

LCN Fund Full Submission

Supplementary Answer Form

Tick if this answer is Confidential: ☐

Tick if this answer has been provided verbally: ☐

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| Project code: | SSET204 – PATHS | Question Number | SSEP027 |
| Question date | 27/09/12 | Answer date | 2/10/12 |
| Submission section question relates to | Section 2 | | |
| Topic | Project Description | | |
| Question | SGN's contribution is "subject to further application". Please clarify the expected source of SGN's contribution to the project. | | |
| Notes on question | | | |
| Answer | <p>In our Full Submission, we noted that funding for the mains gas injection aspect of PATHS was not yet in place but is likely to be funded from one or more of the following sources:</p> <ul style="list-style-type: none"> • The Fuel Cells and Hydrogen Joint Undertaking (FCH JU) - this is a €1 billion public private initiative to foster development of hydrogen sector. The partnership is backed by approximately €500 million of European funding. The FCH JU issues annual calls for proposals. The next 2013 call will be open early in 2013 and has approximately €70 million of funding available. The call is expected to suit hydrogen production and gas injection technologies. • The Technology Strategy Board (TSB) has recently completed a £9m hydrogen call and is now scoping support for the technology next year, which is expected to be of a similar magnitude. The TSB is currently funding gas injection feasibility work, and assuming the results are favourable, would be expected to support a gas injection bid. • The proposed Network Innovation Competition which is being considered by Ofgem for inclusion in RIIO-GD1 and as such may be available to Scotland Gas Networks. <p>We have a high level of confidence in securing this funding, as the wider project team involved in PATHS has so far secured £15m of external</p> | | |

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| | <p>funding.</p> <p>To give further confidence to Ofgem, we will revise our agreement with Scotia Gas Networks, our partners on this aspect of the project to include a commitment from them to fully investigate all potential funding sources and actively pursue relevant funding.</p> <p>Furthermore, PATHS has been structured in two phases specifically to allow for a natural break point in the unlikely event that funding for mains gas injection is not secured. A commitment to the physical delivery of the second phase of the project will be made only when external funding for the mains gas injection element is secured.</p> <p>Our partner SGN is fully committed to trying to secure the funding for this element of the project. They firmly believe that this approach has the potential to deliver benefits for the gas distribution network. Please find attached a letter from SGN to confirm this.</p> |
| Attachments | Attachment SSEP026 SGN Letter |
| Verbal Clarifications (Consultants) | |