



## **Appendix 1: Non-Confidential open response to Ofgem questions**

### **Question 1: Do you agree with our minded-to decision on the projects to fund?**

Yes, we agree with the minded-to decision to move the Cadent village proposal to the Detailed Design stage of the project. The bid is comprehensive and carefully thought through, placing consumers at the centre of the plan whilst also ensuring the necessary evidence and data required from the trial is delivered in full.

Ofgem outlined in the consultation several areas that could be strengthened and where further information was needed. This included:

1. More detailed analysis of the supply chain, particularly in relation to appliances, as well as further consideration of the electricity grid capacity and potential risks. **Our response to this is contained within Appendix 2.**
2. Further consideration of the risks and mitigations associated with the primary and secondary sources of hydrogen supply, including more detailed contingency plans in the event of a delay to blue hydrogen becoming available by 2025; delivering a new pipeline from the production source to the village trial. **Our response to this is contained within Appendix 2.**
3. Confirmation of whether the detailed design study will explore the potential of green hydrogen production methods to use as a backup supply option. **The detailed design study includes an analysis of alternative green hydrogen options for the village. A high-level overview is provided in Appendix 2.**

### **Question 2. Do you have any views on the proposed project deliverables for Cadent and NGN, and whether further deliverables are required?**

The project deliverables submitted by Cadent meet the stated evidence aims and detailed design criteria in full.

We note Ofgem have requested a number of additional project deliverables and have set out our proposed response to these below. We believe that, taking these additional deliverables in to account, our proposal fully meets the intended scope of the trial in a way which puts consumers and value for money at the heart of the trial.

### **Question 3. Do you have any views on the proposed directions for the projects contained in [Ofgem] Appendix 2 to 4?**

We welcome the additional deliverables Ofgem has proposed. Our response to each is as follows:



1. *GDNs to publicly share details of their research sites and detailed design study plans on their websites, within a week of our decision on funding being issued.*

The plans and location of the village will be shared on this timescale.

2. *GDNs to partner with, or employ, an independent third party to monitor and evaluate the delivery of consumer research and engagement plans over Stage 2*
  - a. *GDNs submitting a plan for an independent third party to support the project and monitor consumer research and engagement over Stage 2.*
  - b. *GDNs submitting a report by the independent third party that evaluates the success of consumer research and engagement methodologies, including the robustness of evidence generated as a result of these.*

Cadent and Northern Gas Networks have agreed to use the same auditor to ensure a consistent approach to auditing consumer research and engagement is used. The scope of the audit is currently being considered; however, our early view is that it will cover the following aspects:

- A common and aligned definition of customers in vulnerable situations;
- A documented customer journey, detailing customer touchpoints and research plan for stage 2 from each business (tailored to the needs of the consumers in each individual trial area); and
- A method to determine the robustness and delivery versus the above plan across approximately 5 areas to review in detail.

A shortlist of auditors has been identified and work has started to scope the work and enable procurement to take place. We estimate the projected cost of audit to be approximately £100k per organisation. Please note that this was not been budgeted for in our Stage 1 bid submission and would therefore be an additional project cost. We will be in contact with Ofgem shortly to further discuss the scope with you and ensure it meets your requirements before progressing to tender.

3. *Cadent should have a project deliverable to submit a closedown report once the project is complete. Cadent should propose an indicative deadline for this deliverable.*

We agree and have now added a project closedown report to the programme plan. This will be delivered at the end of the project, and no later than 31<sup>st</sup> May 2023.

In addition to the deliverables raised here, there are a range of collaboration projects that underpin each of the village trials. These projects are common to each village. Based on recent discussions with Ofgem it is our understanding these projects can be funded through Network Innovation Allowance. We are therefore progressing these projects on this basis.