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Sent by email to graeme.barton@ofgem.gov.uk

16 February 2021

Dear Graeme,

Response from Electricity North West to Ofgem's draft RIIO-2 NIA governance document

Thank you for the opportunity to respond to your request for views on Ofgem's draft RIIO-2 network innovation allowance (NIA) governance document. This document sets out the NIA approach that will provide funding to gas transporter and electricity transmission licensees in RIIO-2 to allow them to carry out smaller innovative projects. The governance document being reviewed at this time does not relate to the electricity distribution licence which applies to our organisation however, due to the potential linkage to our own NIA approach we have reviewed this guidance. In due course a NIA governance document will be needed for RIIO-ED2 and we look forward to working with Ofgem on this as it is developed.

We are pleased to see that the proposed RIIO-2 NIA governance document is in line with the discussions that took place at the Ofgem workshops late last year. We are therefore broadly comfortable with the approach proposed and have only a couple of comments to make, both of which are around consistency of terminology rather than significant issues. We have set out the detail of these below.

Governance section	Point for consideration
5.8 – 5.12	In this section Ofgem sets out the requirements for the 'Rules for Innovation Good Practice'. We believe this document is being produced by the Electricity Network Association (ENA) and is branded as the 'Energy Networks Innovation Process'. Referring to the document title within the governance document using the same title might be beneficial in helping third parties to understand that these are the same.
5.12	This section includes a list of various items that need to be included in the 'innovation good practice'. A number of these items are referred to as 'rules' however we feel that some of them are actually guidance/best practice rather than specific rules. We suggest this section should be



	reconsidered to determine which items truly are rules and which can be deemed to be best practice. This point is further reinforced later in the governance document where in section 7.12 there is reference to 'Guidance for third parties on the treatment of IPR' which contradicts the earlier statement in section 5.12 which states, 'Rules on the treatment of IPRs'.
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I hope these comments are helpful. Please do not hesitate to contact me if you would like to follow up on this response.

Yours sincerely

Paul Auckland
Head of Economic Regulation