

## Ofgem: Potential change to the Fuel Poor Network Extension Scheme

Sovereign Housing Association now own around 56,000 homes, making us the 6<sup>th</sup> largest housing association in England. We oversee one of the largest development programmes of affordable housing in the sector. We currently build around 1,200 homes per year and plan to increase this to 1,500 per year.

Making our homes more fuel efficient and tackling fuel poverty is a big priority for us. Through the use of the Fuel Poor Network Extension Scheme (FPNES) we are building strong relationships with local Gas Distribution Networks (GDNs) and these will be supportive in future bidding with the Warm Homes Fund (WHF). It will enable us to install gas connections to hundreds of our homes and improve fuel affordability and thermal comfort for our residents.

We do not agree that the eligibility criterion relating to the indices of deprivation should be removed. We echo the GDN's concerns that this change will result in many fuel poor and vulnerable households missing out from benefiting from the scheme. The proposed change would also make it much more difficult and costly for housing associations to connect households to the gas network.

Our annual household turnover is 7% and the proposed approach could mean that we would have neighbouring homes with and without access to gas. This would create a community of unfairness and inequality. The existing average IMD approach to an estate or area ensures we are treating everyone fairly.

We are concerned that one of the two remaining eligibility criteria (HHCRO) is not applicable to housing association homes and only applies to owner occupiers and those renting privately. Housing Associations provide homes to financially vulnerable households who are more likely to suffer from living in a less energy affordable and thermally comfortable home. We are also reliant on third parties support to enable us to tackle issues, like fuel poverty and feel that our relationship with GDN's may become fractured and less productive with the proposed change. Removing criteria which enables social rented households to access the FPNES is likely to mean that those who can benefit the most from the scheme are less likely to receive its support.

We would be unable to economically apply a means tested approach. The GDNs would be reliant on personal information from third parties to understand each household's eligibility. Data protection rules would prohibit us from sharing this information without explicit permission from each of our 56,000 households.

The extra time and cost to the GDNs to carry out a means testing approach would possibly result in less funding being available to carry out the work itself. This would impact negatively upon the number of homes that would benefit from the scheme.

The changes will make it much harder for housing associations to tackle fuel poverty across their portfolios. The current scheme means that we achieve economies of scale in targeting whole streets and estates at the same time making it resource and cost efficient. The alternative proposal will result in a 'pepper pot' outcome with some homes in the same street

having gas, and some not. And that's not great for future residents, or for providing efficiency in ongoing maintenance.

One of the reasons for the proposed change to the eligibility of the scheme is to bring it in line with other relevant schemes such as ECO. The ECO flexible eligibility guidance allows for 'in-fill' in non-fuel poor homes to be included if it enables more effective delivery. The use of the IMD eligibility clause in FPNES is effectively the same as this and as such it is not clear how removing this brings the scheme further in line with ECO.

We understand Ofgem's concern that basing eligibility on IMD may mean that some households who are not currently faced with fuel poverty may profit from the current scheme. However, we feel that the alternative ways of measuring eligibility and targeting households will heavily constrain the number of homes which can be connected and ultimately improved. At Sovereign we want to ensure our homes are affordable and warm regardless of who lives in them at any given time. The proposed eligibility rules would undermine this.