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By email

Dear Dora,

**Proposed changes to the Network Innovation Competition and Network Innovation Allowance Governance Documents.**

National Grid Gas Transmission welcomes Ofgem's publication of the proposed changes to the Network Innovation Competition and Network Innovation Allowance Governance for the opportunity to respond.

**Question 1: Do you agree that this criterion should be clarified to make it clear that licensees must explain their processes for selecting ideas and partners? Please explain your answer.**

NGGT do not have a strong view on this particular change. We understand it is a criterion in the selection process and therefore with or without change we intend to make the fullest submission possible, articulating the robust process we have followed.

**Question 2: Do you agree that this provision should be amended to clarify that licensees should only make changes to their submissions to correct errors and incorporate changes as a result of discussions with the Expert Panel? Please explain your answer.**

We agree that the resubmission process should only include additional material that has been previously discussed during the evaluation process and discussions with the expert panel. Our understanding is that the objective of the re submission process is solely to address points highlighted by the panel or to correct error, rather than an opportunity to include any other supplementary material.

**Question 3: Do you have any comments regarding the time frame of the NIC process or the submission materials?**

Currently the NIC bid process structure means that the ISP is submitted in April and the full submission in July. We would be in favour of a proposal to allow more time between initial submission and full submission by bringing the ISP deadline forward. However this would need at least a one year transition process.

The full submission documents are not easy to work with or format. The specific issue is that working within text boxes with a word document makes formatting of diagram, images and tables very difficult.

During the Q&A process in the 2014 NIC bid process, NGGT were provided with a template document that wouldn't accept text and so an additional document had to be created.

**Question 4: Are there any typographical, formatting or consistency issues associated with the NIC or NIA Governance Documents that you consider should be corrected?**

There are no issues we consider should be corrected.

**Question 5: Do you have any concerns regarding any aspects of the Gas NIC? Please explain your answer.**

Each year we have submitted one NIC bid, the cost of developing a quality bid is significant. A limit of £175k for NIC bid preparation costs may be a barrier for submitting multiple bids.

Following the success of the NGGT 2014 NIC bid, NIC funds will be placed in a separate bank account, to ensure the required transparency of transactions, expected to attract an interest rate in the region of 0.05%. This leaves a significant gap in funding as there is an assumption in the NIC governance document that the bank account used will attract an interest rate of 2%.

The initial perception that the NIC criteria prioritises carbon and environmental benefits was a concern, however the clarification provided at the meeting with Ofgem and the members of the expert panel on the 4th July 2014 was considered useful in explaining that this element is balanced against customer benefits and financial savings. As such NGGT does not have any concerns on this aspect of the NIC.

**Question 6: Please indicate whether or not you plan to make use of the IRM and if so how many applications you intend to make.**

NGGT does not plan to make use of the IRM at this time.

Yours Sincerely,



Tamsin Kashap  
Gas Transmission Innovation Manager