

LCN Fund Full Submission

Supplementary Answer Form

Tick if this answer is Confidential: ☐

Tick if this answer has been provided verbally: ☐

Project code:	SSET205	Question Number	SSES001
Question date	23/08/2012	Answer date	30/08/2012
Submission section question relates to	3		
Topic	Project Business Case		
Question	Please explain the justification for assuming that this project would take 5 years to complete if it were DNO-led, compared with 3 years under the proposed third party leadership.		
Notes on question			
Answer	<p>DNOs are resource constrained when it comes to the delivery of innovation projects. In developing a commercial framework as described in I²EV, we aim to provide a model that would free up key DNO resource away from the day-to-day management of LCN Fund projects, allowing multiple innovation projects to be delivered in parallel.</p> <p>It is noted that the average project duration of the 10 LCN Fund Tier 2 projects commenced in 2010 and 2011 is 3.5 years. Although there is no direct evidence to suggest that this particular project would take 5 years to complete if led by a DNO, the DNO effort for the 3rd party led projects is assumed to be significantly reduced in comparison with the Base Case - assumed to be more than a 40% reduction if delivered effectively. Therefore projects that would have taken 5 years worth of effort by the DNO could take 3 years worth of DNO effort when led by a third party. The project is relatively straightforward (a single technical Method, working towards a single technical Solution) and all stakeholders in the project are keen to ensure a workable solution is developed in time for deployment in RIIO-ED1.</p> <p>For avoidance of doubt, the project duration would not change.</p>		

Attachments	
Verbal Clarifications (Consultants)	