

# Vulnerability & Carbon Monoxide Allowance (VCMA)

## Project Eligibility Assessment (PEA) CO Alarm Distribution

Updated March 2024

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

<b>Section 1 - Eligibility criteria for company specific projects (other than condemned essential gas appliance repair and replacement)</b>	
In order to qualify as a VCMA project, a project must:	
<b>VCMA Eligibility Criteria</b>	<b>Criteria Satisfied (Yes/No)</b>
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"> <li>i. Provide support to consumers in vulnerable situations, and relate to energy safeguarding, or</li> <li>ii. Provide awareness on the dangers of CO, or</li> <li>iii. Reduce the risk of harm caused by CO;</li> </ul>	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
<b>Section 2 - Eligibility criteria for company specific essential gas appliance servicing, repair and replacement projects</b>	
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
<b>Section 3 - Eligibility criteria for collaborative VCMA projects</b>	
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
<b>Project Title</b>	Carbon Monoxide (CO) Alarm purchase and distribution
<b>Funding GDN(s)</b>	Cadent only
<b>Role of GDN(s) *For Collaborative VCMA Projects only</b>	Not applicable
<b>Date of PEA Submission</b>	Q1 2021 Update: March 2024
<b>VCMA Project Contact Name, email and Number</b>	Contact Name: Hayley Tranter Update: Suzanne Callington Email: <a href="mailto:Hayley.Tranter@Cadentgas.com">Hayley.Tranter@Cadentgas.com</a> Number: 07805 162 594  Update March 2024 Email: <a href="mailto:Suzanne.callington@cadentgas.com">Suzanne.callington@cadentgas.com</a> Number: 07866849082
<b>Total Cost (£k)</b>	Original costs £2.5 million  Update March 2024 £6,081,247.00 Project management cost: £243,249.88 Total: £6,324,496.88
<b>Total VCMA Funding Required (£k)</b>	£2.5 million  <b>Update March 2024</b> <b>£6,324,496.88</b>
<b>Problem(s)</b>	CO alarm ownership across Cadent's networks remains relatively low, with between 60%-70% of our customers still not having an audible CO alarm installed in their properties.  Many of our customers that are living in vulnerable situations are unable to afford to purchase CO alarms and are often struggling to pay for the basics for themselves and their families.
<b>Scope and Objectives</b>	We have a three-step approach to raising awareness of CO and keeping our customers safe: <ul style="list-style-type: none"> <li>• Prevention: by encouraging customers to service their gas appliances each year through active promotion and messaging.</li> <li>• Awareness: raising awareness of the signs and symptoms of carbon monoxide and ensuring customers can identify the signs to stay safe.</li> <li>• Protection: by promoting customers to purchase and install an audible CO alarm.</li> </ul> <p>Using £2.5m of the VCMA, we can purchase 250,000 alarms, which we will distribute to customers who would otherwise not be able to purchase and install one in their homes.</p>

	<p>Alarms will be provided to Cadent’s front-line engineers and strategic partners with additional reach, such as the 24 regional Fire and Rescue services. Our own employees and those of our partners will be empowered to hold CO awareness conversations with customers, and where appropriate provide customers with a free alarm.</p> <p>We will build on our strategic relationships with CO alarm manufacturers to promote CO messaging through other avenues in order to reach customers in different ways.</p> <p>The funding will see alarms being purchased over the 5-year period of RIIO-2. Engineers will continue to hand out alarms to customers in vulnerable situations as per the OFGEM guidance on vulnerable customers.</p> <p>Building on the success of the last price control we will purchase alarms with a 10-year life alarms instead of 7 years, which weren’t previously available. The improved life expectancy of the alarms will ensure we keep our customers safer for longer.</p> <p>The data which we will collect will demonstrate that alarms have been distributed to the most vulnerable of customers and demonstrate that our conversations have brought about learning and an increased knowledge of CO.</p> <p>We will continue to use partners to target communities in the highest area of deprivation.</p> <p>Update March 2024: By using circa £6m to purchase 500,000 alarms, which will be distributed to customers who would otherwise not be able to purchase and install one in their homes.</p>
<p><b>Why the Project is Being Funded Through the VCMA</b></p>	<p>Distribution of CO alarms following education of the dangers of CO helps us to keep customers on our network safe from CO.</p> <p>By upgrading our CO alarms to have a 10-year life expectancy and increasing the number of alarms distributed, we are clearly demonstrating our commitment to improve the service that we offer our customers.</p>
<p><b>Evidence of Stakeholder/Customer Support</b></p>	<p>From our customer and stakeholder engagement, there is a clear insight that giving CO alarms and advice was especially important and a priority we must focus on. There was a strong sense that Cadent should be leading the industry and building on the numbers of CO alarms that we issued in the last regulatory period.</p> <p>Further evidence of our customer and stakeholder research and engagement can be found on our website at:</p> <p><a href="https://cadentgas.com/nggdwsdev/media/Downloads/business-plan/APP_CAD_07-03-10-CO-Awareness.pdf">https://cadentgas.com/nggdwsdev/media/Downloads/business-plan/APP_CAD_07-03-10-CO-Awareness.pdf</a></p>
<p><b>Outcomes, Associated Actions and Success Criteria</b></p>	<p>The key outcome is the distribution of c250,000 free CO alarms to households without the means to buy their own.</p> <p>A secondary outcome is increased customer knowledge and understanding of the potential harms of CO. Our experience in RIIO-1 shows us that, through the visits of our engineers and those of our partners, customers’ knowledge of CO and their commitment to take positive action increases by over 60% following a visit.</p>

	<p>Success for the project will be identified through the distribution of the alarms to customers most at risk to harm caused by CO. This risk will be measured through a number of factors including a customer's ability to purchase an alarm, means to afford gas appliance servicing and existing knowledge on the signs, symptoms and dangers of CO.</p> <p>Update March 2024: The key outcome is the distribution of c500,000 free CO alarms to households without the means to buy their own or where customer vulnerability is present.</p>
<b>Project Partners and Third Parties Involved</b>	<p>We will have partnerships with various groups including the 24 Fire and Rescue Services in our regions, charities, local authorities and schools. This will help deliver both CO education and CO alarms through their visits and engagements.</p>
<b>Potential for New Learning</b>	<p>Increase in knowledge of CO including signs and symptoms, commitment to make a change and share information with family and friends.</p>
<b>Scale of VCMA Project and SROI Calculations</b>	<p>This is a 5-year investment to purchase and distribute c.250,000 CO alarms into customers' homes (c.50,000 per year).</p> <p>The SROI has been calculated at £5,499,350 (£10,898,700, over 10-year life expectancy for the alarms) for the 5 year price control. The total cost is £2,500,000, hence the net SROI benefit is £2,949,350.</p> <p>Full details of the calculation will be provided on request.</p> <p>Update March 2024: This is a 5-year investment to purchase and distribute c.500,000 CO alarms into customers' homes. In years 1 and 2, a total of 83,083 alarms were distributed.</p> <p>500,000 alarms minus 83,083 alarms already distributed = 416,917 remaining to distribute.</p> <p>416,917 multiplied by £13.10 (cost per alarm) = £5,461,613.00</p> <p>Spend on alarms distributed in year 1 and 2 = £619,634.00</p> <p><u>SROI calculations:</u> Total project cost: (including management cost) = £6,324,496.88</p> <p>Gross 10 year SROI: £10,909,666.02 (over 10-year life alarm battery) Gross 1 year SROI: £1,090,966.60 Net 10 year SROI: £4,585,170.02 Net 1 year SROI: £458,517.00</p> <p>SROI per £1: £1.38</p>
<b>VCMA Project Start and End Date</b>	<p>April 2021 - March 2026</p>
<b>Geographical Area</b>	<p>Households across all 4 of Cadent's gas distribution networks focussing on CO hotspot areas identified by data mapping.</p>
<b>Remaining Amount in the Allowance at Time of Registration</b>	<p>TBC upon project registration.</p>

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

<p>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.</p>	
<p>Stage 1: Customer Strategy Team PEA Peer Review</p>	
<p>Date Immediate Team Peer Review Completed: 16/06/2021 Update March 2024:</p>	<p>Review Completed By: Edward Allard (Customer Safeguarding Manager) Update March 2024:</p>
<p>Stage 2: Customer Strategy Team Management Review</p>	
<p>Date Management Review Completed: 17/06/2021 Update March 2024:</p>	<p>Review Completed By: Philip Burrows Customer Vulnerability Manager Update March 2024:</p>
<p>Step 3: Director of Customer Strategy Sign-Off 17/06/2021 Update March 2024:</p>	
<p>Director of Customer Strategy Sign-Off Date: Mark Belmega Update March 2024:</p>	
<p>Step 4: Upload PEA Document to the Website &amp; Notification Email Sent to Ofgem (vcma@ofgem.gov.uk)</p>	
<p>Date that PEA Document Uploaded to the Website: August 2021 Update March 2024:</p>	
<p>Date that Notification Email Sent to Ofgem: September 2021 Update March 2024:</p>	

