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Email: Marzia.Zafar@ofgem.gov.uk

Date: 31 July 2026

Dear Northern Powergrid (Northeast) Limited,
**Strategic Innovation Fund – Approval of the Material Change request for
NPG/Power Wheels**

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

On 1st February 2026, Northern Powergrid (Northeast) Limited was awarded SIF Funding for Power Wheels (the Project).² Further to this decision, Ofgem³ issued a SIF Project Direction.⁴

On 28th July 2026 Northern Powergrid (Northeast) submitted a Material Change request for the Project to the Authority. The Material Change request was submitted due to:

- Change to scope or length of deliverables.

Ofgem's review

As set out in chapter 1 of the SIF Governance Document, Ofgem is the decision-maker in the SIF. Furthermore, as set out in chapter 8, Ofgem will consider Material Changes in

¹<https://www.ofgem.gov.uk/sites/default/files/2026-06/ED2%20SIF%20Governance.pdf>

² [Strategic Innovation Fund: Cycle 4 projects funding decisions | Ofgem](#)

³ The terms the "Authority", "Ofgem", "we" and "us" are used interchangeably in this document. The Authority refers to the Gas and Electricity Markets Authority. Ofgem is the Office of the Gas and Electricity Markets Authority.

⁴ [Strategic Innovation Fund: Cycle 4 projects funding decisions | Ofgem](#)

circumstances and requests to change SIF Project Directions on a case by case, and will engage with monitoring officers on Projects to support the assessment of Material Change requests.

Ofgem has reviewed this Material Change requested submitted by Northern Powergrid (Northeast) and has engaged with the Monitoring Officer on the Project. Ofgem has reviewed the reasoning for the Material Change submitted by Northern Powergrid (Northeast) and considers it to satisfy the Eligibility Criteria in chapter 3 of the SIF Governance because:

- That the requested change to the Project Direction should be approved as the requested change does not violate any of the Eligibility Criteria outlined in Chapter 3 of the SIF Governance Document.
- That the requested change to the Project Direction should be approved as the requested change also does not violate the eligibility outlined in the Innovation Challenge Documentation.

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

Decision

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

In accordance with Section 17 of the Project Direction issued on 1st February 2026 and paragraph 8.28 of the SIF Governance Document, the amended SIF Project Direction for NPG/Power Wheels is published in the Schedule 1 of this letter. The amended SIF Project Direction is effective as of the date of this letter and, unless stated otherwise, supersedes the SIF Project Direction issued on 1st February 2026. The letter constitutes notice pursuant to section 49A (Reasons for decisions) of the Electricity Act 1989 and 38A (Reasons for decisions) of the Gas Act 1986.

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

Yours sincerely,

The Office of Gas and Electricity Markets

Commonwealth House, 32 Albion Street, Glasgow, G1 1LH **Tel** 020 7901 7000

www.ofgem.gov.uk

Marzia Zafar

SRO for the Strategic Innovation Fund

Deputy Director of Digitalisation, Innovation and Decentralisation

For and on behalf of the Authority

Schedule: Amended SIF Project Direction

1. PROJECT DETAILS

Application number: 10179252

Project title: Power Wheels

Innovation Challenge/Project Phase: Consumer-Centric Grid Expansion/ Round 5 Alpha Phase

Project start date: 1st February 2026

Project end date: 30th September 2026

SIF Approved Amount for SIF Funding: £490,330

2. PREAMBLE

This SIF Project Direction is issued by the Gas and Electricity Markets Authority (the "Authority") to NORTHERN POWERGRID (NORTHEAST) LIMITED (the "Funding Party") pursuant to the SIF Governance Document issued pursuant to Special Condition 9.9 of the Electricity Distribution Licence. It sets out the conditions to be complied with in relation to Power Wheels (the "Project") as a condition of it being funded under the SIF Funding Mechanism, as defined in the SIF Governance.

Unless otherwise specified, defined terms in this SIF Project Direction have the meaning given to them in the Licence or Appendix 1 of the SIF Governance Document.

References to specific sections of the Funding Party's Application in this SIF Project Direction are, for ease of reference, made by referring to the section number in the Funding Party's Application.

3. PROJECT-SPECIFIC CONDITIONS

In accepting funding for the Project, the Funding Party is subject to the following Project-specific condition(s):

Condition 1

The Funding Party must not spend any SIF Funding until contracts are signed with the Project Partners named in Table 1 for the purpose of completing the Project.

Table 1. Project Partners

MOTABILITY OPERATIONS LIMITED
CENTRE FOR ENERGY EQUALITY LTD

ENERGY SYSTEMS CATAPULT LIMITED ENERGY INNOVATION CENTRE LIMITED

Condition 2

The Funding Party must report on the financial contributions made to the Project as set out in its Application. Any financial contributions made over and above that stated in its Application should also be reported and included on the Innovation Funding Service (IFS).

Condition 3

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

Condition 4

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

Condition 5

Prior to the kick-off meeting, the Funding Party must provide to the Monitoring Officer:

- A trial recruitment and engagement plan setting out how sufficient participation from Motability customers will be secured. This should include arrangements for onboarding, ongoing engagement, and mitigation measures where recruitment or retention risks arise, given the importance of trial participation to delivery of Project benefits;
- Clarification of the vehicle-to-home (V2H) element of the Project. This should include confirmation of how V2H capability will be delivered within the proposed timescales, and how this element contributes to the Project's innovation objectives.

Condition 6

Prior to the Mid-Point Review meeting, the Funding Party must provide to the Monitoring Officer an update on trial participation, onboarding, and engagement planning. This should include evidence of progress against recruitment assumptions, identification of any emerging risks to achieving sufficient participation (particularly in relation to home

trials under Work Package 4), and a summary of mitigation measures to ensure the Project can deliver its intended learning and value.

Condition 7

Prior to the end of Phase meeting, the Funding Party must provide to the Monitoring Officer:

- a summary of learning from the Alpha Phase relating to consumer acceptance and commercial models for Vehicle-to-Grid and Vehicle-to-Home services. This should include how these models support participation by vulnerable consumers and how learning could be applied at scale in future Phases;
- an updated risk summary addressing delivery risks associated with home trials, including technical readiness, customer experience, and dependency on third-party technologies, and setting out any mitigation measures implemented during the Alpha Phase.

4. COMPLIANCE

The Funding Party must comply with Special Condition 9.9 of the Electricity Distribution Licence, the SIF Governance Document and with this SIF Project Direction.

5. SIF APPROVED AMOUNT

The SIF Approved amount of £490,330 (as detailed under Section 1: Project details of this Project Direction) will be recovered by National Energy System Operator from GB customers and transferred to the Funding Party. The Funding Party is responsible for notifying National Energy System Operator of the bank account details to which transfers must be made, in addition to completing Annex 2 of this SIF Project Direction. If a Funding Party is required to return funding to National Energy System Operator, the reverse applies. The Funding Party must provide bank account details to National Energy System Operator within two weeks of accepting this SIF Project Direction.

6. PROJECT BUDGET

The Project Budget is set out in Annex 1 of this SIF Project Direction.

The Funding Party must report on expenditure against each line under the category total in the Project Budget and explain any projected variance against each line as part of its detailed report which is to be provided, in accordance with Chapter 7 of the SIF

Governance Document. The Funding Party must report variations in the Project budget as outlined in Chapter 6 of the SIF Governance Document.

7. PROJECT IMPLEMENTATION

The Funding Party must undertake the Project in accordance with the commitments it has made in the Application and with the conditions of this SIF Project Direction. These include (but are not limited to) the following:

- (i) complete the Project on or before the Project completion date as detailed under Section 1 of the Schedule of this SIF Project Direction, and
- (ii) disseminate the learning from the Project at least to the level described in Chapter 3 of the SIF Governance Document. Dissemination of learning must be carried out whether the Project was concluded successfully or otherwise.

8. REPORTING

Ofgem and UKRI may issue guidance (and amend it from time to time) about the structure and content of the Project reporting required by Chapter 6 of the SIF Governance Document. The Funding Party must follow this guidance in preparing the reports.

As set out in Chapter 6 of the SIF Governance Document, the Funding Party may be required to submit an end of Phase report to the UKRI monitoring officer within six months of the Project ending, if the Project is not planning on submitting an Application to Beta Phase and, if the Funding Party submits an Application for the Project for Beta Phase but is not successful. Within this report, the Funding Party must submit information related to questions on Project delivery as detailed in Chapter 6, table 5 of the SIF Governance Document.

9. MONITORING

The Funding Party must comply with any reasonable request for information by its monitoring officer at UKRI and with related deadlines. Ofgem, with the support of UKRI, will together monitor Project delivery, impacts and benefits. Throughout the term of the Project, progress is monitored by UKRI through a monitoring officer. The monitoring officer is the first point of contact for official notifications, queries and correspondence with UKRI and the Authority, unless otherwise required by this SIF Project Direction.

As detailed in Chapter 6 of the SIF Governance Document, meetings with the monitoring officer will take place at regular intervals, as advised by Ofgem or the monitoring officer during the delivery of the Project, and at the end of each Project Phase.

10. EVALUATION

The Funding Party has acknowledged when it submitted its Application for this Project, that reporting information and data gathered during the Project's timescales (as detailed in Section 1 of this SIF Project Direction) will be used to evaluate Project performance. In addition, the Funding Party may be required to provide requested information outside of the Project timescales and, in particular, for the period from the Project end date to the end of the SIF Programme. Further data and reporting information may be requested (frequency and method based on requirement) outside of standard monitoring and reporting requirements as deemed necessary. Further data and information requirements must be complied with by the Funding Party and Project Partners.

11. DATA SHARING

As set out in Chapter 3 of the SIF Governance Document, the Funding Party must follow the Data Best Practice Guidance issued by Ofgem with regard to all data gathered or created in the course of a Project. We expect the Funding Party to document any reasons, such as commercial sensitivities, for desensitising data. As defined by, and in accordance with, Data Best Practice Guidance, Funding Parties must have a data triage process. Where multiple Project Partners are collaborating on a Project, the consortium must adopt a consistent Open Triage Process for the data related to the Project. Ofgem may require that Project information and data is also shared with other specified parties, such as parties working on complementary innovation funding programmes (subject to redaction of sensitive data).

12. CYBER SECURITY

It is the responsibility of the Funding Party and all Project Partners to implement and maintain appropriate security measures to protect personal data in accordance with The [GDPR \(General Data Protection Regulation\)](#) and [DPA \(Data Protection Act\) 2018](#). Protection of computer systems from unauthorised access or being otherwise damaged or made inaccessible must be in place alongside effective working practices. These must be maintained in line with the Funding Party's IT management strategies and policies.

13. PROJECT WORK PACKAGES

The Funding Party must provide an outline in its end of Project Phase meeting with its UKRI monitoring officer that verifies the Project work packages have been achieved or explains why they have not.

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

Table 2. Project Work Packages⁵

Reference	Project Work Packages	Deadline	Overall objectives and key tasks	SIF Funding Request
WP1	Project Management and Dissemination	30/06/2026	Describe overall Work Package Objectives 1. Ensure appropriate project management and timely achievement of objectives 2. Ensure key stakeholders are kept informed of project progress and outcomes 3. Ensure completion of required project reporting Describe the high level tasks to achieve the work package objectives. 1. Establish PMO & project governance framework 2. Maintain project plan & risk register 3. Establish and manage update channels and meetings for project team and stakeholders 4. Prepare materials for required dissemination meetings, including Project KO, mid point review, closedown meeting and show and tell. 5. Collation and submission of required project reporting	£39,226.40

⁵ As outlined in in the Application or Project Plan appendix.

Reference	Project Work Packages	Deadline	Overall objectives and key tasks	SIF Funding Request
WP2	Consumer Research and Proposition Co-design	06/03/2026 <u>22/07/2026</u>	Describe overall Work Package Objectives 1. Provide the consumer data required to inform successful outcomes of WP3, WP4 and WP5. Specifically this means to define user archetypes, understand flexibility motivations, and ensure that propositions are simple, trusted, and accessible Describe the high level tasks to achieve the work package objectives. 1. Recruit 15-30 Motability customers to form a user focus group 2. Survey those customers via workshops, diaries and interviews to determine attitudes to the questions listed above 3. Analysis of customer responses 4. Produce focused list of customer requirements and recommendations for WPs 3-5	£122,582.50
WP3	Smart Charging (V1G) Modelling Trials	15/05/2026 <u>26/08/2026</u>	Describe overall Work Package Objectives 1. Understand how time-shifting of EV charging can lower bills, reduce substation loading and increase network efficiency.	£83.356.10

Reference	Project Work Packages	Deadline	Overall objectives and key tasks	SIF Funding Request
			Describe the high level tasks to achieve the work package objectives. 1. Recruit 5-10 EV user participants for small scale trials 2. Establish trial plan and protocols 3. Conduct trials 4. Analyse trial data 5. Produce trial report 6. Produce functional spec for application integration 1. Source Ohme Charging Data from Motability 2. Determine V1G Modelling Plan 3. Process Network & Charging data into modelling format 4. Run Models 5. Model data analysis 6. Produce modelling report, incl. info for WP5	
WP4	<u>V2X Investigation and Modelling</u> <u>V2H/V2G Demonstrations</u>	<u>30/09/2026</u> <u>05/06/2026</u>	Describe overall Work Package Objectives 1. Gather evidence on interoperability, standards alignment and consumer trust in bidirectional charging	£171,615.50

Reference	Project Work Packages	Deadline	Overall objectives and key tasks	SIF Funding Request
			Describe the high level tasks to achieve the work package objectives. 1. Laboratory based testing to validated islanding process 2. Carry out small scale household trials of V2H and V2G 3. Produce report on WP findings and recommendations for next steps 1. Review relevant standards and engineering guidance for V2G/V2H - produce gap analysis and issues list 2. Produce Functional Spec for V2H Islanding 3. Produce Beta trial plan for V2H islanding 4. Determine V2X Modelling plan 5. Run Models 6. Model data analysis 7. Produce modelling report, incl. info for WP5	
WP5	Business Model and CBA Development	30/06/2026	Describe overall Work Package Objectives 1. Produce a CBA and business model (operational and commercial) for Power Wheels by consolidating evidence from WPs 2-4 Describe the high level tasks to achieve the work package objectives.	£73,549.50



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for energy consumers

Reference	Project Work Packages	Deadline	Overall objectives and key tasks	SIF Funding Request
			1. Produce CBA quantifying consumer and system costs and benefits 2. Draft at-scale business model covering commercial and operational aspects of Power Wheels, including suitable tariff and aggregation structures 3. Produce plan for Beta Phase	

The Office of Gas and Electricity Markets

Commonwealth House, 32 Albion Street, Glasgow, G1 1LH **Tel** 020 7901 7000

www.ofgem.gov.uk

14. USE OF LOGO

The Funding Party and the Project Partners, External Funders and Project Supporters or subcontractors, as detailed in the Application, must not use the Innovate UK/UKRI and/or Ofgem logo for purposes associated with the Project in any circumstances.

As an alternative for use of both Ofgem and UKRI logos, all external Project communications must include the following standard form of wording:

- (i) "this project is funded by network users and consumers under the Strategic Innovation Fund, an Ofgem programme managed in partnership with UKRI."

For additional guidance, refer to the communications and media guidelines for competition winners, detailed as part of your delivery pack. These guidelines are designed to help with some suggestions and encourage you to take a proactive approach to communicating about your Project.

15. SHARING OF LESSONS LEARNED

The Funding Party is required to ensure that the sharing of lessons learned and the facilitation of knowledge transfer is conducted as effectively as possible, to ensure that all parties, and therefore all consumers including future consumers, can benefit from Projects.

As outlined in Chapters 3 and 6 of the SIF Governance Document, we require the Funding Party to work collaboratively with other Networks and third-party innovators to disseminate the learnings and data from Projects and ensure that these are publicly available. This includes taking part in annual events.

16. COLLABORATION

The Funding Party must collaborate with third-party innovators as Project Partners, as well as work closely with other parties in the energy supply chain, as set out in Chapter 3 of the SIF Governance Document.

17. AMENDMENT OR REVOCATION

As set out in Chapter 7 of the SIF Governance Document, this SIF Project Direction may be amended or revoked under the following circumstances:

- (i) if the Funding Party considers that there has been a material change in circumstance that requires a change to the SIF Project Direction, and the Authority agrees; or

- (ii) to reflect amendments made to the Licence.

18. HALTING OF PROJECTS

This SIF Project Direction is subject to the provisions contained in Chapter 7 of the SIF Governance Document relating to the halting of Projects. By extension, this SIF Project Direction is subject to any decision by the Authority to halt the Project to which this SIF Project Direction relates and to any subsequent relevant SIF Funding Direction issued by the Authority pursuant to Special Condition 9.9 of the Electricity Distribution Licence.

Further to the requirements in Chapter 7 of the SIF Governance Document, in the event the Authority decides to halt the Project to which this SIF Project Direction relates, the Authority may issue a statement to the Funding Party clarifying the effect of that halting decision as regards the status and legal force of the conditions contained in this SIF Project Direction.

NOW THEREFORE:

In accordance with the SIF Governance Document issued pursuant to Special Condition 9.9 of the Electricity Distribution Licence of the Licence the Authority hereby issues this SIF Project Direction to the Funding Party in relation to the Project.

This constitutes notice of reasons for the Authority's decision pursuant to section 49A (Reasons for decisions) of the Electricity Act 1989.

Failure to comply with the conditions of this SIF Project Direction means that Ofgem may treat all or part of the SIF Approved Amount received by the Funding Party as SIF Disallowed Expenditure.

ANNEX 1: PROJECT BUDGET

SIF Project Direction costs

Cost Category	Total Project costs (£)
Labour	£502,650 <u>£512,650</u>
Materials	£ 60,600 <u>£50,600</u>
Subcontracting	£ 2,000
Travel and subsistence	£ 7,200
Other costs	£ 12,360
Total	£584,810

Project Partner	Total project costs (£)	Project contribution (£)	Total SIF Funding requested (£)	Project contribution (%)
NORTHERN POWERGRID (NORTHEAST) LIMITED	£52,500	£5,250	£47,250	
MOTABILITY OPERATIONS LIMITED	£40,000	£39,999	£1	
ENERGY SYSTEMS CATAPULT LIMITED	£148,816	£14,882	£133,934	
CENTRE FOR ENERGY EQUALITY LTD	£302,244	£30,224	£272,020	
ENERGY INNOVATION CENTRE LIMITED	£41,250	£4,125	£37,125	
Total	£584,810	£94,480	£490,330	19%

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

Company name:

Primary Contact Details (only one contact permitted)

First Name:

Last Name:

Email address:

Mobile phone number:

Work phone number:

Address details

Address name:

Street address:

City:

State / region:

Post code:

PO box: (if applicable)

PO box post code: (if applicable)

Banking details

These should be evidenced in non-editable format. The evidence provided must show company name and bank details and it should be dated within the last 6 months.

Any of the below documents will suffice:

- Bank statement (scanned document)
- Void cheque
- Paying in slip
- Screenshot of online banking (showing a logged in account with bank account and sort code, with browser visible)