



Making a positive difference
for energy consumers

Gwneud gwahaniaeth gwirioneddol
i ddefnyddwyr ynni

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Dear Ian,

Decision on the "New Nwy (New Gas)" submission to the Initial Screening Process (ISP) of the 2017 Gas Network Innovation Competition (NIC)

Summary

Thank you for submitting the New Nwy (New Gas) project (the Project)¹ to the ISP for the Gas NIC. Unfortunately, we do not think the Project meets the ISP eligibility requirements.² We have therefore decided not to allow the Project to pass the ISP.

Feedback

The Project aims to demonstrate biomethane production by combining waste CO₂ from the anaerobic digestion (AD) process with hydrogen. While we think the Project has the potential to be technically innovative and increase the efficiency of producing biomethane from AD, we do not think it is compliant with ISP criterion (b) – 'Delivers value for money for gas consumers'. Under criterion (b), Projects should demonstrate that they can derive benefits and learning that are applicable to the gas transportation system as opposed to other parts of the energy supply chain.³

The Project is mainly related to the production of gas and, as such, is most relevant to biomethane producers. Based on the evidence in your submission, we do not think that a substantive amount of the Project's learning can be applied directly by gas network operators. In addition, the Project does not have a clear intention to explore novel areas relating to the network. We note our recent Innovation Review decision, which reiterated that projects that have a wider focus than networks must still have direct benefits and learning for network aspects of the energy system.⁴

¹ <https://www.ofgem.gov.uk/publications-and-updates/gas-nic-year-five-screening-submission-new-nwy-new-gas-wales-and-west-utilities>

² The eligibility requirements are set out in sections 4.7 to 4.19 of the Gas NIC Governance Document. https://www.ofgem.gov.uk/sites/default/files/docs/2015/06/gas_nic_2-1_stat_con_clean_0.pdf

³ Sections 4.12 to 4.14 of the Gas NIC GD.

⁴ See sections 1.10 to 1.14. <https://www.ofgem.gov.uk/publications-and-updates/network-innovation-review-our-policy-decision>

Decision

Based on the considerations summarised above we have decided that this Project does not meet the ISP Eligibility Requirements.

This letter constitutes notice of the reasons of our decision not to allow the Project to pass ISP and proceed to the Full Submission Process pursuant to section 38A of the Gas Act 1986.

We hope you take the relevant considerations into account for future submissions to the NIC and would be happy to discuss this letter with you. We would welcome a further bid from you to the Gas NIC next year.

Yours sincerely,



Geoff Randall
Associate Partner, RIIO Networks