

National Grid Gas Plc (NGGT)
National Grid House Warwick Technology Park,
Gallows Hill,
Warwick, CV34 6DA

Direct Dial: 020 7901 7295

Email: Marzia.Zafar@ofgem.gov.uk

Date: 29 June 2023

Dear National Grid Gas Plc,

SIF Project Direction ref:

NGGT/HyNTS Compression/SIFWholeSystem/Rd1 Beta

National Grid Gas Plc submitted HyNTS Compression (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 issued 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.

National Grid Gas Plc 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 38A (Reasons for decisions) of the Gas Act 1986.

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: NGGT/HyNTS_Compression/SIFWholeSystem/Rd1_Beta

Application number: 10062040

Project title: HyNTS Compression

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

Project start date: 01 July 2023

Project end date: 31 December 2026

SIF Approved Amount for SIF Funding: £33,303,556

2. PREAMBLE

This SIF Project Direction is issued by the Gas and Electricity Markets Authority (the "Authority") to National Grid Gas Plc (the "Funding Party") pursuant to the SIF Governance Document issued pursuant to Special Condition 5.7 of the Gas Transporter licence (the "Licence"). It sets out the conditions to be complied with in relation to HyNTS Compression (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

DNV SERVICES UK LTD

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

SIEMENS INDUSTRIAL TURBOMACHINERY LIMITED
CULLUM DETUNERS LIMITED
PREMTECH LTD
CARDIFF UNIVERSITY
SOUTHERN GAS NETWORKS PLC
NORTHERN GAS NETWORKS LIMITED

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 an 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 by 1 December 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 by 1 April 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

The Funding Party must provide an update in its second quarterly meeting with its monitoring officer on its ability to obtain hydrogen at the volumes required for the Project. As part of this update, the Funding Party must provide an outline of what opportunities there are for the Project to use green hydrogen in its demonstration

activities, and how hydrogen trial projects can be used to help stimulate the development of the green hydrogen market within the UK. As part of this, the Funding Party must demonstrate consideration for how the use of green hydrogen may alter or change its proposed solution.

Condition 14

The Funding Party must demonstrate an approach to Ofgem for maximising future value to all energy consumers for all activities occurring beyond the Beta Phase at the test facility at Spadeadam being constructed through the SIF in the Beta Phase. This outline should include any activities which the Funding Party plans to investigate related to the future opportunities for the test site, including outreach activities to raise awareness of the capabilities, opportunities for increased involvement by Project Partners or other network licensees, and opportunities for site use both nationally and internationally. As part of this submission, the Funding Party must provide to Ofgem by 1 April 2024 a formal proposal for the future operation of the test site and how the Funding Party plans to maximise the future value of the test site to all energy consumers beyond the Project's Beta Phase activities. The Funding Party can work across the other Beta Phase Projects which have this condition (HyNTS Deblending for Transport Applications, Velocity Design with Hydrogen) and note that this proposal can be fully or partially combined with those due from the other Beta Phase Projects. This should consider, but not be limited to;

- I. The overall mechanism or approach for maximising consumer value from the SIF investment beyond the Beta Phase
- II. Legacy ownership of assets on trial sites, including details on any decommissioning plans, and should there be no decommissioning following the Beta Phase, including statements of support from National Gas Transmission and any relevant third parties on the test site's physical and cyber security to ensure opportunities for continued use beyond the Beta Phase
- III. Return of commercial royalties associated with SIF funded assets to the consumer, including for example, how any revenues generated by the construction of the Beta Phase test site will be returned to consumers and whether this will occur via the Funding Party or another mechanism
- IV. Any approach to discounted or preferential access to test sites for GB network licensees or other organisations developing tests or technologies which are likely to benefit GB energy consumers
- V. The approach to intellectual property (IP) arrangements and how these IP arrangements will facilitate the return of benefits to consumers

- VI. A governance plan, including an outline of how decision making and spend controls relating to investment at the test site will occur beyond the Beta Phase and which may impact future SIF Projects and how the site will develop commercial business opportunities

The Funding Party must provide within the last six months of the Project [i.e. by 1 June 2026] an update on the above, including consideration for any new developments or opportunities that have occurred since the initial submission. Upon receipt of the Funding Party's proposal to Ofgem, Ofgem will determine whether to approve the proposal, or direct alternative arrangements prior to the completion of the Project's activities.

Condition 15

The Funding Party must provide within three months of it formally beginning work (i.e. by 1 December 2023) on the Project a report to Ofgem demonstrating cost reductions and value adding opportunities to the Project for network consumers without detriment to the network-specific learnings of the Project. The evidence provided in the report to the must include the following:

- I. A report providing a detailed narrative of proposed amendments, how they have been or will be achieved in the course of the Project, plus a revised justification of the value for money that the Project represents to network consumers.
- II. Confirmation of funding and/or budget changes, including either a commitment to a reduction in total SIF Funding requested or an increasing in cash contributions from the Project consortium.
- III. If applicable: changes to Project budget allocations, set out in a full revised Project cost template; proposed changes to Project Deliverables, plus their expected impact; and proposed additional stage gates or points of funding return.

The Funding Party must also provide at each of its stage gate an update on the report and on any opportunities identified to reduce the Project's overall costs or increase the contributions by the Project Partners, taking into consideration any relevant developments that have occurred since the last update, such as policy and regulatory decisions on hydrogen and/or Project Union. Ofgem will review these materials and will be informed in its assessment of them against the value for money and competitive costing criteria, and its identified potential to deliver a net benefit to gas consumers, as set out in Eligibility Criteria 2 and Eligibility Criteria 7 of the SIF Governance Document. Ofgem may update this Project Direction in line with the Funding Licensee's findings and materials.

4. COMPLIANCE

The Funding Party must comply with Special Condition 5.7 of the Gas Transporter licence (the “Licence”), the SIF Governance Document and with this SIF Project Direction.

5. SIF APPROVED AMOUNT

The SIF Approved amount of £33,303,556 (as detailed under Section 1: Project details of this Project Direction) will be recovered by National Gas Transmission from GB customers and transferred to the Funding Party. The Funding Party is responsible for notifying National Gas Transmission 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 Gas Transmission, the reverse applies. The Funding Party must provide bank account details to National Gas Transmission 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	Work package 1: Project Management	31 December 2026	<p>Overall work package objectives: The project will be managed through close monitoring of the project plan and early identification of risks to the programme. Weekly project meetings, monthly steering reviews and monitoring officer assessments will be undertaken to ensure the project is running to time and cost.</p> <p>Key tasks: 1. Weekly project meetings</p>	<p>M1: Stagegate 0: PMO Function activities complete for project Kick Off. (£0)</p> <p>M2: Stagegate 1: PMO Function activities complete for Design Sign off. (£1,367,867.00)</p> <p>M3: Stagegate 2: PMO Function activities complete for Gas Turbine testing. (£2,398,663.05)</p> <p>M4: Stagegate 3: PMO Function activities complete for Test Loop Commissioning. (£1,147,193.70)</p> <p>M5: Stagegate 4: PMO Function activities complete for initial compressor test programme. (£949,953.86)</p>	£7,588,632.76 (23%)

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

			<p>2. Management of risk register</p> <p>3. Updates to SharePoint for document sharing between the project partners, similar to that used in the Discovery and Alpha Phases.</p> <p>4. Monthly project progress and status updates</p> <p>5. Monthly finance reporting</p> <p>6. External communications activities</p> <p>7. Stage gate Reviews</p>	<p>M6: Stagegate 5: PMO Function activities complete for Compressor testing midpoint. (£1,145,493.92)</p> <p>M7: Stagegate 6: PMO Function activities complete for Project Closure. (£579,461.23)</p>	
Milestone 2	Work package 2: Business and Safety Case	31 December 2026	<p>Overall work package objectives: This work package includes modelling to refine the requirements of the compressor plan and ongoing reviews to ensure applicability to NGTs compressor operations and strategy, including Project Union</p>	<p>M1: Stagegate 0: Business & safety case activities complete for project Kick Off. (£0.00)</p> <p>M2: Stagegate 1: Business & safety Function activities complete for Design Sign off. (£152,176.78)</p>	£1,005,811.20 (3%)

			<p>and developments in industrial clusters.</p> <p>Key tasks:</p> <ol style="list-style-type: none"> 1. NTS Modelling to align with NTS compressor strategy 2. Continuous update of CBA 3. Continuous update of safety case 4. Alignment to compression strategy 5. Project Union interaction 	<p>M3: Stagegate 2: Business & safety Function activities complete for Gas Turbine testing. (£285,213.06)</p> <p>M4: Stagegate 3: Business & safety Function activities complete for Test Loop Commissioning. (£175,375.390)</p> <p>M5: Stagegate 4: Business & safety Function activities complete for initial compressor test programme. (£152,096.51)</p> <p>M6: Stagegate 5: Business & safety Function activities complete for Compressor testing midpoint. (£175,023.86)</p> <p>M7: Stagegate 6: Business & safety Function activities complete for Project Closure. (£65,925.60)</p>	
Milestone 3	Work package 3: Component Evidence	31 December 2026	<p>Overall work package objectives:</p> <p>This work package includes modelling to refine the requirements of the compressor plan and ongoing reviews to ensure applicability to NGTs</p>	<p>M1: Stagegate 0: Offline facility ready to kick off. (£0.00)</p> <p>M2: Stagegate 1: Offline test facility facilitation in progress and gas turbine ready for decommission. (£537,284.79)</p>	<p>£5,139,543.63</p> <p>(15%)</p>

			<p>compressor operations and strategy, including Project Union and developments in industrial clusters.</p> <p>Key tasks:</p> <ol style="list-style-type: none"> 1. Development of offline test facility 2. Asset inspection and decommissioning 3. Offline facilitation 4. Gas turbine testing <25% hydrogen 5. Gas turbine modifications 6. Cab offline tests 7. Gas turbine testing 100% hydrogen 	<p>M3: Stagegate 2: Delivery of all offline tests and fully modified Gas Turbine. (£4,602,258.84)</p>	
--	--	--	--	---	--

Milestone 4	Work package 4: System Evidence	31 December 2026	<p>Overall work package objectives:</p> <p>This work package will deliver the whole system test of the compressor unit. The test loop will be constructed at the FutureGrid facility followed by installation of the compressor components. A newly designed compressor will be installed for testing with blends >50%, as shown in Alpha. The whole systems test will provide key evidence of the ability to repurpose compressors for hydrogen.</p> <p>Key tasks:</p> <ol style="list-style-type: none"> 1. Test loop detailed design 2. HAZID/HAZOP 3. Virtual model development 	<p>M1: Stagegate 0: Business & safety case activities complete for project Kick Off. (£0)</p> <p>M2: Stagegate 1: Business & safety Function activities complete for Design Sign off. (£2,850,256.89)</p> <p>M3: Stagegate 2: Business & safety Function activities complete for Gas Turbine testing. (£5,806,614.89)</p> <p>M4: Stagegate 3: Business & safety Function activities complete for Test Loop Commissioning. (£2,773,600.94)</p> <p>M5: Stagegate 4: Business & safety Function activities complete for initial compressor test programme. (£2,621,719.31)</p> <p>M6: Stagegate 5: Business & safety Function activities complete for Compressor testing midpoint (£4,046,307.63)</p> <p>M7: Stagegate 6: Business & safety Function activities complete for Project Closure (£894,953.35)</p>	<p>£18,993,453.00</p> <p>(57%)</p>
-------------	---------------------------------	------------------	---	---	------------------------------------

			<p>4. Groundworks</p> <p>5. Cab design and manufacture</p> <p>6. Compressor detailed design</p> <p>7. Control system development</p> <p>8. Decommissioning</p> <p>9. Cab installation</p> <p>10. Control system deployment</p> <p>11. Rotating machinery installation</p> <p>12. Pipeline loop construction</p> <p>13. Pre-commissioning</p> <p>14. Test loop commissioning</p> <p>15. Compressor testing 0-50% hydrogen</p> <p>16. Compressor procurement and manufacture</p> <p>17. Compressor upgrade</p>		
--	--	--	--	--	--

			18. Compressor testing <100% hydrogen 19. Full system testing 0-100% hydrogen		
Milestone 5	Work package 5: Implementation, Data Analytics & Reporting	31 December 2026	<p>Overall work package objectives: This work package will deliver all technical and progress reports throughout the project. The implementation plan and CBA will be reviewed and updated as appropriate. Reviews by the UKRI Monitoring Officer will also occur on a quarterly basis.</p> <p>Key tasks:</p> <ol style="list-style-type: none"> 1. Implementation plan development 2. Monitoring Officer reviews 3. Evidence reviews 	<p>M1: Stagegate 0: Business & safety case activities complete for project Kick Off. (0%)</p> <p>M2: Stagegate 1: Business & safety Function activities complete for Design Sign off. (£87,870.13)</p> <p>M3: Stagegate 2: Business & safety Function activities complete for Gas Turbine testing. (£173,437.56)</p> <p>M4: Stagegate 3: Business & safety Function activities complete for Test Loop Commissioning. (£77,537.68)</p> <p>M5: Stagegate 4: Business & safety Function activities complete for initial compressor test programme. (£62,949.66)</p>	£576,115.29 (2%)

			4. Reporting	<p>M6: Stagegate 5: Business & safety Function activities complete for Compressor testing midpoint. (£77,288.38)</p> <p>M7: Stagegate 6: Business & safety Function activities complete for Project Closure. (£97,031.87)</p>	
--	--	--	--------------	---	--

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 5.7 of the Gas Transporter 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 5.7 of the Gas Transporter 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 38A (Reasons for decisions) of the Gas Act 1986.

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	£17,920,286	£15,736,385
Materials	£17,296,542	£16,521,396
Subcontracting	£452,010	£251,122
Travel and subsistence	£336,443	£336,443
Other costs	£998,275	£458,210
Total	£37,003,556	£33,303,556

Project Partner	Total project costs (£)	Project contribution (£)	Total SIF Funding requested (£)	In-kind contribution (£)	Project contribution (%)
NATIONAL GAS TRANSMISSION PLC	£4,199,542	£3,700,000	£499,542	£1,240,880	
DNV SERVICES UK LTD	£19,458,824	£0	£19,458,824	£2,455,000	
SIEMENS INDUSTRIAL TURBOMACHINERY LIMITED	£9,943,113	£0	£9,943,113	£2,472,000	
CULLUM DETUNERS LIMITED	£2,007,145	£0	£2,007,145	£378,000	
PREMTECH LTD	£680,155	£0	£680,155	£54,420	
CARDIFF UNIVERSITY	£677,937	£0	£677,937	£85,000	
SOUTHERN GAS NETWORKS PLC	£12,640	£0	£12,640	£0	
NORTHERN GAS NETWORKS LIMITED	£24,200	£0	£24,200	£0	
TOTAL	£37,003,556	£3,700,000	£33,303,556	£6,685,300	31%

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)