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Making a positive difference
for energy consumers

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Date: 21 April 2022

Dear Scottish Hydro Electric Transmission Plc,
Strategic Innovation Fund – Approval of the Material Change request for Scottish Hydro Electric Transmission Plc / NIMBUS

The Strategic Innovation Fund (SIF) supports network innovation that contributes to the achievement of net zero, while delivering net benefits to energy consumers. It facilitates collaboration with other public funders of innovation so that activities appropriately funded by network consumers are coordinated with activities funded by Government, and funding gaps are avoided. The SIF Governance Document sets out the governance and administration of the SIF.¹

On March 1, 2022, Scottish Hydro Electric Transmission Plc was awarded SIF Funding for NIMBUS - Network Innovation and Meteorology to BUild for Sustainability (the Project).² The purpose of the Project is to investigate the use of weather data to model and predict the impacts of weather and climate change across the whole life of a network asset. Further to this decision, on March 1, 2022 Ofgem issued a SIF Project Direction.³

On February 23, 2022, Scottish Hydro Electric Transmission Plc submitted a Material Change request for the Project to the Authority. The Material Change request was submitted due to:

- The Met Office stepping away from its role as Project Partner in the Project

¹ <https://www.ofgem.gov.uk/publications/sif-governance-document>

² <https://www.ofgem.gov.uk/sites/default/files/2022-02/SIF%20Funding%20Decision%20PUBLISHED%20REDACTED%20COPY.pdf>

³ <https://www.ofgem.gov.uk/publications/strategic-innovation-fund-discovery-projects-approved-funding>

As Ofgem and UKRI reviewed the Material Change request prior to the Project Direction being issued on March 1, 2022, and the Authority subsequently approving the change request, no changes to the Project Direction issued on March 1, 2022 are necessary.

UKRI's review and recommendation

As per chapter 1 of the SIF Governance Document, the role of UK Research & Innovation (UKRI) is to deliver the SIF in line with the SIF Governance Document - administering the funding programme, monitoring the delivery of Projects, collating data from Projects on benefits, making recommendations to Ofgem on operational matters, supporting third-party innovators and, where possible, successful Projects to become 'business as usual' activities. As per paragraph 6.21, Ofgem also engages with project monitoring officers to support the assessment of Material Change requests.

UKRI, with support of monitoring officers, reviewed the Material Change request and determined that:

- We believe that this request should be approved as the Project still meets the eligibility criteria outlined in the Governance Document. Despite the removal of a Project Partner, there is still a three Project Partners to the Project and the Funding Party has communicated its intention to look for a Project Partner to fulfil the Met Office's role in any upcoming Phases. The change to SIF Funding requested is also immaterial.
- We believe that this request should be approved as the Project still meets the criteria outlined in the Innovation Challenge Documentation. SSEN Distribution fulfils the requirement for a network licensee holding a different category of licence, and Icebreaker One meets the criteria of a private sector or organisations with technical capabilities in data and digital technologies, and a relevant data owners and processors.
- We believe that this request should be approved as Expert Assessors made no specific mention to the role of the Met Office in the Project and UKRI believes the Project will still be able meet the deliverables outlined in its Application even with the change in Project Partners.

As such, UKRI recommended approval by Ofgem.

Decision

Ofgem approves the Material Change request. This is because Ofgem agrees with UKRI's assessment and recommendation that amended Project continues to satisfy the Eligibility Criteria in chapter 2 of the SIF Governance Document.

In accordance with Section 17 of the Project Direction issued on March 1, 2022 and paragraph 6.22 of the SIF Governance Document, the amended SIF Project Direction for Scottish Hydro Electric Transmission Plc / NIMBUS is published in the Schedule 1 of this letter. The amended SIF Project Direction is effective as of the date of this letter and, unless stated otherwise, supersedes the SIF Project Direction issued on March 1, 2022. The letter constitutes notice pursuant to section 49A (Reasons for decisions) of the Electricity Act 1989 and 38A (Reasons for decisions) of the Gas Act 1986.

If you would like to discuss any of the issues, you can contact Ofgem via networks.innovation@ofgem.gov.uk. Alternatively, you can contact UKRI via SIF_Ofgem@innovateuk.ukri.org.

Yours sincerely,

Jourdan Edwards
Interim Deputy Director, Onshore Networks
For and on behalf of the Authority