

Wales & West Utilities Vulnerability & Carbon Monoxide Allowance (VCMA)

Project Eligibility Assessment (PEA)

Energy Efficiency and Fuel Poverty Programmes

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Eligibility criteria for company specific projects (other than condemned essential gas appliance repair and replacement)

In order to qualify as a VCMA Project, a project must:

- a) have a positive, or a forecasted positive, Social Return on Investment (SROI) including for the gas consumers funding the VCMA Project;
- b) either:
 - i. provide support to consumers in Vulnerable Situations and relate to energy safeguarding, or
 - ii. provide awareness of the dangers of CO, or
 - iii. reduce the risk of harm caused by CO;
- c) have defined outcomes and the associated actions to achieve these;
- d) go beyond activities that are funded through other price control mechanism(s) or required through licence obligations; and
- e) not be delivered through other external funding sources directly accessed by a GDN, including through other government (national, devolved or local) funding.¹

Eligibility criteria for company specific essential gas appliance servicing, repair, and replacement

In order to qualify as a VCMA Project, unsafe pipework and essential gas appliance² servicing, repair or replacement must meet the following criteria:

- a) a GDN has to isolate and condemn unsafe pipework or an an essential gas appliance following a supply interruption or as part of its emergency service role;
- b) the household cannot afford to service, repair or replace unsafe pipework or the essential gas appliance; and
- c) sufficient funding is not available from other sources (including national, devolved or local government funding) to fund the unsafe pipework or the essential gas appliance servicing, repair or replacement.

¹ If part, but not full, funding is available through an external funding source for an eligible project, VCMA funding can be used for the remaining amount.

² Essential gas appliances are gas fuelled heating systems (including gas boilers and gas fires), and gas cookers.

Information required for the registration of VCMA projects

Information required	Description
Project title	Energy Efficiency and Fuel Poverty Programmes
Funding GDN(s)	Wales & West Utilities
Date of PEA submission	31/08/2021
VCMA Project contact name, email, and number	Nigel Winnan 07971 449704 Nigel.Winnan@wwutilities.co.uk
Total cost (£k)	£654k
Total VCMA funding required (£k)	£300k per annum for two years from July 2021 plus £54k closing out previous scheme.
Problem(s)	<p>Government figures show 12% of homes in England and Wales are in fuel poverty. The COVID-19 emergency has resulted in job losses, incomes being cut and people working from home. This can only lead to an increase in the numbers of homes in fuel poverty or at risk of fuel poverty. Whilst fuel poverty is most prevalent in off gas grid areas, the proportion of homes in fuel poverty in areas well served by the gas network is still unacceptable.</p> <p>The average fuel poverty gap is stated by NEA to be £300 but will vary between £160 and £480 dependent on the energy efficiency of the property with rural properties off the gas network experiencing a gap greater than £1,000.</p> <p>Where people try to tackle their own fuel poverty by rationing energy for heating and hot water, this results in cold and damp homes. That in turn can lead to health conditions such as chest complaints. Mould can lead to asthma, and a lack of hot water to skin conditions. General wellbeing and social confidence can also be impacted.</p> <p>Fuel poverty is caused by a combination of three key factors:</p> <ul style="list-style-type: none"> • Household income • Price of energy • Energy efficiency of the home <p>This project looks to help homes to tackle those issues.</p>

Criteria

Scope and Objectives	<p>This project will see Wales & West Utilities working with a principal partner across our network to address this issue.</p> <p>The project builds upon the success of the Healthy Homes Healthy People project which we have trailed for three years in RIIO GD1 with Warm Wales and showcased via the Discretionary Reward Scheme.</p> <p>Following a tender event split across four geographical areas, WWU have awarded at total of £300k per year for the first two years of RIIO GD2 to Warm Wales covering Wales and the south west of England.</p> <p>Homes that require support will be identified through two routes:</p> <ol style="list-style-type: none">1. WWU will feed in customers it identifies as needing support that we come across during our emergency, planned and connections work.2. Warm Wales will utilise its network of partnerships including other community interest companies, local authorities, charities, and health professionals to identify homes in need of support. <p>As the VCMA is funded by gas consumers, the scheme will be focused around gas grid areas, but we will not refuse to help homes that are not currently connected to the gas grid that lie within these areas.</p> <p>Homes will initially receive a phone call to understand what the main issues facing the home are. It will be possible to help many customers through this phone support which has been developed through the COVID-19 emergency. However, home visits will be undertaken where safe to do so to help the most vulnerable customers and those with complex cases with multiple factors to address. Warm Wales will also hand hold customers through their applications and changes rather than just providing sign posting which unconfident customers are unlikely to act upon.</p>
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Criteria

	<p>Homes will be helped to:</p> <ul style="list-style-type: none"> • Increase income through unclaimed benefits • Existing utility debt (gas, electric and water) will be tackled through assisting negotiations with the supplier and customer • Help the home to switch tariffs, access water company social tariffs, and claim payments including the Warm Homes Discount • Improve energy efficiency through behaviour changes and accessing funding for household measures (not funded by WWU) including ECO, NEST, Local Authority schemes and charitable funds. • Households may qualify for the FPNES funding if a gas connection is the best option. • Partners will also look to raise awareness of the priority services Register and refer homes to suppliers and other utilities. • Partners will raise awareness of carbon monoxide and have access to an allocation of alarms for the most at-risk homes
<p>Why the Project is being funded through the VCMA</p>	<p>WWU are funded in base allowances for gas connections including connections made under the Fuel poor Network Extension Scheme (FPNES).</p> <p>This service is an additional service being provided and funded by WWU in partnership with Warm Wales.</p> <p>The scheme differs from other schemes run by NEA, Citizens Advice etc in that, homes are helped with an emphasis on a whole house approach which is most efficiently delivered through a home visit.</p>
<p>Evidence of stakeholder/customer support</p>	<p>Through our business planning for RIIO GD2, priority customers research and stakeholders told us that tackling fuel poverty was a priority for WWU alongside raising awareness of the PSR and the dangers of CO.</p>

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	<p>In our business plan we laid out a proposed spend for the first year of RIIO GD2 an proposed we would put £200k towards tackling fuel poverty out of an assumed pot of £750k.</p> <p>In the final determinations, the VCMA allowance for WWU was doubled to £1.4m with 75% to be spent on projects within the WWU area.</p> <p>We have undertaken further stakeholder engagement in late 2020 and early 2021 to understand the impact of COVID-19 and to confirm our assumptions on the split of the VCMA fund. The majority of stakeholders flagged fuel poverty as a bigger issue than ever due to COVID-19 and its impact on people's income, health and upward cost of gas and electricity.</p> <p>We therefore increased our proposed spend on projects to tackle fuel poverty and energy efficiency to £400k with this project being our flagship programme.</p>
<p>Outcomes, associated actions, and success criteria</p>	<p>The final three months of the Healthy Homes healthy people project from 1st April to the 30th June have been coded to the VCMA at a cost of £54k.</p> <p>WWU will fund the project at a cost of £300k for an initial period of two years from July 2021.</p> <p>Warm Wales have a target of at least 1,028 homes helped per annum</p> <p>This project will operate alongside a gas appliance referrals scheme which will support customers with broken or faulty appliances get back up and running asap. (See sperate VCMA PEA)</p> <p>WWU will use a SROI model developed and used for the HHP to evaluate the direct financial benefits for the home and for society. The model used for the HHP is attached below and showed that project had a net benefit of over £10 for every £1 invested. That model will be updated for this project to ensure that values and probabilities are validated.</p>

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	 <p>21 05 WW report for WWU - to end June 21</p> <p>Warm Wales will validate that their intervention has led to real benefits to the customer through follow up calls and surveys.</p> <p>Warm Wales will also collate case studies to bring to life the high-level statistics around the project. Case studies give the opportunity to really understand the change made to people's circumstances.</p> <p>Warm Wales will be providing monthly data on the project to WWU with a formal project meeting taking place on a quarterly basis, allowing the projects to be modified as required to maximise impact.</p> <p>The projects will be reviewed quarterly by the WWU Social Obligations Steering group and the WWU CEG kept informed about outputs and outcomes.</p>
<p>Project Partners and third parties involved</p>	<p>Principal partner: Warm Wales</p> <p>Warm Wales will work with a network of other companies to take in referrals for this scheme and to utilise local resources where home visits are required.</p>
<p>Potential for new learning</p>	<p>The project will provide solid information on the measures which help homes.</p> <p>Follow up calls and surveys will help to validate that expected savings have been recognised and if that customer now has confidence to manage their energy in the future or if they are likely to need further support.</p> <p>There will also be a learning curve for WWU on how our staff and engineers promote the scheme and get trust, enabling customers to feel confident in allowing a referral to Warm Wales</p>
<p>Scale of VCMA Project and SROI calculations</p>	<p>Initial 2-year project Targeting at least 1,028 homes per annum Option to extend the contract for a further three years by yearly increments.</p>

Criteria

VCMA Project start and end date	Healthy Homes Healthy People close out 1 st April 2021 to 30 th June 2021 Project start date: 01/07/2021 Project end date: 30/06/2023 – option to extend yearly for up to three additional years.
Geographical area	The project will cover the whole of the WWU as network area, across Wales and the southwest of England.
Remaining amount in the allowance at time of registration	£7m in 2018/19 prices £7,647,664 project based upon inflation indices £5,735,748 (75% WWU projects) £654,000 (this project) £5,081,758 (balance)

WWU sign off

Nigel Winnan	Customer and Social Obligations Strategy Manager	26 th August 2021
David Robinson	Director of Business Services	26 th August 2021

Uploaded to Ofgem portal: 26th August 2021

Uploaded to WWU website: 27th August 2021