

Stakeholder Justification Paper – VCMA	
Output/Commitment Title	
Identify consumers who need more help to stay safe and warm and support them.	
Detail	We will support around 20,000 consumers in vulnerable situations per annum through partnership collaborations to help people gain access to benefits and funding for energy upgrades. We will also collaborate with charities who can support with energy efficiency advice and appliance repairs, to 12,000 consumers on the Priority Services Register (PSR) each year. Our educational programmes will raise awareness of carbon monoxide (CO) dangers with 500,000 homes annually and we will provide 10,000 free CO alarms to those most at risk, providing accessible alarms where needed.
Targets (more stretching than GD2?)	No but more ambitious than Ofgem SSMC statement
Strategy Document/ Business Plan Section	Vulnerability Strategy – Draft GDN Vulnerability Strategy – BP: Protecting our customers and communities – Outputs & Incentives
Cost & Bill Impact	
Proposed Funding	Fuel poverty and support for vulnerable customers funded by VCMA (UIOLI allowance) CO safety proposed to be funded by base totex
Benefits & risks	
Summary of benefits	<p>Summary: Consumers will be better able to afford their energy bills, reduce their energy use and understand how to keep safe from the risks of carbon monoxide. More consumers in vulnerable situations will be identified by their registration on the PSR, so that they can receive additional support services.</p> <p>Direct financial benefits: Increased household income through entitled benefits and best energy tariffs. Reduced energy consumption.</p> <p>Societal benefits: Less cold and damp related illness reducing impact on NHS/doctors/hospitals. Reduce risk of CO poisoning resulting in serious injury/death.</p> <p>Projects will deliver similar outcomes to GD2 subject to funding with added focus on supporting through UK energy transition.</p>
Summary of risks	Consumers may be unaware of the risks of CO poisoning, unable to afford their energy bills and wait longer during gas emergencies for their heating to be restored. Risk of ‘postcode lottery’ unless sufficient funding available for projects across network.
Stakeholder voice - Golden thread	
Engagement method (what and who)	<p>Methods: Engagement methods used to develop this commitment include workshops and webinars, surveys and questionnaires, focus groups, one-on-one interviews, feedback reports, citizens panels, formal consultations, collaborative projects, community outreach, social media campaigns, tailored workshops for specific audiences, feedback from ongoing projects, regular stakeholder meetings, and data analysis from relevant databases. These diverse engagement methods ensured a comprehensive collection of evidence and feedback from a wide range of stakeholders, reflecting their varied perspectives and expertise.</p> <p>Stakeholders: Feedback has been gathered from a diverse range of stakeholders and stakeholder groups. These include charities and non-profit organizations such as Citizens Advice, National Energy Action (NEA), Age UK, Fuel Bank Foundation, Scope, and MyBnk. Healthcare and social services, including general practitioners, healthcare organizations, emergency services, and health and care services, have also been engaged. Additionally, gas distribution networks local authorities, community councils, business customers, consumer bodies, government and policy development groups, educational institutions, local engineers, contractors, regional and national partners, and research, development, and technology groups, have provided valuable insights and feedback.</p>

Stakeholder Views
(what they said, regional differences and how we responded)

Opinions and Views: Stakeholders have raised various concerns and suggestions to ensure consumer safety and warmth. Key points include the deprioritization of gas safety due to rising energy costs, the need to focus on tenants, and the importance of increasing carbon monoxide awareness and distributing alarms. Collaborative projects with charities and health services are highlighted, along with the need to address inconsistent support across regions. Stakeholders also advocate for expanding the scope of GDNs VCMA funding to address broader issues like furniture poverty and retrofitting homes. Overall, there is a call for more comprehensive, collaborative, and targeted approaches to ensure the safety and well-being of vulnerable customers.

Associated Facts: GDNs do not hold and maintain their own PSRs. Ofgem has confirmed that the VCMA will be significantly less than in GD2 with the removal of FPNES. The VCMA level of funding will be consulted on during draft determinations.

Conflicts: Some stakeholders suggest that Gas Distribution Networks (GDNs) should prioritize tenants, especially those in public housing, while others argue that homeowners, particularly those who are asset-rich but cash-poor, also need significant support. Many stakeholders advocate for distributing free or subsidized CO alarms to vulnerable households, but others point out the difficulty in funding these initiatives and worry about increasing customer bills to cover the costs. Concerns are raised about the inconsistency of support across different regions, suggesting a platform to identify the worst-served areas. Some charities encourage expanding VCMA funding to cover broader issues like furniture poverty and retrofitting homes, but some believe the funding should remain focused on immediate needs like gas safety and fuel poverty to ensure impactful use of resources.

Regional Differences: Stakeholders have expressed concerns about a "postcode lottery," where the level and quality of support vary significantly by region, leading to inconsistencies in service delivery. Urban areas have seen success with initiatives, but these models are challenging to replicate in rural areas due to dispersed services and infrastructure. Stakeholders suggest collaborating with local organizations to mitigate these challenges. They emphasize the importance of leveraging local knowledge and networks to provide targeted and effective support. Collaborative efforts with regional partners, effective data sharing, and creating platforms to identify the worst-served areas are recommended to ensure more uniform and sustainable support across different regions.

Options Considered:

1. Support for Low-Income Consumers:

- Option 1: Use £800,000 annually to assist up to 10,000 low-income consumers with energy costs by partnering with charities for energy efficiency advice and grant access.
- Option 2: Use £1.6 million annually to assist up to 20,000 low-income consumers.

2. Carbon Monoxide (CO) Awareness:

- Option 1: Spend £260,000 annually on Summer and Winter campaigns to raise CO awareness, informing 250,000 homes and providing 5,000 free CO alarms to at-risk homes.
- Option 2: Spend £520,000 annually on campaigns and targeted ads, informing up to 500,000 homes and providing 10,000 free CO alarms, including accessible alarms for those with sensory impairments.

3. Support for Disadvantaged Individuals:

- Option 1: Use £540,000 annually to support charities and specialist organizations

	<p>in referring 8,000 customers to the Priority Services Register (PSR), providing energy efficiency advice to 10,000, and funding up to 200 appliance repairs and 50 replacements.</p> <ul style="list-style-type: none"> Option 2: Increase the budget to £1.1 million annually to support 12,000 customers on the PSR, provide energy efficiency advice to 20,000, and fund up to 200 appliance repairs and 50 replacements. <p>How We Responded: Understanding the intricate challenges of supporting vulnerable consumers across diverse regions and considering the level of need and anticipated funding from Ofgem, we are committed to delivering a transformative VCMA portfolio. This portfolio will tackle fuel poverty, enhance CO safety, and boost energy efficiency. By leveraging our PSR data more effectively, we will identify those most in need and collaborate with expert organizations to provide targeted, dynamic support.</p> <p>Our Willingness to Pay research supported this level of ambition. We engaged 1,252 domestic consumers, 153 business consumers, and 100 future bill payers about our proposed GD3 commitments. The results showed that 68% to 74% of domestic participants were willing to pay an additional £8 to £10 on their gas bills to support a higher level of ambition. We also conducted a separate study with 1,401 participants, including domestic and business consumers and future bill payers, to test the acceptability of this commitment. The findings revealed that 95% of participants accepted this commitment.</p>
Performance	
GD2 Performance, Benchmarking/ Industry comparison	<p>In GD2, WWU had an initial allowance of £7 million for the GD2 period. Following a review with Ofgem of the Fuel Poor Network Extension Scheme, the forecast underspend from all GDNs was proportionally reallocated to each GDN VCMA fund, resulting in a revised allowance of £20.4 million for WWU. Ofgem has proposed to reduce the VCMA allowance to £74 million for all networks in GD3, which would equate to £1.75 million per year for WWU. This amount would allow WWU to deliver Option 1 for each service. However, stakeholders have been supportive of remaining ambitious, and WWU is pitching for Option 2 at £3.2 million per annum. It is understood that other GDNs will be submitting ambitious justifications in their Business Plan submissions.</p>
Deliverability & Whole Systems Impact	
Deliverability & viability implications	<p>We already have 50 partnerships for the VCMA in GD2, we will need to go through a selection process of which partnerships we are looking to take forward into GD3, but we are well placed to deliver from start of GD3. More detail is available in Vulnerability Strategy.</p>

Triangulation scorecard

Our engagement scoring methodology leverages the information from the HM Treasury's Magenta Book, Quality in Qualitative Evaluation framework and various weighing methodologies used by networks to assess how much impact each piece of evidence should have on their decision-making process.

Each piece of evidence is given a score between 0-2 against a scoring criteria including *Relevance to topic*, *Level of stakeholder knowledge*, *Quality of engagement*, *Rigour of feedback collection* and *Credibility of analysis and interpretation*.

The table below outlines how the evidence used to produce this document scored against each criteria and its overall score. An average and modal score is then provided, which is associated to a grading system that demonstrates the feedback robustness and quality.

Document Name	Score					Final Score
	Relevance to Topic	Level of Stakeholder Knowledge	Quality of Engagement	Rigour of Feedback Collection	Credibility of Analysis and Interpretation	
06.03.24- SGN Response to GD Annex PUBLIC_Redacted	1	2	2	2	2	9
20231206 WWU Customer Journey Improvements v1	2	2	2	2	2	10
2305 GDNs full analysis	2	2	2	2	2	10
2305 SCOPE disability CO safety and PSR awareness research 2023 GDNs summary recommendations	2	2	2	2	2	10
3037 LCT Tracker W4 Report WWU FV	0	2	2	2	2	8
3564 WWU Customer Business Priorities FV2	2	2	2	2	2	10
3636 WWU Customer Priorities Report_Debrief_v3	2	2	2	2	2	10
3830_NEA_Fuel-Poverty-Monitor-Report-2022_V2-1	2	2	2	2	2	10
Cadent RIIO-3 SSMC Response_GD Annex Final	1	2	2	2	2	9
CCC - Reducing emissions in Wales	0	2	2	2	2	8
Citizens Advice_A flexible future_Extending the benefits of energy flexibility to more households 3 August 2023	2	2	2	2	2	10
consultation-just-transition-framework	0	2	2	2	2	8
CVS-and-Community-Resilience-Executive-Summary-FINAL	2	2	2	2	2	10
DAR - SR - 220915 - DAR Ofgem Local Energy Institutions Workshop	0	2	2	1	2	7
ENA External Stakeholders Insight Report v1.1	0	2	2	2	2	8

Energy Networks Innovation Strategy 2022	1	2	2	2	2	9
Entry Gas Connection Charging Consultation 24.06.22 published	0	2	2	2	2	8
Experiences-Emotions-and-Ethics_Refreshing-the-customer-priorities-that-underpin-the-UKCSI-bsetpn	2	2	2	2	2	10
Final version WWU - Critical Friends Panel - Feb 2023 - Feedback Report	0	2	2	2	2	8
ICS-UKCSI-Exec-Summary_Jan22_INTERACTIVE-h2d26m	2	2	2	2	2	10
LCP Delta - Online consultation responses summary	0	2	2	2	2	8
Marie Curie Quality Account Report 22-23	2	2	2	2	2	10
McCann Cadent CO research debrief	2	2	2	2	2	10
ms1590 WWU PSR Customer Experience Research Presentation vFINAL	2	2	2	2	2	10
National Gas Transmissions NGT Response to Ofgems RIIO-3 Sector Specific Methodology Consultation	1	2	2	2	2	9
NEA Cymru - VCMA DAR	2	2	2	1	2	9
NEA-Report-CO-and-Fuel-Poverty 2	2	2	2	2	2	10
Ofgem-consumer-standards - NEA Response	2	2	2	2	2	10
PE21199 Understanding consumers' attitudes to safety measures when using 100_ hydrogen in the home v1.0	1	2	2	2	2	9
PSR Code Group Report. DRAFT w exec summary 21.11.23	2	2	2	2	2	10
PSR-Code-Group-Report-w-exec-summary-FINAL-7.12.23	2	2	2	2	2	10
Safeguarding the switch to domestic hydrogen WWU Report 1.0	1	2	2	2	2	9
Scope Cost of Living Report	2	2	2	2	2	10
UKRI Culture of Innovation_Full report_Oct 2023_Pdf_version	0	2	2	2	2	8

UKRI-PA-InnovationCultureReport	0	2	2	2	2	8
Utility-Panel-Research-Presentation_26.10.23	2	2	2	2	2	10
VCMA Collaborative Report Year 1 21-22	2	2	2	2	2	10
VCMA Collaborative Report Year 2 22-23	2	2	2	2	2	10
VCMA Year 1 Showcase Stakeholder Workshop - Feedback Report	2	2	2	2	2	10
Workshop 2 Summary - Futureproofing the networks	1	0	2	2	2	7
Workshop 4 Summary - Transforming how networks interact with industry	0	0	2	2	2	6
WWU - Critical Friends Panel - Feb 2024 - Feedback Report v5	0	2	2	2	2	8
WWU Biodiversity Stakeholder Workshop Feedback Report	0	2	2	2	2	8
WWU Business Panel_full report with appendix	1	2	2	2	2	9
WWU Citizen Panel Full Report_V1	1	2	2	2	2	9
WWU Citizens Panel report Decarbonisation of home heat March 2022 FINAL	1	2	2	2	2	9
WWU Customer Satisfaction_full report	2	2	2	2	2	10
WWU Customer Service Trends Secondary Research - Findings report - Final	2	2	2	2	2	10
WWU Employer of Choice Qualitative Follow-up Findings report v1	0	2	2	2	2	8
WWU FW strategy workshop 180721 final	0	2	2	2	2	8

WWU GD3 Business Planning Workshop Feedback Report	2	2	2	2	2	10
WWU LAEP Stakeholder Workshop Feedback Report	0	2	2	2	2	8
WWU qual priorities report FINAL	2	2	2	2	2	10
WWU Safety Stakeholder Workshop Feedback Report	1	2	2	2	2	9
WWU Sustainability Strategy Workshop - Feedback Report	1	2	2	2	2	9
WWU VCMA strategy 2023 Ofgem version June 2023 v5.0	2	2	2	2	2	10
WWU Vulnerability Panel Report_V3_060923	2	2	2	2	2	10
WWU_Improving the CEX research programme_Stage 1_Report of findings_17.01.23	2	2	2	2	2	10
Average score of sources						9.14
Mode						10

Score	Grade	Description
0-3	Poor	Feedback should not be used for triangulation as it does not meet the minimum quality standards.
4-6	Average	Feedback could be used for triangulation but possible lacks robustness.
7-8	Good	Feedback meets the standards necessary for credible triangulation.
9-10	Excellent	Feedback meets the best standards of rigour and quality.