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National Gas Transmission
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Direct Dial: 020 7901 7295
Email: Marzia.Zafar@ofgem.gov.uk

Date: 11 November 2025

Dear NATIONAL GAS TRANSMISSION,

Strategic Innovation Fund – Approval of the Material Change request for NGT / B-LINEPACK+

The Strategic Innovation Fund (SIF) supports network innovation that contributes to the achievement of Net Zero, while delivering net benefits to energy consumers. It facilitates collaboration with other public funders of innovation so that activities appropriately funded by network consumers are coordinated with activities funded by Government, and funding gaps are avoided. The SIF Governance Document sets out the governance and administration of the SIF.[1]

On 26 May 2025, NGT was awarded SIF Funding for B-Linepack+ (the Project).[2] The purpose of the Project is to establish domestic flexibility as a flexibility resource to provide system resilience for Gas Transmission. Further to this decision, on 26 May 2025 Ofgem[3] issued a SIF Project Direction.[4]

On 21 Octobery 2025 NGT submitted a Material Change request for the Project to the Authority. The Material Change request was submitted due to:

- Change in Project Project Partner(s)

[1] https://www.ofgem.gov.uk/decision/updates-strategic-innovation-fund-governance-document
[2] https://www.ofgem.gov.uk/decision/strategic-innovation-fund-cycle-2-projects-funding-decisions
[3] The terms the "Authority", "Ofgem", "we" and "us" are used interchangeably in this document. The Authority refers to the Gas and Electricity Markets Authority. Ofgem is the Office of the Gas and Electricity Markets Authority.
[4] https://www.ofgem.gov.uk/decision/strategic-innovation-fund-cycle-2-projects-funding-decisions

The Material Change request proposed the following changes to the schedule of the SIF Project Direction issued on 26 May 2025:

- Removal of Gravitiricity as a Project Partner
- Adding Longitude Consulting Engineers as a Project Partner
- Reduce the Total Project Costs for Project Partner Gravitricity from £274,875 to £110,050
- Reduce the Project Contribution for Project Partner Gravitricity from £27,625 to £10,050
- Reduce the Total SIF Funding Requested for Project Partner Gravitricity from £247,250 to £100,000
- Increase the Total Project Costs for Project Partner Longitude Consulting Engineers from £0 to £164,825
- Increase the Project Contribution for Project Partner Longitude Consulting Engineers from £0 to £17,575
- Increase the Total SIF Funding Requested for Project Partner Longitude Consulting Engineers from £0 to £147,250

Ofgem's review

As set out in chapter 1 of the SIF Governance Document, Ofgem is the decision-maker in the SIF. Furthermore, as set out in chapter 6, Ofgem will consider Material Changes in circumstances and requests to change SIF Project Directions on a case by case, and will engage with monitoring officers on Projects to support the assessment of Material Change requests.

Ofgem has reviewed this Material Change requested submitted by NGT and has engaged with the monitoring officer on the Project. Ofgem has reviewed the reasoning for the Material Change submitted by the NGT and considers it to satisfy the Eligibility Criteria in chapter 2 of the SIF Governance because:

- The requested change to the Project Direction should be approved as the requested change does not violate any of the Eligibility Criteria outlined in Chapter 2 of the SIF Governance Document.
- The requested change to the Project Direction should be approved as the requested change also does not violate the eligibility outlined in the Innovation Challenge Documentation.

As such, UKRI recommended approval of the Material Change request to Ofgem.

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Decision

As a result of the reasons outlined above, Ofgem approves of this Material Change request.

In accordance with Section 17 of the Project Direction issued on 26 May 2025 and paragraph 6.22 of the SIF Governance Document, the amended SIF Project Direction for National Gas Transmission / B-Linepack+ is published in the Schedule 1 of this letter. The amended SIF Project Direction is effective as of the date of this letter and, unless stated otherwise, supersedes the SIF Project Direction issued on 26 May 2025. The letter constitutes notice pursuant to section 49A (Reasons for decisions) of the Electricity Act 1989 and 38A (Reasons for decisions) of the Gas Act 1986.

If you would like to discuss any of the issues, you can contact Ofgem via networks.innovation@ofgem.gov.uk. Alternatively, you can contact UKRI via SIF_Ofgem@innovateuk.ukri.org.

Yours sincerely,

Marzia Zafar
Deputy Director, Decentralisation & Digitalisation
For and on behalf of the Authority

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Schedule: Amended SIF Project Direction

1. PROJECT DETAILS

Application number: 10157588

Project title: B-Linepack+

Innovation Challenge/Project Phase: Embedding Resilience/ Round 4 Alpha Phase

Project start date: 1 June 2025

Project end date: 28 February 2026

SIF Approved Amount for SIF Funding: £498,381

2. PREAMBLE

This SIF Project Direction is issued by the Gas and Electricity Markets Authority (the "Authority") to National Gas Transmission PLC (the "Funding Party") pursuant to the SIF Governance Document issued pursuant to Special Condition 5.7 of the Gas Transporter Licence. It sets out the conditions to be complied with in relation to B-Linepack+ (the "Project") as a condition of it being funded under the SIF Funding Mechanism.[5]

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.

[5] The SIF Funding Return Mechanism is defined in the SIF Governance Document.

Table 1. Project Partners

University of Edinburgh
SOUTHERN GAS NETWORKS PLC
GUIDEHOUSE EUROPE LIMITED
PREMTECH LTD
Energy Reform Ltd
Longitude Consulting Engineers

Condition 2

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 on the Innovation Funding Service (IFS).

Condition 3

The Funding Party must make reasonable endeavours to participate in all meetings related to the Project that they are invited to by Ofgem, UKRI and Department for Energy Security and Net Zero during the Alpha Phase.

Condition 4

The Project will be allowed a flexible start date and duration within the 8-month period from the date the Project Direction is issued. The Project must tell the monitoring officer the start date and end date of the Project.

Condition 5

Prior to the end of Phase meeting, the Funding Party must present to the Monitoring Officer a plan on how the Project will overcome scalability and be capable of operating in isolation.

Condition 6

Prior to the end of Phase meeting, the Funding Party must present to the Monitoring Officer, a report on how the Project would proceed without a comprehensive GB energy system.

4. COMPLIANCE

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

5. SIF APPROVED AMOUNT

The SIF Approved amount of £498,381 (as detailed under Section 1: Project details of this Project Direction) will be recovered by National Gas from GB customers and transferred to the Funding Party. The Funding Party is responsible for notifying National Gas 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, the reverse applies. The Funding Party must provide bank account details to National Gas 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 is to 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) complete the Project on or before the Project completion date as detailed under Section 1 of the Schedule of this SIF Project Direction, and
(ii) 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.

As set out in Chapter 6 of the SIF Governance Document, the Funding Party may be required to submit an end of Phase report to the UKRI monitoring officer within six months of the Project ending, if the Project is not planning on submitting an Application to Beta Phase and, if the Funding Party submits an Application for the Project for Beta Phase but is not successful. Within this report, the Funding Party must submit information related to questions on Project delivery as detailed in Chapter 6, table 5 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 with 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 the Data Best Practice Guidance issued by Ofgem with regard 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)[6] and DPA (Data Protection Act) 2018[7]. 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 provide an outline in its end of Project Phase meeting with its UKRI monitoring officer that verifies the Project milestones have been achieved or explains why they have not.

Project milestones are outlined below in Table 2, based upon details contained within Question 7 and Appendix Question 9 in the Funding Party's Application.

[6] https://ec.europa.eu/info/law/law-topic/data-protection/data-protection-eu_en
[7] https://www.legislation.gov.uk/ukpga/2018/12/contents/enacted

Table 2. Project milestone[8]

Reference	Project milestone	Deadline	Overall objectives and key tasks	SIF Funding Request
Milestone 1	Project Management & Business Case	30/11/2025	1. Weekly project meetings 2.Gantt chart developed Risks and issues log developed Lesson capture process in place 3.Steering meeting 4.Development of the Beta phase bid 5.Sharepoint site and data sharing plan in place 6.Stakeholder engagement requirements and planned approach 7.Regular status reporting and finance review 8. Dissemination event 9. CBA	£13,756.00
Milestone 2	Lined Rock Shaft Concept Design	30/11/2025	1. GI specification & tendor for shaft design 2. Procurement & fabrication strategy 3. Storage sub systems interfaces 4. Component specifications 5. Materials defined 6. System testing plan 7. HAZID 8. High level system diagram of storage asset	£255,250.00

[8] As outlined in in the Application or Project Plan appendix.

			9. Site selection 10. LRS GIS deployability in UK	
Milestone 3	Energy System Modelling	30/11/2025	1. Determining hydrogen supply & demand assumptions for model 2. Developing a simplified gas transmission model 3. P2G modelling to identify high value gas nodes for hydrogen transmission 4. P2G modelling to understand system OPEX savings from locating B-linepack+ systems near high value gas nodes 5. Identify number and location for commercial rollout of storage assets across the network. 6. Compare with geographically constrained counterfactual solutions such as salt caverns or lined rock caverns	£99,556.00
Milestone 4	System Demonstration	30/11/2025	1. Regulator negotiations around owning and operating storage for linepack supplementation 2.. Interfacing P&IDs with storage asset 3. SR25 safety assessment for most suitable site 4. Planning consents and environmental permitting for a suitable site for demonstrator 5. Consumer engagement	£129,819.00

14.USE OF LOGO

The Funding Party and the Project Partners, External Funders and Project Supporters or subcontractors[9] 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 outlined in Chapters 3 and 6 of the SIF Governance Document, we require the Funding Party to work collaboratively with other Networks and third-party innovators to disseminate the learnings and data from Projects and ensure that these are publicly available. This includes taking part in annual events.

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.

[9] 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.

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 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 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.

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ANNEX 1: PROJECT BUDGET

SIF Project Direction costs	
Cost Category	Total Project costs (£)
Labour	530,656
Materials	0
Subcontracting	62,330
Travel and subsistence	300
Other costs	3,000
Total	**596,296**

Project Partner	Total project costs (£)	Project contribution (£)	Total SIF Funding requested (£)	Project contribution (%)
National Gas Transmission PLC	121,358	50,000	71,358	
Energy Reform Ltd	99,505	9,949	89,556	
GRAVITRICITY LIMITED	110,050	10,050	100,000	
GUIDEHOUSE EUROPE LIMITED	11,120	1,120	10,000	
PREMTECH LTD	75,032	7,543	67,489	
SOUTHERN GAS NETWORKS PLC	5,296	568	4,728	
University of Edinburgh	9,100	1,100	8,000	
Longitude Consulting Engineers	164,825	17,575	147,250	
Total	**£596,286.00**	**£97,905.00**	**£498,381.00**	**20%**

The Office of Gas and Electricity Markets
Commonwealth House, 32 Albion Street, Glasgow, G1 1LH **Tel** 020 7901 7000 **www.ofgem.gov.uk**

ANNEX 2 TO SCHEDULE: TEMPLATE OF BANK ACCOUNT DETAILS TO BE PROVIDED TO EITHER NGGT (BOX.GSOSETTLEMENTS@NATIONALGRID.COM) OR NESO (revenue.invoice@neso.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)