

By email
Pete Wightman
gasnetworks@ofgem.gov.uk

Dear Pete,

RE: Consultation on potential change to the Fuel Poor Network Extension Scheme

YES Energy Solutions is a proactive Community Interest Company, specialising in energy efficiency interventions, reducing CO₂ and alleviating fuel poverty. Our significant experience in delivering activity directly with fuel poor householders across the length and breadth of the country, gives us a strong insight of the needs of those living in cold and damp homes.

Question 1: Do you agree with our proposed approach for the FPNES? Please state why or why not.

We do not support the current proposed changes to the FPNES as, from our experience, we consider they will adversely impact the volume of connections delivered and supported with new central heating systems. Any proposed changes need further evidence to assess the impact to those who live in cold and damp homes, struggling to balance their household budgets, a significant proportion of whom would benefit from gas central heating.

We agree a need to target the funding where it needs to go, but have seen little robust evidence of the current impact of the IMD 'overspill'. Further work is required to provide robust credible evidence how the changes will positively impact those living in fuel poverty.

Question 2: Are there any consequences that we have not appropriately considered in our proposal?

Our biggest concern is the likelihood of a more targeted approach leads to a significant increase in the cost of: identifying, assessing and qualifying properties on an individual basis. A cost which ultimately will be borne by energy customers. We have seen evidence of the significant costs of lead generation activity in the delivery of ECO measures, resulting in fewer households being supported as the funding pot is finite.

Question 3: Is there any other evidence we should consider in making our decision? If so, please provide it.

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We agree a need to target the funding where it needs to go, but have seen little robust evidence of the current impact of the IMD 'overspill', in relation to the area based designation and those properties not connected to the gas network. Further work is required to provide robust credible evidence how the changes will positively impact those living in fuel poverty.

Evidence also need to be analysed from the delivery from ECO, in particular the elements of lead generation.

Question 4: Do you consider 1 April 2018 to be an achievable timescale for the eligibility criteria to change?

With further work to be done to evidence the impacts, we do not consider the timing to be achievable without detrimentally impacting fuel poor households.

Question 5: Do you consider a transition period to be appropriate? If so, do you agree with our proposed timescale?

If there is to be a change, a transition is essential to limit any detrimental impacts. We feel there needs to be a graduation to the RIIO-GD2 period. See Question 6.

Question 6: Are there any other transition elements we should consider

If there is a removal of the IMD criteria, we consider a graduated reduction from that date to the end of the RIIIO-GD1 period. In the consultation it is stated that "Currently around 70% of connections under the FPNES qualify using the IMD criterion." On this basis we would expect a graduated reduction of, for example, 10% annually to the end of the period 2021 for those households qualifying though the IMD approach, limiting the potential detrimental impact. 2017/18 – 70% qualify through IMD, 2018/19 – 60% IMD, 2019/20 – 50% IMD and 2020/21 – 40% IMD. This would then allow the restarting of any new measure from RIIO-GD2 in 2021.

We do not consider our responses confidential.

Yours sincerely

A handwritten signature in black ink that reads 'Duncan McCombie'.

Duncan McCombie
Chief Executive Officer

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