

Dear Sir / Madam,

Re: Consultation on RIIO-3 Draft Determinations for the Electricity Transmission, Gas Distribution and Gas Transmission sectors

Thank you for the opportunity to respond to Ofgem's consultation on the RIIO-3 Draft Determinations.

Introduction

Established 17 years ago by leading UK energy network companies, the Energy Innovation Centre (EIC) is a not-for-profit whole-system partnership. Today, the EIC represents its diverse, global innovation community, 75% of which are SMEs, 15% international with a broad range of over 100 capabilities.

Our organisational purpose is to help transform the energy future by facilitating innovation that delivers lasting financial, societal, and environmental benefits for consumers.

The EIC's Innovator Impact Panel, comprising 12 businesses from our global innovator community, was consulted in preparing this response. The panel is the collective voice for innovators, it validates EIC activities, and informs our strategic priorities.

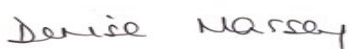
Consultation response

Appendix 1 sets out our responses to the following selected consultation questions: OVQ20 (NIA Funding Level), OVQ21 (Approach to Gas), OVQ22 (Enhanced Advisory Service), OVQ23 (NIA Oversight & Reporting), OVQ25 (Programmatic Approach), OVQ26 & OVQ27 (Deployment Fund), OVQ29 (SIF), OVQ32 (Direct Pathway to Ofgem), and OVQ33 (Innovation Ecosystem).

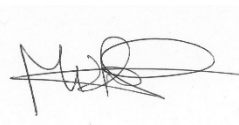
This response incorporates feedback and perspectives from innovators, through the Innovator Impact Panel, our latest Innovator Insights Survey, and continual dialogue with our innovator community.

Should you require further details, please do not hesitate to contact us.

Yours sincerely,



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APPENDIX 1:

OVQ20. Do you agree with our proposed NIA funding levels?

We welcome the proposed increase in NIA funding for Electricity Transmission. This investment reflects the strategic role that transmission plays in enabling a clean power system by 2030. It reinforces the scale of innovation required to accelerate grid expansion, improve asset resilience, and integrate new technologies.

Enhanced NIA levels will help ensure that innovation continues at pace, particularly in the context of Transmission Operators' (TOs) responsibilities for delivering major infrastructure programmes.

From the perspective of innovators, increased, secure, and sustained NIA investment provides the certainty needed to engage fully and confidently with TOs and co-develop high-potential solutions.

See OVQ21 for gas response.

OVQ21. Do you agree with our approach to the future of gas-related workstreams?

As Ofgem have recognised, the gas networks and hydrogen will be part of the future whole energy system. The uncertainty is in how far and how much. Innovation has a key role to play in the exploration needed to answer these questions to deliver the energy transition whilst supporting energy customers.

Much innovation is generated through small businesses, and it is these innovators and small businesses who tell us that NIA is the market leading mechanism which enables them to effectively work with the industry. Reducing NIA by the quantum suggested for gas at a time when we need all innovators working with us to solve the whole system challenges, of which gas is a key enabler, will directly impact the flow of potentially disruptive technologies from smaller innovators and new market entrants.

OVQ22. Do you agree that £2.5m of additional NIA should be used to provide enhanced advisory services for innovators at the early stages of innovation development?

Innovator feedback has consistently highlighted the fragmented, unilateral, and at times opaque nature of the current innovation ecosystem. Innovators also highlight that the cultural dissonance between innovators and regulated monopolies can stifle innovation.

We therefore strongly support the proposal to allocate £2.5 million in additional NIA funding to build upon the existing services for innovators delivered by the EIC, developed in conjunction with Innovators.

This enhanced service responds to a proven need, and aligns with the 2025 Innovator Action Plan, which calls for rapid triage, clearer signposting, and more effective and timely support for innovators.

The EIC is uniquely positioned to deliver this, drawing on over 17 years of experience as the sector's advocate for innovators and a proven track record of fostering trusted, collaborative relationships and establishing effective processes across the energy sector.

OVQ23. Do you agree with our approach to improving oversight and reporting of the NIA?

We support constructive oversight that ensures transparency, control and value for money for consumers as the primary investors. Informed oversight can also encourage ownership and accountability.

It is essential that any evolved oversight and reporting requirements encourage congruent behaviour, remain proportionate, and do not introduce unnecessary burdens or delays for innovators.

To help with their adoption, controls should be developed in consultation with front line innovators to help ensure they enable, rather than hinder, participation.

Additionally, reporting should prioritise learning, deployment, and value, and be aligned with existing processes wherever possible to maintain pace.

The EIC also supports Citizens Advice's recent recommendation ([Source: Making Innovation Count report](#)) to introduce consistent project status categories. The EIC has recently designed status categorisation to track end-of-project outcomes, for projects we manage.

OVQ25. Do you agree with our proposals to introduce a 'Programmatic Approach' to the SIF?

Strategic innovation requires shared long-term direction, clear accountability, collaborative ownership, and coordinated investment.

We support a programmatic approach, as it could drive outcome-focused, whole-system priorities with measurable targets. It will also establish oversight that will help coordinate delivery, manage interdependencies, align resources, reduce duplication, and maximise industry expertise.

OVQ26. Do you agree with our proposal to introduce a £50m deployment fund, utilising £50m from the total £500m SIF allocation?

We fully endorse the proposed £50m deployment fund. It will help to bridge the gap from proven pilots to business-as-usual, especially for projects completing near the end of a price control period that lack immediate or sufficient efficiency savings under current incentives.

The EIC's Deployment Ready Hub (DRH) showcases deployment-ready solutions to accelerate "Fast Follow" across the industry. We propose that solutions supported by the deployment fund are showcased on the Deployment Ready Hub to maximise visibility and encourage innovators.

Finally, it would be helpful if the DNOs could be given access to the deployment fund ahead of RIIO ED3.

OVQ27. Do you agree that the deployment fund should also be open to innovation projects that haven't been funded through NIA, NIC or SIF?

Yes, we agree. Innovation that benefits the consumer should be funding agnostic.

Opening the deployment fund to all high-TL, proven solutions, regardless of original funding source will help maximise consumer benefit. Some innovations may have been supported through other funding mechanisms, and it is important that those are not excluded simply because they did not access regulated funds earlier.

OVQ29. Do you agree with our proposals to retain the core aspects of the SIF for RIIO-3?

We support the retention of the SIF as it plays an important role in de-risking pioneering innovation. However, while recent changes have improved the process, innovators report ongoing barriers including complexity, extended timescales, and limited context for SMEs.

We encourage continued simplification, as reflected by the “SIF Improvement” action of the 2025 Innovator Action Plan.

OVQ32. Do you agree with our proposal to establish a direct pathway for transformative projects to seek Ofgem's support for funding?

We agree in principle. A direct pathway could accelerate and increase transformative projects. It could expedite process and unlock significant consumer value by enabling high-impact, whole-system solutions that fall outside existing funding mechanisms.

To encourage ownership of the pathway we would recommend that it is designed in conjunction with key stakeholders and implemented through the proposed One-to-Many Support as a single front door. Consultation helps identify real gaps, enhance value, and prevent duplication or political friction.

OVQ33. Do you agree on the need to clarify roles and responsibilities within the innovation ecosystem, and the factors that we should consider?

Yes, we believe this is essential and aligns directly with Workstream 1 of the 2025 Innovator Action Plan, “Creating an effective Innovator Support Ecosystem”. Innovators have consistently called for better alignment between support organisations and clearer signposting.

Duplication, inconsistent messaging, and unclear ownership continue to frustrate progress, dilute impact and increase cost.

We encourage Ofgem to continue to work with EIC, UKRI, ENA, FEN, ESC and others to define roles, reduce overlap, and unify sector resources behind a shared sense of purpose.