

Consultation name: Updates to the Strategic Innovation Fund Governance Document

Issued by: Ofgem

Territorial extent: Great Britain

Response author: SGN

Deadline for responding: 14th March 2025



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14th March 2025

Dear Sam,

Consultation on updates to the Strategic Innovation Fund Governance document

Thank you for the opportunity to respond to the above statutory consultation¹.

SGN have found the strategic innovation fund (SIF) to be a helpful mechanism in RIIO-2 to develop specific innovations projects.

In RIIO-2 SGN have used the SIF governance to guide us through project phases, enabling the successful delivery of initiatives which have improved our network's operations, enhanced safety, and supported our customers' transition to net zero. Additionally, this approach has facilitated the development of projects that support Small and Medium Enterprises, driving innovation and growth within the sector.

As discussed in SGN's response to the Sector Specific Methodology Decision (SSMD), we do have some reservations regarding the SIF, namely the restrictive nature of the challenge themes, which can inadvertently exclude otherwise good projects. There is also a high administrative burden, with internal costs of running the process currently unrecoverable. While this response is focussed upon the current and proposed drafting of the SIF guidance document, we would welcome further consideration of these challenges in order to maximise the innovative value which SIF could deliver.

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SGN have commented below on the 4 main areas of focus within this consultation and as above welcomes further engagement as we move towards RII0-3. Should you have any questions or wish to discuss further, please do not hesitate to contact me on alexandria.graham@sgn.co.uk

Yours sincerely,

Alexandria Warren
Regulatory Reporting Manager
SGN

Referencing of additional dissemination portal and associated requirements for quality and accessibility

SGN notes that in section 1.20 there is reference to having three opportunities per year to apply for all three project phases. It would be appropriate to also have a reference to the challenge themes here, to clarify that it is only three opportunities per round, as the challenge themes change each year. This doesn't mean a project can continuously submit three times each year, after the year the challenge themes are no longer accessible.

Detailing additional guidance and evolved process for the Application Process, Assessment and Project Delivery

In Section 2.2, SGN would suggest emphasis that the "Innovation Challenge set by Ofgem" is defined each year/ round. This will help the audience to understand that this eligibility changes each year.

Also, in this section there is potential to add information regarding each challenge theme across each round having specific eligibility such as including academia or local council stakeholders, which will also provide clarity of requirements for the audience.

In several sections, but specifically in 6.16, there is reference to the submission of an 'end of project phase report', however, it is unclear where this report should be submitted.

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Introducing two defined terms 'Cycle' and 'Stage Gate'

No Comments

Updating organisation references e.g. National Energy System Operator (NESO) and Department for Energy Security and Net Zero (DESNZ)

In regard to organisational references, throughout the document there is reference to 'another portal'. Gas Networks are now largely involved with FEN and therefore we would see it appropriate to update, the guidance to specifically reference FEN in the same regard as NESO and DESNZ.

In addition to this, in a number of sections including 3.5, 3.6, 3.8 there is reference to ENA Smarter Network Portal, if the document is to be inclusive of FEN as a specific organisation, it would be appropriate that these sections acknowledge similar information for a FEN Portal and throughout the report.