

Interested parties

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Date: 10th April 2025

Decision on changes to the Strategic Innovation Fund Governance document

Following the letter dated 14 February 2025¹, a four-week consultation was held to gather written responses on proposed changes to the Strategic Innovation Fund (SIF) Governance document. The proposed changes reflected updates to guidance (for example, Data Best Practice Guidance) and improvements that have been made to processes over the last two years, as well as updating industry-wide terminology where necessary. The consultation covered four main areas:

- Referencing of additional dissemination portals and associated requirements for quality and accessibility;
- Detailing additional guidance and evolved processes for the Application Process, Assessment and Project Delivery;
- Adding more detailed explanations for the terms 'Cycle' and 'Stage Gate', including introducing them as defined terms in Appendix 1 and
- Updating organisation references e.g. National Electricity System Operator (NESO) and Department of for Energy Security and Net Zero (DESNZ).

We thank all those who contributed to the consultation. A total of twelve responses were received and have been carefully considered. The full rationale for the decisions made in response to these comments is documented in the V3 SIF Governance document issues log 001, which is published alongside this letter.

Summary of Consultation Responses

1. Additional Dissemination Portals and Accessibility Requirements

- Most respondents suggested including references to multiple dissemination portals, such as the ENA Smarter Networks Portal and the Future Energy Networks Innovation Portal, to provide greater flexibility and accessibility.
- Some responses raised concerns about the usability of existing portals and highlighted the importance of consumer accessibility in any new portals.

¹ <https://www.ofgem.gov.uk/sites/default/files/2025-02/SIF%20Cover%20Letter%20Consultation%20FINAL.pdf>

Response: We acknowledge the request for additional dissemination portals. However, no further changes have been made to this aspect. These considerations will be addressed in the upcoming RIIO-3 improvements.

2. Guidance on Application Process, Assessment, and Project Delivery

Many respondents requested clearer guidance on some process elements, for example, over inflexibility of Beta Phase delays or a lack of clarity to delays in project timelines. Some responses suggested that more clarity is needed around the selection of Monitoring Officers and recruitment of Expert Assessors.

Response: We recognise the need for further clarification and have fed back this to our delivery partner who provides additional guidance beyond the SIF Governance document to ensure better clarity moving forward. Further detail can be found in the issues log published alongside this letter.

3. Clearer Definitions of the terms 'Cycle' and 'Stage Gate'

Several responses called for clearer definitions of 'Cycle' and 'Stage Gate', with an emphasis on structured periods for funding applications and specific challenge themes each year.

Response: More detailed explanations for these terms have been added, including adding them as definitions in Appendix 1.

4. Updates to Organisation References (NESO and DESNZ)

The responses supported the updates to organisational references, such as changing 'Electricity System Operator' to 'National Energy System Operator' (NESO) and 'Department for Business, Energy and Industrial Strategy'(BEIS) to 'Department for Energy Security and Net Zero' (DESNZ).

Response: These updates have been incorporated as requested.

5. RIIO-3 Updates

Some responses, though not directly related to this consultation, provided suggestions for improving the overall SIF as a part of RIIO-3.

Response: We appreciate all the responses we received which go beyond the scope of this specific consultation and which suggested improvements that could be made as a part of the RIIO-3 framework. We have taken a record of these comments and will consider them as part of our ongoing policy development.

Yours sincerely,

Marzia Zafar, Deputy Director for Strategy & Decarbonisation

For and on behalf of the Authority