



**Scottish & Southern**  
Electricity Networks

Stacy Feldmann  
Ofgem  
9 Millbank  
London  
SW1P 3GE

25 October 2016

Dear Stacy,

**Statutory Consultation under section 11A of the Electricity Act 1989 and section 23 of the Gas Act 1986 on the proposed modification to the Funding Return Mechanism (FRM) set out in the Network Innovation Competition (NIC) and Low Carbon Networks Fund (LCNF) licence conditions**


Scottish and Southern Electricity Networks (SSEN) welcome the opportunity to respond to the above consultation. Innovation plays an important part in supporting the move to a low carbon economy as well as ensuring that the energy networks are fit to meet the future challenges of the sector. We are proud to actively contribute towards a sustainable energy future and we believe that projects funded through the NIC and the LCNF mechanisms are providing important benefits to customers.

The proposed additions to the FRM have the potential to increase benefits to customers further and we do not oppose the subsequent licence modification. However, we believe that further clarity is required, particularly relating to already ongoing projects, as SSEN is currently undertaking projects expected to earn revenue. It is our expectation that greater detail is included in and consulted on in the NIC and LCNF guidance documents. We will comment further at that time.

If you wish to discuss any of these issues further, please do not hesitate to contact me.

Yours sincerely

Wenche Tobiasson  
Regulation

Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ  [ssen.co.uk](http://ssen.co.uk)

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