

Vulnerability & Carbon Monoxide Allowance (VCMA)

Project Eligibility Assessment (PEA)
Holistic energy efficiency advice (delivered via YES Energy Solutions)

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Gas Network Vulnerability & Carbon Monoxide Allowance (VCMA) Governance Document - Project Eligibility Criteria

Section 1 - 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:	
VCMA Eligibility Criteria	Criteria Satisfied (Yes/No)
a) Have a positive, or a forecasted positive, Social Return on Investment (SROI) and Net Present Value (NPV) including for the gas consumers funding the VCMA Project (GDNs should use a common SROI model.	Yes
b) Either: <ul style="list-style-type: none"> i. Provide support to consumers in vulnerable situations, and relate to energy safeguarding, or ii. Provide awareness on the dangers of CO, or iii. Reduce the risk of harm caused by CO; 	Yes
c) Have defined outcomes and the associated actions to achieve these;	Yes
d) Go beyond activities that are funded through other price control mechanism(s) or required through license obligations; and	Yes
e) Not be delivered through other external funding sources directly accessed by a GDN, including through other government (national, devolved or local) funding.	Yes
Section 2 - Eligibility criteria for company-specific essential gas appliance servicing	
To qualify as a VCMA Project, essential gas appliance servicing must meet the following criteria:	
a) Either: <ul style="list-style-type: none"> i. A GDN has had to isolate and condemn an essential gas appliance following a supply interruption or as part of its emergency service role; or ii. A GDN or its Project Partner has identified an essential gas appliance which has not been serviced in the last 12 months in the owner-occupied home of a customer in a Vulnerable Situation where an occupier of the property suffers from a permanent or temporary health condition that makes them more vulnerable to health risks associated with cold homes; or iii. A GDN or its Project Partner has identified an essential gas appliance which has not been serviced in the last 12 months in a tenant-occupied home of a customer in a Vulnerable Situation where it is the tenant's responsibility to maintain the essential gas appliance, where an occupier of the property suffers from a permanent or temporary health condition that 	N/A

makes them more vulnerable to health risks associated with cold homes.	
b) The household cannot afford to service the essential gas appliance, which is assessed against criteria consistent with the Energy Company Obligation (ECO4) Guidance: Delivery document ¹ (see Appendix 1).	N/A
c) Sufficient funding is not available from other sources (including a social or private landlord, national, devolved, local government funding) to fund the essential gas appliance service.	N/A

Section 3 - Eligibility criteria for Collaborative VCMA Projects	
To qualify as a Collaborative VCMA project, a project must:	
a) Meet the above company-specific and boiler repair and replace (if applicable) project eligibility criteria;	N/A
b) Have the potential to benefit consumers on the participating networks; and	N/A
c) Involve two, or more, gas distribution companies.	N/A

**Gas Network Vulnerability and Carbon Monoxide Allowance (VCMA)
Governance Document - Project Registration Table 2**

Information Required	Description
Project Title	Holistic energy efficiency advice (delivered via YES Energy Solutions)
Funding GDN(s)	Cadent
New / Updated (indicate as appropriate)	New PEA
Role of GDN(s) *For Collaborative VCMA Projects only	Cadent specific
Date of PEA Submission	March 2024
VCMA Project Contact Name, email and Number	Phil Burrows Head of Customer Vulnerability 07773 545451 phil.m.burrows@cadentgas.com
Total Cost (£k)	Partner costs: £155,442 Project management costs (4%): £6,217.68
Total VCMA Funding Required (£k)	£161,659.68

<p>Problem(s)</p>	<p>Many customers are still paying high prices for their fuel and are struggling to heat their homes and feed their families. This is often exacerbated due to not being connected to the gas grid and are using oil and electricity to heat their homes. There is no doubt that this approach is even more expensive than gas, as gas remains the most cost-effective source of energy for people living in fuel poverty.</p> <p>Cadent have another programme running side by side to this, and in partnership with YES Energy Solutions, to connect people to the gas grid via the Fuel Poor Network Extension Scheme (FPNES). FPNES is not funded through the VCMA and is a separate long running scheme.</p> <p>The 'Holistic energy efficiency advice' programme is being funded through the VCMA to offer support to customers that are targeted through the FPNES. This ensures that even if customers are not eligible for a gas connection, or don't want to connect, they are given additional advice and support to help alleviate fuel poverty.</p>
<p>Scope and Objectives</p>	<p>Project Scope</p> <p>Cadent will provide VCMA funding to deliver a one-year project. The project aims to provide a holistic energy efficiency advice service for customers in vulnerable situations across all Cadent networks.</p> <p>YES Energy Solutions will utilise activities as an opportunity to identify Cadent end consumers in need of additional support. Examples of the existing activities that the Supplier will utilise as a method of proactively targeting customers include council led LAD3-HUG1 and HUG2 schemes. Cadent end consumers will be offered in-depth advice, based on a three-staged tier approach.</p> <p>The project will aim to provide 800 customers with an advice pack that will cover topics such as: general energy efficiency advice, signposting to in-depth advice services, winter preparedness, and carbon monoxide safety.</p> <p>From the above, 600 customers will receive either tier two and/or tier three advice, equating to 1,200 one-to-one conversations on energy and income advice, specifically related to the topics of:</p> <ul style="list-style-type: none"> • income maximisation • in-home energy efficiency advice • efficient use of appliances & behaviours • heating & hot water controls.
<p>Why the Project is Being Funded Through the VCMA</p>	<p>We believe that the project meets all of the Vulnerability and Carbon Monoxide Allowance eligibility criteria:</p> <p>a. Have a positive, or a forecasted positive, Social Return on Investment (SROI) including for the gas consumers funding the VCMA Project:</p> <p><i>The project delivers a positive forecasted social return on investment. More information can be found in the relevant section below.</i></p> <p>b. Either:</p>

	<p>i. Provide support to consumers in Vulnerable Situations and relate to energy safeguarding, or,</p> <p>ii. Provide awareness of the dangers of CO, or,</p> <p>iii. Reduce the risk of harm caused by CO;</p> <p><i>The project delivers services that provide support to consumers in vulnerable situations.</i></p> <p>c. Have defined outcomes and the associated actions to achieve these:</p> <p><i>Cadent and YES Energy Solutions have entered into a service agreement that will contain the project objective and actions. Further detail can also be found below.</i></p> <p>d. Go beyond activities that are funded through other price control mechanism(s) or required through license obligations, and,</p> <p><i>This method of delivering support to customers in vulnerable situations falls outside of Cadent's BAU activities and other license conditions.</i></p> <p>e. Not be delivered through other external funding sources directly accessed by a GDN, including through other government (national, devolved, or local) funding,</p> <p><i>This project will be delivered through Cadent's VCMA funding.</i></p>
<p>Evidence of Stakeholder/Customer Support</p>	<p>Cadent conducted extensive stakeholder and customer research in May 2022 following the completion of RIIO-GD2 year one and again after year two.</p> <p>The aim of the research was to assess customer/stakeholder opinion on Cadent's allocation of VCMA spend and gain insight on where we should direct VCMA funding in the future. The results of our research studies, including our Energy Diaries thought leadership programme are available to view on the Cadent website. However, we've captured some of the key evidence below.</p> <ul style="list-style-type: none"> • 61% of stakeholders (the highest proportion by individual category) supported Cadent increasing its VCMA allocation on projects aimed at tackling fuel poverty. • Over 70% of customers are concerned about the level of their energy costs. • Very few customers understand their energy bill. • Less than 20% of customers feel as though they understand the range of support opportunities that they may be entitled to. • There is very low trust associated with energy companies. <p>This project focusses on tackling fuel poverty by offering holistic energy efficiency and income advice to at risk households.</p> <p>Cadent work with over 40 strategic partners to continually feed into our strategic thinking and project prioritisation (in</p>

	<p>support of customers in vulnerable situations). The Centres for Warmth initiative has proven a huge success and receives excellent feedback from charities such as National Energy Action and Age UK. We use the ongoing engagement with these key partners to inform our decision making, as we have with this project.</p>
Information Required	Description
Outcomes, Associated Actions and Success Criteria	<p>Tier one advice will take the form of a letter and advice pack and will cover topics such as: general energy efficiency advice and indication of expected savings, signposting to in-depth advice services, winter preparedness, carbon monoxide safety, and safety device for vulnerable households (such as Locking Cooker Valves). Cadent and YES Energy Solutions forecast that 800 customers will receive tier 1 advice.</p> <p>Tier two advice will take the form of an introductory phone call to assess customers' individual energy needs. The introductory call will cover topics such as: tailored energy saving advice, an overview of in-depth support, and the booking of a full energy assessment.</p> <p>Additionally, YES Energy Solutions will offer tier three advice to Cadent end consumers that engage and have a need for in-depth support. Tier three advice will take the form of a c.60-minute detailed phone call and will offer a range of one-to-one interventions in relation to four key areas:</p> <ul style="list-style-type: none"> • home energy assessment and energy efficiency measures schemes, • income maximisation, • behaviour changes, • and wider services (e.g. PSR and befriending services). <p>Cadent and YES Energy Solutions forecast that 600 customers will receive either tier two and/or tier three advice.</p>
Project Partners and Third Parties Involved	Cadent and YES Energy Solutions.
Potential for New Learning	<p>We believe that this project offers Cadent the opportunity for new learning in various areas. The project will offer Cadent insight into how customers interact with the concept of a tiered advice service. By seeing how many customers interact after receiving tier one information, we will be able to assess how engaged customers are in wanting additional in-depth assessments on services which support them.</p> <p>This holistic wrap-around/ tiered service is a unique model which we will look to extend for additional years, if successful.</p>
Scale of VCMA Project and SROI Calculations, including NPV	<p>The project will aim to provide 800 customers with an advice pack that will cover topics such as: general energy efficiency advice, signposting to in-depth advice services, winter preparedness, and carbon monoxide safety.</p> <p>From the above, 600 customers will receive either tier two and/or tier three advice, equating to 1,200 one-to-one conversations on energy and income advice. A breakdown of this forecast is:</p>

	<ul style="list-style-type: none"> • 100 conversations on income maximisation • 500 conversations on in-home energy efficiency advice • 500 conversations on efficient use of appliances & behaviours • 100 conversations on heating & hot water controls. <p>Total investment: £161,659.68</p> <p>Five-year gross SROI: £575,394.32 Five-year net SROI: £413,734.64</p> <p>Ratio SROI of £2.6 to £1 spent.</p>
VCMA Project Start and End Date	Start date: 01 April 2023 End date: 31 March 2024
Geographical Area	All Cadent networks

Gas Network Vulnerability and Carbon Monoxide Allowance (VCMA) Governance Document - PEA Control Table

In order to ensure that a VCMA project is registered in accordance with the Ofgem VCMA governance document (incl. project eligibility assessment), the below table should be completed as part of the project registration process.	
Stage 1: Sustainability and Social Purpose Team PEA Peer Review	
Date Immediate Team Peer Review Completed: 25/03/2024	Review Completed By: Gemma Norton
Stage 2: Sustainability and Social Purpose Team Management Review	
Date Management Review Completed: 25/03/2024	Review Completed By: Phil Burrows
Step 3: Director of Sustainability & Social Purpose Sign-Off: p.p Mark Belmega	
Director of Sustainability and Social Purpose Sign-Off Date: 25/03/2024	
Step 4: Upload PEA Document to the Website & Notification Email Sent to Ofgem (vcma@ofgem.gov.uk)	
Date that PEA Document Uploaded to the Website: March 2024	
Date that Notification Email Sent to Ofgem: March 2024	