

Company Secretary
SP Manweb Plc
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Prenton
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Direct Dial: 0141 354 5416
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Date: 11 January 2019

Dear Company Secretary,

Project Direction ref: SPMW / Charge: Refuelling Tomorrow's Electrified Transport / 11 January 2019

SP Manweb Plc (SPMW) submitted the project Charge: Refuelling Tomorrow's Electrified Transport (the Project) in August 2018 to be considered for funding through the Electricity Network Innovation Competition (NIC). In this year's decision¹, we selected the Project² for funding.

This Project Direction contains the terms that must be complied with by SPMW as a condition of the Project receiving funding through the Electricity NIC. These terms can be found in the Schedule to this Project Direction.

Project direction

Chapter 5 of the Electricity NIC Governance Document³ states that a Project Direction will:

- set out the Project-specific conditions that the Network Licensee (which for this project is SPMW) is committing to in accepting funding;
- require the Network Licensee to undertake the Project in accordance with the commitments it has made in the Full Submission.⁴
- set out the Approved Amount for the Project, that will form part of the calculation contained in the Funding Direction issued by the Authority under Chapter 7 of the Governance Document;
- set out the Project budget that the Network Licensee must report against and how variances against the Project budget will be reported and approved; and
- set out the mechanism for the Network Licensee receiving the Approved Amount as set out in section 4 of the Funding Direction.

¹ <https://www.ofgem.gov.uk/publications-and-updates/network-innovation-competition-2018-funding-decisions>

² Unless otherwise specified, defined terms in this Project Direction have the meaning given to them in Appendix 1 of the Electricity NIC Governance Document.

³ <https://www.ofgem.gov.uk/publications-and-updates/version-30-network-innovation-competition-governance-documents>

⁴ Where appropriate, the Project Direction may therefore include extracts from the Full Submission or refer to specific sections of the Full Submission.

These requirements are described for the Project in the Schedule to this Project Direction.

Decision

Provided SPMW complies with the Electricity NIC Governance Document and with the Schedule to this Project Direction, the Project is deemed to be an Eligible NIC Project.⁵

This Project Direction constitutes notice pursuant to section 49A (Reasons for decisions) of the Electricity Act 1989.

Yours faithfully,



Steven McMahon
Deputy Director, Electricity Distribution and Cross Sector Policy
For and on behalf of the Authority

⁵ Eligible NIC Project has the meaning given in definitions of the Electricity Distribution licence.

Schedule to Project Direction

1. TITLE

Project Direction ref: SPMW / Charge: Refuelling Tomorrow's Electrified Transport / 20 December 2018

2. PREAMBLE

This Project Direction is issued by the Gas and Electricity Markets Authority (the "Authority") to SP Manweb Plc (the "Funding Licensee") pursuant to the Electricity NIC Governance Document issued pursuant to Part E of Charge Restriction Condition 5A (The Network Innovation Competition) of the Electricity Distribution Licence (the "Licence"). It sets out the terms to be complied with in relation to Charge: Refuelling Tomorrow's Electrified Transport (the "Project") as a condition of it being funded under the NIC and the Funding Return Mechanisms.⁶

Unless otherwise specified, defined terms in this Project Direction have the meaning given to them in Appendix 1 of the Electricity NIC Governance Document.

References to specific sections of the Funding Licensee's Full Submission in this Project Direction are, for ease of reference, made by referring to the section number in the Funding Licensee's Full Submission pro-forma.

3. CONDITION PRECEDENT

Condition 1

The Funding Licensee will not access any funds from the Project Bank Account until it has signed contracts with the Project Partners named in Table 1.

Table 1. Project Partners

EA Technology Smarter Grid Solutions PTV Group
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Condition 2: Consultation on Method 2 trials

In developing the Method 2 trials referred to within the Full Submission, the Funding Licensee must consult with other distribution network operators and other interested stakeholders, including but not limited to local authorities and operators of electric vehicle charging points on the format of the trials. The consultation must include the location and format of the intended trials.

The objective of this condition is to ensure that learning derived from these trials is applicable across Great Britain.

4. COMPLIANCE

The Funding Licensee must comply with Part E of Charge Restriction Condition 5A of the Licence and with the Electricity NIC Governance Document (as may be modified from

⁶ The Funding Return Mechanism is defined in part C of Charge Restriction Condition 5A.

time to time in accordance with Part E of Charge Restriction Condition 5A) and with this Project Direction.

Any part of the Approved Amounts that the Authority determines not to have been spent in accordance with this Project Direction (or in accordance with the Electricity NIC Governance Document) is deemed to be Disallowed Expenditure.

Pursuant to Charge Restriction Condition 5A, Disallowed Expenditure is revenue received (whether by the Funding Licensee or by another Licensee) under the NIC and Funding Return Mechanisms that the Authority determines not to have been spent in accordance with the provisions of the Electricity NIC Governance Document or with those of the relevant Project Direction.

Pursuant to Chapter 8 of the Electricity NIC Governance Document, Disallowed Expenditure includes any funds that must be returned if the Project is halted without Ofgem's permission, any funds that have not been spent in accordance with the approved Project Budget contained within the Project Direction, and any unspent funds on the completion of the Project.

5. APPROVED AMOUNT FOR THE PROJECT

The Approved Amount is **£6,850k**

6. PROJECT BUDGET

The Project Budget is set out in Annex 1 of this Project Direction.

The Funding Licensee will report on expenditure against each line under the category total in the Project Budget, and explain any projected variance against each line total in excess of 5% as part of its detailed report which will be provided, in accordance with Chapter 8 of the Electricity NIC Governance Document. Ofgem will use the reported expenditure and the explanation to assess whether the funding has been spent in accordance with the Electricity NIC Governance Document and with this Project Direction.

7. PROJECT IMPLEMENTATION

The Funding Licensee must undertake the Project in accordance with the commitments it has made in the Full Submission approved by the Authority pursuant to the Electricity NIC Governance Document and with the terms of this Project Direction. These include (but are not limited to) the following:

- (i) undertake the Project in accordance with the description set out in Section 2 (Project Description) of the Full Submission;
- (ii) provide a Network Licensee Compulsory Contribution of £772k;
- (iii) complete the Project on or before the Project completion date of December 2022; and
- (iv) disseminate the learning from the Project at least to the level described in Section 5 (Knowledge Dissemination).

8. REPORTING

Ofgem may issue guidance (and amend it from time to time) about the structure and content of the Project Progress Report required by Chapter 8 of the Electricity NIC

Governance Document. The Funding Licensee must follow this guidance in preparing the reports.

As required by Chapter 8 of the Electricity NIC Governance Document, the Funding Licensee must inform the Authority promptly in writing of any material event or circumstance likely to affect its ability to deliver the Project as set out in its Full Submission.

9. INTELLECTUAL PROPERTY RIGHTS (“IPR”)

In Section 5 of its Full Submission (Knowledge Dissemination) the Funding Licensee has stated that the Project conforms to the default IPR arrangements set out in Chapter 9 of the Electricity NIC Governance Document. The Funding Licensee must therefore undertake the Project in accordance with the default IPR arrangements.

10. Project Deliverables

At the end of a Project, the Funding Licensee must commission a report from an independent third party that verifies whether the Project Deliverables set out in Table 2 below (which comply with Chapter 5 of the Electricity NIC Governance Document) have been achieved.

After it has received the report, the Funding Licensee must send it to the Authority. Where a Project Deliverable has not been achieved we will consider whether funding should be returned to customers using the Funding Return Mechanism. If the Network Licensee is deemed by Ofgem to be at fault for the non-delivery of the Project Deliverable, it is the proportion of funding assigned to it within Table 2 below, which may be returned to customers.

Table 2. Project Deliverables

Reference	Project Deliverable	Deadline	Evidence	NIC funding request (100%)
1	Transport and Network Model – interim report	31/12/2019	1. Transport / Network Mapping interim report 2. Identification of trial sites 3. Initial specification and architecture to allow other GB DNOs to replicate	9%
2	Transport and Network Model – final report	31/12/2020	1. Transport / network mapping completed 2. Dissemination events with stakeholder consultation report and analysis 3. Documentation of methodology	6%

Reference	Project Deliverable	Deadline	Evidence	NIC funding request (100%)
3	Identify suitable EV connection solutions for different locations	30/09/2019	<ol style="list-style-type: none"> 1. Completed assessments of candidate networks in SPM and other licence areas 2. Updated Cost Benefit Analysis for each network study (each report detailing the impact of EV growth, the traditional reinforcement solution, smart solution options and the cost benefit analysis outputs of all solutions suitable at the network location) 3. Stage Gate report which will determine the scope for trial deployment, and likely pilot trial locations. 	8%
4	Pilot Trial Interim Report	28/02/2021	<ol style="list-style-type: none"> 1. Learning from Pilot trials: connection issues, deployment options, etc. 2. Stage Gate report which will determine if there is scope for a Broader Trial deployment, and identify a likely location for the two trial types. 	16%
5	Pilot Trial Completion / Broader Trials Interim Report	31/12/2021	<ol style="list-style-type: none"> 1. Learning from Broader Trials: connection issues, deployment options, robust data set etc. 2. Robust financial case for the range smart management solutions 3. Policy information to support DNOs and charge point manufacturers in the process to facilitate the increase of EVs on their networks 4. Customer messaging strategies that will support and encourage the use of EVs in a manner which will benefit both the customer and the energy networks. 	15%

Reference	Project Deliverable	Deadline	Evidence	NIC funding request (100%)
6	Final Report on Network Trials	31/12/2022	<ol style="list-style-type: none"> 1. All trials complete with statistically representative analysis established 2. Finalised draft Engineering Recommendations / policy support with peer review 3. Customer Market and customer behaviour research. 4. Stakeholder review consultation and report 5. Documentation and characterisation of solution set to enable it to be used in an automated tool. 	6%
7	ConnectMore Online Tool - Spec	31/03/2020	<ol style="list-style-type: none"> 1. Documented User Requirements & Specification for ConnectMore tool 2. Documented Data plan for ConnectMore tool 	11%
8	ConnectMore Online Tool - Prototype delivery	30/06/2022	<ol style="list-style-type: none"> 1. Publicly accessible online connections tool with capacity visualisation and guidance 2. Ability to highlight likely customers' needs and capacity changes over time 	25%
9	Project Close Down	31/03/2023	<ol style="list-style-type: none"> 1. Stakeholder consultation report 2. Decommissioning of all trial equipment or transfer of ownership 3. Publication of web based tool and all public domains trial data 4. Issue of Project Close down report 	4%
Common Project Deliverable				

Reference	Project Deliverable	Deadline	Evidence	NIC funding request (100%)
N/A	Comply with knowledge transfer requirements of the Governance Document.	End of Project 31/03/2023	<ol style="list-style-type: none"> 1. Annual Project Progress Reports which comply with the requirements of the Governance Document. 2. Completed Close Down Report which complies with the requirements of the Governance Document. 3. Evidence of attendance and participation in the Annual Conference as described in the Governance Document. 	N/A

11. USE OF LOGO

The Funding Licensee and the Project Partners, External Funders and Project Supporters⁷ may use the NIC logo for purposes associated with the Project but not use the Ofgem logo in any circumstances.

12. AMENDMENT OR REVOCATION

As set out in Chapter 8 of the Electricity NIC Governance Document and this Project Direction, this Project Direction may be amended or revoked under the following circumstances:

- (i) if the Funding Licensee considers that there has been a material change in circumstance that requires a change to the Project Direction, and the Authority agrees; or
- (ii) to reflect amendments made to the Licence.

13. HALTING OF PROJECTS

This Project Direction is subject to the provisions contained in paragraphs Chapter 8 of the Electricity NIC Governance Document relating to the halting of projects. By extension, this Project Direction is subject to any decision by the Authority to halt the Project to which this Project Direction relates and to any subsequent relevant Funding Direction issued by the Authority pursuant to Part E of Charge Restriction Condition 5A.

In the event of the Authority deciding to halt the Project to which this Project Direction relates, the Authority may issue a statement to the Funding Licensee clarifying the effect of that halting decision as regards the status and legal force of the conditions contained in this Project Direction.

NOW THEREFORE:

⁷ As listed in Box 1.6 in Section 1 of the Full Submission pro-forma.

In accordance with the powers contained in the Electricity NIC Governance Document issued pursuant to Part E of Charge Restriction Condition 5A of the Licence the Authority hereby issues this Project Direction to the Funding Licensee in relation to the Project.

This constitutes notice of reasons for the Authority's decision pursuant to section 49A (Reasons for decisions) of the Electricity Act 1989.

ANNEX 1: PROJECT BUDGET

Cost Category	Cost (£k)
Labour	
	1,285.76
Equipment	
	358.85
Contractors	
	5,121.68
IT	
	375.00
IPR Costs	
	-
Travel & Expenses	
	332.16
Payments to users	
	-
Contingency	
	-
Decommissioning	
	100.00
Other	
	401.23
Total	7,974.66