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for energy consumers

To transmission companies,
distribution companies,
generators, suppliers, shippers,
offshore transmission owners,
customer groups and other
interested parties.

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Date: 25 February 2015

Version two of the Network Innovation Allowance (NIA) Governance Documents

This letter explains our¹ approach to issuing version two of the NIA governance documents (each a "governance document" and together the "governance documents"). We intend to issue these governance documents pursuant to the "NIA Licence Conditions".^{2,3,4,5} The governance documents contain the regulation, governance and administration of the NIAs. We have previously circulated these documents to licensees for informal consultation. We also noted in a public consultation that we felt the NIA was working well and that substantive changes were not needed at this time. No respondents objected to this statement.

This consultation letter is formal notice that we intend to issue version two of the NIA governance documents. We have attached a draft of each of the governance documents to this letter. We plan to issue each of the governance documents, as appropriate incorporating as appropriate the representations we receive, by 1 April 2015.

Please send any representations or objections to this notice to networks.innovation@ofgem.gov.uk on or before 25 March 2015. We will consider representations or objections and will incorporate them as appropriate into each of the governance documents ahead of issuing the governance documents on or before 1 April 2015.

Changes to the gas and electricity NIA governance documents

We propose making some minor changes throughout the governance documents to address typographical errors. We also propose to make changes to ensure consistency in presentation across the governance documents. These proposed changes do not alter the effect of the governance documents.

Changes to the electricity NIA governance document only

We propose making minor changes throughout the governance documents to incorporate electricity distribution licensees within the scope of the NIA. These changes have been proposed to ensure that projects implemented by distribution licensees can be funded and that learning can be shared among all network licensees.

¹ The terms "the Authority", "Ofgem", "we" "us" and "our" are used to refer to the Gas and Electricity Markets Authority. Ofgem is the office of the Authority.

² Electricity Transmission Licence – Special Condition 3H

³ Electricity Distribution Licence – Charge Restriction Condition 2H

⁴ Gas Transporters Licence – National Grid Gas Transmission (NGGT) Special Condition 2E

⁵ Gas Transporters Licence – Distribution Network Operators (DNs) – Special Condition 1H

Next steps

Please send any representations or objections to this notice to networks.innocation@ofgem.gov.uk on or before 25 March 2015. We will consider representations or objections and will incorporate them as appropriate into the governance documents ahead of issuing each of the governance documents on or before 1 April 2015.

Yours sincerely,

A handwritten signature in blue ink that reads "Andy Burgess".

Andrew Burgess,
Associate Partner, Transmission and Distribution Policy
For and on behalf of the Authority