



3rd Floor North  
200 Aldersgate Street  
London EC1A 4HD  
Tel: 03000 231 231  
citizensadvice.org.uk

Rebecca Pickett  
RIIO Price Controls, Networks  
Ofgem

**22 January 2021**

Dear Rebecca,

We welcome the opportunity to provide feedback on the Governance for the Gas Network Vulnerability and Carbon Monoxide Allowance (VCMA). We also welcome many of the revisions which are reflected in the second version of the draft governance document. The following numbers in bold relate to the paragraph numbers in the governance document and comments relate specifically to that paragraph unless otherwise stated.

**2.10.g)** This paragraph states that to qualify as a VCMA project it must *“not be delivered through other external funding sources directly accessed by a GDN, including through other government (national, devolved or local) funding”*. It is unclear whether this criteria is intended to prevent VCMA projects from being part-funded by external funding and we would recommend the language and intention is clarified.

**Eligibility criteria for company specific boiler repair and replacement - 2.12.** We strongly welcome the inclusion of this in the final determinations and the governance document. We do, however, note that it does not allow for the inclusion of cookers or gas cooking appliances where these have been isolated and condemned and where paragraphs 2.12. a) to c) would also apply. Where a GDN has had to condemn an appliance whether for heating or cooking and where the household is unable to repair or replace it, and sufficient alternative funding is not available, we

**Patron HRH The Princess Royal      Acting Chief Executive Alistair Cromwell**

Citizens Advice is an operating name of the National Association of Citizens Advice Bureaux.

Charity registration number 279057. VAT number 726 0202 76. Company limited by guarantee. Registered number 1436945.

England registered office: 3rd Floor North, 200 Aldersgate Street, London EC1A 4HD.



recommend that GDNs are able to help these customers as part of the price control to ensure they are not left in a vulnerable situation. We would therefore recommend that the scope of this is increased to include other gas appliances.

**2.15.** We recommend that in addition to GDNs publishing Project Eligibility Assessments (PEA) on their company websites, that Ofgem also centrally publishes PEAs as a single document for each GDN. This would ensure it is consistent with annual reporting obligations and that information is readily available in one place for stakeholders.

**2.16. Table 2: Information required for the registration of VCMA Projects** The Project Eligibility Assessment (PEA) requires the scale of the VCMA project to be stated including, *“the scale of the investment relative to the potential benefits”*. This would indicate that a form of cost benefit assessment (CBA) or social return on investment (SROI) calculation is required. We recommend that Ofgem specifies that an SROI calculation should be demonstrated here in the PEA to ensure consistency between GDNs and to drive GDNs towards using a common SROI methodology.

**2.17.** We welcome the clarity provided in Ofgem’s explicit statement that the VCMA *“registration process does not involve Ofgem approving projects”*. However, what remains unclear is whether Ofgem or a third party will assess whether VCMA projects were a) eligible for funding, and b) that costs were efficiently incurred, within the price control. If such a process would be conducted ex-post as part of the price control, this should be made clear. Nevertheless, we would still recommend that it is in the interests of consumers and GDNs that approval of VCMA projects and confirmation of eligibility for funding is established up front at the point of registration.

**2.21.** We welcome the prescription of information which should be included in companies’ annual reports on use of the VCMA. We would recommend that Ofgem sets out more details on how this information is formatted and presented. For clarity, transparency and ease of access, GDNs should format and present annual reports and the information prescribed under paragraph 2.21. in a standardised and common way which best allows for transparency and comparison as demonstrated by the draft Annual Environmental Reporting guidance document.

**Patron HRH The Princess Royal      Acting Chief Executive Alistair Cromwell**

Citizens Advice is an operating name of the National Association of Citizens Advice Bureaux.

Charity registration number 279057. VAT number 726 0202 76. Company limited by guarantee. Registered number 1436945.

England registered office: 3rd Floor North, 200 Aldersgate Street, London EC1A 4HD.



**3.3.** We welcome the additional presenting requirements for the annual showcase event. However, as a key function of the reputational incentives in GD2, we think these should be extended to include the following six reputational ODI measurements as set out in the final determinations<sup>1</sup>:

- Average Customer Satisfaction for PSR customers
- Number of FPNES connections
- Percentage of the company specific FPNES target delivered
- Percentage of FPNES connections delivered compared to the volume driver cap
- Average CO awareness score via a common survey
- Number of consumers reached through CO awareness sessions

**3.4.** We welcome the change to the funding approach for the annual showcase event. However, clarity may be needed on whether costs associated with this must be registered as a VCMA project in order to receive the necessary funding or whether an alternative process is required.

Yours sincerely

Sam Hughes

Policy Researcher

---

<sup>1</sup> [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) page 16