Joint GDN Vulnerability Strategy

2024

Gas Distribution Networks

Cadent
Your Gas Network

Northern
Gas Networks

SGN
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WALES&WEST
UTILITIES

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GDN Consumer Vulnerability Strategy

This collaborative strategy document outlines how the Gas Distribution Networks (GDNs) work together to understand the needs of customers in vulnerable situations through collaboration. This strategy should be read in conjunction with the GDNs' individual Vulnerability Strategies.

We have developed this strategy based upon our experience of working together for more than 10 years, and with input from key national stakeholders including Citizens Advice, National Energy Action (NEA) and the All-Party Parliamentary Carbon Monoxide Group (APPCOG). We also look to align with the Ofgem Vulnerability Strategy and Customer Commitments.

A joint GDN Consumer Vulnerability Strategy is central to the success of having collaborative direction and a narrative around all our actions, activities, and initiatives. It offers a foundation which the GDNs and partners can build upon, to enable us to deliver the appropriate support that our priority customers want and need, in a cost-effective and efficient manner.

In this document we outline the key areas on which we will collaborate and how we will do this:

— Stakeholder engagement to understand evolving customer need

— The Priority Services Register (PSR) and using demographic data

— Best practice working groups for customer services and supporting vulnerable customers

— Fuel poverty and energy affordability

— Supporting priority customer groups

— Carbon monoxide (CO) and awareness

— Services Beyond the Meter (customer owned pipework and appliances)

— Energy efficiency advice and supporting homes in the UK Energy transition

— Innovation

— Shaping policy, legislation and regulation.

Here are some key facts[1]:

The GDNs supply gas to **21.6 million** households (approximately 50m people) and 1million businesses

The GDNs own and operate **223,000km** of gas pipes

5.4million homes (25%) are on the Gas Suppliers Priority Service Registers (PSR)

Fuel poverty rates of **14%** in England, **30%** Scotland and **40%** Wales

25% of people have at least one disability

The UK has an aging population with **11 million** over 65s in 2023. This figure is projected to **increase by 10%** over the next 5 years.

1 Figures obtained from: Ofgem (2024) Consultation: Consumer Vulnerability Strategy Refresh. Available at: https://www.ofgem.gov.uk/sites/default/files/2024-09/Consumer_Vulnerability_Strategy_Refresh_Consultation_paper_September_2024.pdf Accessed 19.11.2024.

Definitions

The GDNs have developed common definitions which allow us to talk in the same language with our stakeholders.

Priority Customer

'Anyone who due to their personal circumstances and characteristics needs support before, during or after our works and / or could benefit from additional services provided via our partnerships to help maintain a safe and warm home.'

Just UK Energy transition

A 'Just Transition' means playing our role as a GDN to:

— Advocate to ensure no one, particularly those most at risk, is left behind or burdened as the UK transitions to cleaner energy

— Ensure everyone – regardless of where you live, social, or economic status - benefits equally from the transition to cleaner energy, and is aware of the choices they have available to them

Customers most at risk of being left behind

'Those experiencing a temporary or long-term situation which would impact the household in one or more of the following ways':

— Low or static household income, which impacts on essential costs/energy affordability

— Additional/unavoidable energy costs – specific need to stay warm at home (e.g. health issues – more susceptible to/at risk from the cold, elderly/mobility issues/unable to leave the house, or at home more frequently, expensive/hard to heat homes, including those off the gas grid)

— Additional barriers to accessing or engaging in support (e.g. language or communication barriers (including literacy), lack of access to services, lack of social/support networks, socially or digitally excluded)

These are individuals typically signed-up-to the PSR or are eligible to be on the PSR

Collaboration Themes

Stakeholder Engagement and Research

The GDNs need to understand the complex nature of vulnerability to identify what services we should provide, and we do this through a number of channels:

— Stakeholder engagement with key national stakeholders directly and at events

— Memberships: NEA, Scope, APPCOG etc.

— Literature review

— Commissioned joint research

Identifying and supporting priority customers during our work

Having identified the services, we need to provide; we need to identify people and households who require this support.

The Priority Services Register (PSR) is an essential support service used within the energy industry, for priority customers. It enables GDN's to identify registered households, who will be impacted by their core emergency, planned or connections activities. The GDNs will support the development of a common PSR for utilities through data sharing and participation in consultations and industry forums. Working with the Distribution Network Operators (DNO's) we have developed a central website – www.thepsr.co.uk.

Each GDN has developed tools to identify, visualise and interrogate multiple data sets which impact priority and vulnerable customers. In conjunction with research, these tools help to determine where the development and targeting of projects and awareness campaigns will have the greatest impact, for customers living in vulnerable situations. Through ongoing stakeholder engagement and updated research, these tools are continuously being improved to align with ever changing social, economic and political landscapes.

Developing our services

Each GDN already has a wide-ranging toolkit of support measures including; accessible websites and communications, trained customer and operational employees, alternative heating, cooking and hot water facilities, heat the person equipment, access to hot food and provision of alternative accommodation. Through the various GDN working groups, best practice is shared, gaps in service provision are explored and appropriate solutions sought to ensure that we continually provide the best possible service to customers who may require additional support.

Innovation that Supports Vulnerable Customers

Because innovation is often the route to supporting priority customers, we see the importance of including an innovation section in our Vulnerability Strategy that recognises our work to meet needs beyond business-as-usual services.

Innovation for customers can be the development of new products and services, or taking something that already exists and adapting it for use within businesses. While it may be a service that has been created with priority customers in mind, these are often supportive for all customers.

Innovation projects funded via the Network Innovation Allowance (NIA), or the Strategic Innovation Fund (SIF) will be supported by the GDNs Innovation Teams.

Vulnerability and Carbon Monoxide Allowance Funding

The Vulnerability & Carbon Monoxide Allowance (VCMA) enables the GDNs to deliver additional services and initiatives to support vulnerable customers as outlined in their stakeholder supported business plans.

VCMA is a 'Use It or Lose It' (UIOLI) allowance. GDNs must be able to demonstrate that the money has been well spent, with a positive Social Return on Investment (SROI) which targets those most in need. Projects are registered with Ofgem through Project Eligibility Assessments (PEAs) and annual reporting enables GDNs to articulate their performance over the previous year. The annual reports provide the foundations for the annual showcase event, which allows the GDNs to demonstrate how VCMA funding has provided benefits to customers, by sharing the successes and challenges with stakeholders across all GDNs.

A minimum of 25% of each GDN's allowance is to be spent through collaborative projects with two or more GDNs involved.

Customers in vulnerable situations can live anywhere across any GDN footprint area. The aim of GDNs is to provide support either directly or via trusted partners, wherever that support or gap is identified. This will ensure that access to crisis funding or longer-term support is available. Support will be determined by the need and whilst remote call centre support may be sufficient for some customers, face to face and targeted support may be required for others. It should be acknowledged that one of the key aims of the GDNs, is to reach under-served or seldom heard communities.

VCMA funding enables us to deliver the following key themes of support to customers in vulnerable situations:

— Services Beyond the Meter

— Fuel Poverty and Energy Affordability

— Supporting Priority Customer Groups

— Carbon Monoxide Awareness and Education (funded as BAU in RIIO-GD3)

— Energy efficiency and supporting customers through a 'Just' UK Energy Transition for all

Through stakeholder and customer feedback, data and research, GDNs seek to understand what our customers want and need. We use these insights to explore how we can enhance delivery models with our existing partnerships and identify gaps in provision. We then look to build new relationships, with organisations who can provide tailored support to address those gaps.

It is vital we bring those partners on the journey with us into RIIO-GD3, ensuring continuity of their funding and services, and where projects will end, ensuring services are sustainable beyond our funding.

To ensure customers are supported to participate in a Just UK energy transition we will continue to gather and act upon stakeholder feedback. This will enable us to develop new services with customers and our partners, to complement our established services.

This expansion and evolution of services will be managed through the VCMA steering and working groups.

Evaluation and Reporting

Measurement

The GDNs often provide similar services to customers who may refer to these services using various terms, deliver in alternative manners , or have different ways of measuring the outcomes. To avoid confusion amongst stakeholders and allow for comparability between networks.

The GDNs are working collaboratively to agree a common language and reporting metrics. We will continue to evolve this with guidance and feedback from key stakeholders.

The GDNs have all committed to testing their services against recognised standards for Inclusive Service Provision. The established BS18477 has been replaced by the new ISO22458 with associated Kitemark.

Annual Vulnerability Reporting and Showcase Event

Ofgem has published a VCMA Governance Document which sets out the regulation, administration, and governance of the VCMA. The document also states that the GDNs must produce annual VCMA reports and hold an annual VCMA showcase event. This is to be able to demonstrate the support delivered through VCMA programmes and wider vulnerability activities of the GDNs to stakeholders.

GDNs produce an annual GDN specific VCMA report and a collaborative VCMA report which are submitted to Ofgem and published on our websites ahead of the annual showcase event.

The showcase event allows demonstration of GDN strategies in providing support services to customers in vulnerable situations and how investment through the VCMA has benefited customers. The events provide multiple opportunities for stakeholder discussion and feedback, with the learnings summarised in a published report.

Social Return on Investment (SROI) Model

Social Return on Investment (SROI) is a recognised method of assessing the investment in a project, against the wider benefit to society. It is important that we fulfil our values as GDNs and to verify the impact, there must be a qualitative means of measuring it.

HM Treasury has created guidance for assessing SROI in the UK, called The Green Book. It supports in-depth consideration of the costs, benefits and trade-offs of alternative options such as SROI, for meeting policy objectives.

The model we use to measure our SROI, was built by strategists Sirio Strategies, under a contract with the Energy Networks Association (ENA). It was built to be delivered by 2024, for use by GDNs, DNO's, and Transmission Operators. As a group of GDNs, we are committed to working towards a consistent measurement of social value across the energy industry. We believe that this piece of work will endorse and support our shared ambition in this space. A GDN rulebook has been developed to allow consistent evaluation of core services under the VCMA and activities via different delivery channels.

Each PEA includes a forecasted SROI which we then compare against the actual SROI based on the outcomes generated by the project. All projects must have a positive SROI.

The GDNs recognise this as an area that will require ongoing development of tools, evidence and skills and we will work together to meet these aims.

Collaborative working groups

Over the past ten years, the GDNs have worked together to develop services for priority customers. In RIIO GD3 we are committed to continuing this collaboration to share best practice, develop services, and establish joint projects that benefit the gas customers of the wider UK.

It is important to recognise that there are regional differences across the UK, and different policies across England, Wales & Scotland that mean GDN's develop local projects and partnerships, in addition to the collaborative working between networks.

GDNs have developed a series of working groups that bring together specialists from the GDNs and external stakeholders. Each network chairs one of these groups, and their terms of reference are established and reviewed annually to set out ambition, aims, and steer focus to the right areas.

GDN Working Groups

Customer Best Practice

This is a forum to review customer satisfaction, complaints, and Guaranteed Standards of Performance (GSoP). It aims to make sure there is consistency among GDNs, alongside sharing best practice. The group is responsible for the contract with our shared independent market research company which undertakes the customer satisfaction surveys.

VCMA Carbon Monoxide Working Group

GDN experts on carbon monoxide awareness sit on this group, to focus on campaigns and engagement that has been informed by stakeholder engagement and research. They have a close working relationship with the APPCOG and the wider group of stakeholders in that forum, which allows for understanding of legislation, coordination of campaigns, and support for national carbon monoxide awareness week.

Fuel Poverty and Customer Vulnerability Working Group

Consisting of GDN experts on the challenges that customers in vulnerable situations face in the energy market and the causes of fuel poverty. This group works with external stakeholders to identify need and develop collaborative projects under the current VCMA guidelines.

VCMA Steering Group

This group signs off collaborative projects with the support of key stakeholders including Citizens Advice and National Energy Action. The group tracks budget and monitors delivery of projects to ensure customer money is being well spent. Members of this group are also the key contacts for discussions with Ofgem about the VCMA in RIIO-GD2 and looking to the future for RIIO-GD3. The group take an approach to share information, data and insight wherever possible to ensure we are aligned in our ambition, while recognising that individual GDNs may have different approaches directed by their own stakeholders in terms of how outcomes are achieved.

Stakeholder Leads

This group comprises of GDN stakeholder, and Communications leads and plays a key role in planning engagement with national stakeholders on customers in vulnerable situations as well as our investment plans, the environment and a fair transition to net zero.

Connections Managers Group

This group brings together the GDNs Connections Managers with a focus on connections policy, sharing of stakeholder insight, impacts of legislation and customer satisfaction.

External Forums and Support

The GDNs jointly support several organisations through their forums and working groups, which include National Energy Action (NEA). These forums give us additional insight into the issues faced by customers, and the opportunity to lend our support to other stakeholders in lobbying government to create support and change.

Safeguarding Working Group

A forum of experts supported by invited third parties, this group takes the lead on our licence obligations to identify and support customers during our core works (emergency, planned and connections as well as our general enquiries). The group stays close to legislation changes that impact priority customers, and the control of customer data under the General Data Protection Regulation (GDPR). Their remit also includes working with Ofgem and the wider utility industry to develop the PSR.

Joint engagement with stakeholders

While each GDN engages independently with numerous local stakeholders, there is also benefit in seeking joint engagement with national stakeholders. The joint GDN engagement group allows us to engage with organisations such as Citizens Advice and National Energy Action on multiple topics such as priority customers, net zero, and the environment within one session. This is both beneficial to the third party and allows the same insight to be fed back to each GDN.

Innovation

The RIIO price controls support innovation of services for customers in vulnerable situations. It encourages joint GDN participation in projects and / or the sharing of project findings to all GDNs irrespective of their involvement. This is coordinated by the Innovation teams within each GDN.

Maintaining this strategy

The pace of change as we move from RIIO GD2 to RIIO GD3 is expected to be significant. Continued high energy costs, increasing numbers of people of pensionable age, those in or at risk of fuel poverty and those with disabilities are some of the main areas of challenge. Other factors such as changes to government policy, the development of energy efficiency, fuel poverty schemes and funding mechanisms, pose further challenges in the ever-changing landscape. Our strategy needs to evolve and adapt to all these influencing factors. The outcome of the RIIO-GD3 price control will also determine how much funding we will have to support customers.

We therefore commit to an annual review of this strategy document, taking input from stakeholders to help us evolve.