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Dear Graeme,

Consultation on amending the RIIO-2 NIA Governance Document

We welcome the opportunity to provide our views in response to Ofgem's consultation on amending the RIIO-2 NIA Governance Document. This response is provided on behalf of National Grid Electricity Transmission plc and National Grid Gas plc ("National Grid").

We have reviewed the draft RIIO-2 NIA Governance Document published on 27 August 2021 (the "Governance Document") and are pleased to see the proposed changes to the default intellectual property rights ("IPR") arrangements are consistent with the wording that was previously included in the RIIO-1 NIA Governance Document (version 3.0 as was in force on 31 March 2021). The effect is to reinstate a third optional default IPR ownership model of sole ownership of foreground IPR by the network licensee. We do not propose any suggested changes to the proposed amendments to the Governance Document and summarise below why we are supportive of the inclusion of such amendments.

We recognise the potential for IPR arrangements to impede the network licensee's ability to discharge its overarching obligations under the Governance Document to (i) ensure dissemination of knowledge gained through NIA projects and to (ii) protect consumers against paying excessively for products or approaches (for which they have contributed to the cost via NIA funding). Given the broad variety of projects that are undertaken under NIA funding with an increasingly diverse range and number of partners it is important that network licensees are afforded flexibility in contracting approach. The reinstatement of the third optional default IPR ownership model aids such flexibility and ensures that network licensees are able to consider the optimum IPR arrangements for ensuring the overarching NIA principles are most effectively and efficiently adhered to. It is important that the option for sole ownership of foreground IPR by a network licensee is retained given that this affords the network licensee maximum flexibility to enable relevant knowledge to be shared in a timely fashion with other networks and for resulting IPR to be licensed for use in their networks (without the need for recourse to/involvement of any other third party). This approach also guarantees that the network licensee has control over how the IPR generated by NIA projects is exploited, ensuring that consumers are not exposed to inflated costs where this is incorporated into commercialised products and services.

We note Ofgem's expectation that joint ownership of foreground IPR will be the default position, and confirm that decisions as to which default IPR arrangements are applied will be taken on a project by project basis and will be based upon an assessment of which arrangements provide the best long term value to consumers in the period both during and after the project in question, whilst also facilitating the overarching NIA principles.

We hope you find this response helpful.

Yours sincerely,

Tim O'Sullivan

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