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Dear Matt,

We welcome the opportunity to respond to this consultation. We are responding in our role as the statutory advocate for Energy.

Feedback summary

We broadly support the changes and suggestions in the VCMI governance document. This is a step-change in governance that we believe will improve the strategic alignment of the VCMI, increase the level of scrutiny towards a more comparable level with that of other Ofgem-administered funds, and enhance engagement with a wider range of stakeholders. We recognise Ofgem's efforts in moving quickly to implement this new governance before the start of the RIIO-3 period in April 2026, as well as the productive conversations held with GDNs, ISGs and other interested parties over the last few months.

We have advocated for the minimum mandatory level of funding to be raised above 25%, both to increase the opportunities offered through the leveraging of economies of scale, and to add accountability to the GDNs' willingness to collaborate further. As Ofgem has decided not to raise the minimum at this time, we will now turn our efforts to encouraging GDNs to go beyond the 25% in their allowance. Ofgem's role here during RIIO-3 could involve exploring any barriers to collaboration, and looking to update the governance in future years to help overcome them.

One important element missing from the updated governance is an explicit review of value for money. This is essential as the VCMA is funded by all energy billpayers, and disproportionately by those on lower incomes. Though the National Steering Panel (NSP) does have the remit of 'understanding' SROI, and ensuring its consistent application', a holistic view of all projects would help to maximise the value of the money spent.

As a next step, we would like Ofgem to consider how a similar governance approach can be applied to, and across, all Ofgem-administered initiatives. This should also cover the overall value for money of the overall programme of initiatives. This could be an iterative process, starting with vulnerability-focused schemes such as the Warm Home Discount and the Energy Redress Scheme.

Please find more detailed feedback on specific sections of the document below. As we are in broad agreement with most of Ofgem's suggestions, our response is mostly focused on constructive feedback for the regulator.

Vulnerability and Carbon Monoxide Allowance

As stated above, we would like to see a higher ring-fenced minimum for collaborative projects. While it is welcome that Ofgem sets out its intention that GDNs should aim to increase this proportion, we think Ofgem should go further. Work should be undertaken to understand and remove any barriers to collaborative working (aside from customer research that reveals significant differences in vulnerability between licence areas).

VCMI Governance Document

We are supportive of the additional requirement for GDNs to capture and share learnings from VCMA projects, BAU vulnerability and CO safety activity. We note that this is happening informally between GDNs already in their working groups and bilaterals, however codifying these should help to iteratively improve the impact of the VCMA.

Individual GDN Consumer Vulnerability Strategies

The requirement to address how the strategy responds to the NSP's most recent National Vulnerability Priorities is encouraging, as is the need to address alignment with wider vulnerability priorities in the sector. However, we feel that more specificity is needed.

We have noted previously that comparability between regulated companies' reports can be difficult (such as the DNOs' annual vulnerability reports¹). We therefore are supportive of the requirement to apply a common and comparable structure to the GDNs' reports. We would like to see this extended to a standardised format of data tables, and the timeline to be pushed sooner than 2027, if possible (should a vulnerability report be due to be published sooner than this date).

¹ Citizens Advice, [Watching the wires: Holding electricity networks accountable for spending on vulnerable customers](#), October 2025

Delivery against Consumer Vulnerability Strategies

We are pleased to see the focus on outcomes-based reporting, as this will improve the strategic oversight of the fund and allow for measurable progress to be tracked. Reporting should be comparable year-on-year, and comparable between GDNs.

VCMA Projects

We would appreciate more clarity on Ofgem's definition of those 'most at risk of being left behind' in the net zero transition, and how this relates to the GDNs' existing remit. We recognise there could be a potential conflict to address between VCMA projects and initiatives such as the Warm Home Plan or any decision by Ofgem to allow DNOs to fund the installation of Low Carbon Technologies.

Project portfolio

Ofgem has declined to set a requirement for the specific percentage split between different types of VCMA projects. We understand that this provides flexibility, and the opportunity for GDNs to use insights from their consumer research to design their activities. However, our own insights show that affordability, affected by fuel poverty, is a key issue for our clients, with the average level of energy debt reaching £1696 - the highest level we have seen - in December 2025.² We would like to see a general expectation that addressing fuel poverty would be the greatest proportion of the GDNs' overall spend.

We welcome the addition to the guidance that all VCMA projects must have specific, measurable and time-bound outcomes, and the need for them to be expressly linked to objectives. This should ensure that energy billpayers' money is spent most effectively, and that learnings are explicitly captured and embedded.

Collaborative VCMA projects

We appreciate the explicit expectation that GDNs should seek opportunities to exceed the mandatory minimum of 25% collaborative spend. As Ofgem has not decided to increase this for RIIO-3, we would like to see it commit to running a workshop with GDNs mid-period to explore challenges surrounding collaboration, and work with the GDNs to remove any barriers to further collaborative projects.

Cross-Utilities Collaborative VCMA Projects

² Citizens Advice, [Cost of living trends](#)

We welcome the introduction of a 3% ringfenced minimum spend for cross-utilities collaborative projects. It makes sense to explore avenues for joining the VCMA with other vulnerability initiatives, and reduce any duplication of projects within the same region. As with the intra-GDN collaborative spend, Ofgem should be aware of any potential barriers to collaboration, and work to resolve these within the RIIO-3 period. We would also welcome more clarity around how GDN and DNO vulnerability funding will intersect, given the perceived tension between the GDNs' remit, which now includes the need to support customers 'most at risk of being left behind' in the transition, and the DNOs, who could (as laid out in Ofgem's recent consultation³) be directly involved in rolling out Low Carbon Technologies (LCTs).

Eligibility Criteria

We are broadly satisfied with the criteria that Ofgem has laid out for eligibility. One area where we would appreciate more clarity is around the use of the fund to 'supplement or complement' BAU funding. It would be useful to see how Ofgem will assess the evidence that GDNs provide to ensure there is no double funding.

Project Registration

We have not always been convinced that the quality of information provided in Project Eligibility Assessments (PEAs) is sufficient for the amount of funding being allocated. Though the new fields Ofgem has outlined as a requirement will go some way to improve individual forms, we would like to see Ofgem commit to regular spot checks for projects worth less than £1 million for quality assurance.

National Steering Panel and Delivery Group

As outlined in previous feedback we have shared with Ofgem, we are very supportive of the move to two additional layers of formal governance, the NSP and Delivery Group (DG), and appreciate Ofgem's distinction of the different focus of each group (strategic direction and operational coordination respectively).

The proposed Steering Panel should have representation with relevant expertise that is broader than existing network company activity. It should explicitly include specialists from the Voluntary, Community and Social Enterprise (VCSE) sector, with particular experience of developing sustainable services on a national and local basis and measuring impact.

Whilst, we agree with Ofgem that Independent Stakeholder Groups (ISGs) will be useful actors in these new governance structures, individual members will have to be carefully selected to make

³ Ofgem, [DNO Low Carbon Technology - Energy Efficiency role in ED3](#), March 2026

sure they have the right expertise, as outlined above. Members additional to those from ISGs may well be required and the governance should allow for this.

VCMA Governance Operating Framework

We feel that Ofgem's proposal for a principles-based governance operating framework is sensible, as it allows for a focus on outcomes and retains flexibility, which we recognise as a strength of the existing VCMA. We agree with all the principles outlined.

Annual Consumer Vulnerability Reports

We welcome the outcomes-focused annual vulnerability reports, and the expectation that common reporting templates are to be used where possible. As previously outlined, there are difficulties in comparing company data across the whole price control, so we recommend that Ofgem reviews these templates before publication.

The addition of key lessons learned and the specificity around how GDNs target vulnerability support is welcome. We encourage GDNs to maximise opportunities for customer research and feedback, though we would like to see Ofgem take a greater role in coordinating research across GDNs, such as applying consistent methodologies and ensuring diverse participation from their customer base.

Additional Reporting Requirements

We are pleased to see that Ofgem has considered how to make the PSR Customer Satisfaction and PSR Complaints ODI-Rs as strong as possible, through the publication of five years' worth of data, comparisons between PSR customers and the wider customer base, and the provision of explanatory text around the figures provided. Ofgem itself must also commit to publishing this data regularly in its own reports, so that GDN data can be easily compared between companies.

Annual showcase event

We welcome the formalisation in the governance of the need for GDNs to collect and implement stakeholder feedback (though we recognise that GDNs are already doing this annually to inform their events). It would be good to see accessibility formally considered, allowing diverse participation at the events, in this formal governance.

Appendix 2

All the additions to the GDNs' Project Registration forms should help to strengthen the governance and link VCMA projects into a wider picture of fuel poverty. Our concern is around

Patron HRH The Princess Royal **Chief Executive Dame Clare Moriarty**

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the reviewing of these forms, and whether the evidence supplied by GDNs around how projects intersect with BAU funding will allow for any instances of duplication.

Appendix 3

The NSP's Terms of Reference are well designed to help the group to achieve its aims. While we agree that it should exist as an advisory body with no approval or decision-making authority over the GDNs, we believe that the GDNs should be obligated to formally respond to NSP concerns or requests for clarification.

We are supportive of the makeup of the NSP, including GDN ISG members as Chairs and consumer-focused organisations on the Panel. More clarity would be welcome around the need for Panel members to be there in a consumer advocacy capacity, as opposed to advice provision or business development. While we appreciate the detail provided on funding and remuneration (and support that this should be taken from the VCMA pot), it should be noted that the Consumer Advocates would not expect to be paid for their time as it would be considered part of their funded role.

Yours sincerely,

Alice Williams

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