

Vulnerability & Carbon Monoxide Allowance (VCMA)

Project Eligibility Assessment (PEA)

Marches Energy Agency Home Visits Project (extension)

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Updated June 2024 (Amanda Jones)



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 forecasted positive Social Return on Investment (SROI), including for the gas consumers funding the VCMA project;	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 licence 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, repair and replacement projects	
In order to qualify as a VCMA project, unsafe pipework and essential gas appliance servicing, repair or replacement must meet the following criteria:	
a) A GDN has to isolate and condemn unsafe pipework or an essential gas appliance following a supply interruption or as part of its emergency service role;	N/A
b) The household cannot afford to service, repair or replace the unsafe pipework or essential gas appliance; and;	N/A
c) Sufficient funding is not available from other sources (including national, devolved or local government funding) to fund the unsafe pipework or essential gas appliance servicing, repair or replacement.	N/A
Section 3 - Eligibility criteria for collaborative VCMA projects	
In order 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	Marches Energy Agency Home Visits Project (extension)
Funding GDN(s)	Cadent-specific project situated across Cadent's West Midlands & Eastern Networks
New/Updated	Updated June 2024
Role of GDN(s) *For Collaborative VCMA Projects only	Not applicable - Cadent-specific project
Date of PEA Submission	June 2022 Updated June 2024
VCMA Project Contact Name, email and Number	Name: Phil Burrows Position: Head Customer Vulnerability Social Programme Delivery Email: Phil.m.burrows@cadentgas.com Phone: 07773 545451
Total Cost (£k)	Total Costs: £397,325.00 Year 1 Costs: £175,185.00 Year 2 Costs: £222,140.00 Updated June 2024 21-month extension =£332,990 Leaflets = £2,409.23 (extension only) Heated Throws = £37,740.00 Project management 4% = £30,818.57 *Increased by £403,957.80
Total VCMA Funding Required (£k)	£397,325.00(original) Updated June 2024 Total £801,282.80
Problem(s)	<u>Fuel Poverty</u> This project offers essential support to fuel poor customers living in Cadent's West Midlands and Eastern networks. National statistics from the ¹ End Fuel Poverty Coalition show the West Midlands to have the highest rate of fuel poverty in England, with several areas of significant deprivation spreading into our Eastern Network. Following the success of the project delivered in 2021/22 we have agreed to extend the initiative, building on the lessons that we have learned. This is particularly prevalent given the significant increase in the number of households living in fuel poverty as the cost-of-living increases and fuel prices reach record highs. Living in a cold home can have a direct and indirect health impact. Households can experience physical health conditions that are

¹ <https://www.endfuelpoverty.org.uk/constituencies-with-highest-levels-of-fuel-poverty-revealed/>

	<p>worsened by cold and damp living conditions. Conditions and diseases linked to the cold range from blood pressure increases and common colds, to heart attacks and pneumonia.</p> <p><u>Carbon Monoxide risks</u></p> <p>Reports from local fire and rescue partners suggest that households are turning to dangerous ways to cope as the cost-of-living increases and people are left with less disposable income. Customers are increasingly relying on un-serviced heating appliances despite the increased risks of carbon monoxide poisoning, fires or even explosions. This is evidenced by the 34% decrease in gas appliances servicing/repairs/replacement during the last two years.</p> <p><u>Fuel Debt</u></p> <p>Fuel debt can cause worry, depression and leave people in financial hardship, leaving many families in the difficult decision of choosing to heat their homes or put food on the table.</p> <p>Updated 2024</p> <p>This project has received VCMA funding since 2021 and the problems that were apparent then have not improved, they have got worse.</p> <p>Increasing numbers of customers are seeking advice and support to increase their income and lower their energy usage and bills. This project is being extended to offer one-to-one support on these issues.</p>
<p>Scope and Objectives</p>	<p><u>Scope</u></p> <p>The VCMA project will be delivered in partnership with home energy charity Marches Energy Agency (MEA). Cadent's will fund MEA to coordinate and deliver home energy advice visits to vulnerable customers in its West Midlands and East Midlands network(s). These visits will combine MEA's financial advice expertise with Cadent's energy efficiency and CO gas safety expertise and provide a vehicle to share additional information about Cadent's safeguarding services, including raising awareness of the PSR.</p> <p>The home energy advice offered through the project will cover a range of scenarios including support with efficient use of appliances, management of fuel debt, PSR registration, tackling of condensation/damp, and heating and hot water controls. Support will be delivered through a combination of in person home visits and remote detailed advice calls.</p> <p>The project aims to support approximately 2,651 households over the course of the two-year initiative, split between circa 1,767 face to face home visits and 884 remote detailed advice calls.</p> <p><u>Objectives</u></p> <p>The project has several objectives, the achievement of which will determine the success of the programme. These objectives include:</p> <ul style="list-style-type: none"> • The project will reach approximately 1,767 households, providing in-depth energy advice tailored to the needs of the household.

	<ul style="list-style-type: none"> • The project will offer remote advice to approximately 884 households, providing support with home energy issues to customers with accessibility needs that would prefer a telephone service. • The initiative will enable the distribution of approximately 1,000 audible CO alarms to customers identified as most at risk to the dangers of CO. • All customers will receive education on the signs, symptoms and dangers of CO and be made aware of the PSR, with support to register where appropriate. <p><u>Updated June 2024</u></p> <p>Building on the success of the previous project, the extension will support the additional amounts listed below:</p> <ul style="list-style-type: none"> • The project will support 2,713 customers with energy efficiency advice. • It will also focus on raising awareness of CO signs and symptoms for 2,713 customers. • 2,713 Customers will be made aware of the benefits of being on the PSR. • 300 customers will be supported with income maximisation, helping them to apply for benefits they have not previously received. <p>For the avoidance of doubt the total reach of the project will be: 5,364 customers who will receive advice on energy efficiency, CO and PSR and 1200 will receive advice on income maximisation.</p>
<p>Why the Project is Being Funded Through the VCMA</p>	<p>We believe this project meets all the company specific VCMA 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>We have forecasted a positive social return on investment for this project based on the below calculations and rationale.</p> <p>b. Either:</p> <ol style="list-style-type: none"> Provide support to customers in vulnerable situations and relate to energy safeguarding, or; Provide awareness on the dangers of CO, or; Reduce the risk of harm caused by CO. <p>This project meets all three criteria, as customers will receive support with energy/financial advice and carbon monoxide safety.</p> <p>c. Have defined outcomes and the associated actions to achieve these;</p> <p>This project has clearly defined actions and associated outcomes, the meeting of which will quantify success. Further information on the project's outcomes and associated actions can be found in the relevant section below.</p> <p>d. Go beyond activities that are funded through other price control mechanisms or required through other licence obligations;</p>

	<p>This project innovatively delivers support to customers in a method that goes beyond other price control activities and licence obligations.</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>This project is delivered solely with VCMA funding, and a clear structure will be in place to ensure that all aspects of the project are allocated against the VCMA funding.</p>
<p>Evidence of Stakeholder/Customer Support</p>	<p>Many stakeholders including Citizens Advice, National Energy Action and Trussell Trust supported our "whole home" approach to tackling fuel poverty.</p> <p>Previously, GDNs have relied on the FPNES as a provision for alleviating fuel poverty in the homes. However, stakeholders have provided feedback reporting that customers need further support and advice beyond the installation of a gas connection and central heating system.</p> <p>This has been reinforced through recent customer workshops with our Customer Forum and our 'Energy Diaries' research with many customers living in fuel poverty.</p> <p>In March 2022 we engaged with hundreds of our customers to ask them to assess our current suite of projects to support customers in vulnerable situations and help us to prioritise our focus areas for 2022/23. There was overwhelming support for us to extend the work we do to support customers living in fuel poverty, especially considering the increases to the cost of living and fuel prices.</p> <p>They asked for a range of support initiatives, including direct engagement with the most at-risk customers to provide energy and income advice, agreeing that this is best delivered through third party, trusted and expert agencies, such as MEA.</p>
<p>Information Required</p>	<p>Description</p>
<p>Outcomes, Associated Actions and Success Criteria</p>	<p><u>Project Outcomes</u></p> <p>In partnership with Marches Energy Agency, Cadent expects to achieve the following project outcomes:</p> <ul style="list-style-type: none"> • Reach approximately 1,767 households, providing in-depth energy advice. • Offer detailed advice calls to approximately 884 households, providing remote support with home energy issues. • Provide 1,000 of the most at-risk customers with a carbon monoxide alarm. • All customers receive CO gas safety advice. • All customers made aware of the PSR and where appropriate supported to register.

	<ul style="list-style-type: none"> • Customers supported through the project will report increased levels of comfort and decreases in stress and anxiety due to the assistance offered through the partnership. <p><u>Associated Actions</u></p> <ul style="list-style-type: none"> • Cadent will provide training, materials, advice, and carbon monoxide alarms to Marches Energy Agency. This will enable the education of customers engaged through home visits on the dangers, signs and symptoms of CO. • MEA will use local insight and social mapping data to target customer most in need of the services. • MEA will coordinate home visits to customers in vulnerable situations and at risk of living in fuel poverty. The home visits will enable customers to access advice on a range of energy topics including fuel debt management, heating and hot water controls, and efficient use of appliances and behaviours. <p><u>Success Criteria</u></p> <p>Cadent will work collaboratively with MEA to capture data throughout the duration of the two-year project. This data will help the parties to understand whether the following success criteria has been met.</p> <p><u>Updated June 2024</u></p> <p>For the extended period starting July 2024, Marches Energy aim to deliver an additional:</p> <ul style="list-style-type: none"> • 2,713 customers supported with energy efficiency advice. • 2,713 customers supported with CO advice. • 2,713 Customers will be made aware of the benefits of being on the PSR. • 300 customers will be supported with income maximisation, helping them to apply for benefits they have not previously received. The above will consist of: <ul style="list-style-type: none"> • 1,138 home visits. • 1,575 detailed advice calls. <p>For the avoidance of doubt, the total deliverables for the entire project are:</p> <ul style="list-style-type: none"> • 5,364 customers will be supported with advice about energy efficiency. • 5,364 customers will be supported with advice on CO. • 5,364 customers will be made aware of the benefits of being on the PSR. • 1,200 customers will receive advice on income maximisation.
<p>Project Partners and Third Parties Involved</p>	<p>Cadent is working in partnership with charity home energy specialist Marches Energy Agency.</p>

	<p>As part of the project, Marches will be encouraged to utilise their network of existing partners to offer additional services based on the needs of the customers identified.</p>
<p>Potential for New Learning</p>	<p>This project will see an expansion of the RIIO-GD2 year-1 relationship with Marches Energy Agency:</p> <p>(https://cadentgas.com/nggdwsdev/media/Downloads/about/PEAs/PEA-Marches-Energy-Action-Home-Visits.pdf).</p> <p>This 2-year expansion will replicate the previously successful services offered in the year-1 project.</p> <p>The extension of the project will increase our learning by</p> <ul style="list-style-type: none"> • Enabling a comparison on the effectiveness of customer engagement techniques - home visits versus remote advice calls. Cadent will also gain learning on the best fit of individual advice topics across in person home visits and remote advice calls. • Affording Cadent the opportunity to assess what support is most in need in 2022 given the significant shift in the landscape of the energy landscape over the last 12-months. The project will also offer learning on which energy advice topics are outdated in the current landscape. <p><u>Updated June 2024</u></p> <p>The 2022/23 project has highlighted that there are still many individuals struggling with the cost-of-living crisis and in need of help and advice. Many households have benefitted from energy saving tips and changes in behaviours which have enabled them to lower their energy consumption, which in turn lowers their bills. There are still many people who are entitled to benefits and not claiming them as they require assistance to do so. This is why this project is important.</p>
<p>Scale of VCMA Project and SROI Calculations</p>	<p><u>Project scale</u></p> <p>This project will reach approximately 2,651 households over a 2-year duration. The project will be delivered in rural and urban parts of Cadent's West Midlands and East Midlands networks.</p> <p><u>Social Return on Investment</u></p> <ul style="list-style-type: none"> • Total Investment = £397,325.00 • 1-year SROI= £903,939.00 • 5-year SROI = £1,986,639.77 • 5-year gross present value = £2,383,964.77 • 1-year gross present value = £1,079,124.00 <p>The project in 2021/22 has provided us with actual benefit data to enable us to accurately forecast the SROI from continuing and extending the initiative. The 5-year gross SROI in 2021/22, based on 326 customers receiving the services totalled £289,901.52. This equates to a benefit per customer of £899.27.</p> <p>The social value of the 2021/2022 project was evaluated based on proxies that were previously calculated by Cadent and energy and</p>

utilities consultants at SIA Partners. The proxies captured the financial, environmental, and societal benefits of a range of advice topics typically issued to customers on programmes such as the Marches Energy Agency Home Visits project.

Based on last year's actual data average, Cadent forecasts that 2,651 households will receive a total 5-year gross present value of £2,383,964.77.

This will be split between 800 Home Visits and 400 Detailed Advice Calls in year one (equating to a 5-year gross present value of £1,079,124.00) and 967 Home Visits and 484 Detailed Advice Calls in year two (equating to a 5-year gross present value of £1,304,840.77).

Cadent will invest a total of £397,325.00 in VCMA funding to deliver the two-year initiative. This will be split into annual costs of £175,185.00 (year one) and £222,140.00 (year two).

Updated June 2024

GDN Rulebook
Latest Version Date: 10-09-2024



Load Project: Load

Project information:		Results:	
Name:	Marches	Cost (discounted):	£763,344.57
WACC:	4.57%	Customer volume:	13564
Year of assessment:	2025	GPV:	£4,782,346.11
Start year of benefits:	2024	NPV:	£4,019,601.54
End year of benefits:	2026	SROI:	£5.27
Attribution:	0.00%		

Non-standardised activity inputs:

Cost (discounted):	
GPV:	

Calculate
Save
Clear

Cost 24 / 25 £801,282.80

Show Previous Years

The SROI for the 5 years has been calculated utilising the ENA rulebook based on the following:

5364 customers receiving CO, PSR and Energy behaviours advice.
 1200 customers receiving income maximisation and benefits support.
 1000 customers in fuel poverty receiving a heated throw.
 1000 customers being referred for a free gas safety check through Service beyond the meter.

SROI =£5.27

VCMA Project Start and End Date

Project start date: 15th June 2022
 Project end date: 31st March 2026

Geographical Area

The VCMA funded project will be delivered across areas within Cadent's West Midlands and Eastern networks.

Focus will be given to supporting homes situated in locations with higher levels of deprivation and fuel poverty. Additional attention has also been given to areas where a greater need for this project is identified.

For example:

- Locations in Shropshire, Telford and Wrekin containing householders under 65 living in vulnerable situations, as the existing Age UK home visits partnership does not extend to this age bracket.

	<ul style="list-style-type: none"> • Locations across Derby City and the wider county that suffer from high levels of fuel poverty, but where local support is limited. MEAs existing Warmer Derby and Derbyshire project is currently facing a great deal of demand, meaning that the Cadent funding will enable MEA to assist householders with a wider range of needs. • Regions of the Black Country where MEAs recent work has identified a significant need for support in tackling fuel poverty.
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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 Impact Team PEA Peer Review	
Date Immediate Team Peer Review Completed: 08/03/2023 14/06/2024	Review Completed By: Kate Clarke Mary O'Shaughnessy
Stage 2: Sustainability and Social Impact Team Management Review	
Date Management Review Completed: 08/03/2023 21/07/2024	Review Completed By: Philip Burrows Guv Dosanjh
Step 3: Head of Customer Vulnerability Social Programmes Sign-Off: Phil Burrows	
Head of Customer Vulnerability Social Programmes Sign-Off Date: 28/01/2025	
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: February 2025	
Date that Notification Email Sent to Ofgem: February 2025	