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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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Version two of the Network Innovation Competition (NIC) Governance Documents

This letter explains our¹ approach to issuing version two of the NIC governance documents (each a "governance document" and together the "governance documents"). We intend to issue these governance documents pursuant to the "NIC Licence Conditions".^{2,3,4,5,6} The governance documents contain the regulation, governance and administration of the NICs. We have previously circulated these documents to licensees for informal consultation. We also consulted publically on clarifying aspects of the NIC Governance Documents.

This consultation letter is formal notice that we intend to issue version two of the NIC governance documents. We have attached a draft of each of the governance documents to this letter. We currently plan to issue each of the governance documents, as appropriate incorporating 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 NIC governance documents

Initial screening process (ISP)

We propose making minor changes to clarify the information licensees should provide at the initial screening stage of the competition process. These proposed changes do not alter the effect of the governance documents.

Resubmission process

We propose making minor changes to clarify that licensees should only make necessary changes at the resubmission stage. These changes should reflect any additional information provided by licensees during the evaluation process but not include new information not previously discussed. The resubmission process is not an opportunity to make, for example,

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 3I

³ Electricity Distribution Licence – Charge Restriction Condition 5A

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

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

⁶ Gas Transporters Licence – IGTs – Special Condition

non-substantive changes intended to improve the appearance of the submission. These proposed changes do not alter the effect of the governance documents.

Definition of Customer

In line with our consultation last year we propose defining the term 'customer' within the Governance Documents. In the electricity document we have used the definition from the electricity distribution licence. In the gas document we have used the definition from the gas transporter licence.

Other

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 NIC governance document only

We propose making minor changes throughout the governance document to incorporate electricity distribution licensees within the scope of the NIC. 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.

We are currently working to incorporate independent distribution network operators (IDNOs) into the NIC. We intend to do this so that IDNOs can participate in this year's competition. When the IDNOs' licence condition is in place we intend to amend the Governance Document to include references to the IDNOs' licence condition.

Next steps

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 the governance documents ahead of issuing each of the governance documents on or before 1 April 2015.

Yours sincerely,



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