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Ofgem
9 Millbank
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FAO Andrew Burgess, Associate Partner, Transmission and Distribution Policy

Dear Andy,

Consultation on the Successful Delivery Reward Applications for Low Carbon Networks Fund projects | UK Power Networks' Low Carbon London Programme

Thank you for providing the opportunity to give our views, as a Project Partner on the Low Carbon London Programme, about the value of the programme in quantifying the impact that the adoption of low carbon technologies on both the supply and demand side of the networks will have on the design, operation and associated commercial arrangements for our distribution networks in the UK.

From the initial stages of the design of the Low Carbon London Programme in 2009, CGI (then Logica) recognized the level of ambition in the programme and that it would be one of the most significant smart grid programmes globally because of its scope and because it would be addressing the real network challenges that smart grids will need to deal with.

CGI believed that Low Carbon London's ambition lay in its scope; moving smart grid projects beyond technology trials to actually seeking to understand how consumers' behaviour would affect the impact of low carbon technologies on the networks, to quantify the degree to which that behaviour could be influenced, and to understand the commercial arrangements needed to enable that behaviour change. The fact that the programme was taking place on London's networks, which were already constrained and facing growth in the adoption of low carbon technologies, only served to increase the relevance of its finding.

It is CGI's belief that Low Carbon London delivered on its level of ambition throughout the 5 year journey from concept to completion.

Question 1: Do you consider that the SDRCs have been delivered to a quality expected from the Full Submission, in a timely and cost effective manner?

Yes.

It is CGI's understanding that all Successful Delivery Reward Criteria were met to the agreed timescales, as set out in the original project direction or, subsequently, in the revised project direction following agreed changes to the baseline due to externalities to the programme.

Did the Project meet the SDRCs to at least the quality expected from the project deliverables supplied in the Full Submission and Project Direction, and is this supported by sufficient evidence in the SDR application?

Yes.

It is CGI's understanding that the SDRCs being met were supported by detailed reports providing evidence of how the SDRCs were met and the learning gained. Evidence included the production of a detailed Privacy Impact Assessment on the Low Carbon London solution architecture and approach, and a technical report on the performance of the Head-end capability for collection of data from smart meters in support of SDRC-1; evidence of the integration of the head-end with the operational data store and of the CO_2 impact of Low Carbon London trials for SDRC2 and SDRC3; Imperial College Low Carbon London Learning Lab reports based on smart meter data for SDRC4; and Learning Reports on the conclusions around the impacts on network design and operational practices, and the tools and systems a smart DNO will require for SDRC10.

Were the SDRCs delivered in a timely manner, as expected from the target deadlines given in the Project Direction?

Yes.

It is CGI's understanding that all Successful Delivery Reward Criteria were met to the agreed timescales, as set out in the original project direction or, subsequently, in the revised project direction following agreed changes to the baseline due to externalities to the programme.

Were the project costs for meeting the SDRCs managed to ensure delivery within the project budget, and were efficient prices obtained for significant project costs (above 5 per cent of the whole project budget)?

Yes.

It is CGI's understanding that the Low Carbon London Programme budget was effectively managed. It is our understanding that the programme came in under the original budget, even allowing for the agreed change control in 2012 that extended the programme timescale. This was able to be achieved through effective control and profiling of the resources utilized by the programme against the deliverables that had to be achieved.

Question 2: Do you consider the project has been well-managed and has implemented best available principles, processes and practices for managing change and risk?

Yes.

It is CGI's opinion that best practice programme management was applied throughout. The programme's dependencies on external factors were identified in the original Full Submission and were managed throughout the programme.

Were project risks and uncertainties pre-emptively identified and managed adequately by the network company?

Yes.

Programme dependencies and associated risks were identified as part of the Full Submission and were pro-actively managed throughout the programme at multiple levels – within the workstreams, at the tactical level programme steering group and at the strategic level programme partner steering group.

With a programme of the complexity of Low Carbon London, with its multiple inter-related and interdependent workstreams, and multi-stakeholder environment strong governance was essential to properly understanding the extent of the impact of risks and avoiding unintended consequences on the quality of the programme's deliverables and its value to the consumer arising from adapting approaches.

Were any mitigation measures communicated and implemented effectively?

Yes.

The Low Carbon London Programme structure ensured mitigation measures were properly assessed by relevant stakeholders before being implemented and were appropriately communicated within the programme, to affected parties, or escalated to the appropriate steering group (including Ofgem, if likely to affect the programme Direction).

Did the risk identification and management process allow for the consideration and implementation of opportunities?

Yes.

The various levels of steering groups were able to review learning from the programme as it became available and assess both opportunities and risks, taking advantage of these or putting in place mitigations, as appropriate.

If the projects were adversely affected by change or uncertainty which did not require a change proposal, do you consider this to have been due to circumstances within the company's control?

No.

As detailed in other answers, the approach to management of Low Carbon London and the governance structure put in place enabled the early identification of risks and the assessment of

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their impacts, whilst maintaining a focus on the committed deliverables. This helped to modify the approach, taking into consideration the emerging learning from Low Carbon London and other LCN Funded projects, without requiring constant recourse to project change proposals to Ofgem.

Question 3: Do you consider that the change proposal process was managed well by the network company?

Yes.

It is CGI's opinion that best practice programme management was applied throughout. The programme's dependencies on external factors were identified in the original Full Submission and were managed throughout the programme. Risks and proposed changes to the delivery approach were addressed collaboratively at multiple levels through the programme governance structures– within the workstreams, at the tactical level programme steering group and at the strategic level programme partner steering group.

Only when the impact of these dependencies could not be managed within the programme and had the potential to affect the quality of the programme's deliverables was a change proposal raised.

Were change proposal requests identified and brought to light in a timely manner?

Yes.

Low Carbon London only had one change proposal. In the original full submission a number of important external dependencies for the success of the programme were identified. These were monitored closely and impacts identified as part of the regular progress reporting to Ofgem.

Once it became clear that these impacts would be most effectively mitigated through a programme extension in order to maintain the deliverability of the programme's objectives as originally intended, discussions were started with Ofgem and a change request subsequently raised.

For a material change requests, were all practicable measures implemented to prevent a change proposal?

Yes.

It is CGI's understanding that all practicable measures were taken to avoid a change proposal. Low Carbon London only submitted one change proposal, and that was to extend the timescale of the programme in response to the changing timescales of external programmes on which Low Carbon London had recognized dependencies. The fact that this change request did not affect the programme budget or the quality of the deliverables, we believe, is evidence of the effectiveness of the management of this complex programme.

Was suitable justification for proposals (including how the change was in the best interests of customers) provided in the change requests?

Yes.

CGI believes that the change request was suitably justified and that the quality of the deliverables has proved that the extension and modified approach was in the best interests of the consumer.

Did the project perform well against what was originally intended?

Yes.

It is CGI's belief that the approach taken by the Low Carbon London Programme remained focused on delivering the outcomes detailed in the original Full Submission. Any changes to approach were in response to changes to external dependencies or adapting to the learning from the programme and other relevant inputs from other LCN funded projects.

Yours sincerely,

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