

Press Release

Tuesday 24 May 2011

R/13

SIX PROJECTS ELIGIBLE TO BID FOR £64 MILLION TO FUND LOW CARBON ELECTRICITY NETWORKS

- **Six new projects to bid for funding from Ofgem’s £500 million Low Carbon Networks Fund**
- **Submissions show there is strong appetite for innovation in the electricity distribution networks**
- **Consumers will reap benefits of cost-effective solutions to secure and sustainable supplies as we move to a low-carbon economy**

Energy regulator Ofgem today announced that six innovative projects are eligible to compete for a share of £64 million, in the second year of the £500 million Low Carbon Networks (LCN) Fund.

Ofgem set up the LCN Fund as part of the 2010-2015 electricity distribution price control. It will encourage Britain’s electricity distribution network operators (DNOs) to develop projects that will help energy networks and energy consumers to make the crucial transition to a low carbon economy. The lessons learned from LCN Fund projects will be shared across the industry.

Stuart Cook, Ofgem’s Senior Partner for Smarter Grids and Governance, said: “Today’s announcement builds on the success of last year’s competition. The six projects which will go through to the final stages of the competition demonstrate a real appetite for innovation and tackling the issues that the networks face as we prepare to meet the challenges of a low carbon economy.”

Five of Britain’s six electricity distribution companies submitted a total of six projects. The remaining DNO chose instead to concentrate its energies on its winning bid from last year. All six of the projects were considered eligible to go through to the final submission stage to compete for a share of the £64 million.

The five DNOs can now submit more detailed proposals in September. The proposals will then be scrutinised by an independent panel of experts. Ofgem will make the final decision on the winning projects at the end of November 2011.

Last year four DNOs shared £63.6 million of LCN funding for projects taking place in London, North East England, East Lincolnshire and South Wales. An important part of the LCN initiative is the sharing of best practice and learning by DNOs which win funding. To this end, the first annual LCN conference will take place in July.

This year’s bids:

Network company	Area	Project	Challenge
UK Power Networks	London	Flexible Plug and Play	How to convert an existing network to connect more renewable generation.

Western Power Distribution	Bristol	B.R.I.S.T.O.L.	Investigating benefits of demand side response: installing DC electricity networks and smart appliances in offices, schools and homes.
SSE	Bracknell and wider Thames Valley area	Thames Valley Vision 2	Understanding how network operators can use smart metering data and storage to release capacity on the network.
Electricity North West	North West England	Capacity to Customers	Reducing amount of network reinforcement needed through use of new planning and design standards and demand side response.
Scottish Power	Central Scotland, North Wales, Cheshire and Merseyside	Flexible Networks for a Low Carbon Future	Trialling technical solutions to increasing capacity on the networks.
Western Power Distribution	East Midlands	FALCON	Modelling on the high voltage network for more efficient investment; plus new commercial arrangements for generators and consumers.

Notes to editors

1. Ofgem announced the Low Carbon Networks Fund in August 2009 as a fundamental part of the current price control regime for DNOs which runs from April 2010 to March 2015. The fund will allow up to £500 million over five years to encourage and enable the DNOs to trial new technology, operating and commercial arrangements which can aid the transition to the low carbon energy sector.
2. These projects are eligible to move forward to the final submission stage of this year's LCN Fund competition for large projects. £64 million funding is available each year in this competitive element of the fund and a further £80 million is available over the five years to help fund smaller scale projects and to ensure that the people, resources and processes are in place to progress innovative projects. A further £100 million is available over the five years as a discretionary award to reward projects which bring particular value in helping the DNOs adapt to climate change whilst provide security of supply at value for money to consumers.
3. Summaries of the six projects submitted to the initial screening stage (that have all been judged eligible) can be seen here:
<http://www.ofgem.gov.uk/Networks/ElecDist/lcnf/stlcnp/Pages/stp.aspx>
4. For details of last year's winning bids see
<http://www.ofgem.gov.uk/Media/FactSheets/Documents1/LCNbro.pdf>

5. LCN Fund Panel membership:

- **Dr. Robin Bidwell** (Chair) is Group President of Environmental Resources Management (ERM). Over the past 30 years he has had a key role in building and leading ERM. For much of that period, he has been an active consultant advising on sustainable development and related issues. He was formerly a non-executive Director of Ofgem's governing Authority where he was Chair of the sustainable development committee of the Authority.
- **Sharon Darcy** is a non-executive Director of three organisations: Consumer Focus, Sutton and Merton Primary Care Trust and the Hyde Group. She was also a member of Ofgem's Consumer Challenge Group which advised the regulator on the last electricity distribution price control
- **Prof. Nick Jenkins** is the Director of the Institute of Energy within the School of Engineering at Cardiff University.
- **Prof. David Newbery** is Professor of Applied Economics at the University of Cambridge and Research Director of the Cambridge Electricity Policy Research Group.
- **Sean Sutcliffe** is Chief Executive of Green Biologics and a non executive Director of ISP You Broadband and a trustee of international development charity Practical Action. He has 14 years experience at British Gas Group plc in a variety of roles spanning operations, business development, strategy and commercial.

6. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002, the Energy Act 2004 as well as arising from directly effective European Community legislation.

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