



Promoting choice and value
for all gas and electricity customers

Gas Network Innovation Allowance Governance Document

Governance Document

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Overview:

This document is version 1 of the Network Innovation Allowance Governance Document referred to under Special Condition 2E of the Gas Transmission Licence and 1H of the Gas Distribution Licence. The "NIA Licence Condition".

One of the key innovation proposals for the RIIO (Revenue = Incentives + Innovation + Outputs) model for price controls was the introduction of a Network Innovation Allowance (NIA) for gas and electricity. The purpose of the NIA is to encourage Network Licensees to innovate to address issues associated with the development of their networks.

This Governance Document sets out the regulation, governance and administration of the Gas NIA. Network Licensees are required by the NIA Licence Condition to comply with this document as if it formed part of their licence.

We have attempted to make this document accessible and informative to parties other than the Network Licensees, especially those who may be looking to partner with Network Licensees to use the NIA to try out new technological or commercial arrangements.

It is the responsibility of each Network Licensee to understand the provisions of this Governance Document and how those provisions apply to them.

Context

Innovation is a key element of the new RIIO (Revenue = Incentives + Innovation + Outputs) model for price controls. The RIIO model applies to gas distribution companies (RIIO: GD1) and electricity and gas transmission companies (RIIO:T1) from 1 April 2013. We intend to introduce the RIIO model to electricity distribution companies (RIIO: ED1) from 1 April 2015.

One of the key innovation proposals was the introduction of a NIA for all Network Licensees funded under the RIIO framework. The purpose of the NIA is to provide a consistent level of funding to Network Licensees to allow them to carry out smaller innovative projects.

This document sets out the regulation, governance and administration of the gas Network Innovation Allowance. This document is issued by the Authority under Part D (The NIA Governance Document) of the NIA Licence Condition and in accordance with Part E (Procedure for Issuing and revising the NIA Governance Document) of the NIA Licence Condition. This document may be revised and reissued in accordance with Part E of the NIA Licence Condition.

Network Licensees are required by the NIA Licence Condition to comply with this document as if it formed part of their licence. However, we have attempted to make this document accessible and informative to parties beyond the Network Licensees to whom this document applies, especially those who may be looking to partner with Network Licensees to use the NIA to try out new technological, operational or commercial arrangements.

For the avoidance of doubt, this document is subordinate to the NIA Licence Condition. Consequently, this document will not change any definitions or obligations contained within the Gas Transporters Licence applicable to each of the Network Licensees and, in the event of any dispute, the NIA Licence Condition will take precedence.

Associated documents

Gas Act 1986

Special Condition 2E of the Gas Transmission Licence (The Network Innovation Allowance)

Special Condition 1H of the Gas Distribution Licence (The Network Innovation Allowance)

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1. Introduction

Chapter Summary

This chapter sets out the purpose and objectives of the Network Innovation Allowance.

1.1. Innovation is a key element of the new RIIO (Revenue = Incentives + Innovation + Outputs) model for price controls. The RIIO framework provides strong incentives for Network Licensees to innovate as part of normal business. However, certain Research, Development, and Demonstration Projects are speculative in nature and yield uncertain commercial returns. In addition, where benefits are linked to the decarbonisation of the network, it may be difficult to commercialise the respective carbon and/or environmental benefits and shareholders may be unwilling to speculatively fund such Projects.

1.2. Over time, we expect the incentives within the RIIO framework to encourage Network Licensees to innovate as part of business as usual. In the meantime, we have also introduced a time-limited innovation stimulus package within the RIIO framework to provide additional funding to kick start a cultural change where Network Licensees establish the ethos, internal structures and third party contacts that facilitate innovation as part of business as usual.

1.3. The innovation stimulus¹ consists of three measures:

- A Network Innovation Allowance (NIA) – to fund smaller innovation Projects that will deliver benefits to Customers as part of a RIIO-Network Licensee's price control settlement;
- A Network Innovation Competition (NIC) – an annual competition to fund selected flagship innovative Projects that would deliver low carbon and environmental benefits to Customers; and
- An Innovation Roll-out Mechanism (IRM) – to fund the roll-out of proven innovations which will contribute to the development in GB of a low carbon energy sector or broader environmental benefits.

1.4. The NIA and NIC are successors to the Low Carbon Networks (LCN) Fund. The NIA and NIC broadly replicate the structure of the LCN Fund² which consists of a first tier funding mechanism and a second tier funding mechanism. The scope of the NIC is broader than the second tier funding of the LCN Fund as it also includes Development as well as Demonstration Projects. In addition to the LCN Fund first tier funding, the NIA also builds upon elements of the Innovation Funding Incentive (IFI) that was in place under previous price controls.

¹ Further information on the high level policy of the innovation stimulus can be found [here](#).

² More information on the LCN Fund is available [here](#).

The NIA

1.5. The NIA provides limited funding to Network Licensees to use for two purposes:

- To fund smaller Projects which meet the criteria set out in this Governance Document; and/or
- To fund the preparation of submissions to the NIC which meet the criteria set out in the NIC Governance Document.

1.6. The amount of funding available to each Network Licensee under the NIA can be calculated using the formulae in the NIA Licence Condition. We have introduced the NIA Licence Condition of the Gas Transporter Licence to enable the creation of the NIA.

1.7. We expect Network Licensees to whom this document applies to collaborate with each other and other parties in the energy supply chain (ie suppliers, independent network operators and generators) on Projects.

1.8. A key feature of the NIA is the requirement that learning gained through Projects is disseminated in order that Customers gain satisfactory return on their funding through the broad roll-out of successful Projects and the network cost savings. Even where Projects are deemed unsuccessful, Network Licensees will gain valuable knowledge that could result in future network cost savings.

Differences between the NIC and the NIA

1.9. The NIA is a set annual allowance that each Network Licensee will receive to fund small-scale innovative Projects as part of its price control settlement. The NIA will fund smaller scale Research, Development, and Demonstration Projects, and can cover all types of innovation, including commercial, technological and operational. Unlike the NIC, the NIA is not focussed solely on innovative Projects with potential low carbon and environmental benefits.

1.10. Compared to the NIA, the NIC is focussed on funding larger scale, more complex innovative Projects, and therefore, funding will be awarded through an annual competitive process. All types of innovation including commercial, operational and technical are eligible for NIC funding so long as the Project has the potential to deliver low carbon and/or environmental benefits to Customers.

1.11. The scope of Network Licensee involvement in the NIC is also broader than the NIA. The NIA is only available to Network Licensees as part of their price control settlement, whereas Non-RIIO Network Licensees may lead bids for funding under the NIC.

1.12. The regulation, governance and administration for the NIC is set out in the NIC Governance Document.

The NIA Governance Document

1.13. This document is the NIA Governance Document and sets out the regulation, governance and administration of the NIA.

1.14. In this document we use the terms Ofgem and the Authority interchangeably. Ofgem is the Office of the Gas and Electricity Markets. The Authority is the Gas and Electricity Markets Authority and is the governing body of Ofgem, consisting of non-executive and executive members.

1.15. Defined terms are capitalised throughout the text, with the definitions set out in chapter 8.

1.16. In this document “Network Licensees” means the holder of a Gas Transporter Licence regulated through the RIIO price control framework.

1.17. Throughout this document we use the terms Problem, Method, Project and Solution and Dissemination. Defined as follows:

- **Problem:** means the issue that needs to be resolved;
- **Method:** means the proposed way of investigating or solving the Problem. This may be done by one or more of the following:³
 - **Research** (TRL 2-3) which means activity undertaken to investigate the Problem based on observable facts;
 - **Development** (TRL 4-6) which means activity on generating and testing solutions to the Problem;
 - **Demonstration** (TRL 7-8) which means activity focussed on generating and testing solutions on the network that takes them to a stage where they can be transferred to business as usual;
- **Project:** means the Research, Development or Demonstration being proposed or undertaken;
- **Solution:** means the outcome if the Problem is solved;
- **Dissemination:** means the activity undertaken to share learning from a Project.

³ Technology readiness levels (TRLs) are used to assess the maturity of evolving technologies, graded on a scale of 1-9. Projects with a TRL of 1 or 9 will not be eligible for NIA funding

Compliance

1.14 Network Licensees are required by the NIA Licence Condition to comply with this document as if it formed part of their licence.

1.15 The NIA and this NIA Governance Document in no way relieves affected parties, including Network Licensees and Project Partners, from their responsibility to ensure ongoing compliance with legislation including competition, environment and Customer protection laws.

Review

1.18. Ofgem may from time to time, following consultation with Network Licensees and other interested parties, revise this NIA Governance Document in accordance with the NIA Licence Condition. We also intent to update this Governance Document in late 2014 for the inclusion of DNOs and IDNOs from 2015.

1.19. Ofgem will undertake a review of the NIA after it has been in operation for at least two years. It is possible that, following this review, we will make changes to aspects of the NIA operations and governance, and amend the Governance Document to facilitate these changes.

2. Collaboration Learning Portals

Chapter Summary

This chapter sets out that Network Licensees should collaborate with a range of parties to develop and facilitate Projects funded through the NIA. We also require Network Licensees to work collaboratively to maintain a Collaboration and Learning Portal for this purpose at all times.

Collaboration Portal

2.1 We expect Network Licensees to collaborate with each other and Project Partners on many of the Projects supported by the NIA. Network Licensees are likely to have to work closely with other parties in the energy supply chain (from generators to suppliers) to explore what technological, operational or commercial arrangements best address changes in network use and what role they can play in facilitating low carbon and/or wider environmental benefits. Similarly, Network Licensees may benefit from the technologies used and lessons learned in other industries, including the telecoms and information technology sectors, and therefore partnerships with technology providers and others outside the energy industry will be valuable. Other parties such as local authorities and universities may be carrying out pilot studies and these could offer opportunities for Network Licensees to get a better understanding of the impact of these studies.

2.2 For the purposes of the LCN Fund⁴ established as part of Distribution Price Control Review 5 (DPCR5), Distribution Network Operators (DNOs) have established an area on the website of the Energy Networks Association (ENA) through which external parties can bring forward ideas to the DNOs for LCN Fund Projects.⁵

2.3 The Network Licensee is required to comply with the requirements of this chapter unless otherwise consented by the Authority.

Requirements

2.4. Network Licensees must work collaboratively with each other, the DNOs and each other to develop this Collaboration Portal to incorporate the NIC and NIA, or develop an equivalent portal (if more effective or cost-efficient than the existing ENA portal) for the NIC and NIA so that the following content is available as a minimum by 1 October 2013:

⁴<http://www.ofgem.gov.uk/Networks/ElecDist/lcnf/Documents1/LCN%20Fund%20Governance%20document%20v5.pdf>

⁵ <http://www.ena-eng.org/lcn/Home.aspx>

- Links to the Ofgem website, to direct potential collaborators to this NIA Governance Document;
- A function which enables potential Project Partners to record their name, contact details and a brief summary of their business, idea, proposal or service is available to all Network Licensees; and
- A contact point for each Network Licensee for potential Project Partners to submit Project ideas.

2.5. Network Licensees must work collaboratively to ensure the Collaboration Portal is up to date at all times. In addition, Network Licensees should annually review this portal and make appropriate changes to improve its accessibility and content. We expect this review to be informed by stakeholder consultation on the quality of information provided and the usability of the Collaboration Portal.

Additional information

2.6. The provision of the Collaboration Portal is not intended to provide any constraint on, or specify the mechanism through which the Network Licensee will select Project Partners. The portal should not be used as the sole basis upon which an award of a contract for services provided by a Project Partner should be based. It is for the Network Licensee to ensure that its actions, in this regard, comply with any applicable procurement rules.

Learning Portal

2.7. Facilitating knowledge transfer is one of the key principles of the NIA. Ultimately, Customers are funding this work and we want the learning generated to be disseminated as effectively as possible to ensure that all Network Licensees, and therefore all Customers, are able to benefit from Projects.

2.8. Through the DECC/Ofgem Smart Grids Forum, Network Licensees are establishing a website to share learning from innovative Projects. This Learning Portal will be an area on the ENA website through which external parties can access the learning generated as a result of innovative Projects.

Requirements

2.9. We require Network Licensees to work collaboratively to develop this website into a Learning Portal so that the following content is available, as a minimum:

- NIA Project Registration information for all NIA Projects by 1 October 2013; and
- NIA Project Progress Information for each NIA Project by July 2014.

2.10. We require the Network Licensees to ensure that Project details published on the Learning Portal are up to date at all times.

Additional information

2.11. The provision of a Learning Portal is not intended to provide any constraint on, or specify, the Dissemination mechanisms of the Network Licensee. The portal should not be used as the sole means of Disseminating learning.

2.12. The requirements of this chapter could be fulfilled by creating a single web address which encompasses the Collaboration Portal and the Learning Portal or separate addresses for each portal.

3. Network Innovation Allowance Projects

Chapter Summary

This chapter sets out the requirements for a Project to qualify as an Eligible NIA Project.

Background

3.1. The policy intent of the NIA is to provide Network Licensees with funds to explore technologies or commercial and operating arrangements that will deliver benefits for Customers.

Project portfolio

3.2. There will be no initial requirement for a Network Licensee's Project portfolio to contain a specific percentage split between different types of Method and Solutions. However, it is likely that we will achieve the maximum learning for the industry if the Projects funded across all Network Licensees cover a broad range of Methods and Solutions. If Ofgem identify strong bias towards one type of Method and Solution, we may decide to specify the balance between types of projects funded through the NIA following a review.

3.3. There is no minimum or maximum size for a NIA Project.⁶ However, Network Licensees cannot recover any expenditure on a NIA Project which is incurred after 31 March 2021.

3.4. We expect that Projects that have previously been funded under IFI funding will be able to receive funding under the NIA. However, to ensure the same transparency and availability of learning we will require all Projects that have been funded under the IFI and are now being funded under the NIA to conform to all aspects of this document from the date they are funded under the NIA.

Specific requirements

3.5. There are two sets of criteria (specific requirements) that a Project must meet if it is to qualify as a NIA Project.

Specific requirements set 1

3.6. A NIA Project must have the potential to have a Direct Impact on a Network Licensee's network or the operations of the System Operator and involve the Research, Development, or Demonstration of at least one of the following:

⁶ Although NIA Funding is subject to the size of each licensee's NIA.

- A specific piece of new (ie unproven in GB, or where a Method has been trialled outside GB the Network Licensee must justify repeating it as part of a Project) equipment (including control and communications systems and software);
- A specific novel arrangement or application of existing electricity transmission equipment (including control and/or communications systems and/or software);
- A specific novel operational practice directly related to the operation of the GB Gas Transportation System; or
- A specific novel commercial arrangement.

Specific requirements set 2

3.7. A NIA Project must, in addition, meet all of the requirements described below.

(a) Has the potential to develop learning that can be applied by all Relevant Network Licensees

3.8. One of the purposes of the NIA is to allow learning to be shared amongst Network Licensees. The NIA Project must develop new learning that can be applied by Relevant Network Licensees. However, we recognise that a Network Licensee may wish to address challenges specific to its network.

3.9. The Network Licensee must be able to certify in its Project Eligibility Assessment (PEA) (the requirement for which is set out in paragraph 3.16 below):

- i) How the learning that will be generated could be used by Relevant Network Licensees; or
- ii) What specific challenge identified in the Network Licensee's innovation strategy that is being addressed by the Project.

3.10. Where a Network Licensee wishes to deviate from the default requirement for Intellectual Property Rights (IPR) set out in chapter 7, it must:

- i) Demonstrate how the learning from the Project can be successfully disseminated to network operators and other interested parties;
- ii) Take into account any potential constraints or costs caused, or resulting from, the imposed IPR arrangements; and
- iii) Justify why the proposed IPR arrangements provide value for money for Customers.

(b) Has the potential to deliver net financial benefits to gas Customers.

3.11. There must be a clear expectation that the Method being used has the potential to deliver the Solution at a lower cost than the most efficient Method currently in use on the GB Gas Transportation System.

3.12. To comply with this requirement the Network Licensee must be able to set out in their PEA:

- i) An estimate of the saving if the Problem is solved;
- ii) A calculation of the expected financial benefits of a Development or Demonstration Project (not required for Research as set out in paragraph 3.17 to 3.21 below;
- iii) An estimate of how replicable the Method is across GB in terms of the number of sites, the sort of site the Method could be applied to, or the percentage of the GB Gas Transportation System where it could be rolled-out; and
- iv) An outline of the costs of rolling out the Method across GB.

3.13. To ensure a consistent approach in assessing the benefits of Projects we require Network Licensees to work together to develop a common guide for converting different types of benefit into financial terms. Please see paragraphs 3.17 to 3.21 below for the requirements of this guide.

(c) Does not lead to unnecessary duplication

3.14. A NIA Project must not unnecessarily duplicate other IFI, LCN Fund, NIA and NIC Projects already Registered or being carried out by the Gas Transmission Group/Gas Distribution Group or any other Gas Transmission Group/Gas Distribution Group. To comply with this requirement the Network Licensee must:

- Where applicable, justify why they are undertaking a Project similar to those being carried out by any other Gas Transmission Group or Gas Distribution Group; and
- Demonstrate in its PEA that no unnecessary duplication will occur as a result of the Project.

3.15. Unnecessary duplication is likely to occur if the new NIA Project is not expected to lead to new learning. Projects that address the same Problem, but use a different Method, will not be considered as unnecessarily duplicating other Projects. For the avoidance of doubt, Projects that are at different TRLs will not be considered as unnecessarily duplicating other Projects.

Documentation Requirements

Project Eligibility Assessment (PEA)

3.16. Before Registration of a NIA Project, the Funding Licensee(s) must produce a PEA. In the PEA Network Licensees must demonstrate that the Project meets the Specific Requirements set out in paragraphs 3.6 to 3.15 above and why the Funding Licensee is not implementing the Project as part of its normal business activity. This assessment should be published on the Project Registration Page of the Learning Portal.

Project benefits guide

3.17. To ensure a consistent approach in assessing the benefits of Projects we require Network Licensees to work together to develop a common guide for converting different types of benefit into financial terms. We consider that the balanced scorecard approach that is currently part of the IFI development process would be a useful starting point in developing this guide. The guide will be approved by Ofgem before being used by Network Licensees. Network Licensees must submit the draft guide for approval to Ofgem by 1 October 2013.

3.18. The Network Licensee must be able to use a methodology set out in the guide to estimate the financial benefit if the Problem is solved. This estimate should be accompanied by a qualitative summary of the resources the Network Licensee currently uses to address the Problem.

3.19. In the case of a Development or Demonstration the Network Licensee must be able to use the guide to explain the financial benefit of the Project by:

- Estimating the costs of delivering the Solution (at the scale being tested within the Project) through the most efficient Method currently in use on the Electricity Transmission System - the Base Case Cost; and
- Estimating the costs of replicating the Method, at the scale being tested in the Project, once it has been proven successful - the Method Cost.

3.20. The difference between the Base Case Cost and the Method Cost for a Development or a Demonstration is the financial benefit of the Project. Where a Network Licensee is looking to test more than one Method it should outline the financial benefit of each separate Method.

3.21. Until the guide is approved the Network Licensee will only be able to start new Projects with a clear monetary benefit.

Registration process requirements

3.22. In order for a Project to be eligible for funding it must be registered on the Learning Portal (or the Funding Licensees own website until the portal is in place) referred to in chapter 2. The Funding Licensee must notify Ofgem by sending an email to nia_project_registration@ofgem.gov.uk each time they register a Project. For the avoidance of doubt there should only be one Project Registration Page for each Project even where there are multiple Funding Licensees and only one email is required to be sent to Ofgem. However, all Funding Licensees are responsible for ensuring they comply with this Governance Document.

3.23. The Registration process does not generally involve Ofgem approving Projects. However, we have identified two circumstances where a Network Licensee must seek approval from Ofgem before Registration of a Project. These are where the Network Licensee is:

- i) Requesting an exemption from the default conditions for IPR set out in chapter 7; or
- ii) Intends to make payments to itself or to Related Undertakings as set out in chapter 4.

3.24. Where the Licensee wishes to register a Project in one of the circumstances described in paragraph 3.23 it should make a written submission to Ofgem before the Network Licensee registers the Project. Ofgem will review the submission and only provide approval where it judges that a satisfactory justification has been supplied. Ofgem will undertake this review and respond to the request within 20 Working Days of receipt of the submission. If, during the 20 Working Day evaluation period following the submission of the request, Ofgem considers that additional information will be needed to assess whether approval should be given then in these circumstances the Authority may extend the deadline for its decision by 20 Working Days, or a part thereof, from the day when the further information was provided.

3.25. Where a Network Licensee has explained in their PEA why it (or Project Partners) will face commercial harm from disclosure of any of the information required in table 3.1 below and informed Ofgem when registering the Project then it is not required to publish this information. However, if the Authority later considers information has been unreasonably withheld then NIA Expenditure up to the value of the Project may be declared ineligible.

3.26. Where multiple Network Licensees wish to recover Allowable NIA Expenditure for the purposes of a collaborative Project then Funding Licensees must be named on the NIA Project Registration Page. Where there are multiple Funding Licensees it should be made clear at the time of Registration what contribution each Funding Licensee will be making.

3.27. If the Network Licensee is not seeking approval to register a Project for one of the reasons identified in paragraph 3.23, the Project will be registered when the

Network Licensee publishes information required for the Registration of NIA Projects on the Learning Portal (or the Network Licensee's own website until the Learning Portal is in place).

3.28. A Project can be registered at any time during the Formula Year. Projects must start in the same Formula Year in which they are registered, except where Registration has taken place within 20 Working Days of the end of the Formula Year, in which case the Project may start in that Formula Year or in the subsequent Formula Year.

3.29. Projects must not be started until Registration has taken place and Ofgem has been notified. Where the Network Licensee has sought permission from Ofgem to register a Project it cannot be started until the Network Licensee has received permission to register the Project.

3.30. A Network Licensee can still register a NIA Project even if it does not expect to incur any Allowable NIA Expenditure. In doing so, it will still be eligible to receive Allowable NIA Expenditure if the outturn costs and benefits are different from expectation.

3.31. The Funding Network Licensee(s) will provide the information required for Registration set out in Table 3.1 on the NIA Project Registration Page.

Table 3.1: Information required for the registration of NIA Projects

Information required	Description
Project title	
Funding Licensee(s)	The Network Licensee(s) which register(s) the Project and recover(s) the Allowable NIA Expenditure from Customers.
Problem(s)	This should outline the Problem(s) which is being addressed by the Project.
Method(s)	This section should set out the Method or Methods that will be used in order to solve or investigate the Problem. The type of Method should be identified where possible, eg technical or commercial.
Scope and Objectives	The scope and objectives of the Project should be clearly defined including the benefits (eg financial, environmental, etc) which should directly accrue to the GB Gas Transportation System.
Success criteria	Details of how the Funding Licensee will evaluate whether the Project has been successful.
Project Partners and external funding	Details of actual or potential Project Partners and External Funding support as appropriate.
Potential for new learning	Details of what the parties expects to learn and how the learning will be disseminated.
Scale of Project	The Funding Licensee should justify the scale of

Information required	Description
	the Project. In particular, it should explain why there would be less potential for new learning if the Project were of a smaller scale.
Geographical area	Details of where the Project will take place. If the Project is collaboration, the Funding Licensee area(s) in which the Project takes place should be identified.
Revenue allowed for in the RIIO- T1 settlement	An indication of the expenditure allowed for within the RIIO-T1 settlement ⁷ that is likely to be saved as a result of the Project.
Indicative total NIA Project Expenditure	An indication of the total Allowable NIA Expenditure that the Funding Licensee expects to reclaim for the whole of the Project.

NIA Project change requirements

3.32. Once a NIA Project has been Registered, the Funding Licensee will not be able to change the following aspects of the Registered Project:

- i) Project title,
- ii) Problem,
- iii) Objectives,
- iv) Success criteria, and
- v) The IPR arrangements.

3.33. Further, although the Funding Licensee can reduce the level of payment that was registered to be made to a Related Undertaking, it cannot either increase the payment or make a payment to an additional Related Undertaking without receiving approval from Ofgem.

3.34. However, if the Funding Licensee can demonstrate that there will be a benefit to changing other aspects of the Project (not listed in paragraph 3.32) based on learning once the Project has been started, it may do so. The Network Licensee must update the information on the Project Information Page (including an explanation of why the change has been made). The Network Licensee must inform Ofgem by email at nia_project_registration@ofgem.gov.uk. For the avoidance of doubt, this change could include prematurely terminating the Project.

⁷ This is the Expenditure included in the Licensees' Business Plan for RIIO: T1

4. Eligible NIA Expenditure

Chapter Summary

This chapter defines what is Eligible NIA Project Expenditure and defines what will be considered Eligible Bid Preparation Costs.

4.1. There are two categories of expenditure that can be recovered under the NIA. The first category is expenditure associated with undertaking NIA Projects. This is set out in paragraphs 4.3 to 4.10 below and is called Eligible NIA Expenditure. The second category is expenditure to prepare submissions for the NIC. This is set out in paragraph 4.13 below and is called Eligible Bid Preparation Costs.

4.2. The amount available for Allowable NIA Expenditure can be calculated using the NIA Licence Condition: The Network Innovation Allowance.

Eligible NIA Expenditure requirements

4.3. Eligible NIA Project Expenditure is expenditure on a Project that is related to the implementation of the Network Licensee's Project subject to the restrictions set out in this Governance Document.

Expenditure relating to equipment

4.4. If the expenditure relates to equipment (including control and/or communications systems and/or software) then:

- It must be incurred in relation to the development or procurement, installation or operation or maintenance or decommissioning of equipment which will have a Direct Impact on the Network Licensee's network;
- It must not be related to the procurement, installation, operation and decommissioning of any device on any Customers' premises that measures the consumption of energy and provides such measurement data to an Energy Supplier. Where data is gathered the Network Licensee must comply with the Data Protection requirements section of this Governance Document; and
- Equipment that is funded through the NIA for the purpose of reducing or shifting the electrical demand of commercial or domestic Customers will be deemed be connected to and form part of the Network Licensee's network if it is being used to test the impact of electricity demand reduction on the Network Licensee's network.

Payments to Network Users

4.5. If the expenditure involves payments to a Related Undertaking to remunerate a Network User for the actions it takes as part of the NIA Project then:

- All payments that are proposed to be made to any Related Undertaking must be declared before Project Registration and will require approval from Ofgem before the Project can be registered;
- The Network Licensee must simultaneously offer the same terms to similar Network Users on the part of the network that is within the Project boundary, and must have used reasonable endeavours to identify similar Network Users; and
- The payment cannot be made directly to the Network Licensee or affiliated Network Licensees undertaking the NIA Project, except to cover the marginal operating costs of running existing Network Licensee owned generation or storage plants that are solely necessary for the purposes of the Project. Such marginal operating costs must be declared at the time of Project Registration and will require approval from Ofgem before the Project can be registered.

Customer protection

4.6. Where the Project involves any interaction with a Relevant Customer or a Relevant Customer's premises, or any Direct Impact on or engagement with Relevant Customers (eg through charging or contractual arrangements or supply interruptions) the Network Licensee must comply with the conditions set out in this Customer protection section.

Requirements

4.7. The Network Licensee must submit to Ofgem, at least two months prior to initiating any form of engagement with a Relevant Customer, a Customer Engagement Plan of how it, or any of its Project Partners, will engage with, or impact upon, Relevant Customers as part of the Project. The Network Licensee and its Project Partners cannot initiate any form of engagement with a Relevant Customer until the plan has been approved by the Authority, and the Network Licensee must comply with the approved plan at all times. The plan must include:

- A communications strategy which sets out inter alia:
 - Any proposed interaction with a Relevant Customer or premises of a Relevant Customer or proposed interruption to the supply of any Customer for the purposes of the Project, and how the Customer will be notified in advance;
 - Ongoing communications with the Relevant Customers involved in the Project;
 - Arrangements for responding to queries or complaints relating to the Project from Relevant Customers;
- Information on the Priority Services Customers who will be involved in the Project and how they will be appropriately treated (including providing information to any person acting on behalf of a Priority Services Register Customer in accordance with condition 37 of the Gas Supply Licence, where applicable);
- Details of any safety information that may be relevant to the Project, and

- Details of how any consents that may be required as part of the Project will be obtained.

4.8. The Network Licensee must publish the plan by making it readily available on its own website and provide a link on the Learning Portal.

4.9. The Network Licensee (or its contractors) and its Project Partners must also:

- Not visit a premises of any Customer for sales or marketing activities in connection with, in the context of or otherwise under the guise of the Project; and
- Have regard to the implementation of the smart meter roll-out in the geographical area relevant to the Project to ensure that the Project does not impede the implementation of the roll-out in any way.

Data protection Requirements

4.10. Where the Project involves the collection of any personal data (as defined in the Data Protection Act 1988) the Funding Licensee must submit a strategy for dealing with this personal data to Ofgem at least two months prior to collecting or using the data. The Funding Licensee or its Project Partners cannot collect or use any personal data until the strategy has been approved by the Authority. The strategy must set out the following:

- What personal data will be collected for the purposes of the Project;
- How this personal data will be used;
- How consent for use of the personal data will be obtained;
- What information will be provided to the Customer prior to consent being sought;
- If Priority Services Register Customers are included in the Project, how their personal data will be obtained;
- Who owns the personal data;
- How long the personal data will be retained; and
- How this personal data will be managed (which should be based on a “privacy by design” approach, as advocated by the Information Commissioner’s Office⁸).

Unrecoverable NIA Project Expenditure

4.11. Unrecoverable NIA Project Expenditure cannot be recovered from Allowable NIA Project Expenditure. Unrecoverable NIA Expenditure is any NIA Project

⁸ See http://www.ico.gov.uk/news/current_topics/privacy_by_design_conference.aspx

Expenditure arising from a failure to conform to technical requirements or arising from an increase in payments associated with a reduction in standards of performance.

Technical requirements and standards of performance

4.12. Meeting the criteria for NIA Projects does not exempt the Network Licensee from complying with its licence obligations to conform to all technical requirements or standards of performance or any other legislation. If the Network Licensee wishes to seek derogation from technical requirements or incentive schemes it must do so through the relevant existing mechanisms. Without a derogation any increase in payments resulting from a reduction in performance that occurs through undertaking a NIA Project is deemed Unrecoverable NIA Project Expenditure.

Eligible Bid Preparation Costs

4.13. As set out in the NIA Licence Condition the Network Licensee can use up to a maximum £175,000 or 5 per cent of the NIC funding requested, whichever is smaller, from its NIA to cover expenditure it incurs submitting bids to the NIC for submissions which have passed the NIC Initial Screening Process (ISP) or efficiently incurred costs associated with implementing and maintaining the Learning Portal and the Collaboration Portal. The Network Licensee must be able to demonstrate that it has used the amount claimed under Eligible Bid Preparation Costs for the purposes listed above. Where the Network Licensee is part of an Electricity Transmission Group, the sum of such costs recoverable by all of the Network Licensees in that group cannot be more than £175,000 or 5 per cent.

External NIA funding

4.14. If the Network Licensee receives funding from a Project Partner or External Funder that covers Eligible NIA Project Expenditure then they cannot use their NIA to fund the activities paid for by a Project Partner or External Funder.

Revenue allowed for within the RIIO: T1 settlement

4.15. Direct Benefits are any benefits of the Project accruing to the Network Licensee during the Project implementation, and comprise expenditure included in the Network Licensees Business Plan for the RIIO:T1/GD1 Period that will be saved through undertaking the Project.

4.16. Where the Network Licensee receives a Direct Benefit because of undertaking the Project the amount saved should be used to cover the expenditure incurred on the NIA Project and so must be deducted from the Eligible NIA Expenditure.

Eligible NIA Internal Expenditure

4.17. The proportion of NIA expenditure the Network Licensee can spend on their own internal resources is set out in the NIA Licence Condition.

5. Annual regulatory reporting for NIA Projects

5.1 The Network Licensee must report the required details for its NIA Expenditure as set out in Standard Special Condition A40 (Regulatory Instructions and Guidance).

6. Knowledge transfer

Chapter Summary

Facilitating knowledge transfer is one of the key aims of the RIIO Innovation Stimulus. Learning should be shared among all Network Licensees. This chapter sets out the knowledge transfer requirements of the NIA.

6.1. There are four requirements relating to knowledge transfer set out in this document: the Project Progress Information, an annual summary of NIA activity, an annual conference described in this chapter and the treatment of IPR (which is comprehensively set out in chapter 7). The Network Licensee should also seek other mechanisms to ensure effective Dissemination of learning.

Learning Portal deadline

6.2. The Network Licensee must publish the required Project Progress Information on the Learning Portal by 31 July 2014 and each year thereafter. If a NIA Project is halted, then Project Progress Information must be published by 31 July in the Formula Year the Project is halted. This is separate to the requirement to publish an annual summary of NIA activity under paragraph 6.10.

Required Project Progress Information

6.3. The Network Licensee must publish Project Progress Information for each NIA Project that has developed new learning in the preceding Formula Year on the Learning Portal. This publication should provide sufficient information for third parties to understand what has been learnt from the Project and should be sufficient to allow other DNOs to replicate the Project and minimise the likelihood that other Network Licensees will unnecessarily duplicate the Project using their NIA in future. If the NIA Project generates IPR that Ofgem has agreed at Registration do not need to be shared, the Project Progress Information must provide sufficient information for other Network Licensees to determine whether the IPR would be of value.

6.4. Where the Network Licensee has explained in their PEA and informed Ofgem at Registration why it (or Project Partners) will face commercial harm from disclosure of any of the information required in Table 6.1 then it is not required to publish this information on the Project Registration Page. If the Authority later considers information has been unreasonably withheld then NIA Expenditure up to the value of the Project may be declared ineligible.

6.5. The Project Progress Information should include the following sections in the order that they appear below.

Table 6.1: Required Project Progress Information.

Section	Description
Project Title	As per Registration
Scope and objectives	As per Registration
Success criteria	As per Registration
Performance compared to the original Project aims, objectives and success criteria	Details of how the Project is investigating/solving the issue described in the NIA Project Registration Pro-forma. Details of how the Project is performing/performed relative to its aims, objectives and success criteria.
Required modifications to the planned approach during the course of the Project	The Network Licensee should state any changes to its planned methodology and describe why the planned approach proved to be inappropriate.
Lessons learnt for future Projects	Recommendations on how the learning from the Project could be exploited further. This may include recommendations of what form of trialling will be required to move the Method to the next TRL. The Network Licensee should also state if the Project discovered significant problems with the trialled Methods. The Network Licensee should comment on the likelihood that the Method will be deployed on a large scale in future. The Network Licensee should discuss the effectiveness of any Research, Development or Demonstration undertaken.
The following sections are only required for those Projects which have been completed since the 1 April 2013 or since the previous Project Progress Information was published.	
The outcomes of the Project	Comprehensive details of the Project's outcomes are to be reported. Where quantitative data is available to describe these outcomes it should be included in the report. Wherever possible, the performance improvement attributable to the Project should be described. If the TRL of the Method has changed as a result of the Trial this should be reported. The Network Licensee should highlight any opportunities for future Projects to develop learning further.
Planned implementation	Details on whether and how the Network Licensee plans to modify its operations based on learning from the Project. If the Method is not ready to be used or implemented, the Network Licensee should explain what needs to happen before the Method

Section	Description
	can be implemented. The Network Licensee can break down the requirements into actions required by Network Licensees and actions required by non-Network Licensee parties. If the Network Licensee intends to submit a notice under Special Condition 3D for DN Operators or Special Condition 5D (The Innovation Roll-out Mechanism) for the NTS Operator this should be noted here.
Other comments	

Compliance

6.6. In the event that Ofgem considers that the Project Progress Information does not conform with the requirements of this Governance Document, it may ask the Network Licensee to resubmit the Project Progress Information. If Ofgem considers that the resubmitted Project Progress Information still does not comply with this Governance Document, Ofgem may reduce the Network Licensee's Network Revenue by an amount up to the level of funding allowed for the Project concerned.

Annual summary of NIA activity requirements

6.7. The Network Licensee must produce an annual summary of its NIA activity. This summary should:

- Summarise the progress of the Network Licensee's NIA activities in the Formula Year;
- Summarise how the NIA activities link to the Network Licensee's innovation strategy; and
- Highlight areas of significant new learning.

6.8. We expect this document to be brief and refer to the detailed information on the Learning Portal where further detail on Projects can be found. The Network Licensee should publish this summary on its website and add a link to the document on the Learning Portal by 31 July 2014 and 31 July each year thereafter. This summary should be signed by the senior person responsible for implementing NIA Projects.

Annual conference requirements

6.9. The Network Licensee must work collectively with such other Network Licensees as are subject to this Governance Document to organise an annual conference. The annual conference will be held every Formula Year for Network Licensees, Project Partners and interested third parties. Expenditure incurred in organising this annual conference can form part of Internal NIA Expenditure. The Network Licensee must (subject to any confidentiality or IPR arrangements approved

before Registration) highlight the key learning that has been developed by the Network Licensee since the previous annual conference.

6.10. This conference may form part of the same event as any NIC or LCN Fund conferences and the Network Licensee may charge attendees a nominal sum for attending the conference. The Network Licensee's income from charges is not to exceed the efficient cost to the Network Licensee of organising the conference.

6.11. The NIA conference may be a single event for gas and electricity or multiple events, we expect Licensees to work together to agree the format of the annual conference.

7. Intellectual Property Rights (IPR)

Chapter Summary

To facilitate Knowledge transfer we have created a default treatment for IPR. This chapter sets out these default arrangements.

Introduction

7.1. We recognise that the Projects financed by the NIA may create IPR either for the Funding Licensee or for any Project Partners (whether for one, both or jointly), and that these rights could restrict the Dissemination of knowledge and also provide value through future revenues.

7.2. The Licensee is required to enter into contractual arrangements with Project Partners which reflect the arrangements described in this chapter of the Governance Document. The purpose of these arrangements is to:

- Ensure the Dissemination of knowledge generated by each NIA Project; and
- Protect Customers against paying excessively for products or approaches (for which they have contributed to the cost of development by providing NIA funding).

7.3. Given the light touch nature of these arrangements we expect the vast majority of NIA projects to be able to meet the requirements of this condition. However, in the circumstance that a potential Project Partner is not prepared to enter into contractual arrangements on this basis, we are willing to consider alternative arrangements on a case by case basis. In any event, all alternative arrangements must comply with the criteria set out in paragraph 3.10 of chapter 3.

Ensuring knowledge Dissemination

7.4. Network Licensees must ensure that their IPR arrangements allow for the Dissemination of knowledge in respect of a Project. This knowledge may be the knowledge necessary to reproduce or simulate the outcome of a Project. It may also be the knowledge necessary to avoid a negative outcome. Where the deployment of IPR materially reduces the cost, difficulty or time associated with reproducing the outcome of a Project, this would also constitute an IPR which is material to the Dissemination of knowledge.

7.5. Relevant Foreground IPR is Foreground IPR that other Licensees will need to utilise in order to implement the Method(s) being Developed or Demonstrated in the Project. This must be identified in the PPR in sufficient detail to enable others to identify whether they need to use that IPR. For clarification it is not expected that the confidential details of IPR would be disclosed in the Project Progress Report, only

sufficient information to enable others to identify whether the IPR is of use to them. Where Background IPR is required to use the Relevant Foreground IPR, this must also be clearly stated.

7.6. Foreground IPR within Commercial Products is not deemed Relevant Foreground IPR. However, these must be made available for purchase by Network Licensees after the Project and in line with paragraphs 7.8 to 7.10 below.

7.7. All other Network Licensees will have the automatic right to use Relevant Foreground IPR for use within their network system royalty free. The Network Licensee will ensure that arrangements are in place to allow such access.

Ensuring value

7.8. For the avoidance of doubt, each Participant in the Project, whether a Network Licensee or a Project Partner shall retain all rights in and to its Background IPR.

7.9. Each Participant shall own all Foreground IPR that it independently creates as part of the Project. Where Foreground IPR is created jointly then it shall be owned in shares that are in proportion to the effort and work done in its creation.

7.10. The Network Licensee is required to consider and enter into contractual arrangements that have the potential to provide best long term value to all Customers during, and following the completion of, the Project. This could be, for example, taking into account the level of funding provided by other Project Partners, the IPR terms agreed between the Network Licensee and Projects Partners as well as future pricing commitments (eg firm pricing for post Project products, discount arrangements etc) offered by Project Partners.

8. Definitions

Allowable NIA Expenditure

Allowable NIA Expenditure is the total expenditure that can be recovered from the NIA. It includes Bid Preparation Costs and Eligible NIA Expenditure.

Background IPR

Means all the intellectual property owned or licensed to a Participant at the start of a Project.

Base Case Costs

The lowest cost method of delivering the Solution (on the scale outlined as part of the Project) which has been proven on the GB Gas Transportation System.

Collaboration Portal

An online portal to inform collaborators about NIC Projects that complies with the requirements set out in chapter 2 of this document.

Commercial Product

Means products which have Background IPR identified prior to the commencement of the Project.

Customer

Means any person supplied or requiring to be supplied with gas at any premises by a gas supplier.

Customer Engagement Plan

The plan that the Network Licensee must submit to Ofgem setting out how it or any of its Project Partners, will engage with, or impact upon, Relevant Customers as part of the Project.

Development (TRL 4-6)

Means activity on generating and testing solutions to the Problem.

Demonstration (TRL 7-8)

Activity focussed on generating and testing solutions on the network and take it to a stage where they can be transferred to business as usual.

Direct Benefits

Direct Benefits are the benefits of a Project accruing to the Network Licensee during the Project implementation and comprises any expenditure included within the

Network Licensees Business Plan for RIIO-T1/GD1 that will be saved as a result of undertaking the Project.

Direct Impact

Where the deployment or use of the Method (will in the case of Research) lead to a directly related measurable change or (in the case of a Development or Demonstration) cause a directly related measurable change in the operation of the distribution/transmission system in a controllable way. Where the Method involves measures that aim to reduce or shift the gas demand of commercial or domestic Customers, it is deemed to be controllable.

Dissemination

Means the activity undertaken to share learning from a Project.

DN Operator

Means a Network Licensee who is obliged to comply with one or more conditions in Part D: Standard Special Conditions applicable to all DN Licensees (as a whole or in part) as a result of any direction issued pursuant to Standard Special Condition D1 (Application/Disapplication of standard conditions in Section A (Interpretation, Application and Payments) and Section B (General) and Application/Disapplication of Standard Special Conditions applicable to DN Licensees).

Eligible NIA Project

A Project that satisfies the criteria set out in chapter 3 and the requirements set out in chapter 4 of this Governance Document.

Eligible NIA Expenditure

Means the amount of expenditure spent or accrued by the Network Licensee in respect of Eligible NIA Projects and Eligible NIC Bid Preparation Costs and forms part of Allowable NIA Expenditure as set out in Part B of the NIA Licence Condition.

Eligible NIA Internal Expenditure

The proportion of NIA Expenditure the Network Licensee can spend on their own internal resources.

Eligible NIC Bid Preparation Costs

Means the amount of expenditure spent or accrued by the Network Licensee when preparing submissions for the Network Innovation Competition that appear to have been spent in such a way that satisfies the requirements of the NIA Governance Document as are necessary to enable the projects to be funded under the provisions of this condition.

Energy Supplier

The holder of a gas or electricity supply license.

Foreground IPR

Foreground IPR is means all intellectual property created by or on behalf of the Participants, their sub-Network Licensees, agents and sub-contractors, as part of, or pursuant to the Project, including all that subsisting in the outputs of the Project.

Formula Year

Means a period of twelve months commencing on 1 April at 06:00 hours, the first such Formula Year (t=1) commencing 1 April 2013.

Funding Licensee

The Network Licensee that registers a NIA Project and uses their NIA to fund a Project.

Gas Distribution Group

Means a group of DN Operators in which the Network Licensee and every other Network Licensee within the group are affiliates of each other.

Gas Transmission Group

Means a group of NTS Operators in which the Network Licensee and every other Network Licensee within the group are affiliates of each other.

GB Gas Transportation System

Means the combined Pipe Line Systems of the Network Licensees who are subject to this Governance Document.

Initial Screening Process (ISP)

All proposed electricity NIC Projects must pass the ISP before they are eligible to be developed into full submissions and considered by the Authority for funding. The purpose of the ISP is to reduce the risk of Network Licensees spending time and money developing “ineligible” projects by providing an early indication of which projects are eligible for funding.

Learning Portal

An online portal for sharing learning from NIA Projects that complies with the requirements set out in chapter 2 of this document.

Method

Means the proposed way of investigating or solving the Problem. This may be done by either:

- Research: which means activity undertaken to investigate the Problem based on observable facts;
- Development: which means activity focussed on generating and testing solutions to the Problem; or
- Demonstration: which means activity focussed on demonstrating and testing technologies/practices on the network which address the Problem and take them to a stage where they can be transferred into BAU.

Method Costs

The costs of replicating the Method, at the scale being tested in the Project, once it has been proven successful.

Micro-Business

A micro business is defined as a company which meets one of the following criteria –

- consumes less than 200,000 kWh of gas a year;
- consumes less than 55,000 kWh of electricity a year; or
- has fewer than ten employees (or their full-time equivalent) and an annual turnover or annual balance sheet total not exceeding £2m.

Network Innovation Allowance

Means an amount of the Network Licensee's allowed revenue provided to fund investment in innovation under the NIA established pursuant to the NIA Licence Condition.

Network Licensee

The holder of a Gas Transporter or Electricity Transmission Licence who is regulated through the RIIIO price control framework

Network User

A Customer or the holder of a gas supply licence, a gas shipper licence, or a gas transporter licence with whom the Network Licensees has a direct contractual relationship.

NIA Expenditure

Expenditure from the Network Licensees NIA.

NIA Licence Condition

Means, as is contextually relevant, either:

- Special Condition 2E of the Gas Transmission Licence (The Network Innovation Allowance); or
- Special Condition 1H of the Gas Distribution Licence (The Network Innovation Allowance).

NIA Project Registration Information

The information which Funding Licensees must publish on the Learning Portal in order to use funding under the NIA.

Participant

A party who is involved in a Project. A Participant will be one of the following: Network Licensee, Licensee Partner, Project Partner, External Funder, Project Supplier or Project Supporter.

Priority Service Customers

Certain domestic customers whose premises are connected to the pipeline to which standard special condition D13 (for GDNs) of the Gas Transporter Licence apply.

Problem

The issue that needs to be resolved.

Project

Means the Research, Development or Demonstration being proposed or undertaken.

Project Eligibility Assessment (PEA)

Documentation prepared by the Network Licensee prior to initiation of a NIA Project, demonstrating that the Project and funding comply with all criteria and conditions set out in this document.

Project Progress Information

A summary of Project progress which complies with the requirements set out in chapter 6 of this document.

Project Partner

A non-Network Licensee Participant that makes a contractual commitment to contribute equity to the Project (e.g. in the form of funding, personnel, equipment etc.) the return on which is related to the success of the Project.

Project Registration Page

The page on the shared portal where the NIA Project Registration Information is published.

Registration

Registration is the process by which a NIA Project is registered with Ofgem, before the Project can start.

Related Undertaking

In relation to any person means any undertaking in which such person has a participating interest.

Relevant Customer

A domestic or Micro-Business Customer.

Relevant Network Licensee

Is a Network Licensee that holds a licence of the same type as the Network Licensee which has generated new learning as a result of a Project.

Research (TRL 2-3)

Is activity undertaken to investigate the problem based on observable facts.

Specific Requirements

The criteria a Project must meet to qualify as a NIA Project.

System Operator

Means the holder for the time being of a transmission licence in relation to which licence the Authority or the Secretary of State, where appropriate, has issued a Section C (system operator standard conditions) Direction and where Section C remains in effect (whether or not subject to any terms included in a Section C (system operator standard conditions) Direction or to any subsequent variation of its terms to which the licensee may be subject).

Technology Readiness Levels

Technology readiness level is a measure used to assess the maturity of evolving technologies. It is graded on a scale from 1 to 9, where, for the purposes of the NIC:

- TRL 1: Pure research that is theoretical or experimental work undertaken to acquire new scientific or technical knowledge for its own sake rather than directed towards an application
- TRL 2-3: Applied research driven by a desire to broaden scientific and technical knowledge for application on the network, related to an identified problem. It typically includes investigating the underlying foundation of phenomena and observable fact
- TRL 4-6: Development activities with a more commercial application including technology validation and or demonstration in a working environment
- TRL 7-8: Full scale demonstration in a working environment to test and improve technologies so they are ready for commercial deployment
- TRL 9: Application of technology in its final form, ie the technology has been proven.

Transmission Owner

Means the holder for the time being of a transmission licence in relation to which licence the Authority has issued a Section D (transmission owner standard conditions) Direction and where Section D remains in effect (whether or not subject to any terms included in a Section D (transmission owner standard conditions) Direction or to any subsequent variation of its terms to which the Network Licensee may be subject).

Unrecoverable NIA Project Expenditure

Means expenditure on a NIA Project the Authority has determined does not satisfy the requirements of the NIA Governance Document.

Working Day

Means any day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday within the meaning of the Banking and Financial Dealings Act 1971.

Glossary

A

Authority

The Gas and Electricity Markets Authority is the governing body for Ofgem, consisting of non-executive and executive members

E

Energy Networks Association (ENA)

ENA is the industry body funded by UK gas and electricity transmission and distribution and gas transporter licence holders. It lobbies on common issues in the operating environment, both at domestic and European levels, and provides technical services for the benefit of members.

G

Great Britain (GB)

I

R

RIIO (Revenue = Incentives + Innovation + Outputs)

Ofgem's new Relevant framework, stemming from the conclusions of the RPI-X@20 project, to be implemented in forthcoming price controls. It builds on the success of the previous RPI-X regime, but better meets the investment and innovation challenge by placing much more emphasis on incentives to drive the innovation needed to deliver a sustainable energy network at value for money to existing and future Customers.

U

United Kingdom (UK)