

Challenge C58

Delivering better outcomes for our customers :

4.2.3 Help for those who need it most.

What justification do we have for stating we'll connect 1000 homes to the grid each year?

NGN Response – see Rationale below to support GD2 FP figures.

Rationale to support GD2 FP figures associated with a firm commitment to install 1000 FP services/ year over 5 year period.

FP connections over GD1 has been successful, enabling outperformance against agreed and subsequently increased Fuel Poor Targets, this has been brought about by the following;

- Close partnership with Fuel Poor Partners
- Development of effective relationships with Registered Housing Providers and local authorities
- Adopting a focussed “go early approach” i.e. greater than 50% of connections in first 4 years
- Recognition and taking opportunities such as Decc Central heating Funds and opportunities from removal of LSOA criteria
- Support of an informed and committed delivery team

As a result we achieved or increased GD1 Target 14500 FP connections approximately 18 months early.

However, whilst good this has been against a backdrop of removal and changes to qualifying criteria and amends in England on definitions of fuel poverty, the most significant being the removal of LSOA criteria removing circa 50% of our possible work.

However, considering a range of factors, and based on historic performance it is estimated that we can achieve circa 987 FP connections per year (rounded up to 1000)

This is based on actual numbers completed over 4 years, NB as we have had significant impact from removal of LSOA, in effect accelerating/bringing work forward, these are removed from calculations.

Over 4 years we have averaged 1412 scheme based connections per year, based on a likely impact of 50% due to LSOA criteria removal this equates to 707 FP connections into the future.

We have more information related to one off connections, due to removal of criteria and extended periods to deliver, as a result we see an anticipated 350 one off connection voucher issue. Historically these have worked at an 80% conversion rate to an actual connection, therefore estimated 1 off connections are likely to be in the order of 280/year

This brings us to an estimate of 987 FP connections/ year

It should be noted, that whilst confidence is reasonable in achieving these figures, concern arises regarding funding for in house measures, with no clear route for funding beyond 2022, although discussions with Ofgem indicate that schemes will be in place to support FP into the future.

Year	GD1									GD2				
	13	14	15	16	17	18	19	20	21	22	23	24	25	
Numbers completed	1227	1708	2460	2635	2061	2793	TBC	TBC						
YoY Increase		481	752	175	-574	732	TBC	TBC						
Schemes Est 70%	859	1196	1722	1845	1443	1955	TBC	TBC						
One offs Est 30%	368	512	738	791	618	838	TBC	TBC						
one off FP vouchers issued	1002	1210	1038	826	769	388	388	350	350	350	350	350	350	
One offs expected based on 80% conversion							310.4	280	280	280	280	280	280	
schemes anticipated 30% of average excluding 18/19#	7064													
Average based on 5 years	1412.74													
Impact of removal of LSOA criteria est 50%	706.37							706	706	706	706	706	706	
Forecast for GD2								986	986	986	986	986	986	
Assumptions														
Current estimate of 1 offs based on removal of LSOA continues at current rate														
Estimate of impact of removal of LSOA criteria 50%														
Funding can be found for in house measures														
No adverse changes made to qualifying criteria														

In addition, the stretch target was determined by the level of fuel poor connections that we have achieved on average through GD1. Whilst we know that this will be extremely hard to achieve, we feel that this stretch target reflects the enduring needs of customers within our region, and our ambition to look for creative solutions to help these customers.