

Thank you for the opportunity to comment on this Consultation

Our comments below:

Question 1

We think that SMEs should be considered as a specific category

We think that if the GDNs are proposing to involve any of their affiliate companies this should be made clear and arrangements put in place to ensure that affiliates do not receive any unfair commercial advantage by being able to develop new business activities in a competitive market using NIC/NIA funding

We think if the GDNs collaborate to form a company to develop NIC/NIA initiatives this should also be subject to competitive pressures and not automatically be awarded work

We think GDNs should agree a Code of Practice that means that if a party brings an NIC/NIA proposal to them they do not take forward this initiative without involving the party with the idea. We are aware of examples where this has taken place and it is unfair.

We think there should be a specific question that relates to competition, along the lines of "does the Initiative impact on companies working on similar activity in the competitive market?"

Question 2

We agree with the proposal from Ofgem

Question 3

We believe the process is actually too slow which is one of the reasons uptake from the gas NIC has been so poor. Our preference would be much shorter timescales which would give more focus and better proposals. We believe by having a long process it can be 12 months from a good idea to having funds to develop it. In an area of innovation, 12 months is a long time, the company with the idea will not be able to wait that long.

Question 4

No comment

Question 5

We have made around 10 proposals to various GDNs in relation to potential NIC projects, none have been taken forward. They have been in areas of Biomethane, Power 2 Gas, shale gas, CNG for trucks and gas supplies to rural customers. We think these ideas had merit and would have

appreciated the opportunity to present them to Ofgem and have the initiatives reviewed. Hence, we would like Ofgem to allow direct applications to be made by individual companies or via other trade groups such as the REA, UKOOG and NGV Network. We think having the GDNs as gatekeepers is not appropriate as they are not natural innovators and experience has shown that they do not make use of the funding opportunities available. If direct bids could be made to Ofgem, GDNs could then compete to partner such bids for the 2nd stage. That would turn the process on its head, be more innovative and dynamic and avoid many of the anti competitive elements that we worry about. At the very least we think Ofgem should trial this approach in 2015

In addition, we have seen a large number of NIA projects in the past 4 years but we do not see many published reports. The final reports from NIA projects should all be made available and shared across the industry. There have been a number of projects that we would like to see what the results where, we do not understand why these are not published.

We would also like to see a schedule of any projects that have received funding involving affiliates of GDNs, how much funding was involved and what was the area. Has any funding been used to create business that earns a return in the competitive market and if so has there been a level playing field?

Question 6

We would be interested in the IRM funding opportunity but are not sure if there will be any GDN support, as Q5 above we do not believe they should be gatekeepers.

We are strong supporters of innovation in the gas industry and believe there are a large number of opportunities in biomethane, shale gas related, gas for trucks, distributed power generation, gas supplies to off-grid customers, use of LNG by trucks, power 2 gas. However, the present NIA/NIC system is not fit for purpose in embracing innovation in these areas and taking it forward, reform is required.