

1 Executive Summary

- 1.1 The Customer-Led Network Revolution (CLNR) project is assessing the potential for new network technology and flexible customer response to facilitate speedier and more economical take-up by customers of low-carbon technologies. This inaugural formal progress report sets out how the project is on track to deliver the learning outcomes relating to understanding existing and future load, customer flexibility, network flexibility, the optimum mix of solutions and the most effective delivery routes to implement the learning generated.
- 1.2 The January to May 2011 period has been the project initiation phase with various mobilisation tasks completed. A significant milestone was completed in February 2011 with the signing of the collaboration agreement by all four consortium partners: CE Electric UK (CE), British Gas (BG), Durham Energy Institute (DEI) and EA Technology (EATL). This binds all partners into delivering the project and identifies the various roles and responsibilities for each organisation.
- 1.3 We have mobilised a significant team of people. Across all the four partners there are 13 full-time staff assigned to the project, and also around 30 others making identifiable contributions. To ensure continuity, the majority of people involved in designing the project and taking it to bid stage remain engaged in the delivery phase.
- 1.4 Many tasks have commenced in the first five months. These largely relate to the detailed specification of the various test cells and initiating procurement activity. Separate to the project, British Gas is fitting meters to support the trials with priority being given to its customers within the CE region in order to provide the data needed for the trials.
- 1.5 A detailed planning exercise for the full three years has been completed. The project now has a detailed delivery plan that provides a baseline to manage delivery. There have been numerous changes made to the summary-level plan provided at the bid stage. However the key milestones remain consistent and the project is on target for completion as per dates agreed with Ofgem and set out in the Project Direction. Of the four key milestones in 2011, three have already been completed to plan. These relate to launching the regional stakeholder forum, the national industry (demand response) stakeholder forum and the project website (www.networkrevolution.co.uk). The remaining 2011 key milestone relates to commencing installation and commission of network equipment and this is on target for the end of September 2011.
- 1.6 At this relatively early stage in the project, the principal learning generated to date is largely focused on the processes involved in initiating and delivering a large multi-organisation collaborative project. Despite significant effort invested in the task, the collaboration agreement took eight weeks longer to agree than had been anticipated. As a consequence, the start date for recruiting some of the team was delayed by 12 weeks. The majority of the delivery team were in post by the beginning of May 2011. However, learning is not exclusively related to process. For example, we have identified that there is little prior research related to energy use in the small and medium enterprises (SME) sector and we are therefore seeking to ensure our trials add value here.
- 1.7 We are not forecasting any cost variances to the total project spend of £31.0m. We are seeking approval from Ofgem for a movement of expenditure between categories where, as a result of our detailed planning, we have changed our view of which party will be contracted to deliver certain aspects of our technical network solutions. The underlying scope and the view of associated costs are unchanged.
- 1.8 Looking ahead, we are reviewing the implications of the government's plans for the renewable heat incentive (RHI) and its potential to impact our project scope in respect of air-source heat pumps (ASHP). The lack of an incentive for domestic ASHP means that the actual number of installations is lower than originally forecast. This means that there is a material risk that we cannot achieve the numbers of customers needed to trial solutions for the issues caused by this low-carbon technology (LCT). Any change in scope will need to be agreed with Ofgem. There are no such issues with the other LCTs

(solar photovoltaic (PV) and electric vehicles) involved in our trials. The majority of the 2,200 microgeneration connections registered in CE in 2010 were associated with solar PV. Electric vehicles are now available in car dealer showrooms and we are trialling their use. The project scope and methods to address these customer LCTs therefore remain highly appropriate.

- 1.9 The following table sets out the key events that took place in the first reporting period for the project.

First reporting period (17 December 2010 to 31 May 2011) – key events

Event	Date
Completion of the collaboration agreement between the four consortium partners.	28 February 2011
Formal internal project launch event for consortium partners.	28 February 2011
Regional stakeholder forum – inaugural meeting.	24 March 2011
ENA Low carbon networks fund seminar.	29 March 2011
Submitted draft customer engagement plan and data protection strategy to Ofgem.	15 April 2011
Presentation at European Demand Response and Dynamic Pricing Conference.	18 May 2011
National industry (demand response) stakeholder forum – GB smart customer response trials workshop.	25 May 2011
Website goes live.	25 May 2011