

FPNES: Update to the eligibility criteria

21 March 2017

Fuel Poor Network Extension Scheme: Update to the eligibility criteria – Ofgem open letter dated 10th March 2017

Communitas Energy CIC (Fuel Poor Partner) response

Communitas Energy CIC (CE), as a Fuel Poor Partner organisation, has prepared the following response for consideration by Ofgem, prior to the implementation of any proposed amendments to the Fuel Poor Network Extension Scheme (FPNES).

As an approved Fuel Poor Partner, working with Northern Gas Networks and more recently ES Pipelines, CE has considerable experience in the delivery of gas connection qualification and project planning services within FPNES. As such, we are extremely concerned with the proposed removal of LSOA 25% qualification criteria and the detrimental impact that it will have on the FPNES and the wider ability to support the eradication of Fuel Poverty.

In principle, we support the use of appropriate proxies to aid fuel poverty targeting as well as reflecting criteria employed by related schemes to encourage joined up working. It is essential however that the correct balance of these elements is maintained to ensure fuel poor households continue to benefit in full. Unfortunately, the removal of LSOA 25% criteria will have completely the opposite effect and will exclude a very significant number of fuel poor households that currently benefit from the FPNES scheme.

Without LSOA 25% eligibility there will be a drastic reduction in FPNES delivery as off-gas area based schemes, which make up the majority of our workload, become unviable. LSOA 25% criteria is the only available method of confirming eligibility without the need of approaching residents and obtaining personal information. LSOA 25% is a unique tool within the FPNES criteria that allows community schemes to be developed with certainty of eligibility.

We know from experience that, without LSOA 25%, our key stakeholders will be very nervous in agreeing engagement with communities because of the expectation it creates with residents. Our view is that, without LSOA 25% eligibility, community schemes will cease due to the lack of stakeholder support. We also predict that, using the remaining eligibility criteria, it will not be possible to gain the requisite density of households to sufficiently fund the scheme costs.

As well as the proposal to remove LSOA 25% criteria, we are also particularly concerned with the proposed timescales for implementation. We recognise that ECO alignment brings potential opportunities for whole house solutions, but given that the yet untested ECO transition arrangements will focus on insulation as a primary driver, we see limited opportunities at this time for vulnerable customers to benefit from a more holistic solution.

There is a disconnect between ECO and FPNES, a gap previously bridged by the Central Heating Fund; full heating systems are not recognised as primary measures either at present or from what can be understood for the transition period. Once again there is limited support for central heating works which increases reliance on key local stakeholders.

Inevitably there will be significant fallout created by the proposed action with the potential collapse of the FPNES which will predictably lead to reputational damage for all those involved.

For these reasons, we urge Ofgem to seriously reconsider this proposal and retain the current LSOA 25% eligibility criteria.

Supplementary supporting information:

- LSOA 25% criteria is the most common eligibility route we use under the FPNES. Connections completed to date within this regulatory year under LSOA 25% have been 1,485 (63%). We estimate, due to the loss of the Central Heating Fund, 80% of FP connections will be LSOA 25% qualified should there be a reversal of the proposed
- Gas connection schemes (groups of off gas homes) make up the majority of connections delivered under FPNES and the vast majority of these would not be viable without the LSOA 25% criteria route
- There would be no street by street option of targeting areas within schemes. At best the loss of LSOA 25% would lead to pepper-potting within the small number of off-gas schemes
- Loss of support from landlords who currently install heating, mainly at their costs, and who are reliant on understanding the viability of schemes prior to commencing engaging with tenants
- ECO delivers measures to primarily gas heated homes. It is misleading to assume the same take up by fuel poor homes in comparison with the FPNES
- Requirements of GDNs and Fuel Poor partners to predominantly work with others when seeking funding for in-house works linked to the FPNES is better enabled through LSOA 25% criterion
- When working with residents to develop schemes experience shows us that:
 - Consultation with residents immediately raises expectation that a scheme will be delivered
 - Some residents are difficult to contact for assessment
 - Many residents will not share their personal information to enable an assessment under HHCRO or LIHC
 - Tenants don't always have the information themselves to conclude an assessment
 - General disconnection with the process by tenants – it is seen as the landlord's responsibility to sort out gas connections.
- Within the current qualification process, we initially consider LSOA 25% criteria and, if met, have no need to consider eligibility under other qualification aspects. As a result, we have limited knowledge of those that may qualify under alternative measures, and therefore the true impact of removing the LOSA 25% criteria can only be estimated
- The removal (permanent or temporary) of the LSOA 25% criteria will have a massive negative impact on the planned 'connection' works which is already included in the scheduled of activity over the next 12 months
- A great deal of time and effort has already been invested in developing key stakeholder strategies around LSOA 25% communities. Withdrawal at this stage, and with no reliable alternative will inevitably cause significant damage to the FPNES
- We estimate that over 4,000 fuel poor connections, with key stakeholders which are either in flight or included in longer term planning, over the remaining term of RIIO, would be put at risk due to LSOA 25% removal