

Arun Pontin
Ofgem
9 Millbank
London
SW1P 3GE

[by email]

3rd April 2013

Dear Arun

Thank you for providing SSE with the opportunity to provide further comments on version six of the LCNF Governance Document. Please see below where we have set these out.

Front Page – refers to version 5 of the document, should be 6.

Page 2 – refers to version 4 of the document, should be 6.

Page 25, Paragraph 2.

“Where a payment to any Related Undertaking is for the purposes of receiving a service (eg network equipment or expertise), then the DNO must demonstrate to Ofgem that it has sought to ensure best value for money to consumers in deciding from which party to procure that service. In this situation we would expect a DNO to undertake a competitive tendering process for the service, or otherwise explain the steps it has taken to ensure best value for money to consumers. The DNO must provide to Ofgem evidence this process when submitting its proforma or requesting approval for the payment during the project under paragraph 2.34. Evidence could include the invitation to tender and the evaluation matrix of tender responses.”

We feel that it may be beneficial for Ofgem to define a maximum amount of payment a related undertaking may receive before we need to demonstrate the process we have gone through to select that service. For very small value services, it seems uneconomic to run a competitive tender process where we can procure these services cheaply and without the need to spend money on a process which also adds more time.

We suggest a reference to “where the costs are sufficiently material to do so” in the text would resolve this.

Page 44, 2.23 and 2.24.

“2.23. The DNO must demonstrate that it has run a fair and open process to select ideas and Project Partners.

2.24. DNOs must provide evidence of how Project Partners have been identified and selected, including details of the process that has been followed, and the rationale for selecting ideas and Participants for the project.”

We have concerns around the inclusion of these obligations. We do not believe that having a set methodology for selection of project partners works where we have long standing relationships with

third parties, i.e. universities. We can have been working on a project or idea with a partner for many years before it gets to the point where we consider it may be suitable for development into a bigger project which requires funding. Our project partners by the point of submitting a request to Ofgem will have been established perhaps for several years.

This arrangement interrupts or destroys with partners (academics, SME) the momentum we establish towards business as usual deployment of innovative solutions. This is due to the perpetual cycle of going through this process when seeking out potential partners for each and every project. Therefore exhausting contact with these third party organisations.

We believe that this may act as a barrier to these collaborative projects applying for funding and delivering the benefits and learning that they potentially have.

We suggest the insertion of "where relevant" would help address the concerns in both 2.23 and 2.24.

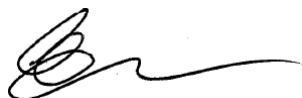
Page 52, 3.31.

"The DNO must also provide eight ring bound copies of its Full Submission to Ofgem within 48 hours of 17:00 on the Full Submission deadline. For clarity, we do not expect hard copies of the Full Submission Workbook."

Could Ofgem clarify in the document what happens if the Full Submission deadline is a Friday. Does the 48 hours end at 17:00 the following Tuesday or at 17:00 on the Sunday? We suggest drafting clarifies what happens if the 48 hours spans a weekend and that it should be the Tuesday for practical reasons.

I hope Ofgem finds these comments useful and please contact me should there be anything further.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Gareth Shields', written in a cursive style.

Gareth Shields
Networks Regulation