

# Press Release

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## ELEVEN PROJECTS ELIGIBLE TO BID FOR £64 MILLION LOW CARBON NETWORKS FUNDING

- **Eleven projects to help enable low carbon electricity networks are eligible to bid for funding from the Low Carbon Networks Fund**
- **Panel of experts appointed to advise on which projects should be selected for funding**

Eleven innovative projects that could speed up the development of the low carbon energy sector and deliver benefits to energy customers are eligible to compete for a share of the annual £64 million of funding from the £500 million Low Carbon Networks Fund, energy regulator Ofgem announced today.

The Low Carbon Networks Fund was set up by Ofgem as part of the 2010-2015 electricity distribution price control. It will encourage Britain's electricity distribution network owners (DNOs) to develop innovative projects that will help energy networks and energy consumers to make the crucial transition to a low carbon economy. Projects could see DNOs partnered with energy suppliers, technology providers or others to explore how electricity networks can help facilitate and enable low carbon and energy saving initiatives such as electric vehicles, or investigate the potential of the planned roll-out of smart meters.

Stuart Cook, Ofgem's Senior Partner for Smarter Grids and Governance, said: "Britain's DNOs have responded very positively in the first year of the Low Carbon Networks Fund. I am pleased to see that the projects are addressing a range of low carbon issues, and are proposing significant collaboration."

Each of Britain's seven electricity distribution companies (DNOs) submitted at least one project in the first stage of the annual competition in June. The proposals were screened by Ofgem to ensure they were eligible to be considered for funding. The DNOs can now develop these proposals for entry into the final evaluation stage of the competition in September. The submitted proposals will be scrutinised by an expert panel advising the Gas and Electricity Markets Authority, Ofgem's governing body, which will make the final decision on the projects that should be selected for funding. The winning projects will be announced in December 2010.

The expert panel has been recruited following a national advertising campaign. The panel brings knowledge and expertise covering energy network industries, environmental policy, technical and engineering issues, economics and finance, and consumer interests.

The panel members are:

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|-----------------------------|------------------------|
| • Dr. Robin Bidwell (Chair) | • Prof. David Newberry |
| • Sharon Darcy              | • Sean Sutcliffe       |
| • Prof. Nick Jenkins        |                        |

Ofgem has built on the Low Carbon Networks Fund principles for encouraging innovation as part of its proposed reforms to energy network price controls, known as the RIIO model (Revenue=Incentives+Innovation+Outputs). The RIIO proposals include the introduction of an innovation stimulus, similar to the Low Carbon Networks Fund, to encourage sustainability in electricity and gas networks. Ofgem expects this to involve regular open competitions, partial project funding and the requirement to share learning.

## Notes to editors

1. Ofgem announced the Low Carbon Networks Fund in August 2009 as a fundamental part of the current price control regime for DNOs which runs from April 2010 to March 2015. The fund will allow up to £500 million over five years encouraging and enabling the DNOs to trial new technology, operating and commercial arrangements which can aid the transition to the low carbon energy sector.
2. Summaries of the 11 projects submitted to the initial screening stage (that have all been judged eligible) can be seen here:  
<http://www.ofgem.gov.uk/Networks/ElecDist/lcnf/stlcnf/Pages/stp.aspx>
3. These projects are eligible to move forward to the final submission stage of this year's Low Carbon Network Fund competition for large projects. £64 million funding is available each year in this competitive element of the fund and a further £80 million is available over the five years to help fund smaller scale projects and to ensure that the people, resources and processes are in place to progress innovative projects. A further £100 million is available over the five years as a discretionary award to reward projects which bring particular value in helping the DNOs adapt to climate change while providing security of supply and value for money to consumers.

4. Low Carbon Networks Fund Panel membership:

**Dr. Robin Bidwell CBE** (Chair) is a Founder Director of global consultancy ERM and Chairman of the ERM Foundation's Council and its Low Carbon Enterprise Fund. He is also Chairman of the Green Alliance and a Non Executive Director for ICE (an environmental rewards company). Until earlier this year, he was a member of the Gas and Electricity Markets Authority.

- **Sharon Darcy** is a non-executive Director of three organisations: Consumer Focus; Sutton and Merton Primary Care Trust and the Hyde Group. She was also a member of Ofgem's Consumer Challenge Group which advised the regulator on the last electricity distribution price control

- **Prof. Nick Jenkins** is the Director of the Institute of Energy within the School of Engineering at Cardiff University.

- **Prof. David Newberry** is Professor of Applied Economics at the University of Cambridge and Research Director of the Cambridge Electricity Policy Research Group.

- **Sean Sutcliffe** is Chief Executive of Green Biologics, a non executive Director of Indian ISP You Broadband and a trustee of international development charity Practical Action. He has 14 years experience at BG Group plc in a variety of roles spanning operations, business development and strategy.

Each panel member is on a three-year contract.

5. Read Ofgem's press release on the conclusions of the major review of network price controls and RIIO here:  
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=JULY RPI PRESS NOTICE.pdf&refer=Media/PressRel>
6. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002, the Energy Act 2004 as well as arising from directly effective European Community legislation.

**For further press information contact:**

<b>Chris Lock</b>	<b>020 7901 7225 / 07766 511470</b>
<b>Alison Wright</b>	<b>020 7901 7217 / 07771 980297</b>