Strategic Innovation Fund (SIF)

Cycle 4 Innovation Challenges – Beta Phases

Funding Decision and Summary of Recommendations from Expert Assessors

Date: 05 February 2026

Contents

Introduction

Innovation will prepare the regulated energy network companies to deliver Net Zero greenhouse gas emissions at the lowest cost to consumers, while maintaining world-class levels of system reliability and customer service.

The SIF was introduced as a part of the RIIO-2 price control by Ofgem, the Office of the Gas and Electricity Markets Authority, to support network innovations that contribute to reaching Net Zero while delivering real benefits to network consumers. The SIF is delivered in partnership with Innovate UK (part of UKRI), which administers the SIF and works to coordinate innovation activities funded by network consumers with other innovation funded programmes.

As the SIF transitions towards RIIO-3, Round 5 Innovation Challenges will span a two-year period. Under the established approach, Innovation Challenges have typically been launched annually to address the strategic issues facing the gas and electricity networks.

Within each Round, the SIF adopts a three Phase Project approach for Projects to mitigate the risk associated with innovation: Discovery Phase, Alpha Phase and Beta Phase. The Discovery Phase focuses on feasibility, the Alpha Phase on experimental development, and the Beta Phase on deployment and demonstration.

As set out in the SIF Governance Document[1], the SIF is open to the Electricity System Operator, electricity transmission and distribution, gas transmission and gas distribution licensees.

This report is for the Cycle 4 Beta Phase Project Applications. It sets out the Funding Decisions from Ofgem alongside the recommendations from independent Expert Assessors. Each Project Application was scored in accordance with eight Eligibility Criteria in accordance with the relevant Innovation Challenges and the SIF Governance Document.

The eligible Innovation Challenges for this Cycle are as follows.

[1] The SIF Governance Document can be found here: https://www.ofgem.gov.uk/sites/default/files/2025-04/SIF%20governance%20document%20version%203.1.pdf

Round 3 Beta Phase[2] of the SIF was launched in September 2024 and focuses on four Innovation Challenges:

1. Whole system network planning and utilisation to facilitate faster and cheaper network transformation and asset rollout
2. Novel technical, process and market approaches to deliver an equitable and secure Net Zero power system
3. Unlocking energy system flexibility to accelerate electrification of heat
4. Enabling power-to-gas (P2G) to provide system flexibility and energy network optimisation

Round 4 Beta Phase[3] of the SIF was also launched in September 2024 and focuses on four Innovation Challenges:

1. Faster network development
2. Greater heat flexibility
3. Embedding resilience
4. Accelerating toward Net Zero energy networks

Round 5 Beta Phase[4] of the SIF was launched in March 2025 and focuses on seven Innovation Challenges:

1. Advance energy transmission and networks
2. Dynamic modelling
3. High-energy demand point integration
4. Consumer-centric grid expansion
5. Enhanced system visibility and control

[2] Find the four Innovation Challenges launched for Beta Round 3 here: https://www.ofgem.gov.uk/decision/strategic-innovation-fund-round-three-innovation-challenges
[3] Find the four Innovation Challenges launched for Beta Round 4 here: https://www.ofgem.gov.uk/decision/strategic-innovation-fund-round-four-innovation-challenges
[4] Find the seven Innovation Challenges launched for Beta Round 5 here: https://www.ofgem.gov.uk/publications/strategic-innovation-fund-round-5-challenges

6. Green gas
7. Whole system optimisation

These Innovation Challenges were developed through extensive collaboration and consultation with a wide range of stakeholders and interested bodies, including energy network companies, other innovators and entrepreneurs, government and academia.

In prioritising these challenges, the key underlying principles established are that they should be:

- Strategic - innovations are required to meet national and devolved Net Zero targets effectively.
- Network relevant - they involve innovation needs and solutions that can be taken forward or materially supported by energy networks.
- Timely - the challenge should focus on problem areas where solutions can be scaled up to meet the requisite Net Zero targets and commitments. 2035 was used as a target year for identifying challenges.
- Appropriate in scope - the scope of the Innovation Challenge complements and does not duplicate other UK innovation programmes (including other network innovation funding mechanisms).

1 Cycle 4 Beta Phase Summary

Within each of the Innovation Challenges are specific requirements on scope and Project Partner requirements. Projects submitted to the SIF must meet these specific requirements and must follow the SIF Governance Document.

For this Beta Phase, Applications had to be received by 22 October 2025 each Project's start date was to be no earlier than 01 February 2026. Projects can last up to five years, and can request SIF Funding greater than £500,000. Prospective Beta applicants seeking more than £10,000,000 were required to provide justification to Innovate UK and Ofgem prior to the Beta Phase Application close.

Applications submitted for the Cycle 4 Beta Phases by the 22 October 2025 deadline, and which met the Innovation Challenge-specific requirements, were assessed by Expert Assessors. The Expert Assessors are independent external appointees whose recommendations inform Ofgem's decision-making on the selection of Projects for SIF Funding. The Expert Assessors have relevant expertise and knowledge on the respective Innovation Challenges and/or the energy sector, including for example in policy, regulatory, commercial, financial and technical areas. Consistent with the requirements of the SIF Governance Document, the Expert Assessors have assessed each Application (a) with reference to its compatibility with the Eligibility Criteria in Chapter 2, and (b) taking into consideration any additional and relevant information available to the Expert Assessors.

As part of each Application assessment, the Expert Assessors also considered whether Projects should receive all the SIF Funding requested, or no funding at all.

The overall funding recommendation summarised in this report is based upon a balance of considerations to take into account whether a Project has met each of the SIF Eligibility Criteria, the suitability of the Project for SIF Funding, any Project-specific conditions recommended by Expert Assessors, and wider concerns or opportunities identified by the Expert Assessors. For more information on how Projects are assessed by the Expert Assessors, please see Section 2, Assessment Process, below.

This report is a consolidation of the Applications assessed by the Expert Assessors and sets out recommendations from the Expert Assessors to Ofgem on which Projects have met the Eligibility Criteria and should be considered for SIF Funding in the Cycle 4 Beta Phases of the SIF. Ofgem, taking into account the Expert Assessors' assessment and recommendations, performs its own internal review of each Project to reach a decision. Ofgem is the sole decision-maker for the SIF.

2 Assessment Process

For the Beta Phase there is a maximum of five stages to assess eligible submitted Applications:

- Initial sift - completed by Innovate UK to confirm whether an Application complies with the Innovation Challenge-specific requirements.
- Expert Assessor evaluation – Each Expert Assessor assesses and provides a score for each Application and its accompanying appendices, against the questions stipulated in the SIF Governance. These questions tie directly to the Eligibility Criteria outlined in Chapter 2 of the SIF Governance Document. Each Expert Assessor includes their assessment of how and why an Application has met or not met each Eligibility Criterion and an overall comment for each Application assessed.
- Expert Assessors' overall recommendations – As part of their assessment, each Expert Assessor provides an overall recommendation on whether the Project should be considered for SIF Funding in the Beta Phase. This decision is made based on an assessment on whether the majority of Expert Assessors consider that each of the Eligibility Criteria has been met and a consideration of any serious risk or opportunity in respect of an Application. A Project will be recommended for SIF Funding if it has a majority of Expert Assessors recommending it (two of the three Expert Assessors who assessed the Application), if no significant risks are identified which could prevent the Project from progressing, and if the majority of Expert Assessors on each Project consider it to have met each of the Eligibility Criteria outlined in Chapter 2 of the SIF Governance Document.
- Recommended Project-specific conditions – Should an Expert Assessor identify an area for additional consideration or clarity for a Project recommended for SIF Funding during the Beta Phase, the Expert Assessor may recommend a Project-specific condition be included. In many cases these have been offered as ways of strengthening the Project outcomes and their inclusion does not necessarily reflect a weakness in the Application. The recommended Project-specific conditions are then considered by Ofgem and finalised with any modifications in the Project Direction for each of the successful Projects.
- Final decision – The consolidated recommendations report is provided to Ofgem for consideration on which of the Projects for which Applications have been made should be considered for SIF Funding. Having taken into account the

Expert Assessors' report, the Authority decides which Projects should receive SIF Funding and provide brief commentary on its reasoning for each decision.

2.1 Meeting the SIF Eligibility Criteria

Projects submitted must meet all the Eligibility Criteria outlined in chapter 2 of the SIF Governance Document in order to be considered for SIF Funding. There are eight Eligibility Criteria which must be evidenced within an Application. The following table outlines how the scored questions tie with the Eligibility Criteria outlined in the SIF Governance Document.

Question number	Application question	Eligibility Criteria (chapter 2 of the SIF Governance Document)
1	Lead network	(not scored)
2	Animal testing	(not scored)
3	International Collaboration	(not scored)
4	Trusted Research and Innovation	(not scored)
5	Solution statement and solution focus	Eligibility Criterion 1: Projects must address the Innovation Challenge set by Ofgem.
6	Innovation justification	Eligibility Criterion 1: Projects must address the Innovation Challenge set by Ofgem. Eligibility Criterion 3: Projects must involve network innovation. Eligibility Criterion 5: Projects must be innovative, novel or risky.
7	Impacts and benefits selection	Eligibility Criterion 2: Projects must have clearly identified potential to deliver a net benefit to gas or electricity consumers (whomever is paying for the innovation).
8	Impacts and benefits description	Eligibility Criterion 2: Projects must have clearly identified potential to deliver a net

		benefit to gas or electricity consumers (whomever is paying for the innovation).
9	Team and resources	Eligibility Criterion 6: Projects must include participation from a range of stakeholders.
10	Project management and delivery	Eligibility Criterion 8: Projects must be well thought through and have a robust methodology so that they are capable of progressing in a timely manner.
11	Key outputs and dissemination	Eligibility Criterion 4: Projects must not undermine the development of competitive markets.
12	Intellectual property rights (IPR), procurement and contracting	(not scored)
13	Commercialisation, route to market and business as usual	Eligibility Criterion 4: Projects must not undermine the development of competitive markets.
14	Policy, standards and regulations	(not scored)
15	Consumer impact and engagement	Eligibility Criterion 7: Projects must provide value for money and be costed competitively.
16	Value for money	Eligibility Criterion 7: Projects must provide value for money and be costed competitively.
17	Associated network innovation Project(s)	(not scored)

3 Summary of Beta Projects submitted for Cycle 4

As mentioned earlier, in the Cycle approach applicants have multiple opportunities throughout the year to apply to each Phase (Discovery, Alpha, and Beta). Therefore, we anticipate times when some Phases and Innovation Challenges will not receive any Applications.

This section covers Cycle 4, Round 3, 4 and 5 Beta Phase Applications.

In this Cycle, for Round 3 Innovation Challenges, three Projects submitted Beta Phase Applications were submitted as shown below.

Innovation Challenge	No. of Applications received
Whole system network planning and utilisation to facilitate faster and cheaper network transformation and asset rollout	1
Novel technical, process and market approaches to deliver an equitable and secure Net Zero power system	1
Unlocking energy system flexibility to accelerate electrification of heat	0
Enabling power-to-gas (P2G) to provide system flexibility and energy network optimisation	1

No Beta Phase Applications were received in this Cycle for Innovation Challenge 3, 'Unlocking energy system flexibility to accelerate electrification of heat'.

In this Cycle, no Beta Phase Applications were submitted into Round 4 Innovation Challenges.
In this Cycle, for the Round 5 Innovation Challenges, three Projects submitted Beta Phase Applications as shown below.

Innovation Challenge	No. of Applications received
Advanced energy transmission and networks	0
Dynamic modelling	0
High-Energy demand point integration	0

Consumer-centric grid expansion	3
Enhanced system visibility and control	0
Green gas	0
Whole system optimisation	0

No Beta Phase Applications were received for the remaining Round 5 Innovation Challenges.

This section covers the assessment of the Cycle 4 Beta Applications received into the Round 3 and Round 5 Challenges as shown above.

4 Innovation Challenge: Whole system network planning and utilisation to facilitate faster and cheaper network transformation and asset rollout

4.1 Overview of Projects

For the Beta Phase under this Innovation Challenge, one Application was submitted to Innovate UK through the Innovation Funding Service (IFS) portal by the closing deadline of 22 October 2025 and is shown below.

Project reference number	Project name	Funding licensee	Total Project costs (£)	Total Project contribution (£)	Total SIF Funding requested (£)	Recommended by Expert Assessors for funding (Yes/No)	Ofgem Decision for funding (Yes/No)
10179080	REVISE - Revisiting and Evaluating Environmental Inputs on Line Ratings	Scottish Hydro Electric Transmission plc	6,547,348	654,908	5,892,440	Yes	Yes

4.2 Expert Assessors' recommendations on Projects

4.2.1 Project 10179080 - REVISE - Revisiting and Evaluating Environmental Inputs on Line Ratings

Submitted Project description
REVISE will deliver a new Energy Networks Association Technical Recommendation, replacing the outdated TGN26 methodology, ensuring a more accurate, future-ready approach to overhead line rating. Current ratings are based on 1980s environmental data applied uniformly across the UK, overlooking regional climate variation. With renewable generation expanding at unprecedented speed, transmission networks are increasingly constrained by system capacity. REVISE combines high-resolution weather topographic data with advanced system-modelling techniques and physical validation. Delivering improved understanding of line ratings to unlock network capacity, cut curtailment costs, and inform smarter investment - supporting faster, lower-cost renewable connections and a cleaner, more reliable, affordable energy system.

Eligibility Criteria met or not met – Expert Assessors' evaluation		**Additional justification**
1: Projects must address the Innovation Challenge set by Ofgem.	Met	The Expert Assessors considered this Project to have addressed the Innovation Challenge because it replaces an outdated 1980s baseline (TGN26) with regionally differentiated line ratings using high-resolution meteorological data and advanced digital simulation. By coordinating across the three GB transmission owners, Met Office, and the National Energy System Operator, the Project improves the accuracy of network planning assumptions and supports whole-system development and more efficient use of existing assets.
2: Projects must have clearly identified potential to deliver a	Met	The Expert Assessors considered this Project to have clearly identified a net benefit to electricity consumers because

net benefit to gas or electricity consumers		improved regional line ratings could reduce curtailment costs, lower network operating costs, and defer or avoid reinforcement. This creates a direct line of sight to support Net Zero through increased network capacity for renewables. Prior Project evidence gives confidence that these benefits are credible, with a strong lifetime benefit relative to Project cost. The Expert Assessors did suggest the Project may have underestimated the wider benefits to the UK economy.
3: Projects must involve network innovation.	Met	The Expert Assessors considered this Project to involve clear network innovation because it applies high-resolution regional weather data and advanced modelling to update how overhead line capacity is assessed. By validating models through real-world testing on existing conductors, the Project enables better use of existing network assets, releases additional capacity, and improves connection capability without new build, directly improving network operation and efficiency.
4: Projects must not undermine the development of competitive markets.	Met	The Expert Assessors did not consider this Project to undermine the development of competitive markets because its primary output is an open, ENA-approved Technical Recommendation that will be publicly available to all stakeholders. The Project focuses on updating industry standards and guidance, with procurement undertaken through established processes, and does not restrict other parties from procuring or delivering similar services.
5: Projects must be innovative, novel and/or risky.	Met	The Expert Assessors considered this Project to be innovative, novel and risky because it replaces an outdated 1980s guidance with a new methodology using high-resolution regional climate data, modern sensing, and empirical validation.

		The use of multiple test rigs across GB transmission networks and the reliance on robust modelling and stakeholder agreement introduce delivery and evidence risks, meaning the work would not be progressed as business as usual.
6: Projects must include participation from a range of stakeholders.	Met	The Expert Assessors considered this Project to include participation from a sufficient and appropriate range of stakeholders. The consortium brings together all three GB Transmission Owners, NESO, the Met Office, academic expertise, and specialist subcontractors, with ENA engagement to support review and approval of the final Technical Recommendation. This mix was assessed adequate to deliver the Project and support transition into business as usual.
7: Projects must provide value for money and be costed competitively.	Met	The Expert Assessors considered this Project to deliver value for money and to be costed competitively, although the Project underestimate the wider benefits to the UK economy and therefore the Project might benefit from more pragmatic and urgent approaches where these are justified by safety and technical considerations. Costs are based on pre-approved framework rates, are proportionate to Project Partner roles, and make effective use of existing assets. The cost–benefit analysis indicates substantial and credible consumer benefits relative to Project cost, with strong confidence in adoption increasing overall value for money.
8: Projects must be well thought through and have a robust methodology so that they are capable of	Met	The Expert Assessors considered this Project to be well thought through and to have a robust methodology. The Project has a clear plan, defined work packages, milestones and stage gates, and a comprehensive risk register. This gives

progressing in a timely manner.		confidence in timely delivery, although the Expert Assessors noted that subcontractor procurement is a key risk that will require careful management.

Recommendation to the Office of Gas and Electricity Markets (Ofgem)
FUND
The Expert Assessors agree that this Project has met the Eligibility Criteria and recommend this Application for funding. The Expert Assessors considered that the Project addresses the Innovation Challenge because it replaces an outdated 1980s baseline methodology with regionally differentiated line ratings derived from high-resolution meteorological data and advanced digital simulation. By coordinating across all three GB Transmission Owners, the Met Office, and NESO, the Project improves the accuracy of network planning assumptions and supports whole-system development and more efficient use of existing assets. The Expert Assessors considered that the Project has clearly identified a potential net benefit to electricity consumers. Improved regional line ratings could reduce curtailment costs, lower network operating costs, and defer or avoid reinforcement, creating a clear pathway to supporting Net Zero through increased network capacity for renewable generation. Evidence from previous related Projects gives confidence that these benefits are credible and substantial relative to the Project cost. Though it was noted by the Expert Assessors may have underestimated the wider benefits to the UK economy. The Expert Assessors considered that the Project involves clear network innovation by applying high-resolution regional weather data and advanced modelling techniques to reassess overhead line capacity. Validation through real-world testing on existing conductors enables better utilisation of current network assets, releases additional capacity, and improves connection capability without the need for new build infrastructure. The Expert Assessors did not consider that the Project undermines the development of competitive markets. Its primary output is an open, ENA-approved Technical Recommendation that will be publicly available to all

stakeholders. The Project focuses on updating industry standards and guidance and does not restrict procurement or delivery of similar services by other parties.

The Expert Assessors considered the Project to be innovative, novel and risky because it replaces long-standing industry guidance with a new, empirically validated methodology based on modern climate data, sensing and modelling. Delivery risk arises from the need for robust evidence, cross-network validation, and agreement across multiple stakeholders, meaning the work would not be progressed through business-as-usual processes.

The Expert Assessors considered that the Project includes participation from a sufficient and appropriate range of stakeholders. The consortium brings together all three GB Transmission Owners, NESO, the Met Office, academic expertise and specialist subcontractors, with ENA engagement to support review and approval of the final Technical Recommendation. This mix was assessed adequate to deliver the Project and support transition into business-as-usual adoption.

The Expert Assessors considered the Project to be delivering value for money and to be costed competitively. Costs are proportionate to Project Partner roles, based on pre-approved framework rates, and make effective use of existing assets. While the wider economic benefits may be understated, the cost–benefit evidence indicates substantial and credible consumer benefits relative to the Project cost, with strong confidence in uptake increasing overall value for money.

The Expert Assessors considered the Project to be well thought through and to have a robust methodology. The Project includes a clear delivery plan with defined work packages, milestones, stage gates, and a comprehensive risk register, giving confidence that it can progress in a timely manner. While subcontractor procurement was identified as a key risk, this was not considered sufficient to undermine overall deliverability.

Decision from the Office of Gas and Electricity Markets (Ofgem)
FUND
Ofgem agrees with the Expert Assessors and approves this Project for funding. The Project addresses the Innovation Challenge by modernising network planning

through a regionally differentiated, evidence-based approach that improves whole-system efficiency and utilisation of existing assets, supporting Net Zero delivery and consumer interests. Ofgem considers that the Project has clear potential to deliver net benefits to electricity consumers through reduced curtailment, lower operating costs and avoided reinforcement, and that its use of high-resolution weather data, empirical validation and cross-transmission owner coordination represents innovation that would not be progressed through business-as-usual. Ofgem is satisfied that the Project does not undermine competitive markets, includes an appropriate range of stakeholders, represents value for money, and has a robust methodology capable of timely delivery and transition into business as usual.

Recommended Project-specific conditions

Prior to incurring any SIF costs, the Funding Party must provide the Monitoring Officer with written confirmation of the agreed procurement approach for the test rigs across all participating transmission owners. This must include confirmation that each transmission owner is able to complete the required procurement activities in advance of the relevant Ofgem Stage Gate.

The Project must undertake an Ofgem Stage Gate review no later than nine (9) months from the Project Start Date. The criteria for this Ofgem Stage Gate must include evidence that procurement activities for the test rigs have been completed by all three transmission owners, such that all contractual terms have been agreed and orders have been placed or are ready to be placed.

Throughout the Beta Phase, the Funding Party must provide six-monthly reports to the Monitoring Officer demonstrating active management of consumer and network benefits. These reports must:

- articulate and maintain a clear, credible, and proportionate assessment of expected consumer and network benefits, reviewed at each second Quarterly Review Meeting;
- demonstrate how the Project can scale beyond the immediate trials and why the outputs are system-critical;

- identify and pursue opportunities to accelerate impact and adoption, avoiding unnecessary deferral of benefits to late stages of the Project or post-Project; and
- identify any regulatory or policy barriers to adoption and propose actions to address them.

5 Innovation Challenge: Novel technical, process and market approaches to deliver an equitable and secure Net Zero power system

5.1 Overview of Projects

For the Beta Phase under this Innovation Challenge, one Application was submitted to Innovate UK through the Innovation Funding Service (IFS) portal by the closing deadline of 22 October 2025 and is shown below.

Project reference number	Project name	Funding licensee	Total Project costs (£)	Total Project contribution (£)	Total SIF Funding requested (£)	Recommended by Expert Assessors for funding (Yes/No)	Ofgem Decision for funding (Yes/No)
10179014	SNUG: Smarter Network UpGrades	UK Power Networks (Operations) Limited	4,928,004	492,801	4,435,203	Yes	Yes

5.2 Expert Assessors' recommendations on Projects

5.2.1 Project 10179014 - SNUG: Smarter Network UpGrades

Submitted Project description
Energy efficiency retrofits rolled out by social housing providers represent an opportunity for disadvantaged households to participate in the energy transition and unlock consumer benefits. SNUG will develop novel commercial models and coordinated market approaches to enable social landlords to participate in flexibility markets through bespoke contractual frameworks. Energy efficiency can optimise the use of the electricity network in constrained areas and prepare for the upcoming roll out of heat pumps, installed and sized optimally, in efficient homes rather than poorly insulated ones. This will incentivise use of energy efficiency and facilitate flexibility participation of 'hard-to-reach' customers at scale.

Eligibility Criteria met or not met – Expert Assessors' evaluation		**Additional justification**
1: Projects must address the Innovation Challenge set by Ofgem.	Met	The Project addresses the Innovation Challenge because it has potential to improve processes for managing and operating a Net Zero power system. It would do this by widening the scope of flexibility markets to include contracting with social housing providers, developing energy efficiency retrofit as a new revenue source and enabling new demand management in areas of network constraint. Overall it is viewed as enabling creating commercial models to enable social landlords who serve disadvantaged consumer segments to participate in flexibility markets.

2: Projects must have clearly identified potential to deliver a net benefit to gas or electricity consumers	Met	The Expert Assessors considered this Project to have clearly identified potential to deliver a net benefit to electricity consumers, because it could, if established as business-as-usual, result in overall reductions in network costs, due to improved visibility of potential electricity demand reduction from social housing retrofit, and hence optimisation of network operation and constraint management. It should also improve social inclusion in direct benefits from energy transition by focusing first on improved energy performance of social housing.
3: Projects must involve network innovation.	Met	The Expert Assessors considered the Project to involve network innovation, because it is testing means to the extension of flexibility markets, as a device for managing and operating a Net Zero electricity system. It focuses on reframing energy efficiency retrofits in social housing as a flexibility asset, suited to contracting between distribution systems operators (DSOs) and housing providers. This approach should provide the necessary technical, commercial and social foundations for such innovation. The Expert Assessors noted the Beta Phase is also intended to test the future extension of the innovation across domestic sector to encompass low carbon heating and related technologies. The Project results could provide insights into operational, data-sharing, and partnership models, suited to informing Ofgem about any future distribution network operator (DNO) coordination role in energy efficiency through housing retrofit.
4: Projects must not undermine the	Met	The Expert Assessors did not consider this Project to be undermining the

development of competitive markets.		development of competitive markets because commercial frameworks will be published openly as a transparent blueprint for replication by social landlords, aggregators and suppliers. Standardised workflows and baselining will lower entry barriers and widen participation without favouring any party. The Expert Assessors noted that there could be some risks associated with only enabling heat pump technology participation but decided on balance that should the product be compatible with all technology types, potential for market distortion should be reduced.
5: Projects must be innovative, novel and/or risky.	Met	The Expert Assessors considered the Project to be innovative and risky because ultimately it seeks to classify energy efficiency retrofits (and, over the long term, low-carbon technologies) as flexibility assets on the network. It is also looking to estimate demand reduction through use of a new baselining methodology which is not based on smart meter data.
6: Projects must include participation from a range of stakeholders.	Met	The Expert Assessors considered this Project to include participation from a sufficient range of stakeholders because it is a consortium of nine Project Partners all of whom have different stakeholder connections across network innovation, data analysis, business model innovation, energy efficiency, retrofit delivery and social housing engagement. The Expert Assessors were satisfied that many of the interests were represented. The hands-on nature of the work necessitates direct involvement of other stakeholders (mainly the landlords and tenants).
7: Projects must provide value for money and	Met	The Expert Assessors considered the Project to be delivering value for money

be costed competitively.		and be costed competitively because if successful, it will extend the scope of flexibility markets to encompass energy efficiency contracting from social housing retrofit, creating a new revenue stream to benefit social housing improvements. In the longer term, it has potential network cost savings through optimising electricity demand from housing retrofit, heat pump sizing and related LCT installations. This would help to manage the costs of network reinforcement. The costing of this work is competitive in terms of market day rates and the composition of the team put forwards appears reasonable.
8: Projects must be well thought through and have a robust methodology so that they are capable of progressing in a timely manner.	Met	The Expert Assessors considered the Project to have a robust methodology which gives confidence that it will be capable of progressing in a timely manner because there is an extensive, easy to follow Project plan with clear work packages, deliverables and resources assigned to them, combined with a governance plan to give oversight and drive delivery confidence. The Expert Assessors considered a key inflection point with respect to Elexon as market facilitator adopting the retrofit flex proposition as a flex market product which has been acknowledged.

Recommendation to the Office of Gas and Electricity Markets (Ofgem)
FUND
The Expert Assessors agree that this Project has met the Eligibility Criteria and recommend this Application for funding. The Project addresses the Innovation Challenge because it seeks to improve how a Net Zero power system is managed and operated by widening the scope of flexibility markets to include social housing providers. By reframing energy efficiency retrofit as a flexibility asset, the Project aims to enable new commercial

models that allow social landlords, who serve disadvantaged consumer segments, to participate in flexibility markets and contribute to demand management in areas of network constraint.

The Project has a clearly identified potential to deliver a net benefit to electricity consumers because, if established as business as usual, it could reduce overall network costs through improved visibility of demand reduction from social housing retrofit. This would support more efficient network operation and constraint management, while also improving social inclusion in the benefits of the energy transition by prioritising improvements in the energy performance of social housing.

The Project involves network innovation because it tests an extension of flexibility markets as a tool for managing a Net Zero electricity system. It focuses on treating energy efficiency retrofit in social housing as a contractable flexibility asset between distribution system operators and housing providers, establishing the technical, commercial and social foundations for this approach. The Expert Assessors noted that the Beta Phase Project also intends to explore how this innovation could be extended across the domestic sector to include low-carbon heating and related technologies, with learning that could inform future regulatory considerations around DNO coordination and market facilitation.

The Project is not considered to undermine the development of competitive markets because the proposed commercial frameworks, workflows and baselining approaches will be published openly to support replication by social landlords, aggregators and suppliers. The Expert Assessors noted some potential risk if participation were limited to specific technologies, such as heat pumps, but considered that this risk would be mitigated if the product remains compatible with a range of technology types.

The Project is considered innovative, novel and risky because it seeks to classify energy efficiency retrofit, and in the longer term low-carbon technologies, as flexibility assets . The Project also introduces a new baselining methodology to estimate demand reduction without reliance on smart meter data, which

introduces technical and delivery risk but has the potential to generate valuable new learning.

The Project includes participation from a sufficient and appropriate range of stakeholders. The consortium brings together nine Project Partners with complementary expertise across network innovation, data analysis, business model development, energy efficiency, retrofit delivery and social housing engagement. The Expert Assessors were satisfied that the necessary interests are represented, noting that the practical nature of the work appropriately requires direct involvement from landlords and tenants.

The Project is considered to deliver value for money and to be costed competitively. If successful, it would extend flexibility markets to encompass energy efficiency contracting in social housing, creating a new revenue stream to support housing improvements and deliver affordability benefits for low-income households. Over the longer term, the Project could also contribute to network cost savings through improved optimisation of electricity demand, heat pump sizing and low-carbon technology deployment. The proposed costs and market day rates were considered reasonable and proportionate to the scope of work.

The Project has a robust methodology which gives confidence that it will be capable of progressing in a timely manner. The Application presents an extensive and clearly structured Project plan with defined work packages, deliverables and resource allocation, supported by an appropriate governance framework. The Expert Assessors noted the acknowledgement of a key inflection point relating to potential adoption of the retrofit flexibility proposition by Elexon as Market Facilitator, and considered that this has been appropriately recognised within the Project's approach.

Decision from the Office of Gas and Electricity Markets (Ofgem)
FUND
Ofgem agrees with the Expert Assessors and approves this Project for funding. The Project addresses the Innovation Challenge by developing innovative commercial models that enable energy efficiency and demand management in

social housing to participate in flexibility markets, supporting more efficient operation of a Net Zero electricity system. Ofgem considers that the Project has clear potential to deliver net benefits to electricity consumers, promote fair participation in the energy transition, and generate valuable learning through activity that is innovative, appropriately risky, and not achievable through business-as-usual.

Recommended Project-specific conditions

For the first Ofgem Stage Gate review, the criteria must include evidence of engagement with Elexon and confirmation of Elexon's position on the potential adoption of the proposed product or market proposition, including the nature of any dependencies, constraints, or conditions identified.

This Ofgem Stage Gate must align with an internal Project decision point on whether to continue delivery. Where the Funding Party is unable to demonstrate a credible and proportionate pathway to adoption informed by engagement with Elexon, the Project must not progress beyond the Ofgem Stage Gate without further direction from Ofgem.

Prior to the end of Phase meeting, the Funding Party must provide to the Monitoring Officer a commercialisation strategy demonstrating that the Project has considered a range of low-carbon technologies beyond heat pumps. This must include evidence of engagement with alternative technology options, an assessment of how different technologies could participate in the proposed commercial framework, and an explanation of how the relative value, system impacts, and potential risks of market distortion associated with incorporating these technologies have been considered.

6 Innovation Challenge: Enabling power-to-gas (P2G) to provide system flexibility and energy network optimisation

6.1 Overview of Projects

For the Beta Phase under this Innovation Challenge, one Application was submitted to Innovate UK through the Innovation Funding Service (IFS) portal by the closing deadline of 22 October 2025 and is shown below.

Project reference number	Project name	Funding licensee	Total Project costs (£)	Total Project contribution (£)	Total SIF Funding requested (£)	Recommended by Expert Assessors for funding (Yes/No)	Ofgem Decision for funding (Yes/No)
10178999	Hydrogen Cost Reduction (HyCoRe)	Northern Gas Networks Limited	£13,463,961	£1,959,867	£11,504,094	No	No

6.2 Expert Assessors' recommendations on Projects

6.2.1 Project 10166266 – Hydrogen Cost Reduction (HyCoRe)

Submitted Project description
HyCoRe will develop and trial a hybrid plant comprising renewables, energy storage systems, and electrolysers ("the HyCoRe system"), to demonstrate how the system can be used to support gas and electricity networks transition to net-zero, whilst making green hydrogen as economically viable as possible by: • Reducing CAPEX - developing a transferable methodology to estimate plant component size/capacity requirements for any given scenario. • Reducing OPEX - developing an optimised plant control system to minimise component degradation and increase life expectancy. • Generating new revenue streams - combining multiple assets into a single hybrid plant to enhance dispatchability and provide stability services.

Eligibility Criteria met or not met – Expert Assessors' evaluation		**Additional justification**
1: Projects must address the Innovation Challenge set by Ofgem.	Not met	The Expert Assessors did not consider the Project to have met this Eligibility Criterion because while it proposes to develop and trial a hybrid plant combining renewables, energy storage and electrolysers, the Application does not clearly demonstrate how this activity would deliver the system-level transition outcomes sought by the Innovation Challenge. The Expert Assessors commended the core innovation of the Project, which is the development of a control system integrating the hybrid plant assets described in the proposal. While innovation is present, the Expert Assessors did not consider it to be aligned with the whole-system approach required by the Innovation Challenge.

2: Projects must have clearly identified potential to deliver a net benefit to gas or electricity consumers	Not met	The Project does not clearly identify net benefits to energy consumers. While it outlines broad areas where benefits could accrue, it does not attempt to determine how often the proposed solution would be the preferred option compared to electricity network upgrades. The Expert Assessors did not consider it likely that deployment of the hybrid plant would eliminate the need for system upgrades planned by National Grid and the National Energy System Operator. Even assuming the hybrid plant demonstration is successful, implementation would only occur when it is demonstrably more economic than additional network capacity at specific locations. The primary use case for this Project appears to be decarbonisation. However, there is no clear economic justification for this pathway to deliver benefits to network users. There is little crossover between gas and electricity networks, and given the cost and effort involved, there appears to be limited opportunity for widespread deployment.
3: Projects must involve network innovation.	Met	The Expert Assessors consider this Project to involve network innovation because although the proposed assets would be deployed behind the meter, their interaction with electricity and gas networks has the potential to deliver innovative network impacts. These include avoiding or deferring network reinforcement, providing system services, and displacing gas demand through the use of electrolysers to convert electrical energy to hydrogen for storage and use. While the individual technologies are established, the Project brings them

		together in a coordinated hybrid plant that could influence future network operation and planning. The Expert Assessors noted that some proposed use cases offer limited direct consumer benefit, and that the articulation of future system services could have been clearer. However, on balance, the Project was considered to meet this Eligibility Criterion.
4: Projects must not undermine the development of competitive markets.	Met	The Expert Assessors did not consider this Project to undermine the development of competitive markets because the dissemination plans are extensive, and the products include use cases and guidance on how the technology can transition to business as usual for electricity, gas, and water networks. The Expert Assessors noted that, while individual heat pump component parts can be sourced competitively, the Application did not sufficiently demonstrate how the overall solution would avoid the risk of market distortion or the concentration of advantage arising from the integration, control, and optimisation elements of the Project. However the Expert Assessors suggested that the position relating to intellectual property (IP) surrounding controls and optimisation of the heat pump should be kept under review at each Ofgem Stage Gate to ensure this does not become a constraint to subsequent commercialisation of the heat pump concept.
5: Projects must be innovative, novel and/or risky.	Met	The Expert Assessors consider this Project to be innovative, novel, and risky because it aims to develop a packaged plant that does not currently exist and can be applied across a range of use cases. The key innovation lies in the controls and

		optimisation of the hybrid plant assets, which could provide an effective solution for behind-the-meter application.
6: Projects must include participation from a range of stakeholders.	Met	The Expert Assessors consider that the Project includes participation from a sufficient range of stakeholders because it brings together the expertise required for successful delivery. This includes gas, electricity, and water network operators, a catapult, academia, consultancies, and equipment manufacturers. The contribution of each Project Partner to the work within the Project scope is clearly defined. The team assembled for the Project is considered to have the relevant skills and experience for successful delivery. However, two Expert Assessors mentioned that the public will be highly concerned about hydrogen generation and will require reassurance from the Project team that it is safe to host in their neighbourhoods. To address this, a specific dissemination route to the Health and Safety Executive (HSE), facilitated by the consortium would be useful to ensure safety standards are met and communicated effectively. The Expert Assessors also mentioned that the Application could have been strengthened by more gas distribution networks as Project Partners, to ensure that the Application of the solution more widely than Northern Gas Networks' facilities could be considered.
7: Projects must provide value for money and be costed competitively.	Not met	The Expert Assessors did not consider the Project to be delivering value for money and to be costed competitively because the scale of overall Project costs was considered disproportionate to the level of hardware procurement and the

		anticipated benefits, raising concerns about cost efficiency. In particular, the Expert Assessors mentioned that the cost associated with developing the control system which is the most innovative part of the Project seems large compared to industry norms. Additionally, a significant proportion of the budget is allocated to Project management across multiple Project Partners, which the Expert Assessors believe could be streamlined.
8: Projects must be well thought through and have a robust methodology so that they are capable of progressing in a timely manner.	Not met	The Expert Assessors concluded that the Project lacks a sufficiently robust methodology to provide confidence in its ability to progress in a timely manner. While the Application demonstrated detailed planning and strong engagement across all Project Partners, concerns remain regarding the ability to commence the Project as quickly as proposed. The involvement of 12 Project Partners, without a clear overview of how they will effectively work together, introduces complexity that could impact contracting processes. Although reassurances were provided during the interview, the Expert Assessors noted that the stage-gating approach was not fully developed within the Application. They suggested that the proposal could have been strengthened by referencing the overall commercialisation strategy and including evidence required for adoption, rather than focusing solely on technological milestones. The Expert Assessors did, however, commend the Gantt chart and scope descriptions, which were well-structured and comprehensive.

Recommendation to the Office of Gas and Electricity Markets (Ofgem)

DO NOT FUND

The Expert Assessors agree that this Project has not met all the Eligibility Criteria and do not recommend this Application for funding.

The Project was not considered by the Expert Assessors to have addressed the Innovation Challenge because while it proposes to develop and trial a hybrid plant combining renewables, energy storage and electrolysers, the Application does not clearly demonstrate how this activity would deliver the system-level transition outcomes sought by the Innovation Challenge. The Project's focus remains on the demonstration of a specific technology configuration, rather than on enabling strategic transition planning or operational change across the electricity and gas systems.. Although the core innovation of integrating hybrid plant assets through a control system was commended, this was not considered sufficiently aligned with the whole-system outcomes required.

The Project was not considered by the Expert Assessors to have clearly identify a net benefit to energy consumers. While the Application outlines broad areas where benefits could accrue, it does not provide a clear or credible assessment of how often the proposed solution would represent the preferred option compared to traditional electricity network upgrades. The suggestion that deployment of the hybrid plant could eliminate the need for planned system upgrades by National Grid and NESO was considered unlikely. Even if the demonstration were successful, the Expert Assessors considered that implementation would only occur in limited circumstances where the solution is demonstrably more economic than additional network capacity. The primary use case appears to be decarbonisation, but the Application does not present a clear economic justification for this pathway to deliver benefits to network users. Given the limited crossover between gas and electricity networks, alongside the cost and complexity involved, the Expert Assessors considered there to be limited scope for widespread deployment and anticipated fewer viable Applications than suggested by the Project team.

The Project is considered to involve network innovation because, although the assets would be deployed behind the meter, their interaction with networks could result in innovative outcomes such as avoiding reinforcement, providing system

services, and displacing gas demand. However, the Expert Assessors noted that not all aspects of the proposal involve network innovation. In particular, some use cases, such as pre-heating of natural gas during the transition to Net Zero and wastewater operations, were not considered to deliver a direct benefit to energy consumers. While some proposed use cases were considered to offer limited direct consumer benefit and the articulation of future system services could have been clearer, on balance the Expert Assessors considered this Eligibility Criterion to be met.

The Project is not considered to undermine the development of competitive markets, as the dissemination plans are extensive and include guidance on how the technology could transition to business as usual across electricity, gas and water networks. The Expert Assessors noted that, while individual heat pump component parts can be sourced competitively, the Application did not sufficiently demonstrate how the overall solution would avoid the risk of market distortion or the concentration of advantage arising from the integration, control, and optimisation elements of the Project.

The Project is considered innovative, novel and risky because it aims to develop a packaged hybrid plant that does not currently exist and could be applied across a range of use cases. The key innovation lies in the control and optimisation of the hybrid plant assets, which could provide an effective solution for certain behind-the-meter Applications. However, this innovation was not considered sufficient to offset the weaknesses identified against other Eligibility Criteria.

The Project includes participation from a sufficient range of stakeholders, bringing together gas, electricity and water network operators, a Catapult, academia, consultancies and equipment manufacturers, with clearly defined Project Partner roles. The Expert Assessors considered the team to have the relevant skills and experience for delivery. However, they noted that public concern around hydrogen generation would require careful management, and that more explicit engagement with the Health and Safety Executive would strengthen confidence in safety assurance. The Expert Assessors also noted that the Application could have been strengthened by the inclusion of additional gas distribution network Project

Partners to support consideration of wider applicability beyond the lead organisation's facilities.

The Project is not considered to deliver value for money or to be costed competitively. The Expert Assessors noted that the overall Project cost appeared high relative to the scale of hardware procurement and the anticipated system benefits. In particular, the cost associated with developing the control system, identified as the most innovative component, was considered disproportionate when compared with industry norms. The Expert Assessors also raised concerns about the significant proportion of the budget allocated to Project management across multiple Project Partners, which they considered could be streamlined.

The Project does not have a sufficiently robust methodology to give confidence that it would be capable of progressing in a timely manner. While the Application demonstrated detailed planning and strong Project Partner engagement, the involvement of a large consortium introduces delivery complexity that could impact contracting and stage-gating. The Expert Assessors noted that the stage-gating approach was not fully developed and that the Application would have been strengthened by clearer reference to the overall commercialisation strategy and the evidence required for adoption, rather than focusing predominantly on technological milestones. Although the Gantt chart and scope descriptions were commended as well-structured and comprehensive, these strengths were not sufficient to address the broader concerns around delivery confidence.

Decision from the Office of Gas and Electricity Markets (Ofgem)

DO NOT FUND

Ofgem agrees with the Expert Assessors and does not approve this Project for funding.

The Project does not sufficiently address the Innovation Challenge. Ofgem considers that the Application does not demonstrate a clear line of sight between the proposed activities and the whole-system outcomes sought by the Innovation Challenge. While the Project focuses on behind-the-meter applications and decarbonisation objectives, it does not adequately explain how these activities would translate into system-level flexibility, ancillary services, or wider network

benefits. As a result, Ofgem is not satisfied that the Project aligns with the whole-system approach required by the Innovation Challenge.

The Project does not clearly identify a net benefit to electricity and gas consumers. Ofgem notes that, although the Application describes potential areas of benefit, it does not set out a sufficiently robust basis for understanding when or where the proposed solution would represent a preferable alternative to conventional network reinforcement. In particular, the case studies presented focus primarily on water-treatment sites, which limits confidence in the relevance and scalability of the proposed benefits for wider consumer or network contexts. The Application does not provide convincing evidence to support claims that the hybrid plant could materially reduce or avoid planned system upgrades by National Grid or the National Energy System Operator. Ofgem considers that any deployment would likely be limited to a small number of specific locations, and therefore does not see a clear or scalable pathway to consumer benefit.

The Project is considered to involve network innovation. Ofgem considers that, although the proposed assets would be deployed behind the meter, their interaction with electricity and gas networks has the potential to deliver innovative network outcomes, including avoiding or deferring reinforcement, providing system services, and informing future approaches to network operation and planning. While not all proposed use cases deliver direct or immediate consumer benefits, the Project's exploration of how coordinated hybrid assets could interact with network constraints represents an innovative departure from business-as-usual network practice.

The Project does not undermine the development of competitive markets. Ofgem notes the intention to disseminate learnings and support transition to business as usual across electricity, gas and water networks. However, Ofgem considers that careful oversight of intellectual property arrangements relating to control and optimisation systems would be required to ensure these do not constrain future commercialisation or wider market participation.

Ofgem does not consider that the Project demonstrates value for money or has been costed competitively. The overall level of Project expenditure appears disproportionate to the scale of physical assets involved and the level of system

benefit evidenced in the Application. Ofgem also has concerns regarding the proportionality of expenditure associated with control system development and the extent of Project management costs across multiple Project Partners.

Ofgem is not satisfied that the Project has a sufficiently robust methodology to provide confidence in timely and effective delivery. The size and complexity of the consortium introduce delivery and coordination risks, and the Application does not set out a sufficiently developed approach to stage-gating, risk management, or commercialisation to mitigate these risks. Taken together, these factors limit Ofgem's confidence in the Project's ability to deliver its intended outcomes.

Recommended Project-specific conditions
N/A

7 Innovation Challenge: Consumer-centric grid expansion

7.1 Overview of Projects

For the Beta Phase under this Innovation Challenge, one Application was submitted to Innovate UK through the Innovation Funding Service (IFS) portal by the closing deadline of 22 October 2025 and is listed below.

Project reference number	Project name	Funding licensee	Total Project costs (£)	Total Project contribution (£)	Total SIF Funding requested (£)	Recommended by Expert Assessors for funding (Yes/No)	Decision by Ofgem for funding (Yes/No)
10179252	Nature4Networks	Scottish Hydro Electric Power Distribution plc	8,992,754	1,100,366	7,892,388	Yes	Yes
10179044	Pathways to 2050	Scottish Hydro Electric Power Distribution plc	11,039,669	1,103,993	9,935,676	Yes	Yes
10179016	Wayl-ease	UK Power Networks (Operations) Limited	3,942,002	460,652	3,481,350	Yes	Yes

7.2 Expert Assessors' recommendations on Projects

7.2.1 Project 10179252 - Nature4Networks

Submitted Project description
The Nature4Networks Project is pioneering real-world demonstrators that prove nature-based solutions (NbS) can meet engineering needs while delivering climate resilience, biodiversity gains, and community benefits With growing momentum and regulatory support, the next Phase will trial scalable NbS on live assets, develop funding models, and embed nature into infrastructure planning. By leveraging utility-owned land and aligning with stakeholders - from regulators to local authorities - this initiative will also explore how coordinated, landscape-scale investments can unlock shared value. Nature4Networks will create a blueprint for how utilities can lead the shift to sustainable, collaborative, and future-ready networks.

Eligibility Criteria met or not met – Expert Assessors' evaluation		**Additional justification**
1: Projects must address the Innovation Challenge set by Ofgem.	Met	The Expert Assessors considered this Project to have addressed the Innovation Challenge because it explores and demonstrates novel nature-based solutions (NbS): sustainable drainage system for water management at substation, thorny planting for protecting asset, bioswales for secondary oil containment at transformers and linear woodland for protecting overhead cable. It would do so by evaluating the use of natural solutions within or around networks to provide resilience benefits as well as social and economic benefits such as visual amenity and biodiversity (among others). The Expert Assessors queried public acceptance as part of the Innovation Challenge during the interview,

		where consortium members provided assurance that this is similar to what has been done in other Projects.
2: Projects must have clearly identified potential to deliver a net benefit to gas or electricity consumers	Met	The Expert Assessors considered this Project to have clearly identified potential to deliver a net benefit to electricity consumers because it will support the resilience of electricity networks and reduce running costs through implementation of NbS with the potential to extend these benefits to other utilities through wider adoption. While Expert Assessors had some reservations about the overall cost of the Project, they recognise that there is potential to open up co-investment opportunities from other stakeholders who may derive benefits from NbS, provided Ofgem are enthusiastic about co-investment models.
3: Projects must involve network innovation.	Met	The Expert Assessors considered this Project to involve network innovation because it is trialling and seeking to roll out NbS to provide new approaches for electricity asset resilience and visual amenity. The benefits of NbS have not yet been explored for providing network resilience and other benefits for network planners, and this Project aims to add these measures into the available toolset.
4: Projects must not undermine the development of competitive markets.	Met	The Expert Assessors did not consider this Project to be undermining the development of competitive markets because it seeks to add new solution options to networks to compete with existing business-as-usual measures. The Project also has the potential to create new competitive markets for NbS for network companies and other utilities, and

		the solutions can be competed for on a site by site and case by case basis.
5: Projects must be innovative, novel and/or risky.	Met	The Expert Assessors considered the Project to be innovative and risky because these Nbs are not currently available to infrastructure planners, and bioswales have never been used in the UK for this purpose. This makes it a new innovation and therefore risky, as it may not deliver the benefits proposed or could be too costly. Additional risks are around the analysis of Project costs, and the stakeholder and partnership model, where electricity customers are paying for the initial research to demonstrate the benefits of NbS, and multiple regulators will need to approve this method. Finally, there is a risk that the Project could challenge existing engineering standards and would require buy-in from internal operational teams.
6: Projects must include participation from a range of stakeholders.	Met	The Expert Assessors considered this Project to include participation from a sufficient range of stakeholders for this Eligibility Criterion to be met because it is being delivered by a strong Project team with subject matter expertise and impact and stakeholder expertise, as well as an engaged network to underpin adoption. The Project also has plans for actively engaging with landowners and other utilities. Additionally, the Project has already engaged with stakeholders and includes an entire work package dedicated to further engagement and investment models. Expert Assessors noted that the inclusion of other stakeholders, including other DNOs and Ofgem, will be crucial to the Project's success - not only within the Project but beyond business-as-usual.

7: Projects must provide value for money and be costed competitively.	Met	The Expert Assessors considered the Project to be delivering value for money and be costed competitively because the costs reflect the scale of the team, the comprehensive analysis of sites, the undertaking of works, and the ongoing analysis of benefits. Following the interview, the Expert Assessors agreed that SSEN have provided reassurance that due diligence has been carried out on all costings. While some day rates are notably high, these are typical commercial rates with discounts from relevant organisations.
8: Projects must be well thought through and have a robust methodology so that they are capable of progressing in a timely manner.	Met	The Expert Assessors considered the Project to have a robust methodology which gives confidence to the Expert Assessors that it will be capable of progressing in a timely manner because there is a detailed and thorough project plan, clear project management governance in place, delineation of roles and responsibilities, and well-balanced Project partnership. The Expert Assessors recognise the importance of ensuring that impact monitoring beyond the Project is well thought through.

Recommendation to the Office of Gas and Electricity Markets (Ofgem)
FUND
The Expert Assessors agree that this Project has met the Eligibility Criteria and recommend this Application for funding. The Project addresses the Innovation Challenge because it explores and demonstrates novel nature-based solutions (NbS) within electricity networks, including sustainable drainage systems for water management at substations, thorny planting for asset protection, bioswales for secondary oil containment at transformers, and linear woodland for protecting overhead cables. The Project

seeks to evaluate how natural solutions can be deployed within and around network assets to deliver resilience benefits alongside wider social, environmental and economic benefits, such as improved visual amenity and biodiversity. The Expert Assessors queried public acceptance during the interview and were satisfied, based on evidence provided by consortium members, that similar approaches have been successfully applied in other contexts.

The Project has a clearly identified potential to deliver a net benefit to electricity consumers because it could improve network resilience and reduce ongoing operating and maintenance costs through the Application of NbS. The Expert Assessors also noted the potential for these benefits to extend beyond electricity networks through wider adoption by other utilities. While some reservations were raised regarding the overall cost of the Project, the Expert Assessors recognised the potential for co-investment from other stakeholders who may benefit from NbS, provided that supportive co-investment models are developed.

The Project involves network innovation because it trials and seeks to enable the roll-out of NbS as alternative approaches to improving electricity asset resilience and visual amenity. The Expert Assessors considered that the Application of NbS for network resilience and planning purposes has not been widely explored to date, and that the Project would add new options to the toolset available to network planners.

The Project is not considered to undermine the development of competitive markets because it introduces new solution options that can compete with existing business-as-usual measures. The Expert Assessors noted that the Project could help stimulate new competitive markets for NbS for network companies and other utilities, with solutions capable of being procured on a site-by-site and case-by-case basis.

The Project is considered innovative, novel and risky because the proposed Nbs are not currently available to infrastructure planners, and some elements, such as the use of bioswales for this purpose, have not previously been deployed in the UK. The Expert Assessors noted delivery risks, including uncertainty around costs, the need for coordination across multiple stakeholders and regulators, and the

potential challenge to existing engineering standards requiring internal operational buy-in. However, these risks were considered appropriate for innovation funding.

The Project includes participation from a sufficient and appropriate range of stakeholders. The consortium brings together strong subject matter expertise, impact and stakeholder engagement capability, and an engaged network operator to support adoption. The Project also includes active engagement with landowners and other utilities, with a dedicated work package focused on stakeholder engagement and the development of investment models. The Expert Assessors noted that continued engagement with other distribution network operators and Ofgem will be important to support adoption beyond the Project and transition into business as usual.

The Project is considered to deliver value for money and to be costed competitively. While initial concerns were raised about the overall Project cost, the Expert Assessors were satisfied following the interview that the costs reflect the scale of the consortium, the comprehensive site analysis, the undertaking of physical works, and the ongoing assessment of benefits. The Expert Assessors agreed that the consortium is strong and noted SSEN's assurance that appropriate due diligence has been undertaken on costings. Although some day rates were considered high, these were judged to be typical commercial rates with appropriate discounts applied, and inflation assumptions were transparently incorporated into labour costs.

The Expert Assessors considered the Project to have a robust methodology that gives confidence it will be capable of progressing in a timely manner. This view is supported by the presence of a detailed and coherent project plan, clear project management and governance arrangements, well-defined roles and responsibilities, and a balanced consortium with appropriate expertise across the Project Partners. The Expert Assessors also recognised the importance of ensuring that arrangements for monitoring and maintaining impacts beyond the Project are clearly considered as the Project progresses.

Decision from the Office of Gas and Electricity Markets (Ofgem)
FUND

Ofgem agrees with the Expert Assessors and approves this Project for funding. The Project addresses the Innovation Challenge by testing nature-based solutions as alternative approaches to electricity network resilience, with potential to deliver system, environmental and social benefits beyond business-as-usual engineering solutions. Ofgem considers that the Project has clear potential to deliver net benefits to electricity consumers through improved resilience and reduced operating costs, while also generating wider system value through replication and co-investment opportunities. The Project is innovative and appropriately risky, expands the network planning toolkit in a way not previously applied in Great Britain, and does not undermine competitive markets. Ofgem is satisfied that the Project includes an appropriate range of stakeholders, represents value for money, and has a robust methodology capable of delivering meaningful learning and outcomes in a timely manner.

Recommended Project-specific conditions

Prior to the Project kick-off meeting, the Funding Party must provide to the Monitoring Officer a plan outlining how the Project will engage regularly with Ofgem to explore potential cross-utility and cross-regulatory funding and investment models for the future deployment of nature-based solutions.

Prior to the first Quarterly Review Meeting, the Funding Party must identify all subcontractors and framework suppliers required for delivery of the Project. Once identified, the Funding Party must confirm to the Monitoring Officer that these parties have been onboarded and provided with a clear understanding of the Project objectives, scope and delivery expectations.

As part of the Annual Report, the Funding Party must provide to the Monitoring Officer an Impact Monitoring Report. This report must set out how the nature-based solutions implemented during the Project will be maintained and monitored beyond the Project end date, informed by the evidence and learning generated through the Project.

The Funding Party must provide six-monthly stakeholder engagement updates to the Monitoring Officer. These updates must include details of engagement with other distribution network operators, gas networks, other regulated utilities,

landowners, customers, and Ofgem, and explain how feedback and learning from these stakeholders has informed Project delivery.

7.2.2 Project 10179044 - Pathways to 2050

Submitted Project description
Pathways to 2050 is an SSEN-led innovation Project creating a new, consumer-centric approach to planning and delivering low-voltage (LV) network upgrades. Using existing datasets, digital models and automated "scorecards" for every substation, Pathways forecasts demand growth, prioritises investment and clusters works for efficiency. Local Pathways Plans will show when and where upgrades or flexibility are needed, helping communities understand and shape decisions. The Project will cut costs, speed up EV and heat pump connections, and ensure every consumer can decarbonise fairly - supporting a just, efficient and transparent transition.

Eligibility Criteria met or not met – Expert Assessors' evaluation		**Additional justification**
1: Projects must address the Innovation Challenge set by Ofgem.	Met	The Expert Assessors considered this Project to have addressed the Innovation Challenge because it proposes a consumer-centred, coordinated approach to future LV network planning - combining reinforcement, flexibility and meaningful customer engagement. It offers an innovative, community-informed pathway and supports Ofgem's long-term LV efficiency goals, and demonstrates the potential for step-change DSO/DNO approaches to identifying where upgrades or flexibility are needed.
2: Projects must have clearly identified potential to deliver a	Met	The Expert Assessors considered this Project to have identified a clear benefit for gas and electricity consumers through reducing future network costs and reinforcement needs. The Project os

net benefit to gas or electricity consumers		expected to improve delivery times and service quality, and to increase the efficiency of LV upgrades via better contractor and supply-chain utilisation. The Expert Assessors also noted the potential to reduce LV planning effort and delays, and to reduce failures and unplanned interventions through a consumer-centred approach. In addition the Project is expected to enhance environmental sustainability by enabling timely low-carbon connections, and establishing a measurable, community-based engagement process that delivers tangible benefits at a local level.
3: Projects must involve network innovation.	Met	The Expert Assessors considered this Project to involve network innovation because it integrates long-term network investment planning with real-time data and customer co-design to optimise future EV and heat pump readiness, an approach not currently supported by other networks.
4: Projects must not undermine the development of competitive markets.	Met	The Expert Assessors did not consider this Project to be undermining the development of competitive markets because it introduces an open, common framework for consumer-centric LV planning, with all tools, methods, and datasets published under open standards to ensure no organisation gains commercial advantage and competition is not restricted.
5: Projects must be innovative, novel and/or risky.	Met	The Expert Assessors considered the Project to be innovative and risky because it combines long-term LV planning, live data, and consumer engagement in a novel bottom-up approach, aims to turn millions of data points into actionable local investment plans. The ambition and scale of the approach, alongside uncertainty

		around data quality, coordination, and practical implementation, contribute to the overall level of risk.
6: Projects must include participation from a range of stakeholders.	Met	The Expert Assessors considered this Project to include participation from a sufficient range of stakeholders because the consortium brings expertise in data science, regulatory strategy, community engagement, and network planning, with stakeholder engagement embedded in work packages and extended through Project Partners such as the National Farmers Union for rural outreach.
7: Projects must provide value for money and be costed competitively.	Met	The Expert Assessors considered the Project to be delivering value for money and be costed competitively because it is expected to generate £2.72 billion in savings by 2050 through halving LV planning effort and accelerating decisions, requires no new physical equipment, uses SSEN's secure cloud environment, and allocates costs reasonably across essential Project Partners and regulated community engagement.
8: Projects must be well thought through and have a robust methodology so that they are capable of progressing in a timely manner.	Met	The Project has a robust methodology which gives confidence that it will be capable of progressing in a timely manner because it is supported by a comprehensive Project plan, clear milestones, and a detailed risk register; employs established Project management practices such as RAID logs and Gantt charts; defines roles and responsibilities for all Project Partners; and includes governance structures and risk mitigation processes, although attention should be given to the potential risk of first-time collaboration and reliance on early definition stages.

Recommendation to the Office of Gas and Electricity Markets (Ofgem)
FUND
The Expert Assessors agree that this Project has met the Eligibility Criteria and recommend this Application for funding. The Project addresses the Innovation Challenge because it proposes a consumer-centred and coordinated approach to future low-voltage (LV) network planning that brings together reinforcement, flexibility and meaningful customer engagement. The Expert Assessors considered that this approach aligns well with the Innovation Challenge on consumer-centric grid solutions, supports Ofgem's longer-term objectives for improving LV efficiency, and demonstrates the potential for a step change in how distribution networks identify where upgrades or flexibility interventions are required. The Project has a clearly identified potential to deliver benefits for gas and electricity consumers. The Expert Assessors considered that the proposed approach could reduce future network costs and reinforcement needs, improve delivery times and service quality, and increase the efficiency of LV upgrades through better use of contractors and supply chains. Additional benefits include reduced planning effort and delays, fewer failures and unplanned interventions through earlier and more targeted engagement, improved environmental outcomes by enabling timely low-carbon connections, and the establishment of a measurable, community-based engagement process that delivers tangible local benefits where network upgrades take place. The Project involves network innovation because it integrates long-term network investment planning with live data and customer co-design to optimise future readiness for electric vehicles and heat pumps. The Expert Assessors noted that this represents a departure from current practice and is not currently supported by other network operators. The Project is not considered to undermine the development of competitive markets because it proposes an open and common framework for consumer-centric LV planning. The Expert Assessors noted that tools, methods and datasets

will be published under open standards, ensuring no organisation gains an undue commercial advantage and that competition is not restricted.

The Project is considered innovative, novel and risky because it combines long-term LV planning, real-time data and community engagement in a bottom-up approach that seeks to translate large volumes of data into actionable local investment plans. The Expert Assessors also noted the ambition and uncertainty associated with a straight-to-Beta delivery model and a consortium that has not previously worked together in this configuration.

The Project includes participation from a sufficient and appropriate range of stakeholders. The Expert Assessors considered that the consortium brings together expertise in data science, regulatory strategy, community engagement and network planning, with stakeholder engagement embedded within the work packages and extended through Project Partners such as the National Farmers Union to support rural outreach.

The Project is considered to deliver value for money and to be costed competitively. The Expert Assessors noted the expectation of significant long-term savings through reduced LV planning effort and faster decision-making, the absence of new physical equipment requirements, the use of existing secure cloud infrastructure, and the reasonable allocation of costs across essential Project Partners and regulated community engagement activities.

The Project has a robust methodology that gives confidence it can progress in a timely manner. The Expert Assessors noted the comprehensive Project plan, clear milestones and detailed risk register, alongside established Project management practices, clearly defined Project Partner roles and responsibilities, and appropriate governance and risk mitigation arrangements. While some delivery risk remains due to first-time collaboration and reliance on early definition stages, these were considered manageable within the proposed approach.

Decision from the Office of Gas and Electricity Markets (Ofgem)
FUND

Ofgem agrees with the Expert Assessors and approves this Project for funding. The Project addresses the Innovation Challenge by introducing a consumer-centred, coordinated approach to future low-voltage network planning that integrates reinforcement, flexibility and meaningful engagement, supporting more efficient and transparent LV decision-making. Ofgem considers that the Project has clear potential to deliver consumer and system benefits through reduced network costs, improved delivery and service quality, and more timely connection of low-carbon technologies. The Project is innovative and appropriately risky, combining long-term planning, live data and customer co-design in a way that goes beyond business-as-usual, while remaining open and non-distortive to competitive markets. Ofgem is satisfied that the Project includes an appropriate range of stakeholders, represents value for money, and has a robust methodology capable of timely delivery.

Recommended Project-specific conditions

The Funding Party must realign the Ofgem Stage Gates to occur at six (6), eighteen (18), and thirty (30) months from the Project Start Date. The Project must not progress beyond each Ofgem Stage Gate unless the criteria set out below, and any other reasonable requirements notified by the Monitoring Officer, have been satisfied to the satisfaction of the Monitoring Officer.

1 Ofgem Stage Gate 1 – six (6) months from Project Start Date

At Ofgem Stage Gate 1, the Funding Party must provide evidence to the Monitoring Officer that the following outputs have been delivered:

a) a report consolidating learning from relevant previous Projects, demonstrating insights equivalent to an Alpha Phase and evidencing a clear understanding of the challenges, diversity and complexity associated with replicating the approach across multiple distribution network operator licence areas;

b) a proof of concept for the asset scorecard, reflecting outputs that would typically be expected at the Alpha Phase;

c) a comprehensive mapping of stakeholder groups beyond the existing Project Partners, including (but not limited to) regional industrial bodies, transport and logistics groups requiring higher-voltage connections, local authorities,

community bodies, and large campus sites (such as NHS, MOD and universities), together with confirmation that a Project advisory board has been established to inform how local plans will interface with asset scorecards; and

d) an assessment of potential consumer and system benefits, setting out:

- the benefits where rollout is limited to the Funding Party's licence area; and
- the benefits where rollout is extended to the Funding Party and other initially engaged organisations.

Ofgem Stage Gate 2 – eighteen (18) months from Project Start Date

At Ofgem Stage Gate 2, the Funding Party must demonstrate to the Monitoring Officer:

a) progress in the technical development and delivery of the asset scorecard;

b) progress in engagement with local actors and local planning processes, recognising that while delivery of the scorecard sits with network companies, engagement with local decarbonisation plans often sits outside their direct control;

c) evidence of engagement with organisations that could support local actor and local plan engagement, including (where relevant) initiatives such as Great British Energy's Local Power Plan; and

d) a clear explanation of how technical development of the asset scorecard is being integrated with engagement activity, taking account of the dependencies and constraints identified under (b).

Ofgem Stage Gate 3 – thirty (30) months from Project Start Date

Prior to completion of the Project and for the purposes of considering transition to business-as-usual, the Funding Party must provide to the Monitoring Officer a summary of discussions with Ofgem and other relevant stakeholders regarding the potential for wider rollout and, where appropriate, the potential for mandating the Project's outputs across Great Britain energy networks.

7.2.3 Project 10179016 - Wayl-ease

Submitted Project description
As the UK moves toward greater electrification, substantial investment in grid expansion and maintenance is essential to achieve Net Zero targets. However, current complexities involved in securing consents can lead to significant delays to vital work. Gaining consent from landowners to install, maintain, and upgrade the network is essential for network operators. Wayl-Ease proposes to create a digital platform that simplifies wayleave agreements using AI and geospatial mapping. By creating a novel, data-led process to allow landowners to self-serve, Wayl-Ease will facilitate improved planning, faster network transformation and more informed customers, and support timely infrastructure expansion aligned with local priorities.

Eligibility Criteria met or not met – Expert Assessors' evaluation		Additional justification
1: Projects must address the Innovation Challenge set by Ofgem.	Met	The Expert Assessors considered this Project to have addressed the Innovation Challenge because it contributes towards customer engagement and public acceptance strategies through an efficient and innovative digital tool to facilitate the setup of new wayleave agreements. They noted that there will be greater need for consumer engagement and acceptance as we build more network in coming years to meet Net Zero and Clean Power 2030 challenges. However, one Expert Assessor did not consider this Project to have addressed the Innovation Challenge because they considered that the Project simply trying to capture legal process and

		streamline the wayleave process by developing a digital system.
2: Projects must have clearly identified potential to deliver a net benefit to gas or electricity consumers	Met	The Expert Assessors considered this Project to have clearly identified potential to deliver a net benefit to electricity consumers because the successful rollout of Wayl-Ease tool can reduce the cost and time associated with wayleave work for DNOs, save consumer time and potentially increase financial payments for landowners by removing the costs to intermediaries. They also noted that during the interview the Project clarified further on consumer time saving, how the tool could help foster consumer trust by empowering landowners and avoiding intermediaries.
3: Projects must involve network innovation.	Met	The Expert Assessors considered this Project to involve network innovation because it automates the traditionally manual wayleave agreement and payment process through the use of AI-based asset recognition, digital contracting and geospatial mapping techniques while also improving transparency between landowners and electricity networks.
4: Projects must not undermine the development of competitive markets.	Met	The Expert Assessors did not consider this Project to be undermining the development of competitive markets because wayleave agreements are not revenue generating and there are no activities in the Project that will prevent other networks from procuring similar services, if required. The Expert Assessors raised the importance of ensuring fair and open sharing of the Project's outputs. In particular, they highlighted the need for

		the functional specification of the Wayl-Ease tool, including its purpose, platform scope, process and technical requirements, data integration, digital contracting, data management, and user requirements, as well as its non-functional requirements such as security, privacy, interoperability, and governance, to be made available to other network operators to support wider adoption and avoid the creation of undue advantage.
5: Projects must be innovative, novel and/or risky.	Met	The Expert Assessors considered the Project to be innovative and risky because application of AI to identify network assets from customer photographs represents novel and ambitious application of existing technology. The user adoption, the speed of uptake, and the platform's ability to deliver the full range of expected features presents risks. Additionally, transitioning from a traditionally manual wayleave process to a digital contracting system may face resistance from landowners.
6: Projects must include participation from a range of stakeholders.	Met	The Expert Assessors considered the Project Partners to be sufficient for the Project because the team has most of the required skills and experience, and the Project has identified key stakeholders, engaged with them in previous Phases, and included tasks in the current Phase to continue stakeholder identification and engagement. The Expert Assessors noted the absence of a transmission network operator and other distribution network operators within the consortium. They raised concerns that broader engagement

		would be important to support wider applicability and future adoption of the Project's outputs. In particular, the Expert Assessors highlighted the need for the Project to actively engage with other DNOs, transmission owners and relevant utilities, and to maintain clear visibility of how this engagement informs the Project as it progresses.
7: Projects must provide value for money and be costed competitively.	Met	The Expert Assessors considered the Project to be delivering value for money because the anticipated benefits outweigh the costs, the Wayl-Ease solution has potential for deployment across other DNOs, and the overall costs appear reasonable. Following the interview the Expert Assessors had an even stronger impression of value for money due to significant saving on development costs, with Tata Consultancy Services undertaking most of their work offshore at around a quarter of the UK rate.
8: Projects must be well thought through and have a robust methodology so that they are capable of progressing in a timely manner.	Met	The Expert Assessors considered the Project to have a robust methodology which gives confidence to the Expert Assessors that it will be capable of progressing in a timely manner because Project management resource is assigned, tasks are described at work package 1 with deliverables and success criteria for all five work packages, the Gantt chart appears thorough, and risks are identified with mitigations. Following feedback from the Expert Assessors during the written assessment Phase, the Project added an initial Ofgem Stage Gate, Ofgem Stage Gate 0, which strengthened the overall Project plan. During the interview, the Project team clarified that the success

		criteria for Ofgem Stage Gate 0 include satisfactory completion of user testing on the wireframe and obtaining feedback from customers. The interview also demonstrated strong collaboration and teamwork within the Project team.

Recommendation to the Office of Gas and Electricity Markets (Ofgem)
FUND
The Expert Assessors agree that this Project has met the Eligibility Criteria and recommend this Application for funding. The Project addresses the Innovation Challenge because it seeks to improve customer engagement and public acceptance through the development of an efficient and innovative digital tool to facilitate the establishment of new wayleave agreements. The Expert Assessors noted that as network build accelerates to meet Net Zero and Clean Power 2030 objectives, there will be an increasing need for improved approaches to consumer engagement and acceptance. While one Expert Assessor considered that the Project primarily digitises an existing legal process rather than addressing a broader innovation challenge, the majority view was that streamlining and modernising the wayleave process represents a meaningful contribution to addressing future network delivery challenges. The Project has a clearly identified potential to deliver a net benefit to electricity consumers because the successful rollout of the Wayl-Ease tool could reduce the cost and time associated with wayleave activities for distribution network operators, reduce administrative burden for landowners, and potentially increase the proportion of wayleave payments received by landowners through the removal of intermediaries. The Expert Assessors noted that interview responses provided additional clarity on consumer time savings, how the tool could foster trust by empowering landowners. The Project involves network innovation because it automates a traditionally manual and paper-based wayleave agreement and payment process using AI-based asset recognition, digital contracting, and geospatial mapping. The Expert Assessors considered that improving transparency and efficiency in interactions

between landowners and electricity networks represents a novel application of digital technologies within network operations.

The Project is not considered to undermine the development of competitive markets because wayleave agreements are not revenue-generating activities and the Project does not prevent other network operators from procuring or developing similar solutions. To support fair access to learning and outputs, the Expert Assessors recommended a condition requiring the Project to make available to other network operators both the functional specification of the Wayl-Ease tool, including scope, processes, technical and data requirements, and the non-functional requirements such as security, privacy, interoperability and governance.

The Project is considered innovative, novel and risky because it applies AI to identify network assets from customer-submitted photographs, which the Expert Assessors viewed as an ambitious and novel use of existing technology. Risks were identified around user adoption, the pace of uptake, and the platform's ability to deliver its full range of intended features. The transition from a long-established manual wayleave process to a digital contracting approach was also recognised as potentially challenging due to possible resistance from landowners.

The Project includes participation from a sufficient range of stakeholders. The Expert Assessors considered that the consortium brings together most of the skills and experience required for delivery, has identified key stakeholders, and has demonstrated ongoing engagement from earlier Phases. However, the absence of a transmission network operator and other DNOs within the consortium was noted. As a result, the Expert Assessors recommended a condition requiring regular updates to the Monitoring Team on engagement with other DNOs, transmission owners and relevant utilities.

The Project is considered to deliver value for money and to be costed competitively. The Expert Assessors considered that the anticipated benefits outweigh the costs, that the solution has potential for deployment across other DNOs, and that overall costs are reasonable. Following the interview, the Expert Assessors' confidence in value for money increased due to significant savings

achieved through offshore development, with Tata Consultancy Services delivering a substantial proportion of work at a lower cost than typical UK rates.

The Project has a robust methodology which gives confidence that it will be capable of progressing in a timely manner. The Expert Assessors noted that Project management resources are in place, tasks and deliverables are clearly defined across the work packages, the Gantt chart is thorough, and key risks have been identified with appropriate mitigations. The introduction of Ofgem Stage Gate 0 in response to written assessment feedback further strengthened the delivery approach, and interview responses confirmed clear success criteria, including user testing of the wireframe and incorporation of customer feedback.

Decision from the Office of Gas and Electricity Markets (Ofgem)

FUND

Ofgem agrees with the Expert Assessors and approves this Project for funding.

The Project addresses the Innovation Challenge by modernising the wayleave process through digital tools that improve customer engagement, transparency and public acceptance, supporting faster and lower-cost network delivery as network build accelerates to meet Net Zero objectives. Ofgem considers that the Project has clear potential to deliver net benefits to electricity consumers through reduced operating costs and delivery delays, while improving customer experience. The Project is innovative and appropriately risky, applying AI and digital contracting to a traditionally manual process, does not undermine competitive markets, and includes suitable arrangements for wider engagement and replication. Ofgem is satisfied that the Project represents value for money and has a robust methodology capable of delivering timely outcomes and supporting transition to business as usual.

Recommended Project-specific conditions

Prior to the End of Phase meeting, the Project must make available to other network operators the following documentation relating to the Wayl-Ease tool:
a) the functional specification, including the tool's purpose, platform scope, process and technical requirements, data integration requirements, digital

contracting process, data management requirements, and user requirements; and

b) the non-functional requirements, including security, privacy, interoperability, and the proposed governance structure.

On a six-monthly basis, the Funding Party must provide updates to the Monitoring Officer detailing engagement with other distribution network operators, transmission owners, and relevant utilities. Each update must describe the purpose of the engagement, the methods used, the outcomes achieved, and the impact of that engagement on the Project's development and delivery.

On a six-monthly basis, the Funding Party must provide updates to the Monitoring Officer on the consumer benefits arising from the Wayl-Ease solution. These updates must explain how distribution network operator cost savings are expected to be realised and how such savings could be redistributed to electricity consumers.