No.	Question	Response
	Chapter 3 – Proposals for delivering greater value for money	
3.1	What are your views on our proposals to introduce a requirement for the network companies to jointly develop an industry-wide innovation strategy?	The move to DSO and acknowledgement of the need for greater coordination across the UK is welcomed.
		Replication of successful innovation across DNO/TOs is encouraged where benefits and cost reductions are brought about to customers and DNO/TOs can improve service, network operation and network efficiency.
		Huge challenges face to the networks and UK industry, be that from increased integration of renewables, closure of base load power stations, the move to a decentralised system, system operation to uptake of new technologies such as storage. the DNO/TOs with support from industry such as government, regulator, technology providers and academia are well placed to support this proposed system strategy.
		The basis of this strategy should include clear deliverables and action owners to ensure that the progress is made and actively encouraged. An annual review period where the deliverables are measure and progress presented will serve to flag by exception the key deliverables and progress that is not being made and ensure that appropriate actions can be taken to facilitate solutions and progress in this area. There is a balance between encouraging less traditional proposals - which would favour not having joint approaches, and creating momentum, which would be on the side industry initiatives. If all DNOs do the same thing it is hard to compare different approaches. Joint action as the norm whilst allowing DNOS to follow their own ideas with some funding? Ties could be down to timing - early days on

		innovation via individual DNO, once it passes early days proving, it can be adopted as part of a wider strategy.
		The LCNF has encouraged innovation from a variety of sources and approaches, in many instances the DNO's are starting from different places,, the financial drivers of their investors and how they have presented their business plans under RIIO to OFGEM.
		Yes, via the ENA there should be a joint approach where possible, but it should be supportive not a constraining driver.
3.1.1	• If you agree, should companies retain their own strategies, and in addition should there be a single system strategy, or one for gas and another for electricity?	DNO/TO individual Innovation strategies are key to meeting the needs of their own customers, licence areas and business but there is a need for greater coordination across the whole piece.
		The strategy should capture E and G separately due to the different challenges affecting those network operators and relatively low level of cross vector work. These should compliment each other where possible as oppose having two strategies that have no crossover whatsoever. There is only a need for joint E and G where there are clear interactions between them at the system level.
		See comments above.
3.1.2	• How often should the strategy be updated?	The basis of this strategy should include clear deliverables and action owners to ensure that the progress is made and actively encouraged. An annual review period where the deliverables are measure and progress presented will serve to flag by exception the key deliverables and progress that is not being made and ensure that appropriate actions can be taken to facilitate solutions and progress in this area. Any business has to update its 5 year strategy once a year, this should be part of that process not a separate event.
3.2	What are your views on our proposals to help facilitate increased involvement of third	This has already happened with EATL and My Electric Avenue. EATL were lead partners on this project but it was not straightforward. The restrictions Ofgem placed on criteria for funding to be released for this project would have made it virtually

	parties in the NIC via the network companies?	impossible for EA Tech to continue if they hadn't brought forward funding themselves. In the WS9 report for the SGF this was reported on.
		Overall collaboration for LCNF projects with partners has been positive. BEAMA have reported to Ofgem in the past concerns over the level of risk companies are often forced to take on in delivering a project. This risk is most cases is also not proportionate to the size of the company involved, and therefore favours the involvement of larger companies to partner on projects, these are likely to already be active suppliers into the DNOs BAU procurement. This risk is reputational, and financial. Alleviating the risk SMEs would have to take on as part of a project would encourage more of the SME community to take leading roles in project delivery under NIA and NIC and this would benefit the UK market overall. The DECC Ofgem Smart grid forum WS9 has reported some specific examples of where significant risk has been taken on by delivery partners for LCNF projects.
		Third parties accessing the fund to demonstrate solutions or technologies would facilitate greater access to scale innovation opportunities but it is perceived that these would require in most cases access to network and thus a DNO/TO Partner or Lead. As noted in the consultation document there is significant access to funding already via partners.
		Improving the link between DNOS and the supply chain can help ensure greater access and coordination for key products and solutions which can play a key role in ensuring cost effective, safe and efficient networks.
		Greater signals from DNO/TOs regarding intent to purchase and key issue / problem areas for networks would enable the market to respond in more positive and productive ways. Certainty and signals to the supply chain and two way communication with DNO/TOs can facilitate wider solutions and improved dialogue. This increased involvement from third parties and suppliers will in effect promote greater access to the mechanism and ensure new solutions to problems are visible to the DNO/TO.

		Consultation and modelling type projects are the more obvious ones for third parties, it would be interesting to see how partnership / third party lead work with a DNO in practice - Seems unclear at this stage and greater clarity would be appreciated.
		The simple signal to existing suppliers, SMEs or third party investors is a developing flow of innovations moving into BAU. Without this investment, new ideas will slow or stop and that is not what we want as an industry
3.3	What are you views on providing direct access for third parties to the NIC?	As above unsure of how this will work / look in practice. Overall support for third parties seeking more active involvement in innovation projects and the products, solutions and opportunities it will develop for these parties and network operators.
3.4	What are your views on our proposals to remove the Successful Delivery Reward and the provision to recover Bid Preparation Costs?	Thisvwould place greater impetus on the DNO/TO to ensure Innovation is successful and delivers cost reductions, although Innovation is by its nature a risk and it doesn't always work out. Perhaps this funding could be used instead to facilitate the transfer of projects from proven innovation to business as usual implementation and cover some of the resource costs required.
Chapter 4 – Proposal for future funding level of the electricity NIC		
4.1	What are your views on the rationale for reducing the level of electricity NIC funding pot?	NIA portfolios for all DNO/TO covers a good cross section of projects to offset the reduction in NIC funding. Not all DNO/TOs bid for NIC funding each year, this may mean that DNO/TO put in greater effort at bid stage or instead concentrate on their NIA portfolio and do not make applications to NIC at all, a risk that we need to ensure is effectively managed.
		Is there the potential to fund a UK wide project with involvement from all DNO/TO/SO to demonstrate scale innovation and the whole system?
		NIC funding for UK wide approaches to networks or provision of funding to encourage replication of successful innovation with other Network Operators. Active

		Network Management is a prominent example of where this has worked well, but we suggest much more could be done to further stimulate this.
		The Innovation Rollout Mechanism (IRM) is designed to fund the roll-out of proven innovations which will contribute to the development in Great Britain of a low carbon energy sector or broader environmental benefits. To qualify for the IRM, the innovations must deliver carbon and/or environmental benefits or provide long-term value for money to customers. Whilst this is a key enabler, there is little evidence to suggest that this is easily accessible and the effort required is proportionate to the value potential on offer to the GB customer. There is evidence that highlights a successful application to access the IRM from SP Energy Networks. The IRM as it is defined and intended could help to bridge the gap between proven innovation and BAU rollout, however the lack of uptake by network operators suggests that this is a complex or disproportionate process.
		If the innovations are relevant to DNO/TO operations and continue to be put forward then it would be wrong to curb innovation at this time when there is still much to do and many opportunities. A more pragmatic approach is encouraged; monitor the quantity, quality and relevance of future projects being put forward. Adjust to suit input within reason, a good idea is a good idea, but keep sensible boundaries.
4.2	What are your views on the proposed funding level of the electricity NIC?	As above
Chapter 5 – Other proposals for governance arrangements		
5.1	Do you agree with our proposals to clarify the circumstances we do and do not expect change requests are submitted to us?	Yes
5.1.1	• If you agree, do you think our proposed draft explanation of material changes is clear?	Yes.

5.1.2	• If you think alternative drafting would achieve this more effectively please provide this drafting.	No comment
5.2	Do you have any feedback on our proposal to publish a plain English guide to our default intellectual property (IP) requirements?	In a number of cases BEAMA members have had issues with the treatment of 'relevant' foreground IP that might be developed during the project. The Guidelines suggest that if such IP is within a commercial product then it is not 'relevant' provided that the commercial product can be purchased after the project. This is crucial, because if this is not applied, the IP is 'relevant' and the DNOs get a free licence to this IP. But the DNOs think they own the Foreground IP, or have some joint ownership of it because they funded the project. This means companies are not free to incorporate the foreground IP into their products and hence state that it is not 'relevant'.
		Therefore IP is never 'clean' and separable. An example would be a supplier providing a monitor to capture fault waveforms, and then run a project with a DNO to test it on their network, the supplier will inevitably be able to improve the monitor as a result of the project. The DNO will claim some ownership of the improvement to the IP as they funded the trial, and then the supplier will be in a position where they have to negotiate a licence with the DNO to sell the improved product. Suppliers cannot make these improvements (innovations) to their products without a real network to develop and test on. Therefore the innovation funding mechanisms, including LCNF, NIA and NIC are essential in developing the right products for DNOs and innovation in the supply chain.
		It is a huge overhead to negotiate a licence with the DNO, often out of proportion to the scale of investment required for the project. There is little appreciation in the new criteria for NIC and NIA governance of what this entails for a supplier in the market. Most SMEs will not have the experience or resource to do this. This is therefore a significant barrier that we see prevailing in the market for innovation

		projects, and a particular barrier for SMEs. It is our understanding that this is limiting the number of projects coming to fruition under NIC and NIA today. One way to avoid this is to scope projects such that suppliers of products can have it clearly stated that they don't develop any foreground IP, and claim it all as background IP. They are just testing and qualifying it through the project. This is happening in a number of cases already, but is still an obstacle for scoping new innovation projects.
5.3	Do you have any views on our proposals to improve the visibility of the NIA projects? What are your suggestions for a proportionate way to get assurance that the NIA is being used by network companies in an appropriate way? Made by Sam Rossi Ashton	The Smarter networks portal is a useful tool for the dissemination of learning and progress and closure updated for NIA projects, supplementary reports and links to further reading would add value to the standard registration, progress and closure regulated reporting requirement. We promote the use of the ENA Collaboration Portal and welcome the improvements underway and hope for increased and improved engagement with DNO/TOs and our membership in the near future. Encourage DNO/TOs to report on projects post closure i.e. they closedown states it will be transferred to BaU but how is that tracked, measures and demonstrated, this way a visible commitment is made from the implementing network operator that they will report on the findings of actual implementation after the funded innovation demonstration / test comes to an end.
5.4	Do you have any comments on any of our other proposals?	None