

To those with an interest in
innovation in energy networks

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Reviewing the benefits of the Low Carbon Networks (LCN) Fund and the governance of the Network Innovation Competition (NIC) and the Network Innovation Allowance (NIA)

In December 2015 we published a consultation letter¹ beginning the process of reviewing the NIC and NIA governance arrangements and the benefits delivered by the LCN Fund. We received twenty nine responses, four of which were confidential. We have published the non-confidential responses on our consultation page. This letter is intended to update stakeholders on our work to date and our next steps.

Having reviewed the consultation responses, we intend to make some minor changes to the NIC and NIA Governance documents. We will circulate our proposed changes to licensees prior to publishing a formal consultation later this month. The changes we propose include, adding a reference to the Data Assurance Guidance as well as addressing typographical errors and correcting paragraph numbers.

We are also conducting a detailed review to consider whether substantive changes to the innovation arrangements are required. We have appointed an independent evaluator to review the LCN Fund and their assessment should be completed during the summer. We will use their report to develop our proposals for amendments to the governance arrangements.

In the autumn we will consult on any proposed changes to the governance arrangements and on the level of the electricity NIC allowance between 2017 and 2023. We intend to publish our decision by the end of the year so that the changes can be effective for the 2017 innovation competition, where possible.

If you wish to discuss the issues raised in this document, please contact Neil Copeland at neil.copeland@ofgem.gov.uk or on 020 7901 7193.

Yours faithfully,



Kersti Berge

¹ <https://www.ofgem.gov.uk/publications-and-updates/reviewing-benefits-low-carbon-networks-fund-and-governance-network-innovation-competition-and-network-innovation-allowance>

Partner, Networks