



Making a positive difference
for energy consumers

Alexander Howison
SAVE Project Manager
Southern Electric Power
Distribution
55 Vastern Road
Reading
Berkshire
RG1 8BU

Direct Dial: 020 7901 1806
Email: Andy.Burgess@ofgem.gov.uk

Date: 16 August 2016

Dear Mr Howison,

Low Carbon Networks Fund – amendments to Southern Electric Power Distribution’s SAVE project erratum letter

This letter contains our¹ decision to correct sections of the Project Direction² dated 19 December 2013 for Southern Electric Power Distribution’s (SEPD’s) Solent Achieving Value from Efficiency (SAVE) project (the project), following our approval of your change request on 20 July 2016. The corrections are set out in the amended Project Direction in the schedule to this letter.

Background

On 19 December 2013, we issued a Project Direction to you.³ The Project Direction contains the terms to be followed in relation to the project as a condition of it being funded under the Second Tier and Discretionary Funding Mechanism.⁴

On 30 June 2016 you asked us to make changes to the Project Direction (the change request).⁵ The amendments related to three areas:

- 1) 12 month project delay;
- 2) changing the monitoring equipment supplier and installing new equipment; and
- 3) restructuring the project budget.

On 20 July 2016 we approved your proposed amendments to the Project Direction and the full submission.

Errors in the revised Project Direction

You subsequently told us that the revised Project Direction (as amended by Schedule 1 of our decision letter dated 20 July 2016) contained two minor errors -

¹ The terms ‘the Authority’, ‘Ofgem’, ‘we’ and ‘us’ are used interchangeably in this letter. The Authority is the Gas and Electricity Markets Authority. Ofgem is the Office of Gas and Electricity Markets Authority.

² All capitalised terms not otherwise defined in this letter have the meaning given to them in the Project Direction.

³ This was pursuant to the LCN Fund Governance Document issued pursuant to Part E of Charge Restriction Condition 13 (Low Carbon Networks Fund) (CRC13) of the Electricity Distribution Licence setting out the terms to be followed in relation to the project as a condition of it being funded under the Second Tier and Discretionary Funding Mechanism. The Project Direction can be found at: <https://www.ofgem.gov.uk/ofgem-publications/85400/saveprojectdirection.pdf>

⁴ Second Tier and Discretionary Funding Mechanism have the meaning given in CRC 13.3(b).

⁵ SEPD’s change request and associated documents are published alongside this letter and can be found at: <https://authors.ofgem.gov.uk/electricity/distribution-networks/network-innovation/low-carbon-networks-fund/second-tier-projects/sse>

- It incorrectly amended the project completion date – which should have been the 28 June 2019.
- It omitted an approved change to the Successful Delivery Reward Criterion 4 completion date – which should have increased by one year to June 2017.

Decision

The corrections contained in Schedule 1 will amend the minor errors identified in the Project Direction and do not affect the expected benefits and outcomes of the project. We consider that these corrections are in the interests of customers to ensure that the Project Direction remains accurate.

Our assessment in this letter does not in any way fetter our discretion with respect to any future decision on the Successful Delivery Reward, should you make a submission after the completion of the project.

In accordance with Section 13 of the Project Direction, we hereby amend the Schedule to the Project Direction in the manner set out in Schedule One to this letter. This letter constitutes notice of reasons for our decision pursuant to section 49A of the Electricity Act 1989.

If you would like to discuss any of the issues raised in this letter, please contact Stephen Perry at stephen.perry@ofgem.gov.uk or 020 7901 1806.

Yours sincerely



Andy Burgess,
Associate Partner, Energy Systems Integration
For and on behalf of the Authority

Schedule 1 –Project Direction changes

This change request proposes that the following changes are made to the Project Direction:

7. PROJECT IMPLEMENTATION

(iii) complete the Project on or before the Project completion date of 28⁹ June 2019; and

11. SUCCESSFUL DELIVERY REWARD CRITERIA

Successful Delivery Reward criterion	Evidence
4. Create commercial energy efficiency measures	4. Establish the pricing model and processes for passing DNO price signals direct to customers. Prepare and present report on findings of exercise June 201 ⁷⁶