

# Governance

## The Fuel Poor Network Extension Scheme (FPNES) Governance Document

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**Contact:** Rebecca Pickett

**Team:** RIIO Price Controls, Networks

**Email:** [Rebecca.Pickett@ofgem.gov.uk](mailto:Rebecca.Pickett@ofgem.gov.uk)

### Overview:

This document is version 2 of the Fuel Poor Network Extension Scheme (FPNES) Governance Document referred to under Special Condition 3.14 of the Gas Transporter Licence.

**It is the responsibility of each Network Licensee to understand the provisions of this Governance Document and how those provisions apply to it.**



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Any enquiries related to the text of this publication should be sent to Ofgem at:

10 South Colonnade, Canary Wharf, London, E14 4PU. Alternatively, please call Ofgem on 0207 901 7000.

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## 1. Introduction

- 1.1. The Fuel Poor Network Extension Scheme (FPNES) is a scheme delivered by the Gas Distribution Networks (GDNs) and Independent Gas Transporters (IGTs) in partnership with other organisations.
- 1.2. The scheme applies to existing domestic properties or the splitting of a single existing domestic property into multiple domestic properties.
- 1.3. The scheme provides funding in the form of a voucher to eligible households against the cost of connecting to the gas network.

### The FPNES Governance Document

- 1.4. This document sets out:
  - a) the eligibility criteria which FPNES Connections must meet; and
  - b) requirements the licensee must adhere to in relation to the administration and delivery of the FPNES.
- 1.5. In this document we use the terms, 'Ofgem' and 'the Authority' as well as the terms 'we', 'us' and 'our' interchangeably. Ofgem is the Office of the Gas and Electricity Markets. The Authority is the Gas and Electricity Markets Authority and is the governing body of Ofgem, consisting of non-executive and executive members.

### Compliance

- 1.6. Gas Distribution Networks (GDNs) are required by the FPNES Licence Condition to comply with this document as it relates to the delivery and administration of the FPNES.
- 1.7. This document in no way relieves affected parties, including GDNs and Partner Organisations, from their responsibility to ensure ongoing compliance with legislation including competition, data protection, environment and consumer protection laws.

**Review**

- 1.8. Ofgem may from time to time amend this FPNES Governance Document by direction, in accordance with the FPNES Licence Condition.

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## 2. Eligibility Criteria

- 2.1. The following eligibility criteria must be met in order for a householder/tenant to be eligible for a connection via the FPNES.
- 2.2. The FPNES applies only to existing domestic properties, or the splitting of an existing domestic property into multiple domestic properties.
- 2.3. Subject to the FPNES in-fill mechanism described in paragraphs 2.9 to 2.12, in order for a householder/tenant to be eligible for the FPNES, the householder/tenant must meet one or more of the eligibility criteria set out in paragraphs 2.4 to 2.8:

### Criterion 1:

- 2.4. The householder/tenant must either be:
  - a) eligible for measures under:
    - i. the Home Heating Cost Reduction Obligation (HHCRO) component of the Energy Company Obligation (ECO) (including Local Authority Flexibility under ECO3), or alternatively, the successor scheme to ECO;
    - ii. Nest (in Wales only); or
    - iii. the Home Energy Efficiency Programmes (HEEPs) (in Scotland only); or
  - b) in fuel poverty, based on the latest definition/indicator for the relevant area. The definition/indicator differs for England, Wales and Scotland.<sup>1</sup>

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<sup>1</sup> Latest definitions for fuel poverty can be found below:

For England - [https://www.gov.uk/government/collections/fuel-poverty-statistics#:~:text=Fuel%20poverty%20in%20England%20is,High%20Costs%20\(%20LIHC%20\)%20indicator.&text=they%20have%20required%20fuel%20costs,below%20the%20official%20poverty%20line](https://www.gov.uk/government/collections/fuel-poverty-statistics#:~:text=Fuel%20poverty%20in%20England%20is,High%20Costs%20(%20LIHC%20)%20indicator.&text=they%20have%20required%20fuel%20costs,below%20the%20official%20poverty%20line)  
For Wales - <https://gov.wales/fuel-poverty-estimates-wales>  
For Scotland - <https://www.gov.scot/policies/home-energy-and-fuel-poverty/fuel-poverty/>

Criterion 2:

2.5. The householder/tenant must:

- a) receive at least one means tested benefit; and
- b) satisfy at least one of the following conditions:
  - i. subject to paragraph 2.6, occupy a property that has an Energy Performance Certificate (EPC) in band E, F or G;
  - ii. subject to paragraph 2.6, occupy a property that has an EPC in band D and has either solid walls, system built walls, non standard cavity walls; and/or
  - iii. be over the age of 70.

2.6. In order to satisfy conditions b) i. and/or b) ii. the occupied property must be the property that receives the FPNES connection.

Criterion 3

2.7. The householder/tenant must :

- a) receive at least one means tested benefit and at least one of the following:
  - i. Disability Living Allowance (DLA); or
  - ii. Personal Independent Payment (PIP); and
- b) occupy a property with an EPC in Band D and have a health condition made worse by living in a cold home, such as a chronic respiratory condition, cardiovascular condition, musculoskeletal illness or mental health condition.

2.8. Where this criterion applies, the occupied property must be the property that receives the FPNES connection.

### **FPNES in-fill mechanism**

- 2.9. In the circumstances described in 2.10 to 2.12 a householder/tenant that would not otherwise be eligible to receive an FPNES connection may do so under the FPNES in-fill mechanism, if associated with a household receiving an FPNES connection.
- 2.10. At least 50% of the homes connected through the FPNES in-fill mechanism must be eligible under the criteria set out in paragraphs 2.4 to 2.8.
- 2.11. Properties within the scope of the FPNES in-fill mechanism must be existing domestic properties of a similar build and with an EPC similar to the EPC applicable to the associated household and must either be:
- a) in the same terrace or immediately adjacent<sup>2</sup>;
  - b) in the same cul-de-sac; or
  - c) in the same Multiple Occupancy Building (MOB) or immediately adjacent.
- 2.12. No more than 25% of FPNES connections over the RIIO-GD2 period can result from the application of the FPNES in-fill mechanism.

### **Other requirements**

- 2.13. The GDN or its fuel poor Partner Organisation, must meet the following requirements before connecting a customer through the FPNES.

#### *Intention to install gas fuelled appliances*

- 2.14. The GDN must ensure there is an intention on the part of the householder/tenant to install gas fuelled appliances, including first time central heating, within:

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<sup>2</sup> Immediately adjacent buildings are buildings that do not physically join but are separated by an alleyway, footpath, side garden or fence, for example. Roads that contain terrace houses only, but are separated by a road on which motorised vehicles travel are not considered adjacent, although if the alleyway is used by motorised vehicles for parking purposes only, then this would be allowed. See p. 18 [ECO3 Flexibility Eligibility Criteria](#)



- a) 1 year of the gas connection being agreed, if it is a one-off connection to a single household; or
- b) 2 years of the gas connection being agreed, if it is a community connection, where more than one household is receiving a gas connection.

*Requirement to assess whether gas is the best solution*

2.15. The GDN, or its fuel poor Partner Organisation, must also assess whether gas is the best solution for the householder/tenant. The GDN or its fuel poor Partner Organisation must explain:

- a) the home improvements checker tool on the Simple Energy Advice website,<sup>3</sup> the result of applying the home improvements checker tool and any information provided about financial help for the suggested improvements; and
- b) what types of connection are available.

*Provision of information to the customer*

2.16. The GDN, or its fuel poor Partner Organisation, should inform the householder/tenant receiving the fuel poor connection about:

- a) the Priority Services Register (PSR), where the customer may be eligible;
- b) the dangers of carbon monoxide (CO) and the need to have all gas appliances serviced and checked regularly by a Gas Safe Registered engineer;
- c) sources from which they may obtain additional and impartial information or assistance about improving the energy efficiency of their property (including through government funding); and

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<sup>3</sup> <https://www.simpleenergyadvice.org.uk/>

- d) any additional sources of help and information, including from independent and impartial sources, help-lines, websites and other appropriate organisations able to offer assistance.

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### 3. Funding Provision

- 3.1. Funding is provided by a voucher. The amount must be assessed and issued by a GDN's fuel poor Partner Organisation.
- 3.2. The amount of funding is based upon the Net Present Value (NPV) of the transportation income that the new connection will attract over the lifetime of the asset (45 years).
- 3.3. The maximum value of the funding that a GDN can apply to a new gas connection is calculated on an LDZ basis (a GDN may have several LDZs with different transportation charges).
- 3.4. For clarity, where the value of the voucher exceeds the cost of connection this shall not be used to provide other assistance, including funding any shortfalls in support for in-house works.
- 3.5. To ensure consistency in the calculation of the amount of the funding provided by the voucher, Ofgem has published a standardised voucher calculator, which GDNs must use. The calculator provides guidance on the inputs GDNs should use when calculating the NPV of future transportation revenues (see Appendix A).
- 3.6. Ofgem requires GDNs to use the medium Typical Domestic Consumption Value (TDCV), published by us periodically, as the average source of gas consumption in the fuel poor voucher calculation for the premises.

#### **Utility Infrastructure Providers (UIPs)**

- 3.7. To ensure competition in the gas connections market, GDNs may adopt connections made by third party UIPs and provide funding in the same way for eligible householders/tenants as though it was connecting the properties directly.

#### **Independent Gas Transporter (IGT) Networks**

- 3.8. IGTs may offset the cost of the connection with a contribution received from GDNs.
- 3.9. GDNs shall pay a contribution to the IGT towards the costs of the voucher. Details of how much GDNs will contribute to fuel poor connections on IGT networks can be found

in each GDN's 4B statement.<sup>4</sup> This shall be used by the IGT to discount the cost of the connection for eligible householders/tenants.

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<sup>4</sup> Where GDNs work out charges for services specified in SLC 4B of the Gas Transporter Licence. These can be found on company websites.

## 4. Partnership Approval Process

- 4.1. A GDN must work with fuel poor Partner Organisations to ensure fuel poor vouchers are awarded to eligible households.
- 4.2. Before working with a partner, GDNs must ascertain that the prospective Partner Organisation:
  - a) provides and/or facilitates funding for in-house works, for example procuring funding for in-house works by contacting suppliers of other schemes;
  - b) has screening processes in place which use the FPNES eligibility criteria in paragraphs 2.4 to 2.8 to identify householders/tenants eligible for connections funded through the FPNES; and
  - c) ensures that a gas connection is the best solution for the householder/tenant by taking the steps described in paragraph 2.15.
- 4.3. GDNs must satisfy themselves that a prospective partner satisfies the requirements set out in paragraph 4.2. Evidence of such assurance will be provided in the partnership questionnaire, which must be completed by GDNs and, as a minimum, include satisfactory answers to the questions set out in Appendix B.
- 4.4. The GDNs must keep a record of the partnership questionnaires it completes in relation to its fuel poor Partner Organisations, and must provide a copy to Ofgem if requested.

## 5. Glossary

### **FPNES Connection**

A connection made through the Fuel Poor Network Extension Scheme.

### **FPNES Licence Condition**

Special Condition 3.14 (Fuel Poor Network Extension Scheme volume driver) of the GDNs' Gas Transporter licence.

### **Fuel Poor Network Extension Scheme**

The scheme that incentivises the GDNs to connect eligible off-gas fuel poor households to its network eligible to receive a fuel poor voucher in accordance with the guidance set out in the connection charging methodology statement issued under Standard Condition 4B (Connection Charging Methodology).

### **Multiple Occupancy Building (MOB)**

Has the meaning given in Special Condition 1.1.

### **Partner Organisation**

Works with the GDN to deliver the Fuel Poor Network Extension Scheme. The Partner Organisation is usually responsible for identifying the household that is eligible for assistance under the scheme.

## Appendix B – Partnership Approval Questions

- 1.1. The partnership questionnaires used by the GDNs to assess the suitability fuel poor Partner Organisations must at a minimum include satisfactory answers to the following questions:
1. Please provide details of how the Partner Organisation will provide and/or source funding for in-house works.
  2. Please provide details of how the Partner Organisation will identify eligible householders/tenants.
  3. Please provide details of how the Partner Organisation will, where appropriate, refer the customer to independent advice and funding sources.
  4. Please provide details of how the GDN will ensure that the Partner Organisation is appropriately funded.
  5. On the data collected, can you elaborate on what the Partner Organisation will be asking for from customers?
  6. Records must be retained, how is the Partner Organisation planning to do this?