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for energy consumers

SCOTTISH POWER TRANSMISSION PLC
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Date: 14th October 2026

Dear Scottish Power Transmission Plc,

Strategic Innovation Fund – Approval of the Material Change request for SPT/Predict4Resilience

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 29th June 2023, Scottish Power Transmission was awarded SIF Funding for Predict4Resilience (the Project).[2] Further to this decision, Ofgem[3] issued a SIF Project Direction.[4] On 4th July 2025, Scottish Power Transmission submitted a Material Change request for the Project to the Authority. This was approved and an amended Project Direction was issued.

On 9th October 2026 Scottish Power Transmission submitted a Material Change request for the Project to the Authority. The Material Change request was submitted due to:

[11]https://www.ofgem.gov.uk/sites/default/files/2026-06/ED2%20SIF%20Governance.pdf
[2] https://www.ofgem.gov.uk/decision/strategic-innovation-fund-round-1-beta-projects-approved-funding
[3] The terms the "Authority", "Ofgem", "we" and "us" are used interchangeably in this document. The Authority refers to the Gas and Electricity Markets Authority. Ofgem is the Office of the Gas and Electricity Markets Authority.
[4] https://www.ofgem.gov.uk/decision/strategic-innovation-fund-round-1-beta-projects-approved-funding

- The reallocation of funding across Project Partners

The Material Change request proposed the following changes to the schedule of the SIF Project Direction issued on 8th August 2025.

- Reduce the Total Project Costs for the Funding Party from £379,028.59 to £333,607.59.
- Reduce the Project Contributions for the Funding Party from £37,902.86 to £33,360.76.
- Reduce the Total SIF Funding Requested for the Funding Party from £341,215.73 to £300,246.83.
- Increase the Total Project Costs for Project Partner Sia Partners UK Plc from £3,246,800 to £3,292,221.
- Increase the Project Contributions for Project Partner Sia Partners UK Plc from £324,680 to £329,222.10.
- Increase the Total SIF Funding Requested for Project Partner Sia Partners UK Plc from £2,922,120 to £2,962,998.90.

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 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 Scottish Power Transmission Plc and has engaged with the Monitoring Officer on the Project. Ofgem has reviewed the reasoning for the Material Change submitted by Scottish Power Transmission Plc 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 8th August 2025 and paragraph 8.28 of the SIF Governance Document, the amended SIF Project Direction for SPT/Predict4Resilience 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 8th August 2025. The letter constitutes notice pursuant to section 49A (Reasons for decisions) of the Electricity Act 1989 and 38A (Reasons for decisions) of the Gas Act 1986.

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

Yours sincerely,

Marzia Zafar
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

SIF Project Direction reference: SPT/Predict4Resilience/SIFDataDigitalisation/Rd1_Beta

Application number: 10061710

Project title: Predict4Resilience

Innovation Challenge/Project Phase: Data and digitalisation / Beta Phase round 1

Project start date: 07 August 2023

Project end date: 31 January 2027

SIF Approved Amount for SIF Funding: £4,518,605

2. PREAMBLE

This SIF Project Direction is issued by the Gas and Electricity Markets Authority (the "Authority") to Scottish Power Transmission PLC (the "Funding Party") pursuant to the SIF Governance Document issued pursuant to Special Condition 9.19 of the Electricity Transmission Licence (the "Licence"). It sets out the conditions to be complied with in relation to Predict4Resilience (the "Project") as a condition of it being funded under the SIF Funding Mechanism.[5]

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

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

3. PROJECT SPECIFIC CONDITIONS

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

Condition 1

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

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

Table 1. Project Partners

SCOTTISH HYDRO ELECTRIC POWER DISTRIBUTION PLC
UNIVERSITY OF GLASGOW
SIA PARTNERS UK PLC
SP DISTRIBUTION PLC

Condition 2 – Financial contribution

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 within the Project costs template.

Condition 3 – Meeting arrangements

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 DESNZ during and after the Beta Phase.

Condition 4 – Stage gate scoping

The Funding Party must, with support from Innovate UK/UKRI and, where applicable Ofgem, scope the requirements and success criteria for each stage gate within a Project at the quarterly reporting meetings ahead of any stage gate. These will be used to determine what criteria a Project must meet in order to pass a stage gate, and whether any additional information, such as a report, must be produced as part of the stage gate.

Condition 5 – Impact monitoring

As part of the end of Project Phase report, the Funding Party must produce a Project Impact Monitoring and Evaluation Plan. This plan must outline how the Project plans to monitor and evaluate the delivery of benefits outlined in the Beta Phase Application following the end of the Beta Phase. The plan must also include the methodology that will be utilised for quantifying and qualifying benefits realisation and how the Funding Party plans to report this to Ofgem 1, 3, 5 & 10 years post-Beta Phase completion. Further details on how to approach the development of this plan may be provided by Ofgem or IUK.

Condition 6 – SIF Community Forums

The Funding Party and all Project Partners must make reasonable attempts to attend, participate and/or contribute at SIF Community Forum events occurring during the Project delivery. We anticipate there being approximately one event per year.

Condition 7 – Policy, regulatory and standards barriers

The Funding Party must provide verbal updates at each quarterly meeting on any regulatory, policy and standards barriers and any change requirements which may impact delivery of the Beta Phase activities. The Funding Party must also include as an attachment to each of its annual progress report an update on any regulatory, policy and standards barriers which may require derogations and articulation of any proposed regulatory, policy and standards changes which would be necessary in deployment. The Funding Party must also provide an as an attachment to its end of Project Phase report a summary of the Project's findings on regulatory, policy and standards barriers, including any considerations for future work, and where applicable, where specific regulatory, policy and standards changes would be required for deployment.

Condition 8 – Updated 60-second videos

The Funding Party must provide within the first three months of signing contracts with its Project Partners an updated 60-second video. If the Project is greater than two years (longer than 24 months) in length, an updated video must also be provided at the Project's mid-point meeting. All Projects must also provide an updated 60-second video as part of their end of Project phase report. Innovate UK can share its guidance for 60-second videos with the Funding Party, if necessary.

Condition 9 – Post-Beta Phase roadmap

The Funding Party must provide to the monitoring officer within six months of it signing contracts its Project Partners a roadmap for activities post-Beta Phase. This can build on the Project's Application question (question 11) and must focus on how and when the proposed solution will become business as usual within your network and across the other GB gas or electricity networks.

As part of this, the Funding Party must include consideration for:

I. any steps the Project will take to ensure its innovation has suitable business as usual adoption;

II. the Funding Party's strategy for adoption of the innovation or proposed solution, giving consideration to potential investment, ongoing costs and third-party involvement and;

III. any early indication of interest from other networks in adopting the innovation.

The Funding Party must provide an update on all the above at every two quarterly monitoring meetings (i.e. every six months) and must include a final update of this roadmap as attachment to its end of Project Phase report.

Condition 10 – Commercialisation strategy

The Funding Party must provide at every second quarterly monitoring meeting (i.e. every six months) an update on its commercialisation strategy. This can build on the Project's Application question (question 12) and must focus on what considerations have the Project consortium made for the commercialisation of the proposed solution or innovation, and how the Project provides support for non-network partners to move towards commercialisation. As part of this, the Funding Party may wish to include consideration for:

I. who the primary customer segment is beyond the Funding Party; the customer value proposition;
II. if identified, the outline of the route to market and potential new partnerships;
III. any additional Project Partner capital requirements in order to commercialize the innovation and;
IV. how this product, process or service could be scaled across the GB network and taken to new markets.

The Funding Party must also include a final update of its strategy as an attachment to its end of Project Phase report. Ofgem and/or Innovate UK may issue a template for the final update as part of the end of Project Phase report.

Condition 11 - Data Best Practice and Digital Strategy and Action Plan Guidance alignment

The Funding Party must provide at its second monitoring meeting (i.e. quarter one) a summary of how it intends to comply with Ofgem's Data Best Practice Guidance, and Digitalisation Strategy and Action Plan Guidance. Additionally, a part of its year 1 annual progress report, the Funding Party must provide a written update to the monitoring officer on its incorporation and application of data best practices to date in the Project, including its presumed open data policies, and data triaging methodology.

Condition 12

If the round 2 Alpha Phase Project 'WARN' is selected to receive SIF Funding at the Alpha Phase, the Funding Party must make reasonable endeavours to engage with the team behind the 'WARN' Project to discuss areas of commonality and potential overlap.

4. COMPLIANCE

The Funding Party must comply with Special Condition 9.19 of the Electricity Transmission Licence (the "Licence"), the SIF Governance Document and with this SIF Project Direction.

5. SIF APPROVED AMOUNT

The SIF Approved amount of £4,518,605 (as detailed under Section 1: Project details of this Project Direction) will be recovered by National Grid Electricity System Operator from GB customers and transferred to the Funding Party. The Funding Party is responsible for notifying National Grid Electricity 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 Grid Electricity System Operator, the reverse applies. The Funding Party must provide bank account details to National Grid Electricity 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 will 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) undertake the Project in accordance with its Application,
(ii) complete the Project on or before the Project completion date as detailed under section 1 of the schedule of this SIF Project Direction, and

(iii) 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.

The Funding Party must submit an end of Project Phase report to UKRI monitoring officers for the Beta Phase. Within this report, the Funding Party must submit information related to questions on Project delivery as detailed in chapter 6, table 6 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 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 Data Best Practice Guidance with regards to all data gathered or created in the course of a Project. We expect the Funding Party to document any reasons, such as commercial sensitivities, for desensitising data. As defined by, and in accordance with, Data Best Practice Guidance, Funding Parties must have a data triage process. Where multiple Project Partners are collaborating on a Project, the consortium must adopt a consistent Open Triage Process for the data related to the Project. Ofgem may require that Project information and data is also shared with other specified parties, such as parties working on complementary innovation funding programmes (subject to redaction of sensitive data).

12. CYBER SECURITY

It is the responsibility of the Funding Party and all Project Partners to implement and maintain appropriate security measures to protect personal data in accordance with The GDPR (General Data Protection Regulation)[6] and DPA (Data Protection Act) 2018[7]. Protection of computer systems from unauthorised access or being otherwise damaged or made inaccessible must be in place alongside effective working practices. These must be maintained in line with the Funding Party's IT Management Strategies and policies.

13. PROJECT MILESTONES

The Funding Party must submit its end of Project Phase report to its monitoring officer that verifies the Project milestones have been achieved or explains why they have not.

Project milestones are outlined below in Table 3, based upon details contained within Question 7 and Appendix Question 9 in the Funding Party's Project Management Book.

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

Table 3. Project milestones[8]

Reference	Project milestone	Deadline	Overall objectives and key tasks	Summary of Milestones and Success Criteria	SIF Funding Request (100%)
Milestone 1	Work package 1: Programme Management	31 December 2026	Overall work package objectives: Management of the successful delivery of all workpackages & dissemination of the results. Key tasks: 1. Project setup and onboarding 2. Management of the project delivery 3. Internal and External Reporting 4. Stakeholder engagement 5. Knowledge Dissemination	M1.1: All teams onboarded: All contracts signed and resources recruited. (£23,396.00) M1.2: Trial Phase 1 Dissemination: Public presentation of results. (£48,378.00) M1.3: Project Closing: Solution agreed to BAU and learnings disseminated. (£48,378.00)	£120,152.00 (3%)

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

Milestone 2	Work package 2: Solution Implementation	31 December 2026	Overall work package objectives: Implementation of the prototype designed during the Alpha phase. It includes building the infrastructure supporting the solution, the software itself, the industrialisation of the models and the User interface Key tasks: 1. Infrastructure development 2. Software architecture 3. Data ingestion & processing 4. Model Development & Evaluation 5. User Interface implementation & Endpoints backend / front end	M2.1: Infrastructure setup: Repositories, database, logs and APIs in place. (£130,119.00) M2.2: Data pipelines automated: Data extraction processes scheduled and running. (£316,967.00) M2.3: Forecasts produced: Live forecasts produced automatically. (£286,673.00) M2.4: Solution interface available: User interface developed and endpoints connected. (£571,257.00) M2.5: Solution secure: Successful penetration tests. (£127,568.00)	£1,869,253.00 (41%)

			6. Static and Dynamic tests 7. End-to-end tests 8. Security & Compliance assessment 9. Technical Onboarding materials 10. Training Materials	M2.6: Solution ready for use: Finished prototype & documentation. (£301,669.00) M2.7: Stage Gate - Business Trials Green light: Solution on track and expected to be fit for trials. No additional Investment expected. (£135,000.00) M2.8: Solution implementation contingency. (£~~40,878.90~~ £0)	
Milestone 3	Work package 3: Business Live Trials	31 December 2026	Overall work package objectives: Test the solution in live conditions by a team of Champions with multi-disciplinary skills. Key tasks: 1. Train team of Champions	M3.1: Trial Phase Winter 1: Champions team engaged and captured bugs and lessons. (£376,079.00) M3.2: Trial Phase Summer 1: New DNO onboarded and cross DNO lessons shared. (£571,158.00)	£1,870,385.00 (41%)

			2. Capture learnings during each Trial phase 3. Disseminate learning across DNOs after each trial phase 4. Fix bugs and implement small enhancements	M3.3: Trial Phase Winter 2: Solution supporting decision in fault response during the winter. (£444,645.00) M3.4: Trial Phase Summer 2: Solution supporting decision in fault response during the summer and ready to be deployed. (£478,503.00) M3.5: Stage Gate - Summer 2: Decision to undertake Summer 2 trials. (£0) M3.6: Winter trials 2 solution enhancements. (£40,878.90)	
Milestone 4	Work package 4: Enhancements	31 December 2026	Overall work package objectives: Provide additional capabilities to the solution and improve the accuracy of the fault forecast	M4.1: Multi model ensemble: New model published using multiple weather models. (£54,083.00)	£456,738.00 (10%)

			Key tasks: 1. Investigate Multi model ensemble weather impact 2. Implement extreme theory mechanism for worst case scenario 3. Adapt models to new fault types 4. Introduce spatial / temporal model 5. Investigate potential to connect to resource scheduler 6. Connect to fault system at SPEN	M4.2: Worst case scenario: New model published using extreme theory. (£54,083.00) M4.3: New fault types: New models published to capture new types of faults. (£113,536.00) M4.4: Spatial / Temporal model: New model published at license area level. (£85,500.00) M4.5: New Interfaces: Report on capability to connect to other systems securely. (£99,463.00) M4.6: New DNO requirements: Implement final comments from other DNO. (£50,073.00)	

Milestone 5	Work package 5: Commercialisation	31 December 2026	Overall work package objectives: Prepare the transition to Business As Usual for DNOs, investigate future potential of other projects and set up the organisation for further rollout. Key tasks: 1. Share learnings with other SIF-Funded project (Eye in the Sky, Predict Safety Interventions) 2. Setup the commercial organisation of solution 3. Prepare rollout to other DNOs 4. Explore other opportunities of application	M5.1: SIF Learning: Events organised with other SIF funded project and interactions captured. (£37,171.00) M5.2: Commercial readiness: Commercial organisation agreed amongst partners. (£164,905.00)	£202,076.00 (5%)

14.USE OF LOGO

The Funding Party and the Project Partners, External Funders and Project Supporters or subcontractors[9] must not use the Innovate UK/UKRI and/or Ofgem logo for purposes associated with the Project in any circumstances.

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

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

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

15.SHARING OF LESSONS LEARNED

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

As contained within Chapter 3 of the SIF Governance Document, we require the Funding Party to work collaboratively to maintain the ENA Smarter Networks Portal so that all reporting and dissemination of learnings on Projects (as required by chapter 6 of the SIF Governance Document) is available via the ENA Smarter Networks Portal.

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.

The Funding Party must collaborate with other parties and with UKRI to organise an annual conference in a format appropriate to enabling the building of consortiums and

[9] As detailed in the Application.

disseminating learning widely. The conference may be a single event for gas and electricity, or more than one event, as appropriate.

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 9.19 of the Electricity Transmission Licence (the "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 to 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 9.19 of the Electricity Transmission Licence (the "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 (£)	Total SIF Funding requested (£)
Labour	£4,441,140	£3,997,026
Materials	£206,500	£185,850
Subcontracting	£10,000	£9,000
Travel and subsistence	£98,500	£88,650
Other costs	£264,522	£238,070
Total	**£5,020,662**	**£4,518,596**

Project Partner	Total project costs (£)	Project contribution (£)	Total SIF Funding requested (£)	Project contribution (%)
SP TRANSMISSION PLC	£~~379,029~~ 333,607.59	£~~37,903~~ 33,360.76	£~~341,126~~ 300,246.83	
SCOTTISH HYDRO ELECTRIC POWER DISTRIBUTION PLC	£337,786	£33,779	£304,008	
UNIVERSITY OF GLASGOW	£514,812	£51,482	£463,331	
SIA PARTNERS UK PLC	£~~3,246,800~~ 3,292,221	£~~324,680~~ 329,222.10	£~~2,922,120~~ 2,962,998.90	
SP DISTRIBUTION PLC	£542,235	£54,224	£488,012	
TOTAL	**£5,020,674**	**£502,069**	**£4,518,605**	**11%**

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OFG1161