



Mr Neil Copeland.  
Ofgem,  
9 Millbank,  
London.  
SW1P 3GE.

03 February 2016

Dear Neil,

**NIA Project: SGN-NIA-0064 (Advanced Gas Detection)  
Views on Innovation Funding Mechanism**

In response to Ofgem's request for feedback on funding mechanisms, this communication provides the comments of Gas Measurement Instruments Ltd ("GMI") in relation to the current Network Innovation Allowance ("NIA") project, ref. SGN-NIA-0064, being conducted in partnership with SGN. The Advanced Gas Detection project has four distinct elements, delivering: a new portable gas detector; a mobile calibration facility; a Tablet application for field use and a Web based application for remote access to field data.

In relation to this project, we wish to share our experiences and what we perceive as the benefits of working directly with SGN, which are as follows:

**Experiences**

1. *NIA Funding:* The fact that this development was funded through the NIA scheme influenced our project selection criteria, which resulted in this derisked project being prioritised in our New Product Development (NPD) roadmap and accelerated through our NPD process.
2. *Collaboration:* There was close collaboration at all stages, including concept creation, product specification and project plan execution. Valuable and balanced input was received from the technical services provider (DNV-GL). The relationships that were developed allowed open and frank dialogue (as evidenced by the constructive criticism of our proposed mobile calibration station).
3. *Access to SGN Personnel:* We have had direct access to key people at all stages, including policy makers, managers and product users. An example of this was the site visits, which took place over a 3-week period. This time at "Gemba" was critically important as it allowed GMI to witness and fully understand the nature of how equipment was required to operate in practice. This allowed effective solutions to be reasoned from first principles.

4. *Project Timescales:* Project development within GMI has progressed at a faster rate, compared to similar projects.

### **Benefits**

1. *Response:* This funded development project, driven by SGN's philosophy to impact positive change on the network, will generate a rapid solution for deployment into the UK gas distribution market. The consequential benefits of the project will be materialised sooner.
2. *Holistic Solution:* GMI has built a reputation based on developing customer-focused solutions. With unique access to the relevant areas within SGN's business, the project consequently generated a bespoke solution tailored for the UK gas distribution networks.
3. *Collaboration:* The close interaction between the three project partners has ensured that the correct product will be introduced to the gas networks. Product roll-out and user acceptance, especially for a product that will be so widely used, will be considerably improved. Additionally, the collaborative approach has driven collective activities, sometimes at the expense of other GMI projects. The mantra "together we can do more" is applicable and attributable to the open and professional dialogue.
4. *Pricing:* Product pricing and volume discounts were agreed before the project commenced. This will allow SGN to derisk budget planning for product introduction. Having an idea of timescales for delivering volume product will also enable GMI to undertake preliminary planning for our manufacturing activities.

Our experiences to date have been extremely positive and I look forward to the collective benefits being fully realised from this NIA funded project. If you have any comments or questions regarding these points, I will be happy to provide further explanation and evidence as necessary.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ken McDermott', written in a cursive style.

Ken McDermott  
Director of Business Development – Gas Utilities