



Making a positive difference
for energy consumers

To electricity distribution network
licensees

Direct Dial: 0141 354 5416

Email: Steven.McMahon@ofgem.gov.uk

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Request for Information on LCNF¹ Second Tier Projects seeking discretionary reward

We² are evaluating the submissions from electricity distribution licensees (DNOs), under the Second Tier Reward (STR) as part of the LCNF. We have received nine submissions and a brief summary is in Table 1 (on page 3).

Our assessment process

The [LCNF Governance document](#)³ specifies that the STR is to reward any DNO that has undertaken a Second Tier LCN Project that is deemed to be exceptional.

We will assess each of the Projects that have come forward against the Discretionary Reward Criteria detailed in the Governance document, any other requirements set out in the LCNF licence condition, our principal objective to protect consumers' interests and our general duties. We will take into account responses to this letter in considering these questions.

Ofgem has recruited an independent Expert Panel as part of our assessment process. The Expert Panel will review the submissions and engage with the respective project teams through bi-lateral meetings. They will provide their recommendation to Ofgem. We will consider their recommendations in our decision on the Second Tier Reward.

Questions in this information request

The objective of this information request is to understand the wider impact of these Projects on the electricity distribution network operators in Great Britain (GB-DNOs). There are two questions (see-highlighted box below). You should only respond to these questions with regard to Projects undertaken by other DNOs.

- ➔ **Question 1:** Have the outputs and/or findings from any of these Projects been deployed on your networks? Please provide evidence of the extent and impact of any such deployment.
- ➔ **Question 2:** Have the learnings from any of these Projects been incorporated into your operational practices? Please provide evidence of how such a change has provided valuable benefit for consumers.

¹ [Low Carbon Network Fund](#)

² The terms Ofgem, the Authority, "we", "us", "our" are used interchangeably in this document. The Authority is the Gas and Electricity Markets Authority. Ofgem is the Office of the Authority.

³ Section 2- Discretionary Funding Mechanism (Page 20, paragraph 1.1)

How to respond to this consultation

Please send your response to this information request on or before 20 July 2018, preferably by email, to lcnfund@ofgem.gov.uk or in writing to:

Dinker Bhardwaj,
Ofgem,
Third Floor, Commonwealth House
Glasgow
G1 1LH

Unless marked confidential we will publish all responses, alongside our final decision, by placing them on our website at www.ofgem.gov.uk. Respondents may request to keep their response confidential. We shall respect this request, subject to any obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004.

Respondents who wish to have their responses remain confidential should clearly mark the document to that effect and include the reasons for confidentiality. Respondents should put any confidential material in the appendices to their responses and if possible include a non-confidential summary of their response.

Next steps

We will consider responses to this information request in our assessment of the LCNF-STR submissions. We will publish our final decision before the end of September 2018.

If you have any queries regarding this letter, please contact Dinker Bhardwaj at dinker.bhardwaj@ofgem.gov.uk or on 0141 354 5417.

Yours sincerely,

Steven McMahon
Deputy Director, Electricity Distribution & Cross Sector Policy

Table 1: Summary of Tier-2 projects under consideration for a STR

DNO Group	Project Name	Description
Northern Powergrid	Customer-Led Network Revolution	A project that brings together the trialling of smart meters and customer-side interactions with new network technologies.
WPD	Low Carbon Hub	A focussed project to investigate how new network technologies can increase the capacity of wind generation that can be connected to a rural distribution network. New commercial arrangements also explored.
WPD	Low Voltage Network Templates	A focussed project assessing the impact of low carbon, demand-side technologies on the low voltage network. The aim is to create generic network models to assist DNOs in efficiently planning, developing and operating these networks as they transition to facilitate a low carbon future.
WPD	SoLa BRISTOL	A small project investigating the potential for battery storage in conjunction with PV solar generation to be used within homes, schools and an office to provide network and customer benefits. A variable tariff will be trialled to incentivise customers to use the battery to reduce electricity consumption at peak times.
ENWL	Capacity to Customers	A project that trials new operational techniques to release latent capacity within the existing high voltage (HV) network. The project will utilise this capacity by combining network automation and 'interruptible' contracts with large customers.
WPD	FALCON	A project deploying smart interventions on the HV network and novel commercial arrangements with customers. Data from these trials will be used to develop an investment tool to model where these techniques can be deployed efficiently across the whole HV network.
SPEN	Flexible Networks	A project investigating how to obtain extra capacity from the existing HV network in three separate locations by co-ordinating innovative engineering practices. The project also looks to encourage large customers to improve their energy efficiency.
UKPN	Flexible Plug & Play	A project trialling ways to improve the control of the extra high voltage network to connect increased volumes of wind generation. The project will trial an open communications platform and develop an investment model for connecting renewable generation to the distribution system.
SSEN	I2EV (My Electric Avenue)	A project investigating the use of a domestic 'smart socket' to manage network constraints caused by Electric Vehicles (EVs). Also known as 'My Electric Avenue'

Note: Click on the Project Name to go to the respective project page on the ENA Smarter Networks Portal