



Chief Executive

Fuel Bank Foundation

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Akshay Kaul
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Sent by email to: RIIO3@ofgem.gov.uk

17th February 2025

Dear Akshay

Fuel Bank Foundation reflections on RIIO-3 Business Plans

As you will remember from your recent visit to our office in Birmingham, at Fuel Bank Foundation we help people across the UK who face living without heat and power because they must prepay for energy but cannot afford to. We gift them at least ten days' worth of energy, empower them to get back on top of their finances, and campaign for systemic change to solve the problem at its roots. Because, if they can stay warm and clean, cook nutritious meals, and use essential appliances, the internet and phone, our clients stand a far better chance of escaping poverty, and living a happy, healthy life. To date, we have supported over 1.9m people.

Our response is not confidential.

We have been really pleased to be so heavily involved in creating the RIIO-3 business plans. We were asked to contribute repeatedly, there was real interest in our views, options were shared, and we could input again and calibrate the final proposals. Over the RIIO-3 plan development period we have had 12 separate engagements across all four gas distribution networks, as well as ongoing conversations with National Grid ET, SP Energy Networks and National Gas. In all meetings we felt very much listened to and that our views were both

welcome and valuable. This is a great example of excellent stakeholder engagement and, in our opinion, is how the process should work. We have observed a very definite and positive step change in engagement since RIIO-1 and 2 which should be recognised.

We work in partnership with GDNs both within and outwith of the VCMA allowance. We have a VCMA collaborative project working with all GDNs (and led by SGN) to provide Fuel Bank crisis support to families across GB that prepay for their energy and are living without, or at risk of living without heat, light, and power. Customers receive crisis Fuel Bank same day financial help, alongside advice and support with an objective of mitigating or addressing the root cause of their crisis. This is complemented with additional VCMA-funded projects that build upon some of the specific conclusions taken from our longitudinal survey that highlighted some communities and demographic groups where levels of need were not always being met:

- Working with NGN we are expanding our core Fuel bank provision in rural and coastal communities across the North of England;
- We are supporting families in SGN's Scotland and Southern regions to improve access and provide energy crisis support and advice targeted at those under 35;
- We are working with SGN and the Warm Home Prescription programme to provide fuel crisis support to families that prepay; and
- With Cadent we are providing specific fuel crisis support at several YMCA centres.

Separately we also deliver projects with the GDNs outside of the VCMA allowance, for instance with NGN and Cadent in supporting their teams when identifying fuel crisis during the course of their BAU activity.

We also have a long-standing relationship with National Grid that enabled a material expansion of Fuel Bank during the cost of living and energy crises and have started working with SPEN to support delivery of vulnerable customer services in Scotland. We recognise how ET3 Community Benefit proposals may support and enable Fuel Bank after April 2026 allowing expansion of crisis services and using these as the enabler for longer-term strategic mitigations to address fuel crisis and poverty as part of the transition to Net Zero.

We have observed network companies we work closely with using partnership with Fuel Bank to drive deeper employee understanding of wider consumer vulnerabilities, and the role that they can play to enable better outcomes and to remove detriment. This supports a culture change and enables services to be connected through their partnerships. And network companies have demonstrated to us a real willingness to better understand situations and challenges faced by vulnerable customers which they then reflect in their business plans, and in their wider organisational culture.

Fuel Bank Foundation would also like to make the following points in response to the Call for Evidence, reflecting how the continuation of support to vulnerable customers is key and builds upon the VCMA commitments in RIIO-GD2:

We note how the funds allocated to the VCMA in GD2 were increased materially due to the closure of the Fuel Poor Network Extension Scheme. This had the effect of a wider range of vulnerability services and organisations being funded. Any reduction in gross funding targeted at these customers and communities post RIIO-GD2 would have a detrimental impact on both the communities and families being supported, and the third-party organisations who are supporting them. In the present environment any reduction in funding will be seen as being out of touch and a retrograde step at a point when many vulnerable people still need financial support, in particular since the help being provided will be to those who, in all likelihood, will need help on their own personal transition to net zero. This was flagged as a risk when the options for the fuel poor network extension programme were under review.

We note that there is some debate about whether provision of crisis support should be funded via an energy bill given that this, in itself, can be seen to be regressive but in the absence of more progressive central funding streams it is important that this remains. It is important that these funds are used to provide targeted help, and are delivered in an optimised way, recognising that there are indeed costs of delivery, but that any costs that add unnecessary bureaucracy are removed. The current plans appear to strike the right balance here: using trusted partners with experience to deliver value-added services within the community, with appropriate levels of control and oversight by the GDN. It is important to note however that Ofgem should not request, or instruct others to request, burdensome additional reporting or data that distracts from the task in hand by community-based partners.

We also think that a main focus for funding targeted at providing help and support to vulnerable customers and communities should be on those existing, successful partnerships and programmes that have already clearly demonstrated positive outcomes and consumer benefits. This is particularly important given the issues we see today across the consumer vulnerability landscape. In this regard we recommend that Ofgem establishes a maximum total cap for spend on innovative VCMA projects whilst also detailing clear entry criteria for any innovation should it be funded under the allowance. Innovation is of course critical, but with the current focus on the total energy bill for customers we are conscious of the reputation risks from any perceived over-focus on innovation to the detriment of

programmes that have been recognised as delivering material improvements in customer outcomes.

Please do not hesitate to contact me if you would like to discuss any of these points in more detail.

A handwritten signature in black ink, appearing to read 'Matthew Cole', with a long horizontal flourish extending to the right.

Matthew Cole

Chief Executive, Fuel Bank Foundation