

SCOTTISH HYDRO ELECTRIC TRANSMISSION PLC
NATIONAL GAS TRANSMISSION PLC
NATIONAL ENERGY SYSTEM OPERATOR LTD
CADENT GAS LTD

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Dear Company Secretaries,

Closed Beta Project Financial Reconciliation

The Strategic Innovation Fund (SIF) is a funding mechanism established under the network price control to support innovation across the Electricity System Operator, Electricity Distribution and Transmission, Gas Transmission and Distribution sectors, within the RIIO-2¹ and RIIO-3 network price control².

In accordance with the SIF Governance, projects that complete and are required to return funds, will do so through the publication of an annual SIF Funding Return Direction. Where Beta projects complete, a final position of spend and eligible SIF funding must be agreed by Ofgem and the Funding Party. This direction supports the annual SIF Funding Return Direction, by confirming the final allowed spend position of Beta projects that closed in the most recently completed financial year, 2025-26.

The numbers have been prepared by Innovate UK on behalf of Ofgem, and agreed with Funding Parties, for inclusion in this direction.

This reconciliation confirms the final SIF Funding position and any underspend or adjustment required for any Beta Phase Projects closed within the last financial year. These Projects are:

- 10067854 Network DC
- 10062040 HyNTS Compression
- 10070764 CrowdFlex
- 10062698 DPLA

These figures have been validated by Innovate UK. Where an overpayment has occurred as a result of Project underspend, Ofgem will instruct the recovery of the relevant amount in accordance with the terms of the applicable SIF Funding Return Direction. Note, any Beta projects closing, but not requiring adjustment, will not be included in this reconciliation document.

Please contact us if you require clarification on the contents of this notice.

Yours faithfully,

Marzia Zafar
Deputy Director, Strategy Energy Systems Management & Security
SRO for the Strategic Innovation Fund
For and on behalf of the Authority

¹ RIIO stands for (Revenue = Incentives + Innovation + Outputs). It is Ofgem's network price control framework. RIIO-2 means the network price control which runs between 1 April 2021 and 31 March 2026 for gas transporter and electricity transmission licensees, and between 1 April 2023 and 31 March 2028 for electricity distribution licensees.

² RIIO-3 means the network price control which runs between 1 April 2026 to 31 March 2031 for Gas transporter and electricity transmission licensees, and between 1 April 2028 and 31 March 2033 for electricity distribution licensees. Fuller details regarding the SIF can be found here: <https://www.ofgem.gov.uk/energy-policy-and-regulation/policy-and-regulatory-programmes/network-price-controls-2021-2028-riio-2/network-price-controls-2021-2028-riio-2-riio-2-network-innovation-funding/strategic-innovation-fund-sif>

Annex 1 – Beta Phase Financial Reconciliation - Final Approved SIF Funding:Innovate
UK

Ofgem have confirmed and SHE have agreed to the final eligible position for the Network-DC project as follows:

10067854 : Network DC

Network-DC	Actual Spend	Eligible SIF
SCOTTISH HYDRO ELECTRIC TRANSMISSION PLC	£888,662	£796,794
UNIVERSITY OF EDINBURGH	£669,698	£602,747
CARBON TRUST ADVISORY LIMITED	£163,547	£163,547
NATIONAL GRID ELECTRICITY SYSTEM OPERATOR	£75,727	£68,154
SUPERGRID INSTITUTE	£228,960	£206,064
TOTAL	£2,026,594	£1,837,306
FUNDING RECEIVED		£4,435,429
Balance to be recovered		£2,598,123

10062040 : HyNTS Compression

HyNTS Compression	Actual Spend	Eligible SIF
NATIONAL GAS TRANSMISSION PLC	£3,868,997	£2,609,839
GL INDUSTRIAL SERVICES UK LTD	£6,333,774	£6,333,774
SIEMENS INDUSTRIAL TURBOMACHINERY LIMITED	£1,004,064	£1,004,064
CULLUM DETUNERS LIMITED	£427,606	£427,606
PREMTECH LTD	£536,487	£532,202
CARDIFF UNIVERSITY	£403,158	£403,158
SOUTHERN GAS NETWORKS PLC	£6,004	£6,004
NORTHERN GAS NETWORKS LIMITED	£11,495	£11,495
HSE	£0	£0
TOTAL	£12,591,585	£11,328,141
FUNDING RECEIVED		£17,310,054
Balance to be recovered		£5,981,912

10070764 :Crowdflex

Project Partner name	Actual Spend	Eligible SIF
NATIONAL GRID ESO	£7,386,848	£5,940,625.92
OVO ENERGY	£3,337,938	£2,670,350.69
OHME-EV	£2,578,263	£2,191,193.02
CENTRE FOR NET ZERO	£1,316,035	£1,184,431.84
SCOTTISH & SOUTHERN ELECTRICITY NETWORKS	£115,894	£104,304.48
NATIONAL GRID ELECTRICITY DISTRIBUTION	£27,470	£24,723.13
ERM	£880,891	£769,427.00
AMAZON WEB SERVICES	£595,672	£476,538.19
	£16,239,010	£13,361,594
FUNDING RECEIVED		£18,610,355
Balance to be recovered		£5,248,761

10062698: Digital Platform for Leakage Analytics

Digital Platform for Leakage Analytics	Actual Spend	Eligible SIF
CADENT GAS LIMITED	£3,658,476	£2,624,874
GUIDEHOUSE EUROPE LIMITED	£6,492,636	£4,807,598
SOUTHERN GAS NETWORKS PLC	£9,480	£9,480
WALES & WEST UTILITIES LIMITED	£18,120	£18,120
NORTHERN GAS NETWORKS LIMITED	£22,950	£22,950
NATIONAL GAS TRANSMISSION PLC	£13,710	£13,710
TOTAL	£10,215,372	£ 7,496,732
FUNDING RECEIVED		£7,664,073
Balance to be recovered		£167,341