

Respondent details		[Insert your contact details]			
No.	Electricity or Gas and NIC or NIA	Chapter Name	Page/Paragraph Ref	Comments	Suggested alternative drafting
1	Gas NIC	Overview	Pg 1 - First Paragraph	It would be helpful if this set out the relevant licence condition number.	
2	Gas NIC		Pg 1 - Third Paragraph	The third paragraph states this Governance Document sets out regulation, governance and administration arrangements surrounding the NIC which Network Licensees are required to comply with as it if formed part of the licence. However it also states that the document is written in such a way as to be informative and accessible to third parties. It is essential that absolute clarity is provided in relation to those elements that a Licensee is required to comply with in order to ensure they are not in breach of Licence. At present we are concerned that several areas lack the required clarity. We also believe it is necessary to separate out what are background, overview and aspirations from absolute requirements or obligations.	
3	Gas NIC	Context	Pg 2 – Second Paragraph	“network innovation competition” should be capitalised as it is a defined term.	
4	Gas NIC	Associated Documents	Pg 2 – Associated documents	It may be helpful to also set out relevant Ofgem strategy documents etc.	
5	Gas NIC	1. Introduction	Pg 5 – 1.1	References to “research, development and demonstration” should be capitalised as they are defined terms. “Overtime” should be “Over time”.	
6	Gas NIC	1. Introduction	Pg 6	The introduction needs to include narrative explaining the Successful Delivery Reward. It is not appropriate to just refer to this in a footnote. It is referred to in Chapter 8.	
7	Gas NIC	1. Introduction	Pg 6 – 1.1	Gas Network Licensee needs to be defined.	
8	Gas NIC	1. Introduction	Pg 6 – 1.7	Non-Network Parties needs to be defined and applied consistently in this paragraph as a defined term.	

9	Gas NIC	1. Introduction	Pg 6 – 1.7	<p>The description of parties that a Network Licensee can collaborate with appears to be a bit circular and focus on licensees. Is the intent also to include external third parties in this description? Defined terms need to be checked.</p> <p>Also this appears to be a statement of intent. How would this be applied in practice as if it formed part of the Licence?</p>	
10	Gas NIC	1. Introduction	Pg 6 – 1.10	Research, development and demonstration should be capitalised as they are defined terms.	
11	Gas NIC	1. Introduction	Pg 7 – 1.12 and 1.13	Square brackets need to be removed.	
12	Gas NIC	1. Introduction	Pg 7 - 1.13	We believe the first sentence should be the other way round.	Network Licensees include Non-RIIO Network Licensees who are not regulated under the RIIO price control.
13	Gas NIC	1. Introduction	Pg 7 - 1.19	References to development and demonstration should be capitalised as they are defined terms.	
14	Gas NIC	1. Introduction	Pg 8 - 1.23	This states Ofgem will review the NIC after it has been in operation for at least 2 years. It would be helpful to have greater certainty regarding the timescale. The NIC will be introduced in electricity distribution at this time under ED1. While a review is necessary the timing may not be appropriate. Some certainty is required for all participants but particularly those just entering the NIC through ED1.	
15	Gas NIC	2.Collaboration and Project partner awareness	Summary	<p>This sets out that Network Licensees “should” collaborate. Again this appears to be an intent or point of principle. How would this be interpreted or applied as if it formed part of a licence condition? It should not be an absolute requirement.</p> <p>What is a “collaboration website”? We suggest the term Potential Project Partner Awareness Portal is used instead.</p>	

16	Gas NIC	2.Collaboration and Project partner awareness	Pg 9 - 2.1	<p>This sets out that Ofgem “expect” Network Licensees to collaborate with each other and Project Partners on “many” of the Projects supported by the NIC. As above, how will this be applied as it if formed part of a licence condition?</p> <p>Should collaboration not extend to other non-network and non-licensed parties as Project Partners are limited to other licensed entities and this paragraph also refers to others outside the energy industry.</p>	
17	Gas NIC	2.Collaboration and Project partner awareness	Pg 9 - 2.4	<p>Is the intention to have a common portal for the NIC across gas and electricity? If so 2.4 should be expanded e.g. to include electricity transmission, not just DNOs.</p> <p>As this is just a potential partner awareness portal we do not believe the Screening and Full Submission Pro-forma should be held here, as required under the first bullet on page 10. This should be on the Awareness of Learning Portal and is covered in 2.9.</p> <p>We believe the portal should be open to the widest possible group of participants, not just Project Partners (which is limited to licensees). We believe this should be open to non-network and non-licensees, in which case the second and third bullet should be amended.</p>	
18	Gas NIC	2.Collaboration and Project partner awareness	Pg 10 – 2.5	<p>This states the portal must be “up to date at all times”. If this just has the link to the Ofgem website and potential partner details this is okay but if wider it needs to be less onerous.</p> <p>Is the intention that the Network Licensees would consult annually or just review annually?</p>	Periodically or biannually perhaps.
19	Gas NIC	2.Collaboration and Project partner awareness	Pg10 – 2.7	Learning should not be restricted to Network Licensees i.e. Gas Transporters in this case.	
20	Gas NIC	2.Collaboration and Project partner awareness	Page 10 – 2.8	Which group of network licensees is this meant to be referring to in this context? Is it meant to be restricted to the defined term?	

21	Gas NIC	2.Collaboration and Project partner awareness	Pg 10 – 2.9	<p>'s' missing from the end of Licensees in the first line.</p> <p>The reference to the Project Progress Report should refer to Chapter 8 where further details are set out.</p> <p>Should the reference to Network Licensee be wider than the specific definition in this document?</p>	
22	Gas NIC	2.Collaboration and Project partner awareness	Pg 10 – 2.10	<p>This requires "Project details" to be published on the Awareness of Learning Portal to be "up to date at all times". If this can be interpreted as just the link and the most recent report that's fine, but if it means all Project details then this is not practical. Clarity is required if this could be applied as if it were a licence obligation.</p>	
23	Gas NIC	2.Collaboration and Project partner awareness	Pg 11 - 2.12	<p>This seems to contradict details on page 9, particularly 2.4 and 2.8.</p>	
24	Gas NIC	2.Collaboration and Project partner awareness	Pg 11 - 2.13	<p>This states a Network Licensee will be expected to contribute to the costs associated within implementing and maintaining the portal but does not give any details of how or when. Further clarity is required around which costs will be recoverable and how they will be recovered.</p>	
25	Gas NIC	3. Annual Competitive Process	Pg 13 – 3.1	<p>For clarity and to allow parties to plan, this should specify when the call for submissions will normally take place, at least the month.</p>	
26	Gas NIC	3. Annual Competitive Process	Pg 13 - 3.2	<p>The definition of Network Licensee Group should be as set out in the relevant licence condition.</p> <p>The intention appears to be that there is only one Funding Licensee and the Funding Licensee is responsible for compliance on collaborative projects. This also needs to be made clear in 3.2</p>	

27	Gas NIC	3. Annual Competitive Process	Pg 14 - 3.6	<p>We understand charges are to be transferred to the Funding Licensee not the Network Licensee(s) implementing the winning Projects.</p> <p>The last sentence needs tidied up. Brackets appear to be in the wrong place. Also “and” should be replaced with “are”.</p>	Further details of the procedures relating to Halted Project Revenues and Disallowed Expenditure (as defined in the NIC Licence Condition) are set out in Section B, Chapter 8.
29	Gas NIC	4. Initial Screening Process	Pg 15 – 4.4	The last sentence states references to Network Licensee or Network Licensee Group in this section refer to the Funding Licensee. It would be clearer to just use the term Funding Licensee where relevant.	
30	Gas NIC	4. Initial Screening Process	Pg 15 - 4.6	It would be helpful for planning purposes if this document could confirm when the Screening Submission will normally be announced and when the deadline will be e.g. the month.	
31	Gas NIC	4. Initial Screening Process	Pg 16 - 4.8	This should not refer to research or trialling as Method and Project. Instead only refer to Development and Demonstration.	
	Gas NIC	4. Initial Screening Process	Pg 17 – 4.11	As previously discussed, we believe requirements are too restrictive. They discourage projects to address specific network issues or that will be difficult to quantify replicability across GB . Requirements should be more balanced.	
32	Gas NIC	4. Initial Screening Process	Pg 17 – 4.14	Lots of definite wording - ‘how the Project <u>has</u> a Direct Impact’, ‘the expected proportion of the benefits <u>which will accrue</u> ’. We do not think that this language is appropriate for a Project in its early stages.	
34	Gas NIC	4. Initial Screening Process	Pg 18 – (d)	References to development and demonstration should be capitalised.	
35	Gas NIC	4. Initial Screening Process	Pg 19 - 4.21	It is important parties have some certainty, at least around the month, for planning purposes, particularly where projects are collaborative and involve third parties.	
36	Gas NIC	4. Initial Screening Process	Pg 19 – 4.22	Reference should be to one Calendar Month.	

	Gas NIC	4. Initial Screening Process	Pg 19 - 4.23	The proforma should allow easy manipulation of text, visuals etc. It should be issued as a word document.	
	Gas NIC	4. Initial Screening Process	Pg 19 – 4.25	Two Working Days is very tight. Five Working Days may be more appropriate.	
37	Gas NIC	4. Initial Screening Process	Pg 20 - 4.30	Is reference to a year a calendar or regulatory year? It is not clear what is intended by “This includes Projects which have passed ISP in previous years?”	
38	Gas NIC	4. Initial Screening Process	Pg 22 – Project Partners and external resourcing / funding	As Project Partner only covers network and non network licensees, the details should be extended to include External Funders or Non-Network Parties.	
40	Gas NIC	5. Full Submission Process	Pg 24 - 5.4	As with ISP, it would be helpful to have as a guide for planning purposes, at least the month in which the Full Submission can normally be expected.	
41	Gas NIC	5. Full Submission Process	Pg 24 – 5.5	We do not think it is appropriate to specify the minutiae of the detail of how things should be formatted and how many copies need to be in ring binders, etc. Bearing in mind that not doing this is effectively a Licence Breach.	
42	Gas NIC	5. Full Submission Process	Pg 25 - 5.9	The 4 th bullet refers to the requested threshold for the funding of cost over-runs and differences compared to default arrangements. This is the first time this is referred to in this document. The appropriate reference should be made to the relevant part in Section B of the document which explains this in more detail. The 5 th bullet – as above, the relevant reference to default arrangements for Direct Benefits should be provided. 9 th bullet – The link to the relevant section on the Successful Delivery Reward should be provided here.	
43	Gas NIC	5. Full Submission Process	Pg 26 – 5.11	This should be wider than Project Partners. It should extend beyond Licensees to protect external third parties.	
44	Gas NIC	5. Full Submission Process	Pg 26 - 5.13	For clarity and consistency this paragraph should refer to Method(s) being Developed or Demonstrated rather than trialled.	

	Gas NIC	5. Full Submission Process	Pg 28 - Direct Benefits and Reliability Penalties	<p>This states the Network Licensee may use Direct Benefits to cover all or part of Network Licensee compulsory contribution. They can also influence the Outstanding Funding Required. It should be noted that in many cases Direct Benefits may be difficult to quantify and given the nature of such projects, may be uncertain at the project initiation stage. This needs to be applied in a proportionate and pragmatic way.</p> <p>Further consideration should perhaps also be given to whether this has a perverse and unintended consequence e.g. discouraging projects with early benefit. This should be considered under the context of providing strong incentives and rewards for innovation under RIIO.</p>	
45	Gas NIC	5. Full Submission Process	Pg 29 – 5.25 and 5.26	Square brackets need to be removed	
46	Gas NIC	5. Full Submission Process	Pg 29 - 5.28	Is the maximum Successful Delivery Reward not £2m?	
	Gas NIC	5. Full Submission Process	Pg 29 - 5.29	Arrangements need to be clearer in terms of when and how a project will be reviewed and awarded a Successful Delivery Reward.	
47	Gas NIC	5. Full Submission Process	Pg 30 - 5.30	Expert Panel appears to be a defined term but is not included in the list of definitions.	
48	Gas NIC	5. Full Submission Process	Pg 30 - Evaluation Process and Criteria	<p>This section repeats a lot of what is set out elsewhere and is very prescriptive. There is more detail here than set out in determining an eligible project. We don't believe this is all necessary. Also, the ability to comply with all the details set out will vary by project. It should not be too prescriptive. Trade-offs may be appropriate.</p> <p>Greater emphasis should be placed on ensuring the Project is not capable of being delivered as business as usual and delivers new learning, Development and Demonstration that has real potential value.</p>	
49	Gas NIC	5. Full Submission Process	Pg 32 – 5.43	Fourth line should be Network Licensee.	

	Gas NIC	5. Full Submission Process	Pg 32 - 5.52	Details are too onerous, particularly ii. Projects will be to develop or demonstrate a method or solution. It must be recognised that there will be an element of uncertainty with regard to Projects and the potential impact on a Licensees network, and potentially greater uncertainty in relation to GB. While an estimate may be possible uncertainty must be recognised. This needs to be practical and proportionate.	
50	Gas NIC	5. Full Submission Process	Pg 33 – 5.47	This needs to be reviewed and reworded to clarify the application of parts i, ii and iii.	
51	Gas NIC	5. Full Submission Process	Pg 35- (c)	Should be Network Licensee rather than network Licensee.	
52	Gas NIC	5. Full Submission Process	Pg 35 - (d)	Development and demonstration should be capitalised.	
53	Gas NIC	5. Full Submission Process	Pg 36 - (e)	Should be Project Partners rather than just partners.	
54	Gas NIC	5. Full Submission Process	Pg 36 - 3.56	i. Should read “not been tried before”	
55	Gas NIC	5. Full Submission Process	Pg 36 - 5.57	This states collaboration between Network Licensees and other parties is a central objective of the NIC. This depends on the nature of the project and should not be seen as an end in itself.	
56	Gas NIC	5. Full Submission Process	Pg 37 - 5.58 vi	There is no option for the Network Licensee to have External Funding replaced by additional NIC Funding. It may be beneficial to allow funding to be amended following unforeseen events where the project will still deliver long term value to customers as this will ensure money already spent is not wasted and it means early learning on the project wont be wasted.	
57	Gas NIC	5. Full Submission Process	Pg 38 5.61 vi	Refers to paragraphs 3.104 and 105.	3.105
58	Gas NIC	5. Full Submission Process	Pg. 39 – 5.64	Four Working Days is not sufficient to review and accept a Direction, given the detail to be included in 5.70. 10 Working Days would be preferable.	
59	Gas NIC	6. Introduction	Pg 41 – Chapter Summary	<p>The start of the introduction requires a full stop at the end.</p> <p>Network licensee in the first paragraph should be a defined term “Network Licensee”.</p>	

60	Gas NIC	6. Introduction	Pg 41 – 6.3	<p>The timing of the report needs to be clearer e.g. from when and what is meant by “at least every six months”?</p> <p>When is the Close Down Report required? This needs to be clearly set out.</p>	
61	Gas NIC	6. Introduction	Pg 41 - 6.5	We are not opposed to transitional funding but the focus should be on developing learning in to business as usual.	
62	Gas NIC	7. Funding Direction	Pg 42 – First Paragraph	Needs a full stop at the end.	
63	Gas NIC	7. Funding Direction	Pg 42 - 7.1	<p>Square brackets should be removed from the first bullet point as there is now greater clarity around how money will be recovered.</p> <p>Square brackets should also be removed from the second bullet point.</p>	
64	Gas NIC	7. Funding Direction	Pg 42 - 7.3	The word “usually” should be deleted in relation to Ofgem issuing the Funding Direction each year to allow it to be reflected in charges from 1 April. It also needs to be clear when this would be issued. The Project Direction is to be issued by 30 November. The Funding Direction should also have a specific date or at least month. Square brackets should also be removed as should references to DN Charges.	
65	Gas NIC	7. Funding Direction	Pg 42 – 7.4	<p>i – Square brackets should be removed as should referent to DN charges.</p> <p>lii – Square brackets need to be removed</p> <p>Vii – Square brackets need to be removed</p>	
66	Gas NIC	7. Funding Direction	Pg 43 – 7.5	The requirement to transfer money on an equal monthly basis may be unnecessary restrictive and may be impractical given the intended timescale for implementation of the Growth and Infrastructure Bill, particularly in the first year. We suggest this should be left to be directed by the Authority.	
67	Gas NIC	8. Project Implementation	General	The term Licensee and Network Licensee are used repeatedly throughout this Chapter when we believe it should be Funding Licensee, as the Funding Licensee is the party that is ultimately responsible.	

68	Gas NIC	8. Project Implementation	Pg. 45 – Customer Protection	<p>It would be helpful if the plan had a defined title for clarity and consistency e.g. Customer Protection Plan.</p> <p>8.11 Requires the Funding Licensee to obtain approval of the engagement strategy at least two Months prior to initiating any Customer engagement. We believe there needs to be a facility to have this fast tracked where required and fairly straightforward e.g. within 5 Working Days.</p> <p>8.11 Shouldn't be restricted to Network Licensee and Project Partners it should be all parties that may need to engage with customers.</p> <p>8.12 We believe it should be the Funding Licensee's responsibility to publish the plan on its website, rather than the Network Licensee. Should this plan also go on the portal?</p> <p>The use of Network Licensee and Funding Licensee in this section are sometimes used interchangeably but have very different meanings. I think the section also needs to be reviewed to include a Non-Network Party or Participant in some cases rather than just Network Licensee and Project Partners.</p>	
69	Gas NIC	8. Project Implementation	Pg 46 – Data protection	<p>Similar to above, the use of Network Licensee and Funding Licensee need to be reviewed. Also consideration should be given to including Non-Network Party or Participant.</p> <p>It would be helpful for clarity and consistency if the "strategy" had a defined title e.g. Data Protection Strategy.</p>	
70	Gas NIC	8. Project Implementation	Pg 47 - 8.17	<p>It needs to be clear when the 6 monthly report is due e.g. from the date the Funding Direction is issued by Ofgem, or Project Direction, or date the Licensee determines the project commences.</p>	

71	Gas NIC	8. Project Implementation	Pg 47 - 8.18	We assume the ENA innovation portal is the Awareness of Learning Portal referred to in Chapter 2. For clarity a consistency this term should be used. Also 2.9 states the report must be on the Awareness of Learning Portal, it does not provide the alternative of publishing it on the Funding Licensee's website. This section should be consistent with Chapter 2.	
72	Gas NIC	8. Project Implementation	Pg 47 - 8.20	The Executive Summary should also set out details of any delays or problems encountered. The Business case update refers to the Funding Licensee and Network Licensee. It should be Funding Licensee in all cases.	
74	Gas NIC	8. Project Implementation	Pg 49 - 8.25	This needs to provide for the project being extended. Also more generally details of what is required in the Close Down Report need to be clearer to avoid several iterations.	
75	Gas NIC	8. Project Implementation	Pg 50 – 8.28	For clarity this should refer to the Awareness of Learning Portal rather than the ENA portal or equivalent.	
	Gas NIC	8. Project Implementation	Pg 51 - 8.38	It seems odd that if Contingency Funding is required the project may not be eligible for a Successful Delivery Reward. Projects will be uncertain and in some cases the need for contingency could be outwith the Licensees control. The project could still deliver value for money and be successful.	
76	Gas NIC	8. Project Implementation	Pg 55 – 10.2	The first sentence is missing “the” before “NIC Licence Condition”.	
77	Gas NIC	8. Project Implementation	Pg 55 – 10.4	References appear to be incorrect.	
78	Gas NIC	8. Project Implementation	Pg 55 – 10.6 and 10.7	This detail should be set out in a Licence Condition rather than a Governance Document.	
79	Gas NIC	8. Project Implementation	Appendix 1 - Definitions	This section needs to be reviewed to ensure all defined terms used in the main body of the document are set out in the appendix. There are some that still need to be included e.g. Allowable NIA Expenditure, Awareness of Learning Portal, Development, Demonstration, Gas Transporter	
80	Gas NIC	8. Project Implementation	External Funder	Should this be an entity that is not a Licensee rather than not a Network Licensee?	

81	Gas NIC	8. Project Implementation	Project Partners	"that" on the third line needs to be deleted.	
82	Gas NIC	9. Intellectual Property Rights		Please see separate submission	
83		Appendix 1 - Definitions		<p>All defined terms used in the document need to be checked to ensure a description is included in Appendix 1 and to ensure the descriptions are consistent with those set out in the Licence conditions. In particular, further consideration should be given to:</p> <ul style="list-style-type: none"> - Allowable NIA Expenditure - Awareness of Learning Portal - Development - Demonstration - Initial Screening Process - Licensee - Project Partners - Method 	

Response template for NIC and NIA informal governance consultation