

23 February 2021

Ofgem  
Attn: Graeme Barton  
10 South Colonnade  
Canary Wharf  
London E14 4PU

Ref: Response to RIIO-2 NIA Governance Document Consultation

To Whom It May Concern:

In this response to Ofgem's RIIO-2 NIA Governance Document Consultation I would like to offer some observations and hopefully constructive suggestions. Suggestions that will perhaps help set the stage for derived changes needed to the Electricity NIA Governance Document v3.

1. The premise of the RIIO-2 NIA programme – supporting technical and commercial innovations in the electric power sector by providing funding, structured opportunity, knowledge dissemination, and technical access – is sensible and needed. The proposed RIIO-2 NIA Governance Document does not appear to suggest major changes to the programme. Given the programme's performance to date under RIIO-1 and our experience, we think there is ample room for improvement and better outcomes.
2. Examining summary data from the Smarter Networks Portal, provides a table of 614 electricity NIA projects from 2013-present; totaling £427m of spend at an average of £695k/project. These are impressive figures, but what about post-NIA final outcomes? Are end state innovation objectives being achieved? I struggle to find stories of clear-cut success. It might be quite useful to examine a sampling of NIA innovation projects that ultimately led to industry shifting commercial uptake across Britain and abroad. Conversely failed NIA funding applications/negotiations should also be examined. Finding, presenting, and examining NIA success stories would better inform participants and perhaps help the programme reinforce its successful attributes and remove hinderances.
3. Over the years the NIA and related NIC programmes have struggled to spend the £100m pa originally allocated. Rather than finding ways to expand the programme's bandwidth capacity and throughput, the allocation and by extension ambitions have been scaled back, lowering goals. There is no shortage of good ideas and viable projects – I posit it is the mechanisms and methods being applied to their selection, contracting, and funding. I have heard from companies large and small across Britain about difficulties working with the NIA programme.

4. We suggest additional organizations outside of the DNO/TNO/ESO licensees be given one-third of NIA funding (preferably restored to higher levels) to administer under Ofgem contract. Well respected, knowledgeable and relevant non-profit organizations like the Energy Systems Catapult (ESC) and the Carbon Trust would be ideal for evaluating fresh ideas, innovations, and alternate approaches within the same requirements laid out in Section 3 of the RIIO-2 NIA Governance Document. Such organizations lack the commercial impulses and proclivities of the DNO/TNO/ESO licensees. Yes, they would be farther removed from identified system needs but that gives them a higher, grid-wide vantage point. They would not be required to provide the 10% matching funds contribution and could charge back their reasonable overheads and costs under an amended Section 4.
5. By definition NIA research and demonstration projects must embrace risk. But this program is set within a long-cycle, highly risk-adverse industry that prizes reliability. We hear of internal struggles by innovation teams within the DNO/TNO/ESO licensee organizations.
6. A loophole in the Electricity NIA Governance Document v3 needs to be closed.
  - a) Para 7.9 of the Electricity NIA Governance Document v3 allows the Network Licensee to take ownership of all IP generated by a project. Gaining such IP ownership puts them in an IP freedom-to-operate blocking position vis-à-vis their project partners, who are often small weakly capitalized startups trying to gain a toehold. A close reading suggests this provision was inserted to provide Network Licensees a gate-keeper advantage in negotiations. Licensee's must not be allowed to request, require, or otherwise receive Foreground IP or ownership interests in their innovation partners. They should be permitted reasonable pricing discounts if agreeable to all parties.
  - b) Allowing related clauses in an unequal NIA contract negotiation goes against the spirit and aims of the NIA programme. I am reliably informed they are a major hinderance to promising NIA projects being undertaken.
7. We would flag that the UK Intellectual Property Office through the Lambert Group has developed standard contracts for collaborative research that are widely and successfully utilized. These contracts provide a useful starting point for a Governance Document prescribed standard NIA collaboration agreement that is more balanced, adaptable to circumstance, and better able to deliver the goals of the RIIO-2 innovation programme.
8. Finally, we would recommend an NIA Ombudsman office at Ofgem be established to provide innovators with advice and if necessary, advocacy.

Please let us know if we can be of any further assistance. We hope this response has been helpful.

Sincerely,

A handwritten signature in black ink, appearing to read 'Clarke V Simmons', with a long horizontal flourish extending to the right.

Clarke V Simmons  
Managing Director  
Neuville Grid Data Limited

Contact Details:

clarke.simmons@neuvillegroup.com

+44-208-078-7659

[www.neuville.co.uk](http://www.neuville.co.uk)