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Dear Arun

Implementing the Discretionary Funding Mechanism under the Low Carbon Networks (LCN) Fund

Subsequent to our main submission we would like to make the additional points relating to application for a Second Tier Successful Delivery Reward.

We think Ofgem should generally set out more detail on their expectations for the Project Close Down Report and place greater weight and emphasis upon them:

- To reduce the administrative burden for Ofgem and the DNOs we suggest that the application for a Second Tier Successful Delivery Reward is attached as an addendum to the Project Close Down Report. As a DNO writes a Close Down report it will be very clear if the project has been a success or not; an additional annex could be added to the Close Down report that provides the DNO the opportunity to state whether they wish the project to be considered for a Second Tier Successful Delivery Reward and the reasons why;
- At project close down a DNO should easily be able to provide Ofgem with a lookup table that maps SDRC narrative to the document, podcast or other deliverable that demonstrates the SDRC was delivered. Our view is that the evidence associated with most SDRC is a published document or other auditable deliverable; and
- We agree an evaluation of project performance must include a review of the change management processes, including any application(s) for a change of scope materially at variance to the Full Submission. Change management is a normal project delivery process to enable the project to deal with both an intended change and the unexpected need for a change; both of which are valid and how the project manages this process and subsequent requests should be considered in the assessment. It is important that change is not deemed a negative development, as there will be circumstances where change actually improves the quality of a project's outcomes. The Project Close Down Report should contain a summary review of how change has been managed through-out the project.

Please do not hesitate to contact Steve Cox or Simon Brooke if you have further questions.

Yours sincerely,

Paul Bircham
Regulation Director