



10 January 2026

Dear Sir/Madam,

Citizens Advice welcomes the opportunity to respond to Ofgem's proposed modifications to the RIIO-3 licences and associated documents. We are the statutory consumer advocate for energy consumers in Great Britain. This response is not confidential and may be published on your website.

Having reviewed the proposed RIIO-3 governance documents for the Network Innovation Allowance (NIA) and the Strategic Innovation Fund (SIF), we set out our feedback below.

Overall, we believe the proposed RIIO-3 SIF and NIA governance arrangements will improve transparency around innovation projects. However, we consider that further clarity is needed in several key areas.

### **Strategic Innovation Fund (SIF)**

We agree that requiring all projects to submit an end-of-phase report is the right approach. However, we do not agree with the use of different submission timeframes across project phases, as set out in paragraph 8.17 (one month after completion of the Discovery and Alpha phases and three months after completion of the Beta phase). Ofgem has not provided a clear justification for these differences, which makes the approach difficult to understand. We therefore ask Ofgem to explain why different timeframes are needed. If there is no clear justification, a single, consistent deadline should apply across all phases, such as submission within one month of phase completion. This would improve transparency, make project progress easier to track, and ensure learning is shared in a timely way. In addition, a robust monitoring process should be in place to ensure reports are submitted on time.

We agree with the proposed eligibility criteria for deployment funding. However, we have concerns about the wording in paragraph 9.16, particularly the requirement that there be “no other viable and timely route to deployment.” This wording is unclear and open to different interpretations. It is not clear how “viable” or “timely” should be assessed in practice. Without clearer guidance, network companies may apply this criterion inconsistently, creating uncertainty for applicants. We therefore propose that the criterion be reframed to make clear that deployment funding should be used only as **a last resort**. Network companies should be required to provide clear evidence and reasoning to explain why deployment could not reasonably be funded or delivered through existing funding routes or normal business-as-usual processes.

We would welcome significant Ofgem oversight of network companies in deciding which innovation projects are put forward for (energy billpayer-funded) deployment funding. We are concerned that company priorities may not always align with consumer or wider system priorities, resulting in projects that deliver the greatest benefits to consumers or the overall energy system being deprioritised for deployment. We therefore believe Ofgem should have the ability to intervene where appropriate, for example by requiring the deployment of specific projects that deliver significant benefits to consumers or the energy system as a whole.

### **Network Innovation Allowance (NIA)**

Regarding NIA project eligibility, paragraph 3.9 states that projects may deliver “wider benefits such as social, environmental or wider energy supply resilience.” We believe this wording should place a stronger focus on consumer benefits, including how projects could help reduce energy bills or lower network costs in the long term, as well as improve outcomes for customers in vulnerable circumstances.

In relation to publishing project progress information, including close-down reports, networks are currently required to submit this information by 31 July for projects that were ongoing or completed in the previous regulatory year. We believe that close-down reports should instead be submitted when each project ends, rather than waiting until the 31 July deadline. This would improve transparency and ensure information is shared in a more timely way.


**Patron HRH The Princess Royal      Chief Executive Dame Clare Moriarty**

Citizens Advice is an operating name of the National Association of Citizens Advice Bureaux.

Charity registration number 279057. VAT number 726 0202 76. Company limited by guarantee. Registered number 01436945.

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Our proposed wording changes are set out in the attached document:

 RII03 Associated Document Response Grid.xlsx

Yours sincerely,

*TungHing Sum*

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