheque that had been sent to them. These rebates are considered to be 'provided' but not 'delivered'.

Linked to this, suppliers were required to show that they had made reasonable efforts to deliver the rebate to customers who had not redeemed their rebate, by making extra attempts

³ Compulsory scheme suppliers are subject to a statutory requirement to comply with their obligations under the WHD scheme under sections 25(8) and Schedule 6A, 6(f)(i) to the Electricity Act 1989 (EA 1989) and 28(8) and Schedule 4B, 4(e)(i) to the Gas Act 1986 (GA 1986)

⁴ Section 13 of the Energy Act 2010, and also refer to Ofgem's duties to fuel poor and vulnerable consumers under sections 3A (3) EA 1989 and (4AA (3) GA 1986

to deliver the rebate and using different methods. In SY9, customers redeemed 99.0% of rebates provided.

The value of rebates, that were not redeemed by customers during SY9, has been added to supplier obligations for SY10, so that suppliers are using unredeemed rebates to support additional customers in future scheme years. All suppliers provided appropriate reporting of the number of rebates which had been provided and delivered, and we were satisfied that all suppliers overall made reasonable efforts to ensure customers could obtain the rebate that was provided to them.

WHD scheme budget and obligations

The WHD Regulations⁵ set an overall obligation for each year of the scheme, to be shared among the participating suppliers for that year. The size of the Core Group is estimated by BEIS each year before the start of the scheme year, with the remaining obligation forming the non-core obligation.

The non-core obligation can be met through a combination of Broader Group and Industry Initiative spending. However, the WHD Regulations place a maximum cap on the amount that can be spent on Industry Initiatives, which effectively creates a minimum obligation of Broader Group spend

The scheme budget rises with inflation, so the level of support is maintained in real terms. Over the life of the WHD scheme, for SY8-10, the spending cap on Industry Initiatives is £40m to encourage innovation and other types of support⁶. In SY9, spending on writing off customer debt was limited to £8m⁷ and will decrease further to £6m⁸ for SY10.

The development in scheme budget

	SY6	SY7	SY8	SY9	SY10
Overall non-core scheme year target	£143m	£155m	£185m	£194m	£207m
Overall scheme Industry Initiative limit	£30m	£30m	£40m	£40m	£40m
Overall scheme Industry Initiative debt write-off cap	£15m	£12m	£10m	£8m	£6m
Overall Broader Group minimum	£113m	£125m	£145m	£154m	£167m
Overall spending target	£323m	£329m	£340m	£347m	£351m
Core and Broader Group rebate value	£140	£140	£140	£140	£140

⁵ The Warm Home Discount Regulations 2011 (as amended)

⁶ Regulation 15A(4) of the WHD Regulations, the cap on Industry Initiative spending in previous years remained consistent at £30m per year.

⁷ Regulation 15A(5)(b) of the WHD Regulations

⁸ Regulation 15A(5)(c) of the WHD Regulations

Compliance in SY9

There were 19 suppliers obligated under the WHD scheme in SY9. Of these 17 were compulsorily obligated, one was a compulsory smaller supplier obligated and one joined on a voluntary basis. One compulsory supplier, Co-operative Energy, exited the energy market late in 2019, however the energy licences were still active and therefore the WHD obligation remained. The majority of these customers continued to benefit from the Core Group, however as the vast majority of customers had left Co-operative Energy, and were transferred over to another WHD obligated supplier, Co-operative Energy could not fulfil their Broader Group obligation. Therefore, an application was made to Ofgem, and subsequently approved, to transfer the Broader Group obligation spend to Industry Initiatives. This continued to allow Co-operative Energy to support households in fuel poverty and with vulnerabilities. We determined all nineteen suppliers to be compliant across their obligations in SY9.⁹

During SY9, obligated suppliers provided over £348.5m worth of eligible support to consumers in total, with all meeting their respective spending obligations. This comprised direct energy bill rebates through the Core Group and Broader Group, and other support through Industry Initiatives.

Core Group

Low-income pensioners received over 1.05m rebates through the Core Group of £140 each. Nearly 97% of these rebates were provided to customers who were identified through data sharing between suppliers and the Department for Work and Pensions (DWP), without requiring recipients to take any action. The remaining Core Group customers contacted a central call centre to confirm their energy supplier and were subsequently provided with a rebate. Suppliers who are compulsory smaller obligated and volunteer to join the WHD scheme participate in the Core Group element only – two suppliers provided Core Group rebates only as a compulsory smaller supplier and on a voluntary basis in SY9.

Customers eligible for the Core Group are identified by DWP and spending on this element by suppliers is balanced by a reconciliation process. Two interim and one final reconciliation took place in SY9.

In SY8, there was an underspend of the Core Group of approximately £1.72m. This underspend was taken into consideration by BEIS when determining the total obligation for SY9 and as such the underspend was reflected in SY9 Broader Group.¹⁰

⁹ Regulation 29 of the WHD Regulations

¹⁰ Regulation 12(2) and Schedule 1 (6) of the WHD Regulations

Broader Group

More than 1,145,000 other customers who were on a low income and at risk of fuel poverty received Broader Group rebates, also worth £140 per customer. These customers received their rebates by applying directly to their supplier and providing evidence that they met the eligibility criteria.

Industry Initiatives

Suppliers funded approximately £37.1m of other Industry Initiative activities to support consumers, which provided services such as energy advice, help to reduce and manage energy debts, and helping consumers find additional benefits and sources of income to pay for their energy.

SY10 Compliance Landscape

The WHD scheme is currently in SY10, which runs from 1 April 2020 to 31 March 2021. The amending WHD Regulations made in July 2018 cover WHD SY8-10¹¹.

Two new voluntary suppliers chose to participate in SY10 and are required to deliver only the Core Group element of the WHD scheme. Twenty-three suppliers passed the threshold for compulsory participation, of which five are compulsory smaller suppliers and required to deliver the Core Group only. Overall, for SY10, there are 25 participating suppliers - the highest number of suppliers participating in the WHD scheme since its commencement. The structure of the scheme remains broadly the same as for SY9.

The Covid-19 pandemic has greatly affected fuel poor and vulnerable energy customers and as a result of job losses, changes in economic circumstances and deteriorating health, it is expected that a greater proportion of households will be eligible for Broader Group support in SY10 as they meet supplier's Broader Group eligibility criteria. In addition, it is expected that Industry Initiative schemes will be required to be flexible in the way activity is delivered to continue supporting vulnerable customers. This includes providing support such as energy efficiency advice and benefit entitlement checks via socially distanced methods, including telephone and online, rather than face-to-face.

1. Compliance in Scheme Year 9

- 1.1. Compulsory participating suppliers had an obligation across three elements of the scheme: Core Group, Broader Group and Industry Initiatives. Each supplier submitted a report summarising the support that they provided to consumers during Scheme Year 9 (SY9), which they intended to attribute to meeting their obligations.
- 1.2. We assessed whether suppliers have provided all Core Group rebates in line with the requirements of the Warm Home Discount (WHD) scheme, in order to determine their compliance with this part of the scheme.
- 1.3. The non-core elements, the Broader Group and Industry Initiatives, have a collective spending obligation for each supplier to provide a minimum value of eligible support to customers in or at risk of fuel poverty. Suppliers must provide a certain proportion of this support each year through Broader Group rebates, which for SY9 was 78.9% of the total non-core obligation. Suppliers may choose whether to provide the remaining support through additional Broader Group rebates or eligible Industry Initiatives, or a combination of both. Customers apply for these types of support directly via their supplier or an organisation working with the suppliers.
- 1.4. We assessed whether the support that suppliers have provided can be attributed to the scheme. Furthermore, we assessed whether the combined value of their activities for the year was sufficient to meet their overall non-core spending obligation.
- 1.5. Having made these assessments, we made an overall determination of a supplier's compliance with the WHD scheme for the year. We took a proportionate approach to dealing with contraventions of scheme regulations, such that minor contraventions that have little or no impact on consumers were not treated as an overall non-compliance, although we still expect suppliers to take preventative actions in future. We assessed whether suppliers had met each of their obligations, with the results summarised in **Figure 1.1** below.

Figure 1.1: Supplier Compliance with Scheme Year 9 Obligations

Supplier	Overall Compliance	Core Group	Broader Group	Industry Initiatives
Avro Energy	Compliant	✓	✓	✓
British Gas	Compliant	✓	✓	✓
Bulb Energy	Compliant	29	✓	✓
Cooperative Energy	Compliant	186	N/A	✓
E Energy	Compliant	✓	1	✓
E.ON Energy	Compliant	✓	✓	✓
EDF Energy	Compliant	✓	✓	✓
Green Network Energy	Compliant	30	✓	✓
Green Star Energy	Compliant	14	✓	✓
Npower Group	Compliant	22	✓	✓
Octopus	Compliant	✓	✓	✓
Ovo Energy	Compliant	4	✓	✓
Scottish Power	Compliant	12	✓	✓
Shell Energy	Compliant	✓	✓	✓
SSE Energy	Compliant	✓	✓	✓
Utilita	Compliant	✓	✓	✓
Utility Warehouse	Compliant	✓	✓	✓
Bristol Energy (voluntary supplier)	Compliant	✓	N/A	N/A
Robin Hood Energy (Only CG obligated)	Compliant	65	N/A	N/A
Key to symbols				
✓	∅	∅	N/A	
No contraventions	Minor contraventions (number of)	Major contraventions (number of)	Did not deliver this element	

1.6. Minor contraventions indicate that the supplier has, in some cases, failed to comply with all of the requirements of the WHD Regulations. These contraventions relate to not providing support to a customer or customers in an efficient way, for example not passing information to other organisations within set timescales, which delays provision of a customer’s rebate.

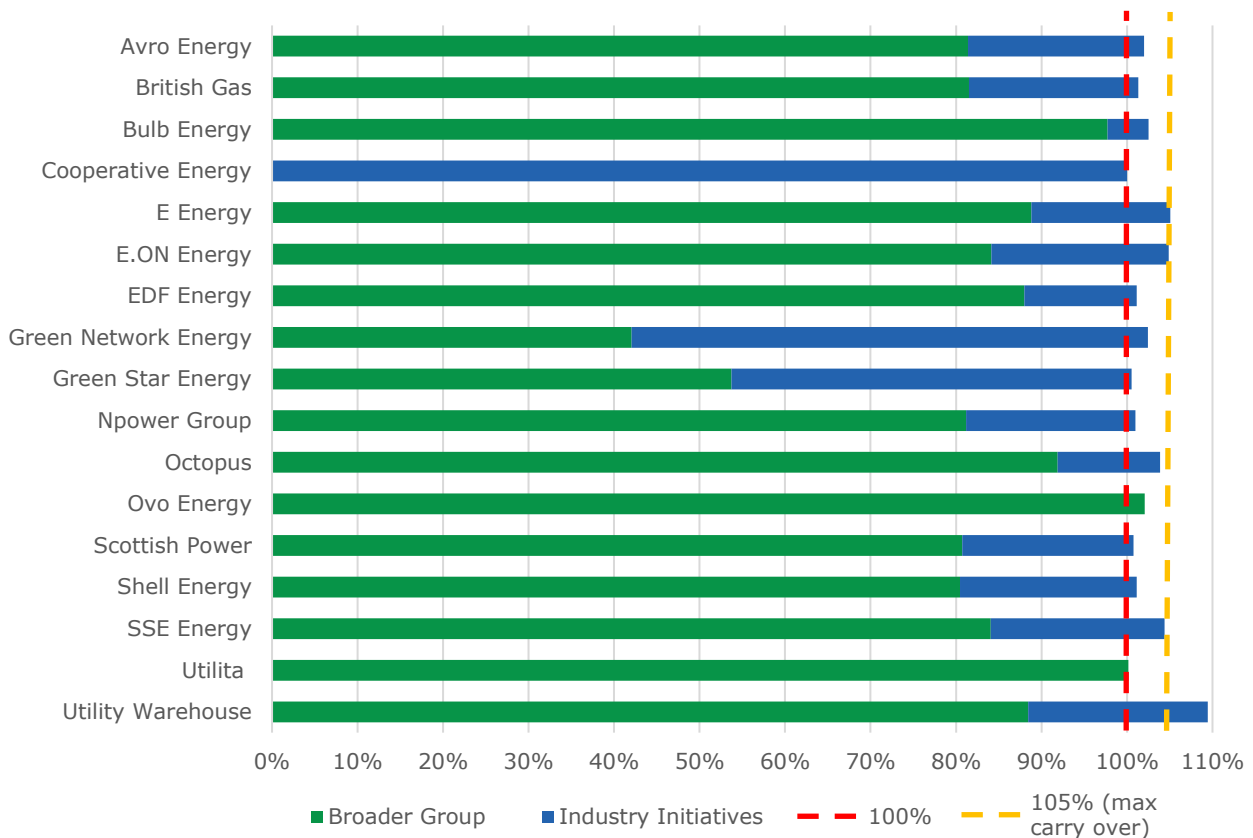
- 1.7. For each contravention, we checked that the individual customers had not been significantly affected, that the administration or delivery of the scheme had not been affected as a whole and that the supplier had resolved the issue within a reasonable timescale. If contraventions were deemed as minor, we did not determine that the supplier was non-compliant overall.
- 1.8. For those suppliers with minor contraventions, the largest percentage of contraventions was 11% of total core group rebates delivered to their consumers.
- 1.9. Having assessed all supplier activities reported to us relating to SY9, we determined that all of the compulsory participating suppliers in SY9 were compliant with their obligations, with a small number of minor contraventions. In addition, the solitary voluntary supplier was deemed compliant with delivering their Core Group obligation and they did not incur any contraventions.
- 1.10. During the scheme year, Co-Operative energy decided to exit the energy market and transferred their customers to Octopus Energy. As a result, this meant that Co-Operative Energy were not able to deliver their Broader Group obligation. This obligation was transferred to be delivered via Industry Initiatives, in order to ensure that Co-Operative were still able to meet their non-core spending obligation.

Supplier spend against non-core spending obligations

- 1.11. Suppliers who exceeded their SY9 obligation, by over delivering, are able to carry over part of their spending to SY10 where it will be attributed to the spending obligation that year. The amount a supplier can carry over is limited to 5% of the value of their non-core obligation for SY9.¹¹
- 1.12. For SY9, 16 suppliers reported over delivery of their obligation, which allowed them to carry over some eligible spend to SY10. This, in practice, reduces their obligation for SY10 as the amount they will have to spend is reduced. In **Figure 1.2** below, we show supplier spend against their obligation, and how suppliers chose to split their spend between the non-core elements.

¹¹ Regulation 14(3)(b)(iii) of the WHD Regulations

Figure 1.2: Supplier Spend against non-core spending obligations



Supplier	Broader Group % Spend	Industry Initiatives % Spend	Overall Achievement
Avro Energy	81%	21%	102%
British Gas	81%	20%	101%
Bulb Energy	98%	5%	103%
Cooperative Energy	0%	100%	100%
E Energy	89%	16%	105%
E.ON Energy	84%	21%	105%
EDF Energy	88%	13%	101%
Green Network Energy	42%	60%	102%
Green Star Energy	54%	47%	101%
Npower Group	81%	20%	101%
Octopus	92%	12%	104%
Ovo Energy	102%	0%	102%
Scottish Power	81%	20%	101%
Shell Energy	80%	21%	101%
SSE Energy	84%	20%	104%
Utilita	100%	0%	100%
Utility Warehouse	88%	21%	109%

- 1.13. As noted earlier, each supplier had a maximum value of eligible Industry Initiatives, which could be attributed to their non-core obligation. Suppliers split their spending between Broader Group and Industry Initiatives in many different ways and **Figure 1.2** above illustrates the proportion of each supplier's chosen spend. This ranged from exclusively focusing on Broader Group to maximising the use of Industry Initiatives alongside the Broader Group. Both approaches, and others in between, are acceptable under the WHD Regulations and show the flexibility of delivery models available to suppliers.
- 1.14. The WHD Regulations set specific requirements on how support through each element should be provided to eligible customers. For the direct rebates of the Core Group and Broader Group, these requirements primarily related to the timing of rebate payments, how the rebates can be provided, and how customers are told they have received their rebate.¹²
- 1.15. We are pleased to see that the majority of obligations across suppliers were met with no contraventions of the WHD Regulations.
- 1.16. Nine suppliers had minor contraventions, with 362 of the 363 contraventions being within the Core Group obligation. There was one solitary minor contravention in the Broader Group obligation. The 362 infringements in the Core Group represents less than 0.03% of over 1.05m rebates provided.
- 1.17. Bulb Energy, Co-operative Energy, E, Green Network Energy, Green Star Energy, Npower Group, OVO Energy, Scottish Power and Robin Hood Energy provided explanations for the specific issues that led to the minor contraventions, and confirmed that they had resolved the errors on behalf of the affected customers. From our discussions with each supplier, we are satisfied that action plans are in place to prevent them in future.
- 1.18. From the above assessment, we have concluded that the scheme, as defined by the regulations has been successfully delivered by the participating suppliers in SY9. The voluntary suppliers have also ensured that they have met the requirements of the WHD scheme.

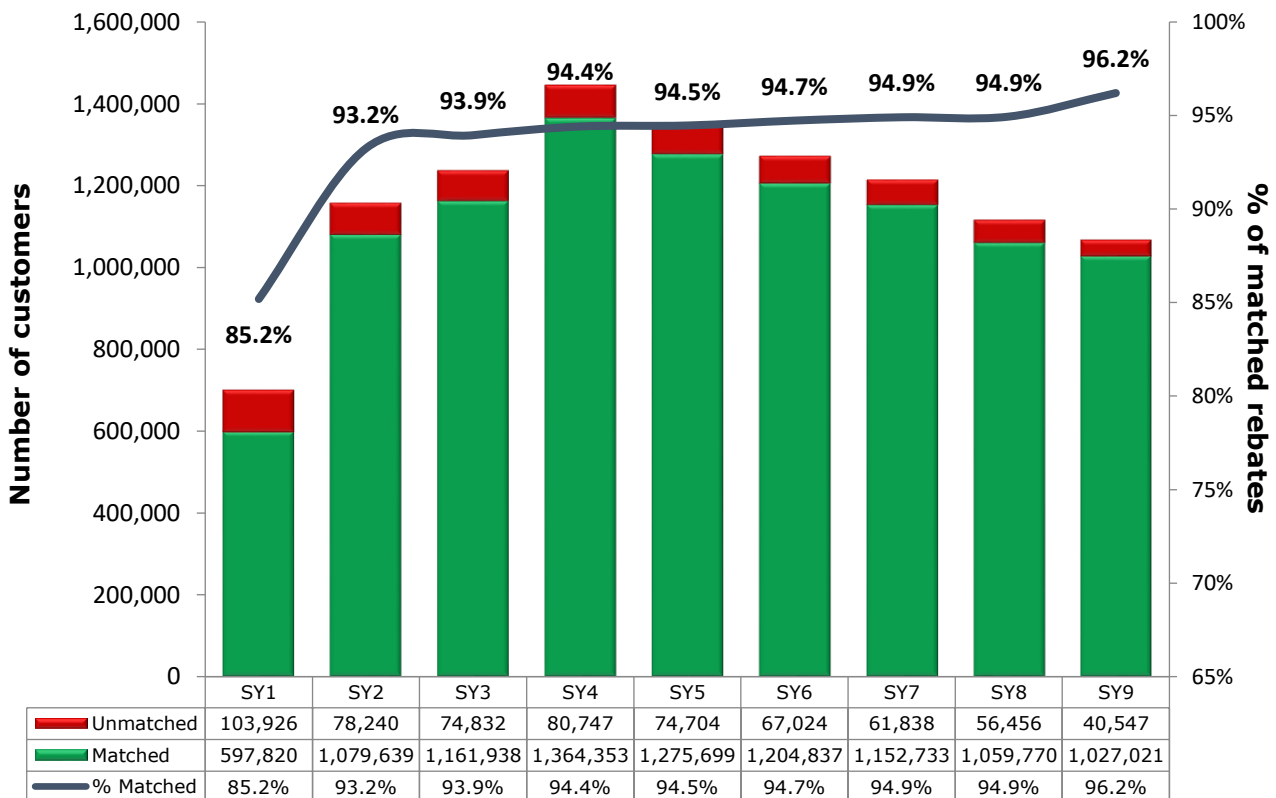
¹² Regulation 7 of the WHD Regulations

- 1.19. There has been a slight increase in the total number of minor contraventions in SY9 compared to SY8. The four new scheme participants accounted for 31 (8.5%) of the total number of minor contraventions. For existing participants, the total number of minor contraventions increased significantly to 332 contraventions, up from seven in SY8, though this remains proportionally small relative to the total number of rebates provided. Further work, via the actions plans referred to above, is required to mitigate the risks of these types of minor contraventions being repeated.
- 1.20. We do not expect to see these contraventions repeated in SY10 or any future scheme years, and will continue to provide suppliers with guidance to reduce the likelihood of them recurring.
- 1.21. Additionally, as the threshold for compulsory small suppliers (obligated under the Core Group only) has decreased for SY10, we will see six new suppliers become compulsory participants on the scheme. We will work with these new suppliers by encouraging them to ensure that suitable processes are in place to keep minor contraventions to a minimum.

2. Core Group

- 2.1. The Core Group element of the WHD scheme is administered by BEIS, which works closely with the Department for Work and Pensions (DWP) and participating suppliers to identify eligible Core Group customers.
- 2.2. In SY9, the eligibility criteria for the Core Group remained the same as in the previous year. All customers of participating suppliers who received Pension Credit Guarantee Credit were eligible for a rebate of £140 each. Customers identified as eligible for the Core Group must be provided with a rebate.
- 2.3. In SY9, four new suppliers, Avro, E, Green Network Energy and Octopus became compulsory participants in the scheme, which widened access to the WHD scheme.
- 2.4. In total, 1,067,568 customers were provided a Core Group rebate in SY9. This was 48,658 less than the previous scheme year. However, there was a corresponding increase in Broader Group rebates (52,800), so overall a consistent amount of rebate support has been provided to consumers.

Figure 2.1: Core Group rebates provided SY1 to SY9

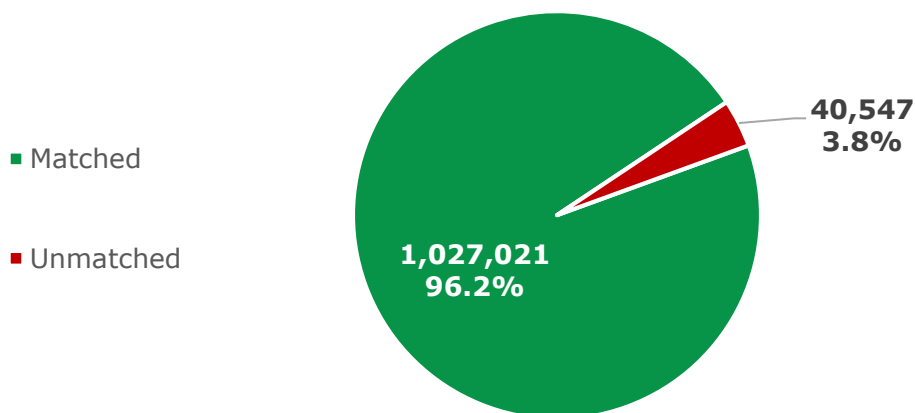


- 2.5. The trend in the decrease in of core group rebates provided since SY5 can be attributed to Pension Credit Guarantee reform and the frozen threshold.

Data Matching

- 2.6. To identify customers eligible for the Core Group, suppliers share a limited amount of customer data with the DWP who match this against records of Pension Credit recipients. If there is enough information for the customer to be 'matched', the relevant supplier receives an instruction to pay a rebate to this customer in the scheme year. For SY9, 96.2% of Core Group customers received their rebate this way (94.9% in SY8), without needing to take any action.
- 2.7. The remaining eligible customers, who could not be matched automatically, were asked to provide further information to a government call centre to confirm their electricity supplier. There were 40,547 'unmatched' customers (3.8% of the total) who needed to do this during SY9.
- 2.8. The percentage of matched rebates has increased year on year from the beginning of the scheme as a result of improvements in both data quality and processes between suppliers and the DWP.

Figure 2.2: Core Group Rebates matched



- 2.9. Suppliers are expected to fulfil each rebate instruction they are sent. However, the WHD Regulations recognise that there can be certain situations where this is not possible. Regulation 8 allows the Secretary of State (SoS) to determine situations where it would not be reasonably practicable to provide the rebate.
- 2.10. Currently, the SoS has determined that if a customer has died and their estate cannot be contacted, or if the customer has otherwise closed their account and cannot be contacted by any means, these instructions may be treated as **exceptions** and the supplier is not required to pay a rebate.

- 2.11. There may be other reasons why a supplier was not able to provide a rebate to the named domestic customer. If suppliers provide an explanation and we agree it is justified, these may also be treated as exceptions.
- 2.12. Suppliers treated 753 instructions as exceptions in SY9, about 0.07% of the total. We are satisfied in all cases that reasonable efforts were made to provide the rebate and that the treatment as exceptions was justified.
- 2.13. Suppliers have a requirement to report on the delivery of the rebates.¹³ The overview section of this report provides a definition of the terms 'provision' and 'delivery'. The value of rebates that a supplier does not 'deliver' to customers will be added to the supplier's non-core obligation for SY9. Any rebates that are not 'delivered' where the supplier has not made one additional reasonable attempt to deliver may be treated as non-compliance.
- 2.14. In SY9, 1,067,568 core group rebates were provided with a value of £149.5m. The total value of the delivered core group rebates was £147.9m (98.9% of rebate value was delivered). We are satisfied with the overall high redemption rate across all suppliers.
- 2.15. As reflected in the redemption rates, we ensured that suppliers followed up with customers and suppliers made one additional attempt to deliver the rebate. This attempt would be in addition to normal processes used to deliver outstanding rebates to customers.
- 2.16. A provision in the WHD Regulations allows the customer to have the rebate applied to their gas account on customer request.¹⁴
- 2.17. In SY9, only small numbers of customers asked their supplier to provide the rebate on the gas account and suppliers were able to meet these requests. For a number of the participating suppliers, customers could already ask for transfers to be made between gas and electricity accounts. These suppliers did not provide separate reporting of WHD rebate transfers. We therefore have not reported the number of requests made specifically for WHD rebates to be provided to gas accounts. This applies to both Core and Broader Group rebates.

Core Group Reconciliation

- 2.18. An important part of the Core Group element is the mechanism to balance the cost of delivery across all participating suppliers. This process is known as the Core Group Reconciliation, and is underpinned by the Warm Home Discount (Reconciliation) Regulations 2011 (as amended) ("the Reconciliation Regulations").

¹³ Regulation 9(6) of the WHD Regulations

¹⁴ Regulation 7(3)(aa) and (d) of the WHD Regulations

- 2.19. As the customers who are eligible for a Core Group rebate are not necessarily distributed amongst suppliers in the same proportion as their overall market share, the Reconciliation Regulations set out the method by which the costs are reconciled to supplier domestic market share through a series of payments organised by a central party on behalf of all suppliers.
- 2.20. The Reconciliation Regulations were amended in 2017 to give BEIS greater freedom to appoint a party to carry out the reconciliation process and Ofgem were appointed.
- 2.21. Two interim and one final Core Group Reconciliation runs took place between January 2020 and December 2020. Every supplier, apart from one, had made payments in full. As a result, another supplier made the payment on behalf of the supplier that could not pay. As such, each supplier due credit from the reconciliations was paid in full.
- 2.22. The total balancing payments received and paid out from the first, second and final Core Group Reconciliation was approximately £17,644,012.07.
- 2.23. Following each reconciliation, the SoS was provided with a report summarising the Core Group Reconciliation.

3. Broader Group

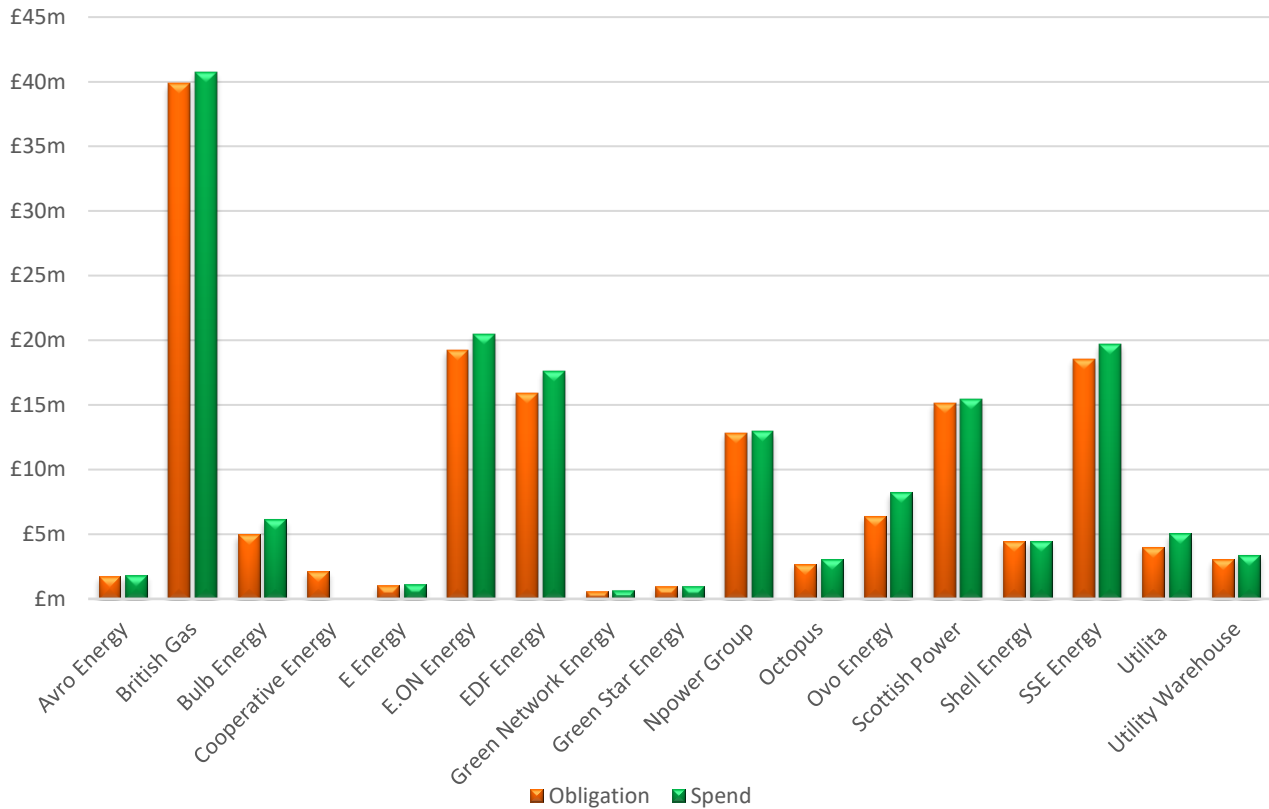
- 3.1. The Broader Group element of the WHD scheme requires suppliers to provide a minimum number of rebates to a wider group of fuel poor customers or those that are at risk of fuel poverty. Rebates are provided at the same value as the Core Group¹⁵ throughout the duration of the scheme, which was £140 in Scheme Year 9 (SY9).
- 3.2. Broader Group rebates form part of the non-core spending obligation for suppliers. The other part of the non-core obligation, Industry Initiatives, is capped at a maximum value, so therefore there is a *de facto* minimum spend on Broader Group for each supplier.
- 3.3. In SY9, Industry Initiatives were capped at £40m, therefore the Broader Group minimum spending obligation across all suppliers was £154m, equating to 79.3% of suppliers' total non-core spending obligation of £194m.

Banking of SY8 spending – adjustments to scheme obligations

- 3.4. Under the WHD Regulations, suppliers who spend more than their non-core spending obligations in a scheme year may carry over up to 5% overspend against the following scheme year's non-core obligation. In practice, this means that a supplier's non-core obligation will be reduced in the following year, within a set limit.
- 3.5. We amended each supplier's SY9 non-core spending obligation and minimum Broader Group spending for SY9 after completing our compliance assessment for SY8. In total, suppliers spent £3.2m above their non-core spending obligations during SY8.
- 3.6. Once these adjustments to obligations were issued, suppliers needed collectively to provide at least 1,096,638 broader group rebates to customers (equivalent to approximately £153.5m).
- 3.7. In SY9, suppliers provided 1,156,768 broader group rebates for a total value of approximately £161.9m.
- 3.8. All suppliers exceeded their SY9 non-core spending obligations, although the value varied by supplier in relation to their chosen delivery plan.
- 3.9. The £161.9m spend made up 81.3% of total non-core spending in SY9, with the remaining attributable £37.1m being spent on Industry Initiatives. We look at Industry Initiatives in more detail in Chapter 4.
- 3.10. All suppliers, with the exception of one, exceeded their individual Broader Group minimum obligation.

¹⁵ There were two voluntary suppliers in SY9 who were only required to provide rebates for the Core Group and not the Broader Group.

Figure 3.1: Supplier Broader Group spend against obligation in SY9



Supplier	Obligation	Spend
Avro Energy	£1.74m	£1.79m
British Gas	£39.90m	£40.78m
Bulb Energy	£4.99m	£6.16m
Cooperative Energy	£2.14m	£0.00m
E Energy	£1.02m	£1.14m
E.ON Energy	£19.26m	£20.45m
EDF Energy	£15.90m	£17.62m
Green Network Energy	£0.59m	£0.63m
Green Star Energy	£0.96m	£1.00m
Npower Group	£12.82m	£12.98m
Octopus	£2.65m	£3.07m
Ovo Energy	£6.39m	£8.25m
Scottish Power	£15.17m	£15.45m
Shell Energy	£4.43m	£4.49m
SSE Energy	£18.54m	£19.71m
Utilita	£4.01m	£5.04m
Utility Warehouse	£3.03m	£3.40m

3.11. Cooperative Energy were the exception, as they exited the energy market during the scheme year. All of their customers were transferred to Octopus Energy, meaning they were unable to provide any Broader Group rebates. In order to remain compliant with

their obligations, their Broader Group obligation was transferred to Industry Initiatives and they were able to deliver via this method of the scheme.

Broader Group Eligibility

- 3.12. From Scheme Year 5 onwards, the WHD Regulations included a mandatory set of criteria which all suppliers must use as a minimum¹⁶, although they may add further criteria if they wish, subject to approval by Ofgem. A supplier may elect to use only the mandatory criteria in a scheme year. We reviewed all sets of criteria in use during the scheme year, and were satisfied that each set was consistent with the requirements of the WHD Regulations.
- 3.13. All obligated suppliers met the mandatory criteria and in the majority of cases included additional criteria in their initial Broader Group submissions.
- 3.14. As well as setting clear eligibility criteria which target low income and vulnerable consumers, suppliers must ensure that rebates are provided only to people who are eligible and protect the scheme from fraud and abuse. In particular, the WHD Regulations require suppliers to obtain documentary evidence from a minimum of 5% of customers who receive a Broader Group rebate to verify the eligibility information on their application to the scheme.¹⁷
- 3.15. Suppliers take a random selection of applicants and seek documentary evidence from each applicant selected, confirming their eligibility before paying the rebate. If an applicant cannot provide the evidence, the rebate is withheld.
- 3.16. For SY9, suppliers were collectively required to obtain evidence of eligibility from 57,840 Broader Group customers in order to meet this regulation.
- 3.17. Individually all suppliers met this requirement and in all, 141,329 applicants to Broader Group schemes provided satisfactory evidence when asked, which is 244.3% of the 57,840 that were required to pass.
- 3.18. From SY7 onwards, suppliers were required to report on the delivery of the Broader Group rebates. The value of rebates that a supplier does not *deliver* to customers is added to the supplier's non-core obligation for the following scheme year.
- 3.19. In SY9, 1,156,768 rebates were provided with a value of £161.9m. The regulation changes mean that suppliers would have the value of the undelivered rebates added to their individual non-core obligation in the following year.¹⁸ The total value of the

¹⁶ Regulation 19(5)(a) and Part 1 of Schedule 2 of the WHD Regulations 2011

¹⁷ Regulation 19(7)(a) and Part 2 of Schedule 2 to the WHD Regulations

¹⁸ Regulation 14(3C) of the WHD Regulations

delivered broader group rebates was £160.3m (99.0% of rebate value provided). We are satisfied with the overall high redemption rate across suppliers.

3.20. Ofgem has a range of experience in administering consumer schemes, and we are aware that customers sometimes have difficulty redeeming rebates provided by suppliers. We introduced a requirement that suppliers should make reasonable efforts to help customers get the benefit of rebates through the WHD scheme.

3.21. As reflected in the redemption rates, we ensured that suppliers followed up with customers and made one additional attempt to deliver the rebate. This attempt will be in addition to normal processes, to ensure customers redeem outstanding rebates.

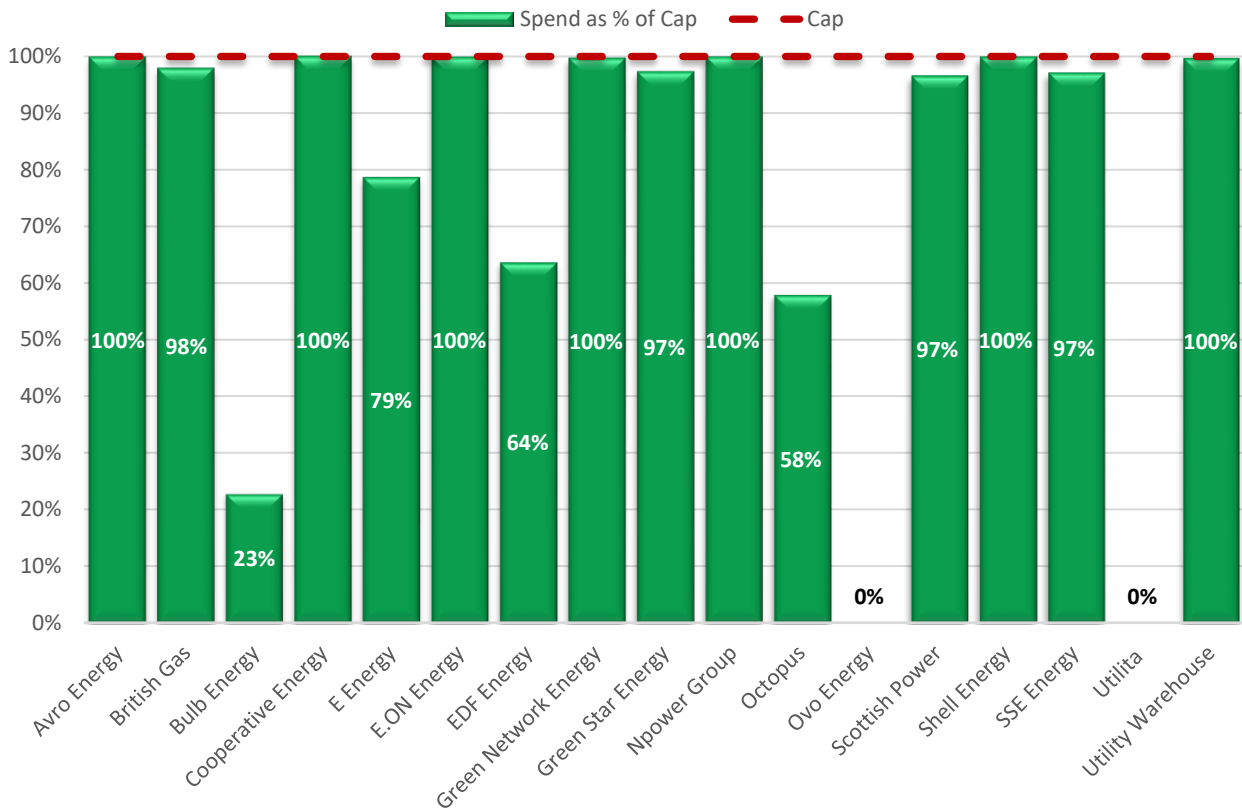
4. Industry Initiatives

- 4.1. Industry Initiatives can be used to contribute to meeting suppliers' non-core spending obligations. Suppliers do not have any minimum spend on Industry Initiatives and do not have to carry out any Industry Initiative activity. The majority of obligated suppliers chose to attribute some Industry Initiative spend towards their obligations to supplement the Broader Group rebates with 15 of the 17 doing so.
- 4.2. For this scheme year, as in all years of the WHD scheme, suppliers had a combined maximum attributable spend on Industry Initiatives. For Scheme Year 9 (SY9) this was £40m¹⁹, divided among them according to their market share.
- 4.3. Suppliers are required to submit notifications to Ofgem outlining their Industry Initiatives plans each scheme year, which must be approved by Ofgem before suppliers begin the activity.²⁰ We approve the Industry Initiative if the proposal is in line with the requirements of the WHD Regulations, and has clear, robust plans to deliver the activity successfully.
- 4.4. A supplier may run a new Industry Initiative activity as a pilot for one scheme year. If an Industry Initiative is notified as a pilot, we can be more flexible when assessing the success of targeting and value for money. This is intended to encourage more innovative schemes.
- 4.5. In total, suppliers spent £37.1m on attributable Industry Initiative activities in SY9, an increase from £30.3m spent in SY8.
- 4.6. Suppliers' approach to using Industry Initiative allowances varied. Some focused their SY9 spending fully on the Broader Group (two suppliers did not spend any of their Industry Initiative allowance), while others split their allowance to provide customers with different types of support. Both approaches are acceptable, and **Figure 4.1** below summarises each supplier's approach with a comparison to their maximum allowance in SY9.

¹⁹ Maximum Industry Initiative spend increased to £40m from SY8.

²⁰ Regulation 27 of the WHD Regulations

Figure 4.1: Supplier spend against Industry Initiative cap in SY9



4.7. The WHD Regulations allow for spending on Industry Initiatives to be attributed to a supplier’s WHD obligation. However, this spending must be on certain types of activity to be eligible.²¹ Broadly, these activities fall under nine categories:

1. Funding referral services to sources of support	2. Providing benefit entitlement checks and/or assistance to claim benefits
3. Providing energy efficiency measures, thermal efficiency measures, energy efficient appliances or micro generation	4. Funding the provision of energy advice or energy efficiency measures to consumers in particular fuel poverty risk groups
5. Providing or funding training for other organisations to provide energy advice	6. Providing assistance to reduce or cancel household energy debts
7. Providing rebates to eligible occupants of mobile homes for home energy use	8. Providing energy advice
9. Providing financial assistance to be spent towards energy bills, including rebates, to households that are particularly at risk of fuel poverty or in emergency situations	

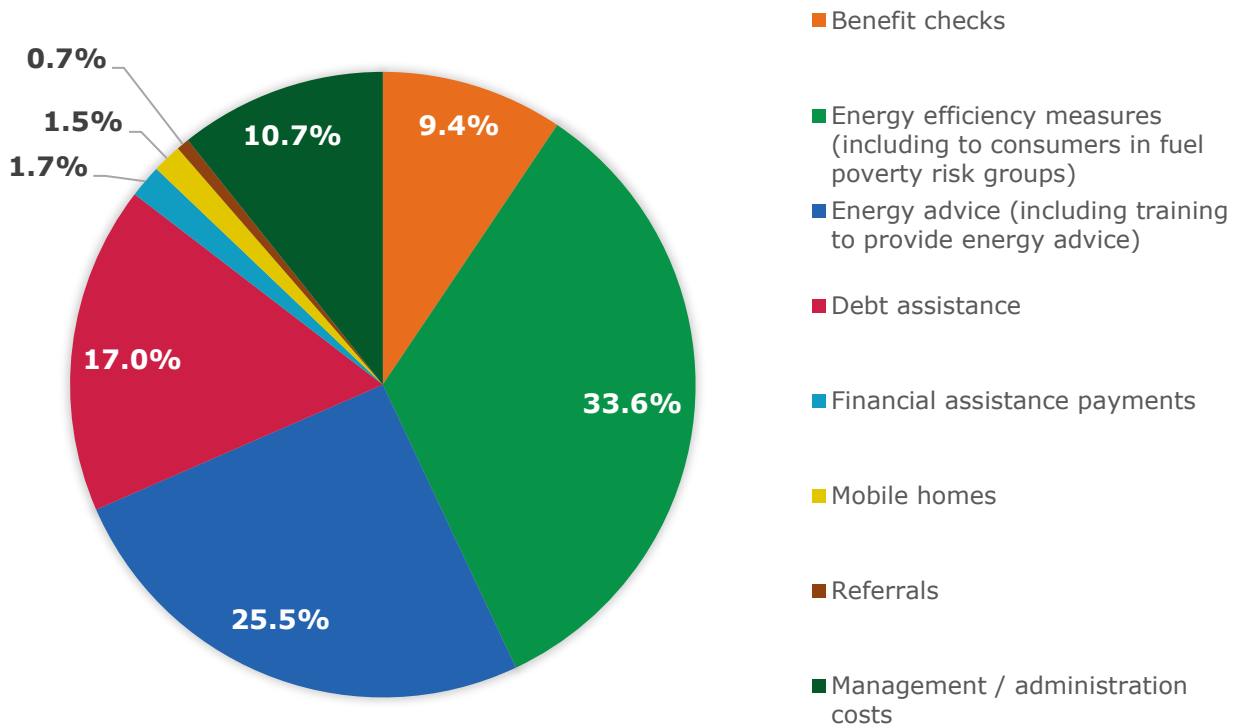
²¹ Regulation 26 of the WHD Regulations

- 4.8. Suppliers can fund any of these types of activities, and may fund more than one activity of the same or different types. Funded activities may offer more than one type of support at the same time.
- 4.9. Suppliers may also collaborate on Industry Initiatives – an activity can be funded by more than one supplier to provide a joint service. Each supplier then attributes the value of the funding they provided to their own obligation, and the activity is assessed as a whole through Ofgem’s compliance checking.
- 4.10. In SY9, suppliers funded 49 different Industry Initiatives, eight of which were collaborations between suppliers. All nine types of activity were directly funded in at least one of the initiatives. There was a range of values of funding and numbers of consumers helped with each type of activity. Two pilot initiatives were conducted this year, both of which were deemed compliant.
- 4.11. We are aware from supplier reporting that referral services were in some cases offered at no additional cost alongside the advice services. We are also aware that supplier methods for identifying customers in need of support took risk groups into consideration, although the focus was on individuals as in previous years.
- 4.12. We have summarised the outcomes and spending on the main direct consumer support activities in **Figures 4.2** and **4.3** below.

Figure 4.2: Customer support activity figures in SY9

Industry Initiative Type	No. of consumers helped	Spend Attributed	% of total Attributed Spend
Benefit checks	40,877	£3,496,824.42	9.4%
Energy efficiency measures (including to consumers in fuel poverty risk groups)	35,593	£12,469,763.14	33.6%
Energy advice (including training to provide energy advice)	307,749	£9,452,685.01	25.5%
Debt assistance	24,764	£6,295,903.34	17.0%
Financial assistance payments	11,216	£631,589.08	1.7%
Mobile homes	4,007	£560,980.00	1.5%
Referrals	32,658	£245,039.55	0.7%
Management / administration costs	n/a	£3,978,228.90	10.7%
Total	456,864	£37,131,013.44	100%

Figure 4.3: Customer support activity spend %



4.13. In addition to funding activities, which directly helped consumers, suppliers also funded the training of advisors who could assist consumers with managing their energy and energy bills.

Meeting the WHD Requirements

4.14. The WHD Regulations place four conditions on approval of Industry Initiatives. Before receiving approval at the notification stage, the proposed activity must demonstrate plans to meet each of the four conditions. At the end of the scheme year, suppliers must be able to provide evidence that each of the conditions were met.

4.15. The four conditions can be summarised as follows:

- The activity funded must be one, or a combination of more than one, of the activities permitted in the WHD Regulations (and summarised in paragraph 4.7);
- The activity must benefit target groups who are wholly or mainly in fuel poverty, or in a fuel poverty risk group;
- The activity must ensure, as far as reasonably practicable, that every domestic consumer provided with benefits under the initiatives will be provided with energy advice; and
- The activity should demonstrate value for money.

- 4.16. We worked with suppliers to ensure they could evidence that all the industry initiative activities funded in SY9 were eligible. Following completion of annual compliance assessment, we allowed suppliers to attribute spend for all industry initiatives submitted in their end of year returns.
- 4.17. We are satisfied that the 456,864 consumers who received support through the Industry Initiatives were wholly or mainly in or at risk of fuel poverty. We are also satisfied that the 2,720 people who were trained to provide energy advice would go on to assist people who were wholly or mainly in or at risk of fuel poverty.
- 4.18. We are generally satisfied that activities delivered were at a reasonable cost. We compared the costs reported to us against industry benchmarks, confirming that delivery costs were necessary to providing and managing the service effectively and that indirect delivery costs were kept acceptably low.
- 4.19. We noted in some cases that suppliers had chosen to absorb indirect management and administration costs, meaning that the full value of their spending went direct to services helping consumers.

Transfer of Broader Group obligation to Industry Initiative spend

- 4.20. If there is a risk that a supplier will not be able to meet its minimum Broader Group spending obligation, the supplier can apply to transfer some, or all, of its Broader Group obligation to Industry Initiatives.
- 4.21. Cooperative Energy opted to leave the energy market during SY9 and transferred their customer base to Octopus Energy. As this meant they had no customers on supply, they were not able to meet their Broader Group obligation. In order to allow them to deliver their non-core spending target, their Broader Group obligation was transferred to Industry Initiative spend. This meant that Cooperative Energy delivered their full non-core obligation via Industry Initiatives.

Trends in Industry Initiative activity

- 4.22. In comparison to the previous scheme year (SY8), the main differences in the funding provided and the outcomes achieved are:
- Spending on energy advice and training to frontline staff in order to provide energy advice saw the biggest increase in spend with over £9.4m spent in SY9 compared to £6.0m in SY8. This shows a focus from suppliers to ensure that consumers are using energy efficiently and to understand how to reduce their energy bills.

- The proportion of funding used to help customers manage and repay energy debt has decreased from 26.7% in SY8 to 17.0% in SY9. We expected this decrease following the reduction of the debt relief cap from £10m in SY8 to £8m in SY9, resulting in an increase of spend in other Industry Initiatives activities. The cap will further reduce to £6m in SY10.
- The number of benefit entitlement checks carried out during SY9 (40,877) increased compared to SY8 (31,359). This represents a return to a trend we saw in previous scheme years, but saw an unusual drop in SY8.
- Spend on rebates to Park Homes has decreased from 2.2% in SY8 to 1.5% in SY9. This decrease could be a result of the increase in number of Industry Initiatives (from 44 in SY8 to 49 in SY9) and variety of Industry Initiatives in SY9.

4.23. The largest proportion of funding was attributed to providing energy efficiency measures, accounting for over £12.4m of total spend (33.6%). Suppliers were required to confirm that this spend was not double-counted as part of their ECO obligation.

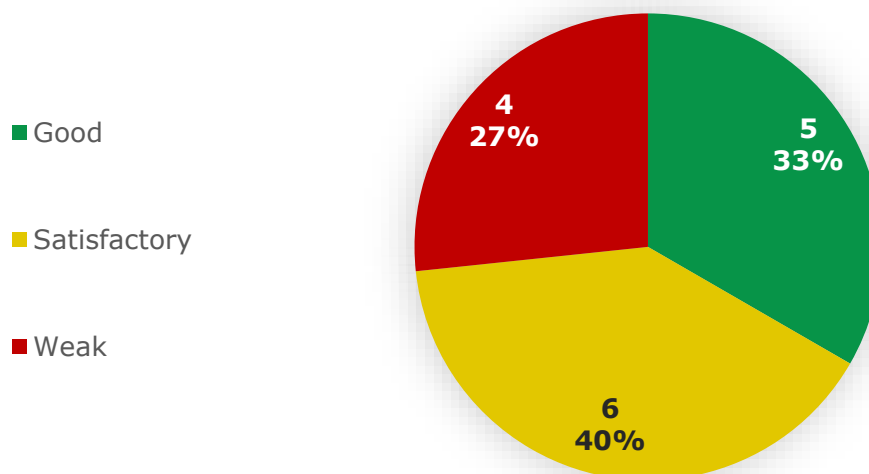
4.24. In order to encourage suppliers to fund new and established initiatives, we held a stakeholder engagement event that allowed delivery partners to meet the obligated suppliers and ask for funding for their projects under the WHD scheme.

4.25. Where delivery risks were identified, suppliers engaged with us early to notify any issues that had arisen.

5. Audit Programme

- 5.1. Ofgem has a duty to keep under review the operation of any support scheme it administers.²² As part of this, we must make sure that suppliers are complying with their obligations effectively and efficiently. One way we do this is through an annual audit programme that provides assurance that information is being reported accurately. It also helps suppliers follow best practice in delivering the support and reduces the risk of them not complying with obligations. This helps suppliers protect consumers by minimising the risk of fraud in the scheme.
- 5.2. We work with suppliers to provide assurance using Ofgem-appointed external auditors and suppliers own independent internal audit and quality assurance teams. Ofgem-appointed auditors focus on the highest risk areas of each supplier's activities, while supplier teams verify reporting data and effective processes.
- 5.3. Our appointed auditors covered three areas of scheme activities, carrying out 15 audits across the scheme year. The three types of audit were:
- Verifying market share data (used to set scheme obligations)
 - Testing supplier support delivery processes during the scheme year
 - Verifying selected supplier reporting information after the scheme year end
- 5.4. The breakdown of results of our audits is shown below in **Figure 5.1:**

Figure 5.1: External Audit Ratings WHD Scheme Year 9



²² Section 13 of the Energy Act 2010

5.5. The audit ratings are defined as:

- 'Good' – Findings identified may be of interest to the Supplier to enhance performance or meet best practice.
- 'Satisfactory' – Minor weaknesses in the design or operation of procedures in place for the Supplier.
- 'Weak' – Several weaknesses identified in the design or operation of procedures in place for compliance with the requirements. This may reduce the level of compliance.

5.6. The results of audits are shared with the suppliers, including the overall rating and an explanation of any points of concern. This allows the supplier and Ofgem to confirm that the report is accurate and to agree actions to address any findings.

5.7. The four audits that were judged weak stemmed from two suppliers, Green Network Energy and Octopus Energy. Separate audits were conducted against their Core Group activity and their Broader Group activity respectively.

5.8. We have discussed the audit results with both suppliers and agreed steps to prevent similar problems in the future. We sought assurances about their practices and controls to have confidence in their performance for SY10.

5.9. Our guidance document for suppliers²³ sets out our requirements for the audit of scheme activities. We will continue to work with suppliers to ensure that their internal audits meet these requirements, and that they continue to strive for best practice in supporting consumers through their own quality assurance as well as our audit work and compliance reviews.

²³ Warm Home Discount Guidance for Suppliers

https://www.ofgem.gov.uk/system/files/docs/2018/08/warm_home_discount_whd_guidance_for_suppliers_-_version_6.1.pdf

6. Looking Back: Scheme Year 9 Outcomes

Participating suppliers

- 6.1. The Warm Home Discount (WHD) scheme has continued to expand to new suppliers as the domestic energy market diversifies. Avro Energy, E (Gas & Electricity), Octopus Energy and Green Network Energy participated in the scheme for the first time in Scheme Year 9 (SY9) as they had reached the threshold for compulsory participation. In addition, some previously obligated suppliers from SY8 have ceased to trade. In total there were nineteen participating suppliers at the end of SY9 including one voluntary supplier.
- 6.2. As in previous years, Ofgem engaged with new suppliers for SY9 to help them to understand and deliver their obligations effectively. When a new supplier joins the scheme, they are required to set up new processes. We are aware that this can involve significant effort for the suppliers who do not have experience of participating in government schemes to support consumers.

Compliance with obligations

- 6.3. There was a positive outcome to SY9 compliance assessment, with all obligated suppliers found to have met their obligations. This is a good outcome as it demonstrates that supplier's positively impacted consumers as they, as a result, received support with managing their energy bills.
- 6.4. Overall, suppliers were compliant with the scheme requirements, although we noted a proportionally small number of minor contraventions of the requirements of the WHD Regulations. As in previous years, we have ensured that suppliers took remedial action in each case to avoid vulnerable consumers losing out on support.
- 6.5. Where we found problems with delivering support to consumers, we have sought assurances from suppliers that they have improved processes before beginning delivery in the next year. This helps to avoid these problems in future.

Core Group

- 6.6. The Core Group is an example of effective joint working between government departments and stakeholders. DWP and energy suppliers share data to identify low income pensioners and provide Core Group rebates against their electricity or gas bills, in most cases without the customer doing anything.
- 6.7. In the first year of the scheme, when the data matching process was introduced, government and suppliers successfully identified 85.2% of eligible Core Group customers automatically. This improved considerably over the early years, and since SY4 has been over 94.0% each year. In SY9, 96.2% of Core Group customers were identified through

data matching. All other eligible customers were able to contact a central call centre on a single number to provide extra information, regardless of who their supplier was.

- 6.8. Eligibility for the Core Group remained the same for SY9 as with SY8. The Core Group has generally been delivered successfully by suppliers across the breadth of the scheme and provides consistent and predictable help to low-income pensioners. However, the general trend of the size of the core group has been falling below the estimate since SY5.
- 6.9. Data matching to confirm customer eligibility also supports the Broader Group verification requirement, and has again streamlined this process, making it easier and less intrusive for customers.

Core Group Reconciliation

- 6.10. Ofgem continues to be responsible for the core group reconciliation process, having taken this on in SY7. In SY8, the administration of this function was made more complex as a result of us being required to trigger core group mutualisation. We are pleased to note that mutualisation has not been triggered in SY9.
- 6.11. Two interim reconciliation runs were completed successfully and the final one was completed successfully in December 2020. Overall, Ofgem and suppliers worked well in completing the reconciliation runs.

Voluntary Suppliers in the WHD scheme

- 6.12. SY9 saw Bristol Energy participate as a voluntary supplier. Bristol Energy were included in the Core Group element for the duration of the scheme year.
- 6.13. Bristol Energy delivered rebates to their customers who were identified as eligible for the Core Group, and we were pleased to see that they complied with their obligations under the scheme. As a voluntary supplier, they were not required to deliver Broader Group or Industry Initiative support to consumers.

Broader Group

- 6.14. All obligated suppliers were found to have complied with their broader group obligations during SY9, providing a greater number of rebates than the minimum requirement set for them.
- 6.15. In achieving the above, suppliers successfully identified customers who were considered to be in, or at risk of, fuel poverty using a mixture of compulsory and additional eligibility criteria. Where additional criteria were used, these were required to be approved by Ofgem.

Industry Initiatives

- 6.16. Suppliers have funded Industry Initiatives throughout the duration of the WHD scheme, which has covered a variety of values and types of activity over the nine years. The value of spend that suppliers could attribute to WHD obligations was £40m.
- 6.17. Whilst no supplier is obliged to attribute spend to Industry Initiatives, fifteen of seventeen fully obligated suppliers choose to fund at least one. Of these fifteen, seven spent their entire Industry Initiative cap and a further four spent over 95% of their Industry Initiative cap.
- 6.18. In total suppliers funded 49 initiatives in SY9, up from 44 in SY8. This demonstrates that most suppliers continue to be committed to providing support to fuel poor groups utilising methods other than the provision of rebates.
- 6.19. Of the 49 initiatives, two were considered pilot initiatives. Ofgem committed to taking a proportionate approach to assessing pilot activities in the event of variations in delivery outcomes, where suppliers could demonstrate that they had carried out effective oversight and governance during the period of the activity. This helped suppliers manage the risk of non-compliance due to factors outside of their control.
- 6.20. The two pilot activities carried out were assessed as being compliant. We worked with supporting suppliers throughout the year to be aware of progress and any alterations or risks to delivery.

7. Looking Forward

The Warm Home Discount Scheme

- 7.1. In 2015, the Spending Review and Autumn Statement announced that the scheme budget would be maintained in real terms, rising with inflation for each year up to 2020-21. In August 2018, the latest amendment to the Warm Home Discount (WHD) Regulations came into force committing the Government to support the scheme through to March 2021, representing SY8-10. The Scheme Year 9 (SY9) spending target was £347m whilst for SY10 the spending target has been set as £351m. The spending target can increase or decrease in line with the percentage change in the consumer price index.
- 7.2. The scheme has retained the same structure for SY8-10, being a continuation of the three existing elements of i) Core Group, ii) Broader Group and iii) Industry Initiatives. In SY9, the Industry Initiatives overall spending limit was £40m and will remain so for SY10. Within this, the proportion of suppliers Industry Initiative cap that can be spent on debt assistance will be reduced to £6m in SY10, encouraging suppliers to focus on other activities.
- 7.3. As seen in **Figure 2.1**, the number of customers receiving the Core Group payment has been shrinking since SY5. This is mainly due to Pension Credit Guarantee reform and the frozen threshold. A total of 48,658 fewer Core Group payments were provided in SY9 compared to SY8 and 282,835 fewer customers received a Core Group payment when compared to SY5. The general increase in the non-core group obligation has resulted in some suppliers using the mechanism in the WHD Regulations to transfer Broader Group obligation to Industry Initiatives.
- 7.4. In total, there are 25 obligated suppliers in SY10, being six more than SY9. Of these, 18 are compulsory suppliers, five are compulsory small suppliers and two are voluntary suppliers. Compulsory small suppliers and voluntary suppliers will only be obligated under the Core Group element of the scheme.
- 7.5. SY10 will see six suppliers participating on a compulsory basis for the first time, being So Energy, Tonik Energy, Pure Planet, Ecotricity, iSupply and Utility Point. Additionally SY10 will see two new voluntary suppliers, being Green Energy and Symbio Energy. We have been engaging closely with these new participants during 2020 to ensure they put suitable activities and processes in place to meet their obligations for SY10.

Warm Home Discount (WHD)

- 7.6. The SY10 scheme will operate similarly to SY9 including the three elements of the scheme, targeting, and the types of support that can be offered. One notable change is that the domestic customer number threshold for compulsory participation will be

reduced to 150,000. Suppliers reaching this lower threshold will be required to deliver the Core Group. Once they reach 250,000 domestic customers they will also have a non-core obligation. We will work with any suppliers who expect to reach the threshold for participation to ensure that they can begin planning for obligations under this and other government schemes.

- 7.7. As mentioned previously, the government has extended the scheme until at least March 2021, equivalent to a tenth scheme year. BEIS has been monitoring the outcomes of the WHD scheme over the first nine scheme years, analysing the successes, areas for improvement of the scheme set up, as well as trends that have emerged over the scheme period. This report and the information in it contributes to that monitoring process. BEIS published a consultation in October 2020 on extending the scheme into SY11²⁴. As a result of this we anticipate BEIS will introduce some changes to the scheme in SY11 that BEIS will communicate in due course.

Core Group Reconciliation

- 7.8. An important part of the Core Group element is the mechanism to balance the cost of delivery across participating suppliers. This process is known as the Core Group Reconciliation, and is underpinned by the Warm Home Discount (Reconciliation) Regulations 2011 (as amended) ("the Reconciliation Regulations"). As the customers who are eligible for a Core Group rebate are not necessarily distributed amongst suppliers in the same proportion as their overall market share, these regulations set out the method by which the costs are reconciled to supplier domestic market share through a series of payments organised by a central party on behalf of all suppliers.
- 7.9. Under the Reconciliation Regulations, the Operator is appointed to manage the Core Group reconciliation process. The Reconciliation Regulations were amended in 2017 to appoint the Gas and Electricity Markets Authority (GEMA) as the reconciliation Operator for SY7 going forward.
- 7.10. On behalf of GEMA, Ofgem will carry out the SY10 reconciliation process. Ofgem already makes the final determination of the number of Core Group rebates provided by each supplier in a scheme year and therefore can efficiently complete the reconciliation using the rebate data it holds.

²⁴ BEIS WHD consultation for 2021-2022: <https://www.gov.uk/government/consultations/warm-home-discount-scheme-2021-to-2022>

Appendix 1

Participating Suppliers

WHD compulsory scheme electricity suppliers

SY9 Supplier Group*	Licenced Supplier(s)	Participation Scheme Years
Avro Energy	Avro Energy Limited	9
British Gas	British Gas Trading Ltd	1, 2, 3, 4, 5, 6, 7, 8, 9
Bulb Energy	Simple Energy Limited	8, 9
Cooperative Energy	Co-operative Energy Ltd	4, 5, 6, 7, 8, 9
E Energy	E (Gas & Electricity) Limited	9
EDF Energy	EDF Energy Customers Plc	1, 2, 3, 4, 5, 6, 7, 8, 9
EON Energy	E.ON Energy Solutions Limited	1, 2, 3, 4, 5, 6, 7, 8, 9
Green Network Energy	Green Network Energy Limited	9
Green Star Energy	Hudson Energy Supply UK Limited	8, 9
Npower Group	Npower Limited, Npower Northern Supply Limited, Npower Yorkshire Supply Limited, Npower Direct Limited (Electricity)	1, 2, 3, 4, 5, 6, 7, 8, 9
Octopus	Octopus Energy Limited, Affect Energy Limited	9
Ovo Energy	OVO Electricity Ltd	5, 6, 7, 8, 9
Robin Hood Energy**	Robin Hood Energy Ltd	8, 9
Scottish Power	Scottish Power Energy Retail Ltd	1, 2, 3, 4, 5, 6, 7, 8, 9
Shell Energy	Shell Energy Retail Limited	3, 4, 5, 6, 7, 8, 9
SSE Energy	SSE Energy Supply Limited	1, 2, 3, 4, 5, 6, 7, 8, 9
Utilita	Utilita Energy Limited	5, 6, 7, 8, 9
Utility Warehouse***	Electricity Plus Supply Ltd	1***, 2***, 3, 4, 5, 6, 7, 8, 9

*Supplier Groups include specific licenced suppliers, plus some alternative brand names and white label suppliers who do not hold a supply licence of their own, but offer tariffs under their own name through partnership with a licenced supplier. Customers of white label suppliers in partnership with a licenced supplier are also eligible for the WHD scheme.

**Only obligated under the Core Group element of the scheme.

***Utility Warehouse was, until SY3, connected to the Npower supplier group and met its obligations as a part of that supplier group. From SY3 onwards, Utility Warehouse met its obligations as a distinct supplier group entity.

A list of suppliers' subsidiary companies is on the BEIS website <https://www.gov.uk/the-warm-home-discount-scheme/energy-suppliers>

WHD compulsory scheme electricity suppliers

SY9 Supplier Group	Licenced Supplier(s)	Participation Scheme Years
Bristol Energy	Bristol Energy Limited	6, 7, 8, 9