

Scottish Hydro Electric Transmission Plc (SSEN-T)
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Date: 29 June 2023

Dear Scottish Hydro Electric Transmission Plc (SSEN-T),

SIF Project Direction ref: SHE/INCENTIVE/SIFWholeSystem/Rd1 Beta

Scottish Hydro Electric Transmission Plc (SSEN-T) submitted Incentive (the Project) to be considered for funding through the Beta Phase of the Strategic Innovation Fund (SIF). As explained in greater detail below, this Project previously received SIF Funding and completed a Discovery Phase and Alpha Phase for round 1 of the SIF. In our¹ SIF funding decision which is finalised and will be issued on 18 July 2023, we selected the Project² for conditional funding and as a result we are now issuing this SIF Project Direction to implement that decision.

Scottish Hydro Electric Transmission Plc (SSEN-T) must comply with the conditions contained in this SIF Project Direction as a condition of the Project receiving funding through the SIF. These conditions can be found in the Schedule to this document.

Progression through SIF Phases

The SIF consists of a multi-phase approach for Projects in order to mitigate the risk associated with innovations. The Discovery Phase focuses on feasibility, the Alpha Phase on experimental development, and the Beta Phase on deployment and demonstration.

The Project previously received SIF Funding for the Discovery Phase³ and Alpha Phase⁴ of round 1, and submitted an Application for the Project to be considered for SIF Funding

¹ The terms 'we', 'us', 'our' refer to the Gas and Electricity Markets Authority. Ofgem is the office of the Authority.

² Unless otherwise specified, defined terms in this SIF Project Direction have the meaning given to them in Appendix 1 of the SIF Governance Document.

³ The Project Directions for round 1 of the Discovery Phase are available at:
<https://www.ofgem.gov.uk/publications/strategic-innovation-fund-discovery-projects-approved-funding>.

⁴ The Project Directions for round 1 of the Alpha Phase are available at:
<https://www.ofgem.gov.uk/publications/strategic-innovation-fund-round-1-alpha-projects-approved-funding>.

through the Beta Phase of round 1 of the SIF. As stated above, the Project has been selected to receive SIF Funding for the Beta Phase of round 1.

Role of UK Research & Innovation (UKRI)

As per Chapter 1 of the SIF Governance Document⁵ the role of 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. To support the success of the Projects and the SIF programme, we expect that the Funding Party and Project Partners collaborate with Ofgem and UKRI.

SIF Project Direction

Paragraph 5.14 of the SIF Governance Document states that a SIF Project Direction will:

- Set out the Project-specific conditions, to which the Funding Party is committing in accepting SIF Funding.⁶
- Require the Funding Party to undertake the Project in accordance with the commitments made in the Application. Where appropriate, the SIF Project Direction may therefore include extracts from the Application or refer to specific sections of the SIF Application.⁷
- Where applicable, set out conditions (such as Project stage gates) linked to milestones and deliverables, which Projects must meet.⁸
- Set out the SIF Approved Amount for the Project, that will form part of the calculation contained in the SIF Funding Direction issued by the Authority under chapter 7 of the SIF Governance Document.⁹
- Set out the Project budget that the Funding Party must report against and how variations in the Project budget will be reported.¹⁰
- Where applicable, set out special information sharing requirements applicable to the Project.¹¹
- Set out the mechanism for the Funding Party receiving the SIF Approved Amount as set out in the SIF Funding Direction.¹²

⁵ <https://www.ofgem.gov.uk/publications/sif-governance-document>

⁶ 'Project specific conditions' detailed under Point 3 – 'Condition President' of this SIF Project Direction.

⁷ 'Project specific conditions' detailed under Point 3 – 'Condition President' of this SIF Project Direction.

⁸ 'Project specific conditions' detailed under Point 3 – 'Condition President' of this SIF Project Direction.

⁹ 'SIF Funding Amount' detailed under Point 5 – 'Condition President' of this SIF Project Direction.

¹⁰ 'Annex 1 – Project Budget.

¹¹ 'Project specific conditions' detailed under Point 3 – 'Condition President' of this SIF Project Direction.

¹² 'SIF Funding Amount' detailed under Point 5 – 'Condition President' of this SIF Project Direction.

All SIF Project Direction requirements are detailed in the Schedule to this SIF Project Direction.

Decision

Provided the Funding Party complies with the SIF Governance Document and with the Schedule to this SIF Project Direction, the Project is deemed to be an Eligible SIF Project¹³.

This SIF Project Direction constitutes notice pursuant to section 49A (Reasons for decisions) of the Electricity Act 1989.

Marzia Zafar

Deputy Director, Decentralisation & Digitalisation

For and on behalf of the Authority

¹³ The meaning 'Eligible SIF Project' is described in Chapter 2 of the SIF Governance Document.

Schedule to SIF Project Direction

1. PROJECT DETAILS

SIF Project Direction reference: SHE/INCENTIVE/SIFWholeSystem/Rd1_Beta

Application number: 10067856

Project title: Incentive

Innovation Challenge/Project Phase: Whole system integration / Beta Phase round 1

Project start date: 01 July 2023

Project end date: 30 September 2024

SIF Approved Amount for SIF Funding: £922,333.00

2. PREAMBLE

This SIF Project Direction is issued by the Gas and Electricity Markets Authority (the "Authority") to Scottish Hydro Electric Transmission Plc (SSEN-T) (the "Funding Party") pursuant to the SIF Governance Document issued pursuant to Special Condition 9.19 of the Electricity Transmission Licence (the "Licence"). It sets out the conditions to be complied with in relation to Incentive (the "Project") as a condition of it being funded under the SIF Funding Mechanism.¹⁴

Unless otherwise specified, defined terms in this SIF Project Direction have the meaning given to them in the Licence or Appendix 1 of the SIF Governance Document.

References to specific sections of the Funding Party's Application in this SIF Project Direction are, for ease of reference, made by referring to the section number in the Funding Party's Application.

3. PROJECT SPECIFIC CONDITIONS

In accepting funding for the Project, the Funding Party is subject to the following Project-specific condition(s):

Condition 1

The Funding Party must not spend any SIF Funding until contracts are signed with the Project Partners named in Table 1 for the purpose of completing the Project.

Table 1. Project Partners

NATIONAL GRID ELECTRICITY SYSTEM OPERATOR

¹⁴ The SIF Funding Return Mechanism is defined in the SIF Governance Document.

UNIVERSITY OF STRATHCLYDE THE CARBON TRUST

Condition 2 – Financial contribution

The Funding Party must report on the financial contributions made to the Project as set out in its Application. Any financial contributions made over and above that stated in its Application should also be reported and included within the Project costs template.

Condition 3 – Meeting arrangements

The Funding Party must participate in all meetings related to the Project that they are invited to by Ofgem, UKRI and DESNZ during and after the Beta Phase.

Condition 4 – Stage gate scoping

The Funding Party must, with support from Innovate UK/UKRI and, where applicable Ofgem, scope the requirements and success criteria for each stage gate within a Project at the quarterly reporting meetings ahead of any stage gate. These will be used to determine what criteria a Project must meet in order to pass a stage gate, and whether any additional information, such as a report, must be produced as part of the stage gate.

Condition 5 – Dissemination of annual progress report(s)

Each of the annual progress reports that the Funding Party publishes in the Beta Phase must, at a minimum, be uploaded to the ENA's Smarter Networks Portal. We also strongly encourage wider dissemination of the annual progress report(s) and support from all Project Partners in ensuring it reaches a wide audience.

Condition 6 – Impact monitoring

As part of the end of Project Phase report, the Funding Party must produce a Project Impact Monitoring and Evaluation Plan. This plan must outline how the Project plans to monitor and evaluate the delivery of benefits outlined in the Beta Phase Application following the end of the Beta Phase. The plan must also include the methodology that will be utilised for quantifying and qualifying benefits realisation and how the Funding Party plans to report this to Ofgem 1, 3, 5 & 10 years post-Beta Phase completion. Further details on how to approach the development of this plan may be provided by Ofgem or IUK.

Condition 7 – SIF Community Forums

The Funding Party and all Project Partners must make reasonable attempts to attend, participate and/or contribute at SIF Community Forum events occurring during the Project delivery. We anticipate there being approximately one event per year.

Condition 8 – Policy, regulatory and standards barriers

The Funding Party must provide verbal updates at each quarterly meeting on any regulatory, policy and standards barriers and any change requirements which may impact delivery of the Beta Phase activities. The Funding Party must also include as an attachment to each of its annual progress report an update on any regulatory, policy and standards barriers which may require derogations and articulation of any proposed regulatory, policy and standards changes which would be necessary in deployment. The Funding Party must also provide as an attachment to its end of Project Phase report a summary of the Project's findings on regulatory, policy and standards barriers, including any considerations for future work, and where applicable, where specific regulatory, policy and standards changes would be required for deployment.

Condition 9 – Updated 60-second videos

The Funding Party must provide within the first three months of the Project beginning (i.e. by 1 October 2023) an updated 60-second video. If the Project is greater than two years (longer than 24 months) in length, an updated video must also be provided at the Project's mid-point meeting. All Projects must also provide an updated 60-second video as part of their end of Project phase report. Innovate UK can share its guidance for 60-second videos with the Funding Party, if necessary.

Condition 10 – Consumer engagement

The Funding Party must provide an update on consumer engagement plans at every second monitoring meeting (i.e. every six months). This must include an update on any activities which involve engagement and interaction with energy consumers, and any impact the Project may have on existing or future energy consumers and their premises.

Condition 11 – Post-Beta Phase roadmap

The Funding Party must provide to the monitoring officer within six months of the Project beginning (i.e. by 1 January 2024) a roadmap for activities post-Beta Phase. This can build on the Project's Application question (question 11) and must focus on how and when the proposed solution will become business as usual within your network and across the other GB gas or electricity networks.

As part of this, the Funding Party must include consideration for:

- I. any steps the Project will take to ensure its innovation has suitable business as usual adoption;
- II. the Funding Party's strategy for adoption of the innovation or proposed solution, giving consideration to potential investment, ongoing costs and third-party involvement and;
- III. any early indication of interest from other networks in adopting the innovation.

The Funding Party must provide an update on all the above at every two quarterly monitoring meetings (i.e. every six months) and must include a final update of this roadmap as attachment to its end of Project Phase report.

Condition 12 – Commercialisation strategy

The Funding Party must provide at every second quarterly monitoring meeting (i.e. every six months) an update on its commercialisation strategy. This can build on the Project's Application question (question 12) and must focus on what considerations have the Project consortium made for the commercialisation of the proposed solution or innovation, and how the Project provides support for non-network partners to move towards commercialisation. As part of this, the Funding Party may wish to include consideration for:

- I. who the primary customer segment is beyond the Funding Party; the customer value proposition;
- II. if identified, the outline of the route to market and potential new partnerships;
- III. any additional Project Partner capital requirements in order to commercialize the innovation and;
- IV. how this product, process or service could be scaled across the GB network and taken to new markets.

The Funding Party must also include a final update of its strategy as an attachment to its end of Project Phase report. Ofgem and/or Innovate UK may issue a template for the final update as part of the end of Project Phase report.

Condition 13

Within the first six months of the Project formally beginning work on the Project, the Funding Party must provide a list of key criteria to the Project's monitoring officer that the offshore wind farm "champions" targeted by the Project would want to see developed from the Project in order for them to commit to hosting and co-funding a future demonstration.

Condition 14

The Funding Party must, by end of the Project, develop insights around potential interactions between the proposed installations and the wind farms and any implications for the provision of system services. The Funding Party must provide these insights as part of or as an attachment to its end of Project Phase report and must publish these insights on the ENA's Smarter Networks Portal.

Condition 15

It is essential that the viability or otherwise of regulatory changes and the business models being developed is clear by the end of this Project. The Funding Party must therefore develop an on-going Project engagement strategy with key stakeholders within code bodies, standard institutions, Ofgem and DESNZ with support from Innovate UK and must submit this to the monitoring officer ahead of the Project formally beginning Projects works.

Condition 16

The Funding Party must include as an attachment to its first annual progress report a report which builds on the Project's regulatory review in Alpha which considers the assessment of the regulatory and code changes that may be required to align with the Project's emerging preferred technical and commercial delivery model. The report must include a plan for securing sectoral support for these changes, identifying the requisite stakeholders and code change groups to influence, and where possible any insights that have been received from Ofgem and code bodies. The Funding Party must also provide an updated version of this report as part of or as an attachment to its end of phase report.

Condition 17

The Funding Party must submit at its second quarterly monitoring meeting (i.e. quarter one) a summary report to the Project's monitoring officer outlining if and how INCENTIVE solutions that are deployed outside wind farms on other parts of the network could benefit from upgrades to provide inertia services. In this report, it must also highlight particular assets and related stakeholders who would benefit from the learnings emerging from the INCENTIVE Project.

4. COMPLIANCE

The Funding Party must comply with Special Condition 9.19 of the Electricity Transmission Licence (the “Licence”), the SIF Governance Document and with this SIF Project Direction.

5. SIF APPROVED AMOUNT

The SIF Approved amount of £922,333.00 (as detailed under Section 1: Project details of this Project Direction) will be recovered by National Grid Electricity System Operator from GB customers and transferred to the Funding Party. The Funding Party is responsible for notifying National Grid Electricity System Operator of the bank account details to which transfers must be made, in addition to completing Annex 2 of this SIF Project Direction. If a Funding Party is required to return funding to National Grid Electricity System Operator, the reverse applies. The Funding Party must provide bank account details to National Grid Electricity System Operator within two weeks of accepting this SIF Project Direction.

6. PROJECT BUDGET

The Project Budget is set out in Annex 1 of this SIF Project Direction.

The Funding Party must report on expenditure against each line under the category total in the Project Budget and explain any projected variance against each line as part of its detailed report which will be provided, in accordance with Chapter 7 of the SIF Governance Document. The Funding Party must report variations in the Project budget as outlined in Chapter 6 of the SIF Governance Document.

7. PROJECT IMPLEMENTATION

The Funding Party must undertake the Project in accordance with the commitments it has made in the Application and with the conditions of this SIF Project Direction. These include (but are not limited to) the following:

- (i) undertake the Project in accordance with its Application,
- (ii) complete the Project on or before the Project completion date as detailed under section 1 of the schedule of this SIF Project Direction, and
- (iii) disseminate the learning from the Project at least to the level described in chapter 3 of the SIF Governance Document. Dissemination of learning must be carried out whether the Project was concluded successfully or otherwise.

8. REPORTING

Ofgem and UKRI may issue guidance (and amend it from time to time) about the structure and content of the Project reporting required by Chapter 6 of the SIF Governance Document. The Funding Party must follow this guidance in preparing the reports.

The Funding Party must submit an end of Project Phase report to UKRI monitoring officers for the Beta Phase. Within this report, the Funding Party must submit information related to questions on Project delivery as detailed in chapter 6, table 6 of the SIF Governance Document.

9. MONITORING

The Funding Party must comply with any reasonable request for information by its monitoring officer at UKRI and related deadlines. Ofgem, with the support of UKRI, will together monitor Project delivery, impacts and benefits. Throughout the term of the Project, progress is monitored by UKRI through a monitoring officer. The monitoring officer is the first point of contact for official notifications, queries and correspondence with UKRI and the Authority, unless otherwise required by this SIF Project Direction.

As detailed in Chapter 6 of the SIF Governance Document, meetings with the monitoring officer will take place at regular intervals, as advised by Ofgem or the monitoring officer during the delivery of the Project, and at the end of each Project Phase.

10. EVALUATION

The Funding Party has acknowledged when it submitted its Application for this Project, that reporting information and data gathered during the Project's timescales (as detailed in Section 1 of this SIF Project Direction) will be used to evaluate Project performance. In addition, the Funding Party may be required to provide requested information outside of the Project timescales and, in particular, for the period from the Project end date to the end of the SIF Programme. Further data and reporting information may be requested (frequency and method based on requirement) outside of standard monitoring and reporting requirements as deemed necessary. Further data and information requirements must be complied with by the Funding Party and Project Partners.

11. DATA SHARING

As set out in Chapter 3 of the SIF Governance Document, the Funding Party must follow Data Best Practice Guidance with regards to all data gathered or created in the course of

a Project. We expect the Funding Party to document any reasons, such as commercial sensitivities, for desensitising data. As defined by, and in accordance with, Data Best Practice Guidance, Funding Parties must have a data triage process. Where multiple Project Partners are collaborating on a Project, the consortium must adopt a consistent Open Triage Process for the data related to the Project. Ofgem may require that Project information and data is also shared with other specified parties, such as parties working on complementary innovation funding programmes (subject to redaction of sensitive data).

12. CYBER SECURITY

It is the responsibility of the Funding Party and all Project Partners to implement and maintain appropriate security measures to protect personal data in accordance with The GDPR (General Data Protection Regulation)¹⁵ and DPA (Data Protection Act) 2018¹⁶. Protection of computer systems from unauthorised access or being otherwise damaged or made inaccessible must be in place alongside effective working practices. These must be maintained in line with the Funding Party's IT Management Strategies and policies.

13. PROJECT MILESTONES

The Funding Party must submit its end of Project Phase report to its monitoring officer that verifies the Project milestones have been achieved or explains why they have not.

Project milestones are outlined below in Table 3, based upon details contained within Question 7 and Appendix Question 9 in the Funding Party's.

¹⁵ https://ec.europa.eu/info/law/law-topic/data-protection/data-protection-eu_en

¹⁶ <https://www.legislation.gov.uk/ukpga/2018/12/contents/enacted>

Table 3. Project milestone¹⁷

Reference	Project milestone	Deadline	Overall objectives and key tasks	Summary of Milestones and Success Criteria	SIF Funding Request (100%)
Milestone 1	WP1: Project management	30 September 2024	<p>Overall work package objectives:</p> <p>1.1 Ensure timely, efficient and effective project delivery, with input from broad range of project partners.</p> <p>Key tasks:</p> <p>1.1 Project management, including development of a dissemination strategy</p>	M1.1: End of Stage 1: Successful completion of Stage 1. (£59,165.00)	£59,165.00 (6%)
Milestone 2	WP2: Business model development	30 September 2024	<p>Overall work package objectives:</p> <p>2.1 Devise non-site-specific business models for range of INCENTIVE</p>	M2.1: Workable business model for INCENTIVE solutions (non-site-specific). (£79,980.00)	£216,294.00 (23%)

¹⁷ As outlined in in the Application or Project Plan appendix.

			<p>solutions. Build on Alpha commercial assessment by developing comprehensive understanding of the commercial case for INCENTIVE solutions, in sufficient detail to enable site selection, technology selection and financial investment decision (FID) for Beta Phase Stage 2 or commercial implementation (depending on outcomes of Stage 1). As part of this, will be key to understanding the need for regulatory changes, grid code changes and revenue mechanisms to be trialled in Stage 2.</p> <p>2.2 Seek clarity on regulation, grid code and revenue mechanisms for Stage 2 with Ofgem, NGESO and Project Champion(s), if needed.</p>	<p>M2.2: Clarity on regulation, grid code and revenue mechanisms. (£92,614.00)</p> <p>M2.3: Final business model for Stage 2 demonstration (technology and site-specific). (£43,700.00)</p>	
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			<p>2.3 Devise business model for Stage 2 demonstration (site and technology-specific business model).</p> <p>Key tasks:</p> <p>2.1 Business model development (non-site-specific)</p> <p>2.2 Regulatory and market arrangements (non-site-specific)</p> <p>2.3 Business model development for Stage 2 (site-specific)</p>		
Milestone 3	WP3: Technical assessment	30 September 2024	<p>Overall work package objectives:</p> <p>3.1 Obtain rights to use and validate models of sufficient detail to undertake technical assessments in tasks 3.2 and 3.3. Agree test to be undertaken in 3.2 and 3.3 to</p>	<p>M3.1: Supplier-specific model(s) received. (£95,450.00)</p> <p>M3.2: Supplier-specific modelling completed (non-site-specific). (£190,902.00)</p>	<p>£489,888.00</p> <p>(53%)</p>

			<p>demonstrate stability, Grid Code compliance and stable operation.</p> <p>3.2 Build on Alpha technical assessment by developing comprehensive understanding of the technical performance of INCENTIVE solutions, in sufficient detail to demonstrate compliance against stability market/ pathfinder specification, enable site selection, technology selection and financial investment decision (FID) for Beta Phase Stage 2 or commercial implementation (depending on outcomes of Stage 1). Understand how INCENTIVE solutions can meet the grid code requirements or whether grid code requirements need to change. Understand detailed interactions of INCENTIVE solutions and the offshore windfarms.</p>	<p>M3.3: Supplier-specific modelling completed (site-specific). (£203,536.00)</p>	
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			<p>3.3 Build on work in task 3.2, to build understanding of technology and site-specific INCENTIVE solution for Stage 2 demonstration. Highlight further work needed in Stage 2.</p> <p>Key tasks:</p> <p>3.1 Model selection</p> <p>3.2 INCENTIVE solution testing (non-site-specific)</p> <p>3.3 INCENTIVE solution testing (site-specific)</p>		
Milestone 4	WP4: Site selection	30 September 2024	<p>Overall work package objectives:</p> <p>4.1 Understand the practical benefits and issues of conducting Stage 2 demonstration at the various sites.</p>	<p>M4.1: Site(s) selection for Stage 1: Site selected for study in Stage 1. (£28,882.00)</p>	<p>£57,764.00 (6%)</p>

			<p>4.2 Select site(s) for Stage 2 demonstration.</p> <p>Key tasks:</p> <p>4.1 Qualitative site assessment</p> <p>4.2 Site selection for Stage 2</p>	<p>M4.2: Site(s) selection for Stage 2: Site selected for demonstration in Stage 2. (£28,882.00)</p>	
Milestone 5	WP5: Stage 2 scoping	30 September 2024	<p>Overall work package objectives:</p> <p>5.1 Identify need for further work to be conducted in Stage 2</p> <p>5.2 Select technology and demonstration methodology for demonstration in Stage 2.</p> <p>5.3 Produce detailed scope for Stage 2.</p> <p>5.4 Reach FID for Stage 2.</p> <p>Key tasks:</p>	<p>M5.1: Stage 2 scope: Stage 2 scope agreed. (£99,222.00)</p> <p>M5.2: Stage 2 FID: Finance for Stage 2 secured. (£0.00)</p>	<p>£99,222.00</p> <p>(11%)</p>

			<p>For full details please see detailed project plan copied and pasted into the right hand side of this tab.</p> <p>5.1 Identify need for further work in Stage 2</p> <p>5.2 Detailed scoping of Stage 2</p> <p>5.3 The Funding Party will undertake a financial investment decision (FID) for Stage 2 (including application to SIF round 2 Beta Phase for INCENTIVE Beta Phase Stage 2)</p>		
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14. USE OF LOGO

The Funding Party and the Project Partners, External Funders and Project Supporters or subcontractors¹⁸ must not use the Innovate UK/UKRI and/or Ofgem logo for purposes associated with the Project in any circumstances.

As an alternative for use of both Ofgem and UKRI logos, all external Project communications must include the following standard form of wording:

- (i) "this project is funded by network users and consumers under the Strategic Innovation Fund, an Ofgem programme managed in partnership with UKRI."

For additional guidance, refer to the communications and media guidelines for competition winners, detailed as part of your delivery pack. These guidelines are designed to help with some suggestions and encourage you to take a proactive approach to communicating about your Project.

15. SHARING OF LESSONS LEARNED

The Funding Party is required to ensure that the sharing of lessons learned and the facilitation of knowledge transfer is conducted as effectively as possible, to ensure that all parties, and therefore all consumers including future consumers, can benefit from Projects.

As contained within Chapter 3 of the SIF Governance Document, we require the Funding Party to work collaboratively to maintain the ENA Smarter Networks Portal so that all reporting and dissemination of learnings on Projects (as required by chapter 6 of the SIF Governance Document) is available via the ENA Smarter Networks Portal.

16. COLLABORATION

The Funding Party must collaborate with third-party innovators as Project Partners, as well as work closely with other parties in the energy supply chain, as set out in Chapter 3 of the SIF Governance Document.

The Funding Party must collaborate with other parties and with UKRI to organise an annual conference in a format appropriate to enabling the building of consortiums and disseminating learning widely. The conference may be a single event for gas and electricity, or more than one event, as appropriate.

¹⁸ As detailed in the Application.

17. AMENDMENT OR REVOCATION

As set out in Chapter 7 of the SIF Governance Document, this SIF Project Direction may be amended or revoked under the following circumstances:

- (i) if the Funding Party considers that there has been a material change in circumstance that requires a change to the SIF Project Direction, and the Authority agrees; or
- (ii) to reflect amendments made to the Licence.

18. HALTING OF PROJECTS

This SIF Project Direction is subject to the provisions contained in Chapter 7 of the SIF Governance Document relating to the halting of Projects. By extension, this SIF Project Direction is subject to any decision by the Authority to halt the Project to which this SIF Project Direction relates and to any subsequent relevant SIF Funding Direction issued by the Authority pursuant to Special Condition 9.19 of the Electricity Transmission Licence (the "Licence").

Further to the requirements in Chapter 7 of the SIF Governance Document, in the event the Authority decides to halt the Project, to which this SIF Project Direction relates, the Authority may issue a statement to the Funding Party clarifying the effect of that halting decision as regards to the status and legal force of the conditions contained in this SIF Project Direction.

NOW THEREFORE:

In accordance with the SIF Governance Document issued pursuant to Special Condition 9.19 of the Electricity Transmission Licence (the "Licence") of the Licence the Authority hereby issues this SIF Project Direction to the Funding Party in relation to the Project.

This constitutes notice of reasons for the Authority's decision pursuant to section 49A (Reasons for decisions) of the Electricity Act 1989.

Failure to comply with the conditions of this SIF Project Direction means that Ofgem may treat all or part of the SIF Approved Amount received by the Funding Party as SIF Disallowed Expenditure.

ANNEX 1: PROJECT BUDGET

SIF Project Direction costs		
Cost Category	Total Project costs (£)	Total SIF Funding requested (£)
Labour	£908,973	£708,333
Materials	£0	£0
Subcontracting	£214,000	£214,000
Travel and subsistence	£0	£0
Other costs	£0	£0
Total	£1,122,973	£922,333

Project Partner	Total project costs (£)	Project contribution (£)	Total SIF Funding requested (£)	In-kind contribution (£)	Project contribution (%)
SCOTTISH HYDRO ELECTRIC TRANSMISSION PLC	£557,678.00	£0	£557,678.00	£0	
NATIONAL GRID ELECTRICITY SYSTEM OPERATOR	£42,117.00	£4,215.00	£37,902.00	£0	
UNIVERSITY OF STRATHCLYDE	£220,508.00	£11,425.00	£209,083.00	£0	
THE CARBON TRUST	£302,670.00	£185,000.00	£117,670.00	£365,710.00	
TOTAL	£1,122,973.00	£200,640.00	£922,333.00	£365,710.00	61%

ANNEX 2 TO SCHEDULE: TEMPLATE OF BANK ACCOUNT DETAILS TO BE PROVIDED TO EITHER NGGT (BOX.GSOSETTLEMENTS@NATIONALGRID.COM) OR NG ESO (revenue.invoice@nationalgrideso.com)

Company name:

Primary Contact Details (only one contact permitted)

First Name:

Last Name:

Email address:

Mobile phone number:

Work phone number:

Address details

Address name:

Street address:

City:

State / region:

Post code:

PO box: (if applicable)

PO box post code: (if applicable)

Banking details

These should be evidenced in non-editable format. The evidence provided must show company name and bank details and it should be dated within the last 6 months.

Any of the below documents will suffice:

- Bank statement (scanned document)
- Void cheque
- Paying in slip
- Screenshot of online banking (showing a logged in account with bank account and sort code, with browser visible)