

Dafydd Burton
Ofgem
Commonwealth House
32 Albion Street
Glasgow
G1 1LH

Electricity North West
Hartington Road, Preston,
Lancashire, PR1 8AF

Power cut? Call 105
General enquiries: 0800 195 4141
Email: enquiries@enwl.co.uk
Web: www.enwl.co.uk

Direct line: 07824 321980

Email: tom.selby@enwl.co.uk

Thursday 17 April 2025

Sent by email to: networks.innovation@ofgem.gov.uk

Dear Dafydd,

ENWL response to consultation on RIIO-ED2 Network Innovation Allowance (NIA) funding for years 2026/27 and 2027/28

Thank you for the opportunity to respond to the consultation on changes to NIA funding for the final two years of ED2. We are supporters of the NIA mechanism and have a strong track record of delivering small-scale agile NIA innovation projects throughout ED1 continuing into ED2.

Below are our responses to the specific questions asked in the consultation:

1. Do you agree with our proposed approach?

We agree with your proposed approach to proceed with option 1 and provide DNOs with the same per annum funding for the last two years of the RIIO-ED2 price control as we received for the first three years of the price control period.

The Network Innovation Allowance provides a unique opportunity for DNOs to be agile in their response to emerging requirements and development of projects, this is particularly relevant as the pace of change associated with the energy transition is significant.

It also provides a valuable route to enable access to funding to conduct early-stage research for new technologies or processes and the opportunity to collaborate with small-scale innovators whilst for network operators maintaining the ability to plan resource commitments effectively.

We agree that extending the current level of funding into the final two years of RIIO-ED2 will help DNOs better plan their annual funding for the coming years and avoid the need for significant change.

Whilst we would support option 2 (if option 1 was not selected, over option 3) to provide DNOs with additional funding which could be put to good use in funding further innovation projects, it would potentially create a significant extra level of administration for DNOs in documenting their needs and for Ofgem in reviewing these plans.



2. Are you aware of, or do you have evidence of innovation that would not proceed in the absence of our proposed approach being implemented?

The RIIO-ED2 Final Determinations said that the NIA can be spent throughout the price control provided projects are registered by 31 March 2026. Given this, we have been developing our portfolio to maximise the use of NIA and have committed all of our funding already.

If the funding was to be effectively paused for two years it could result in a number of new innovation opportunities not being explored. Extending the funding for the final two years could help us to maximise the potential benefits of innovation that would not otherwise take place.

We support the proposal in 2.14 of the consultation to allow DNOs to continue registering projects after 1 April 2026 in any case, as this will allow DNOs to pursue a more agile innovation portfolio and prevent projects being pushed back into RIIO-ED3 when they could have been started earlier.

If you have any questions or wish to discuss any aspect of our response, please don't hesitate to contact me.

Yours sincerely,

Tom Selby
Regulation Manager