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21 November 2012

Dear Neil

**Informal consultation on the Network Innovation Allowance (NIA) and Network Innovation Competition (NIC) governance documents and Addendum on IPR arrangements**

We have welcomed the open and consultative approach Ofgem has taken in the drafting of the new NIA and NIC governance documents. Electricity North West has been actively engaged in the discussions at the Innovation Working Group (IWG) and we are broadly supportive of the policy decisions for the drafting of the new innovation arrangements for the RIIO price control framework. As you will appreciate we have been involved in the development of the NIA and NIC for the RIIO-T1 and GD1 price controls to ensure that these represent improvements to the existing LCNF documents.

Our view is that the NIA and NIC will have the same positive impact on the other network licensees that Low Carbon Networks Fund has had on the distribution network licensees, enabling us to understand the network challenges of the low carbon transition and to consider the potential solutions.

We have no detailed comments on the draft NIA or NIC governance arrangements, although we have a few minor drafting comments that we will follow up with you separately. We will continue our support for the introduction of the NIA and NIC through our participation in the ENA Working Groups developing the Project Benefits guide and the Project Partner Awareness and Learning Portals. Once these aspects have been implemented we ask that Ofgem reconvene the IWG to consider the transition arrangements for the distribution network licensees moving from IFI and the LCN Fund to the combined NIA and NIC arrangements.

Please do not hesitate to contact me or Simon Brooke if you have questions regarding my comments.

Yours sincerely,

A handwritten signature in black ink, appearing to read "PB", written over a light blue horizontal line.

**Paul Bircham**  
**Regulation Director**