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Consultation on modification of the RIIO-2 Strategic Innovation Fund Governance Document

Dear Graeme,

Thank you for the opportunity to respond to Ofgem's RIIO-2 Strategic Innovation Fund – consultation on modifications of the SIF Governance Document. This response is given on behalf of National Grid Electricity System Operator (NGESO).

Please find our responses to each specific question raised in the SIF Governance Consultation Letter, in the Appendix attached.

We welcome the opportunity to further discuss the points raised within this response. Should you require further information or clarity on any of the points outlined in this paper then please contact me.

Yours sincerely,

Carolina Tortora
Head of Innovation Strategy, National Grid ESO

APPENDIX

Consultation questions

1. **Do you agree with the proposed amendments to the SIF Governance Document? (We are happy for respondees to comment on individual changes within the spreadsheet published alongside this consultation if they wish to)**
Please refer to the comments on individual changes within the spreadsheet published alongside this consultation

2. **Do you agree or disagree with proposed requirement for applicants to outline what other UK government funding (aside from the SIF) a proposed Project, or aspects of Project, has received in the last 36 months when submitting an Application? Do you also agree or disagree with the period of 36 months for this proposed requirement?**
We agree that it is relevant to outline past and current projects that have received other UK government funding (aside from SIF) as we understand it is important to avoid replication of both work and funding granting. As per our comment to proposed change Table 1,2,3 – Project Summary – Supporting Information and despite best endeavours to do so, we feel that this should be done to the best of the parties' ability and not as an extensive exercise. The reason being is there are multiple funding mechanisms made available by the UK government that are not necessarily part of the remit of activity/ expertise of the lead parties and therefore it is note reasonable to expected them to be identified/ included as an inflexible requirement. We suggest that if this level of rigour is to be followed then it should be limited to the identification of projects funded via NIA and/ or SIF as all networks will be familiar with these innovation funding mechanisms and that best endeavours should be made to identify other concurring projects both UK and/or international based.

3. **Do you agree that the amended SIF Governance Document should come into force in August 2022, and should apply to all in-flight and future SIF Projects?**
We do not think this drafting is sufficiently clear, and notwithstanding the inclusion of the word "prospectively" consider there is still scope for the changes to have retrospective effect, which would not be appropriate, as applications and projects were submitted and progressed on the basis of the previous Governance Document. It appears this effect is unintended so we therefore suggest that specific drafting is included to make clear that the updated Governance Document will not apply to projects whose applications and funding directions were submitted prior to the revised document coming into effect (as per comment to proposed change of paragraph 1.23).

4. **Do you agree or disagree (giving reasons) with DNO participation in round 2 of the SIF?**
We agree with DNO participation as we believe it will be beneficial to the transition to Net Zero if more type of participants are allowed to participate/ lead. Nonetheless and per comment to proposed change of paragraph 1.21, we consider it would be helpful if the position as regards DNOs participation in SIF is more clearly articulated in the Governance Document, making clear the basis on which they are able to participate ahead of the SIF licence condition coming into effect in their licence, in the manner described in the covering letter. This will ensure transparency on such matters for project partners and other third parties.

5. **Are there any specific considerations relating to the proposed participation of DNOs in round 2 of the SIF which need to be taken into account in the SIF Governance Document?**
As per reply to question 4 above and per comment to proposed change of paragraph 1.21, we consider it would be helpful if the position as regards DNOs participation in SIF is more clearly articulated in the Governance Document, making clear the basis on which they are able to participate ahead of the SIF licence condition coming into effect in their licence, in the manner described in the covering letter. This will ensure transparency on such matters for project partners and other third parties.

6. **Do you agree that the proposed drafting amendments on IPR within the SIF Governance Document make it easier to understand the default IPR rules?**
We agree there is a valid attempt to make it easier to understand the default IPR rules. However, we would like to refer to all comments to proposed changes relating to Chapter 9 included in the spreadsheet for a more detailed insight on NGESO's views/ position.

7. **Do you agree there is a need for an illustrative guidance document which seeks to help third party innovators understand the default SIF IPR?**
As per comment to change of paragraph 9.25, NGESO already has a number of guidance documents which we use to help potential project participants understand the Governance Requirements and how they manifest themselves in our collaboration agreements. Please can Ofgem clarify that licensees may continue to use their own material alongside anything that is developed with Innovate UK?

	Name and organisation: Carolina Tortora / NG ESO			
	Contact email: Carolina.Tortora@nationalgrideso.com			
Log number	Paragraph reference to draft SIF Governance Document released as part of this consultation	Theme of proposed change	Reasoning behind the proposed change(s)	OPTIONAL: Respondee comment on proposed change
1	1.2	Minor clarifying edit (definitions)	Footnote 1: "we" and "our" are not defined or outlined in the document. This wording is consistent with the wording used in SIF publications and provides clarity for the reader. (The terms the "Authority", "Ofgem", "we", "our" and "us" are used interchangeably in this document. The Authority refers to the Gas and Electricity Markets Authority. Ofgem is the Office of the Gas and Electricity Markets Authority) Small addition for non-network readers to clarify the RIIO framework applies to network companies.	
2	1.4	Minor clarifying edit (wording)	Tightening wording throughout the paragraph and clarifying.	
3	Footnote 2, 1.5 - 1.7	Addition - Differences between the NIA and the SIF	Similarly to the NIC Governance Document, we propose including wording which outlines the differences between the SIF and the NIA innovation funding mechanisms, and also outline our intention for SIF Projects to be funded in line with eligibility criteria outlined in Chapter 2, such as the principles of competitiveness and value for money. This change reflects feedback received from networks at workshops 1 and 2. To avoid repetition we are proposing removing the second footnote as it is captured in greater detail in paragraphs 1.5-1.8.	Typo in para 1.5 "…technological and operational innovation, which are focused on the energy system…"
4	1.8 & 1.9	Minor clarifying edit (verb tense)	Change of verb tense from future to present now that SIF has started.	Para 1.8 we suggest the defined term Net-Zero should be used
5	1.9	Clarifying edit (Innovate UK vs UKRI)	The service agreement for supporting the SIF is between the Gas and Electricity Markets Authority and "Innovate UK as part of UK Research and Innovation". To better reflect this relationship and this contract, Innovate UK is proposing changing reference to "UKRI" throughout the Governance Document to "Innovate UK". Changes have been made to Innovate UK throughout the Governance Document to reflect this proposed change but without comment.	We do not consider the term "partnered" is sufficiently clear, please can further clarity be provided on the nature of Innovate UK's role, for example if appointed to act as Ofgem's agent.
6	1.9	Innovate UK role (issuing correspondence)	Innovate UK's role is to administer the SIF. As part of this role, Innovate UK works closely with both Ofgem and licensees. To help support an agile Project environment in the SIF, we are proposing a change for Innovate UK to be able to issue correspondence to Funding Parties on the written instruction of the Authority. This would be used in situations like issuing Project Directions and Material Change requests, once approved by the Authority and on written instruction from the Authority. This proposed change is a result of learnings from Ofgem and Innovate UK in the round 1 Discovery Phase.	Our understanding is that funding directions would still be issued by Ofgem, please can this be clarified in the last sentence.
7	1.10,1.11,1.12	Minor clarifying edits	Minor edits and changes to increase clarity and keep language consistent. These do not change the effect of the paragraphs.	
8	1.13	Multi-phase approach	Whilst the Governance Document already states that Phases can be combined, we are proposing changes which better reflect that the default SIF approach consists of the Discovery Phase, Alpha Phase, and Beta Phase, but that some deviation from this standard approach is possible if set	
9	1.14	Multi-phase approach	We are proposing an edit with the first change in this paragraph which reflects Ofgem's role as the sole decision maker in the SIF. As the Innovation Challenge Documentation is not issued by Ofgem, we are proposing having any considerable shifts in the operation of the SIF (such as allowing Projects to start at the Alpha or Beta Phase or combining Phases) to be reflected in the Innovation Challenge, which is issued by Ofgem. Additionally, similar to above, we recommend adding additional clarity to keep it line with the wording of 1.13 and "default process". We have also added a clarification in a footnote that prior to any deviation to the default SIF Project Phase approach, Ofgem will consult on it.	We are concerned at the proposal that Innovation Challenges may be used as a means to deviate from the Governance Document requirements. We are concerned that such proposal is seeking to circumvent the requirement to formally modify the Governance Document and to place obligations that ought to be contained in the Governance Document in further extraneous documents. It is not clear how such an approach is consistent with Ofgem's principles of use for RIIO-2 Associated Documents which states that "Obligations on licensees must be drafted clearly whether in the licence condition or the Associated Document, so licensees can be sure what is expected of them.". Given licencees have a licence obligation to comply with the requirement of the Governance Document it is essential that these obligations can be clearly and unambiguously understood. Whilst we note that the footnote contains reference to consultation is not clear what form this would take (for example 28 days as per the licence requirement for modifications to the Governance Document). We consider that any alternative approach, such as combined discovery and alpha phase should be set out clearly as an alternative in the Governance Document and the Innovation Challenge can then confirm which option is to apply for the particular challenge. As per our previous suggestion an additional figure (equivalent to figure 1) should be included to indicate the alternative approach where discovery and alpha phases may be combined.
10	Figure 1 name	Multi-phase approach	Added wording to match the previous edits and keep it consistent that this is the "default" three-phase approach.	See comment above
11	1.18	Procedural requirements	We are proposing clarifications here which enable Innovate UK to determine provedural application requirements within the Innovation Challenge Documentation. As mentioned in greater detail in the cover letter released for this consultation, this would, for example, enable Innovate UK to determine word limits for applications, length of Project Phases and any challenge-specific reporting requirements . This builds upon the lessons from round 1 of the SIF - confirming Aapplication details in the Innovation Challenge Documentation will enable Innovate UK to operate the SIF process more flexibly and adapt to the needs of applicants.	We suggest that 3 months advance notice should be provided (the current drafting leaves scope for less than this to be given), as this affects the funding level that may be available, licensees need as much notice of this as possible in order to give them appropriate opportunity to develop and scope their candidate projects.
12	1.19	Multi-phase approach	Similar to the proposed change above, the Innovation Challenge will set out whether any Project Phases are combined. Therefore, the Innovation Challenge will also set out whether separate assessments and funding decisions would be necessary for combined Phases.	As with our comments above, we are concerned at any suggestion that a key stage in the process, such as matters relating to funding decisions, may be varied in the Innovation Challenge. We consider that all options for how this may be dealt with should be set out clearly in the Governance Document and it is only for the Innovation Challenge to confirm which of those options should apply. This is consistent with Ofgem's principles of use for RIIO-2 Associated Documents.
13	1.21	Inclusion of DNOs	As mentioned in the cover letter for this consultation, we are proposing including distribution network operators in round 2 and beyond for the SIF. This proposed change reflects this. The consultation letter published alongside this spreadsheet provides more information and questions on the format and inclusion of DNOs and any specific considerations which need to be taken into account.	We consider it would be helpful if the position as regards DNOs participation in SIF is more clearly articulated in the Governance Document, making clear the basis on which they are able to participate ahead of the SIF licence condition coming into effect in their licence, in the manner described in the covering letter. This will ensure transparency on such matters for project partners and other third parties.
14	1.23	Addition - Effective date of an updated SIF Governance Doc	This proposed wording reflects that an updated SIF Governance Document would apply to both existing and future Projects. This would include active Projects which are also progressing through a Project Phase when the SIF Governance Document comes into effect. This is a result of an existing licence condition for each of the licensees which refers to a singular 'SIF Governance Document', therefore not allowing multiple versions of it to be in force at the same time We recognise that this means proposed changes to governance arrangements will apply to projects already underway as part of round 1 Alpha Phase and have assessed the fair operation of these arrangements. This proposal was also discussed during the workshops with licensees held prior to this consultation. We have not identified any issues and do not anticipate any impacts or knock-on effects on the Projects which will be in the Alpha Phase from an updated SIF Governance Document coming into effect in August 2022. However, we have included a consultation question in the cover letter on this issue and welcome feedback in response to this consultation.	As we have previously commented, we do not think this drafting is sufficiently clear, and notwithstanding the inclusion of the word "prospectively" consider there is still scope for the changes to have retrospective effect, which would not be appropriate, as applications and projects were submitted and progressed on the basis of the previous Governance Document. It appears this effect is unintended so we therefore suggest that specific drafting is included to make clear that the updated Governance Document will not apply to projects whose applications and funding directions were submitted prior to the revised document coming into effect.
15	Heading - Developing consortiums with external stakeholders	Renaming heading	As paragraphs 3.6 to 3.8 fall more under the SIF's intent and focus on the sharing of learnings, this proposed change to the heading brings the heading of Sharing learning from 3.8 up to include paragraphs 3.6, 3.7 and 3.8.	
16	3.6	Minor clarifying edit (contact details)	Proposed wording changes here are to clarify the intent of this bullet. The intent for this paragraph and bullets is for prospective Project Partners to be able to submit potential Project ideas to the licensees whilst also respecting each licensee may have its own process for how it handles potential Project submissions. The recommended wording is not meant to change the intent of the wording already there, just clarify the requirements of licensees.	
17	3.9	Minor clarifying edit (sharing learning)	We propose adding the two words here to highlight that, ultimately, the goal is for the learnings from SIF Projects to be disseminated and utilised by all licensees to maximise the value energy consumers are receiving for the SIF Funding they are providing. As the SIF Governance Document is what all things SIF stem from, we propose this change here so that idea can be central for anything coming off the back of it.	
18	Footnote 11	Updated Data Best Practice Guidance	Removal of previous wording referring to 2015 Data Best Practice Guidance link and replacement with updated 2021 version.	

#	Section	Topic	Description	Comment
19	3.18	Minor clarifying edit	The Open Energy Platform is now operational but in Beta format, so we are proposing a slight change to reflect this.	
20	3.21	Annual knowledge dissemination requirements	Earlier this year, Ofgem and Innovate UK put forward a proposal on the format for the annual knowledge dissemination requirements of the SIF with the 'Giant Leap Together' (GLT). This approach was discussed with licencees at the workshops held prior to the consultation, and separate to the workshops, and received support from licencees. To reflect this, we are proposing changes to this section to reflect the updated format which was discussed with licensees. The GLT spreads the activities involved for the challenge setting of the SIF, such as proposal idea generation, shortlisting of ideas and partners, development of ideas, dissemination, and challenge launching across four initiatives (challenges, ideation, incubation, acceleration) throughout the year. As a result, the requirements and tasks for licensees and Project Partners participating in the SIF are also be spread out throughout the year. This format would support the wide dissemination of the knowledge from the SIF, both at an annual event and supporting events, and the progress and momentum of the SIF challenges throughout the year. The GLT format maintains the one central annual event and uses supporting events throughout the year to provide more opportunities for discussion, dissemination and the prioritization of key focus areas. Whilst the existing requirements currently described in 3.21 to 3.24 are similar to those being proposed, the proposed changes better align the annual knowledge dissemination requirements outlined in the SIF Governance Document with the GLT format.	
21	3.21	Annual knowledge dissemination requirements	In 3.21, the proposal is for Funding Parties to attend at least one main annual event and supporting events, involving suppliers, consumers, and other network users throughout the year. This proposed change is to reflect the GLT approach mentioned above. The annual event will focus on dissemination and sharing of learnings from the SIF, whereas the supporting events will focus on the development of future challenges.	
22	3.21, 3.22, 3.23, 3.24	Annual knowledge dissemination requirements - Minor edit	Similar to 3.21, we are proposing changing the reference from 'conference' to 'event'.	In respect of para 3.21, it is not clear what the requirements are for the supporting events, is there a requirement to align to the Giant Leap Together format, if so this should be expressly set out. In respect of para 3.22, 3.23 and 3.24 are these referring to all of the events described in para 3.21 (ie main and supporting), if so it should make this clear as these provisions currently refer to a single event.
23	3.24	Annual knowledge dissemination requirements - parties involved	The annual event proposed under the GLT format mentioned above will focus on knowledge dissemination and sharing from the SIF. This annual event will also focus on engaging and involving suppliers, consumers and other network users in the conference. As a result of its wider focus than the supporting events, we are proposing that Ofgem, BEIS and Innovate UK be included in network decisions related to the conference.	
24	4.1	Application requirement	One of the reasons for the proposed changes in this paragraph is to create a more agile and flexible Project environment in the SIF, based on the feedback from participants and stakeholders and learnings from implementing and administering the SIF. In 4.1, the initial proposed change would provide the ability for Projects to not be required to apply to receive SIF Funding for each Phase, if specifically set out in the Innovation Challenge Documentation. Furthermore, to reflect the changes mentioned in chapter 1 on the potential for Phases to be combined, we are proposing adding wording to reflect this. We are proposing removing the requirement for the link of the secure online portal to be included in the Innovation Challenge Documentation. This proposed change is to provide the ability for learnings from the SIF to be incorporated in the administration of the SIF. For example, should a better system or way of submitting an Application for the SIF be identified, implementing this change would not necessitate a change in the SIF Governance Document. Please note, a link for where to submit an Application, whether that be to the secure online portal or an alternative system, will continue to be provided in the Innovation Challenge Documentation.	Given the short timescales for application we are concerned that it is not practical for such extensive changes to be set out in individual challenge documentation. This may lead to confusion where there is inconsistency between the Governance Document (which licensees have a licence obligation to comply with) and challenge invitation documents.
25	4.2	Multi-phase approach	In line with the proposed changes in chapter 1 for the SIF's default processes, we are proposing removing the wording here around the three Phases as, should Phases be combined, this three Phase format may no longer be applicable.	
26	4.2	Application requirement	The Innovation Challenge Documentation will set out the reporting requirements for Projects in the SIF, as per 4.6. In order to implement a more agile and flexible environment in the SIF, we are proposing that the Innovation Challenge Documentation also outline whether an Application is required at each Project Phase. This would allow for end of Project Phase reports and Applications to be combined for specific Phases, as these requirements may duplicate items and information requested.	
27	4.3	Expert Assessors	As part of the assessment process, Expert Assessors also provide recommendations to Ofgem concerning which Projects should be considered for SIF Funding. Whilst this process is not changing, the proposed change here provides clarity and better aligns with the existing assessment process.	
28	4.6 (v)	Multi-phase approach, Application, end of Phase requirements	This proposed change is to reflect that bespoke reporting and application requirements may be required for Projects. This could help support a more agile and flexible end of Phase report and Application environment. For example, should an end of Phase report and Application for subsequent Phase be combined (thereby no longer requiring the two distinctive documents) this would be reflected in the Innovation Challenge Documentation.	As per our comments above, we do not consider it is appropriate for bespoke application and reporting requirements to beset out in documents that are extraneous to either the licence or the Governance Document. This undermines the transparency of licencees obligations and creates the risk of confusion as between whether it is the Governance Document or the Innovation Challenge Documentation that should be followed.
29	4.7, 4.8, 4.10	Applications - removal of specific requirements	We are proposing removing the specific requirements which set out which question categories will be asked and word limits. Instead, we are proposing wording that outlines that any word limits for questions and supporting information will be set out in the Innovation Challenge Documentation. This introduces flexibility and adaptability into the document and limits the likelihood of future changes being required to the Governance Document should either of these require future changes. The proposed wording changes in this paragraph have also been included in 4.8 (Alpha Phase Applications) and 4.10 (Beta Phase Applications), and comments have been made below to refer back to this comment.	See previous comments regarding the need for transparency regarding obligations on licensees and the risk of confusion between Governance Document requirements and Innovation Challenge Documentation requirements, and the concern regarding the period of notice licensees will have of such changes. We are also concerned for the potential for material changes to the supporting information that is required, given licencess will need a reasonable period for this to be collated.
30	Table 1,2,3 - All 'Supporting Information' limits	Removal of appendix limits	We are proposing removing the appendix limit requirements as Projects may sometimes need to be provide more information. Additionally, we want to encourage Funding Parties to provide adequate level of detail when necessary and don't want them to be limited by page, size limits, or format types in the attachments. Currently, the wording imposes such limits with 'A single appendix as a PDF containing...'. Instead we are proposing removing these requirements from each of the Application tables. This proposed change has been made throughout Table 1, 2 (Alpha Application) and 3 (Beta Application) without comment.	
31	Table 1,2,3 - Problem definition and value of solution to the problem	Removal of question category	Feedback from participants and stakeholders in the Discovery Phase was that the "Problem definition and value of the solutions to the problem" category of question in the Application and the information requested as part of it was repetitive and overlapped with the other categories of questions. Having considered this feedback, we are proposing removing this category of question, and incorporating a portion of it (the value being delivered to energy consumers) into the 'Innovation justification' category in the Application to remove the duplication and overlap. This proposed change has also been proposed across Table 2 (Alpha Phase Application) and Table 3 (Beta Phase Application).	
32	Table 1,2,3 - Project Summary - Supporting Information	Alignment with SIF and NIA Funding differentiation	As set out in chapter 1 and chapter 4, we are proposing adding a requirement for Project to disclose what other UK government funding or innovation funding a Project, or aspects of a proposed Project, have received in the previous 36 months. As mentioned for the proposed addition on the difference between NIA and SIF Projects in Chapter 1 and chapter 4, this would help to ensure that Projects are being funded in accordance with the Eligibility Criteria outlined in Chapter 2. As mentioned above in the proposed to chapter 1 for the difference between NIA and SIF Projects, the period of 36 months was proposed to both provide enough clarity on recent funding a Project or proposed aspects of a Project have received recently to help ensure Projects are not overlapping funding and delivering benefits to consumers, whilst also maintaining a balance which is not cumbersome to potential projects which wish to apply to the SIF. See chapter 4 changes for these specific changes. This requirement will also support Innovate UK in its role of administrating the SIF by ensuring funding is being allocated in line with the Eligibility Criterion in chapter 2. This proposed change was discussed at the workshops held previously with licensees and consideration was given to other timeframes. However, as noted above 36 months was deemed sufficient to ensure Projects are delivering benefits to consumers whilst also not being cumbersome to potential projects wishing to submit an Application to the SIF. This proposed change has also been proposed across Table 2 (Alpha Phase Application) and Table 3 (Beta Phase Application).	We feel that this should be done to the best of the parties's ability and not as an extensive exercise. The reason being is there are multiple funding mechanisms made available by the UK government that are not necessarily part of the remit of activity/ expertise of the parties and therefore it is note reasonable to expected them to be identified/ included as an inflexible requirement. We suggest that if this level of rigour is to be followed then it should be limited to the identification of projects funded via NIA and/ or SIF as all networks will be familiar with these innovation funding mechanisms and that best endeavours should be made to identify other concurring projects both UK and/or international based. Could you please include further clarification on what is meant by "aspects of a project" (e.g. does this refer to project scope, approach, methodology, etc)?

#	Section	Change Type	Description	Comments
33	Table 1,2, 3- The 'big idea'	Removal of question category	Similar to the reasoning provided for the removal of 'Problem definition and value of solution to the problem', feedback provided after the Discovery Phase was that this category overlapped with other question categories, for example the 'Innovation Justification' and added unnecessary duplication to the Application process. Taking this feedback into consideration, we are proposing removing it from Table 1 (Discovery Phase Application), Table 2 (Alpha Phase Application) and Table 3 (Beta Phase Application).	
34	Table 1 - Innovation Justification	Discovery Application - Added text - consumer benefit	Similar to the reasoning provided for the removal of 'Problem definition value of solution to the Problem', we are proposing taking the central information requirements from the 'Problem definition value of solution to the Problem' and including it in the Innovation Justification question category. This proposal would incorporate the feedback received after the Discovery Phase to reduce the duplication in the questions. This information also better aligns with the Innovation Justification question category.	
35	Table 1,2,3 - Impact	Supporting Information - Benefits case to business case	Review of the Discovery Phase found supporting information for the Impact question category should focus on making a business case for a proposed Project, which includes a benefits statement, rather than a benefits case which includes a business case. We are proposing this change to reflect the learning from the delivery and administration of the SIF. This proposed change is also reflected in Table 2 (Alpha Phase Application) and Table 3 (Beta Phase Application). Guidance on what is required for this supporting information at each of the Project Phases will be set out in the Innovation Challenge Documentation.	
36	Table 1,2,3 - Impact	Supporting Information - Impact Assessment Template	Ofgem is proposing adding a requirement for Funding Parties and Project Partners to complete for each Application an impact assessment template which would support the evaluation of the SIF and the help determine the overall success of the SIF. Additionally, and as referenced below, the Funding Party and Project Partners would be required to update these templates as part of their end of Phase reports and, whilst in the Beta Phase, in their annual report.	
37	Table 1,2,3 - Project plan and milestones	Renamed section	A key focus of this category of Application questions is for Projects to outline the risks and barriers that are stopping them from becoming business as usual. Whilst Discovery Phase Projects may not yet be aware of all the barriers to it being incorporated in business as usual, it is still a key element of the SIF and for Projects to be aware of as they progress through the Phases. Through renaming of this category question, Projects will be reminded to consider these and other risks in the Discovery Phase. As such, we propose amending the wording here of this section in order to highlight the importance of 'risks' in this process. This change has been incorporated in Table 1, Table 2 (Alpha Phase Application) and Table 3 (Beta Phase Application).	
38	Table 1,2,3 - Costs	Removal of 'costs' appendix	As the online portal for Applications and supporting information includes a section for Project costs, the supporting excel file with cost breakdowns is no longer required as an appendix. For clarity, we have added the proposed wording in Tables 1, 2 and 3 to outline that the finance section and supporting templates on the IFS portal will need to be completed for submissions.	
39	Table 2- Project summary: supporting information	Alpha Application - Removal - Engineering justification paper	Review of the Discovery Phase found that an engineering justification for Projects would be best suited as a requirement for Projects seeking £1 million or more in SIF Funding and would therefore better fit under the Beta Phase Application requirements. To reflect this review and the learning from the Discovery Phase, Ofgem is proposing removing the requirement for Alpha Phase Projects to be required to complete an engineering justification paper.	
40	Table 2 - Innovation Justification	Alpha Application - Added text	From the delivery of the Discovery Phase and prepping for the Alpha Phase, we have found that asking questions as part of the Innovation Justification about what a Project aims to deliver and how it fits with the SIF, compared to other funding avenues, is beneficial in specifically addressing how the Project meets the Innovation Challenge and the SIF's multi-phase format rather than other types or forms of funding. As such, we propose removing the existing wording which states no additional information is required and adding the proposed wording focuses on these two areas.	
41	Table 2 - Project plan, milestones, and risks	Alpha Application - Additional appendix item	We are proposing adding an additional appendix which would require Projects to fill out a 'skills and expertise' template and supporting document. This would provide background on the skills and areas of expertise of individuals involved in the Project and could help inform where additional areas of expertise may be needed.	
42	Table 2 - Route to market/business as usual	Alpha Application - Additional appendix item	We are proposing that the Supporting Information in this question category for the Alpha Phase be the same as for the Discovery Phase to account for any changes from the Discovery Phase and also to account for how feasible it would be for a third party innovator's innovation or technology to being implemented at scale. For example, this could inform whether a third party's innovative technology supply chains could support a demonstration in Beta but not mass deployment beyond a feasibility project, and what support might be needed to get it there. Overall, this proposed change would be beneficial in providing increased clarity about what support the Project and innovation requires for full implementation and incorporation into business as usual ahead of the Alpha and Beta Phases.	
43	Table 3 - Project Summary	Beta Application - Added text	To align the existing text within the Supporting Information in this category with the Discovery Phase and Alpha Phase Applications, we are proposing adding clarifying text on what the "short summaries" (listed under ii) will need to be - "short summaries of the Project proposal".	
44	Table 3 - Innovation justification	Beta Application - Added text	Similar to the changes proposed for Table 2 'Innovation Justification', these proposed changes focus on why the proposed Project should be pursued into Beta (i.e. what policies it can help inform, what the Project will be able to demonstrate in deployment) and why the Project should be receiving SIF Funding for the Beta Phase over other forms of available funding.	
45	Table 3 - Impact	Supporting Information - Logic Model	This proposed change specifies that Projects may be required to complete a logic model. However this may be restricted to specific Project types and funding requests. As such, we are proposing adding this change to reflect this possibility. We have added context on what the proposed logic model would also need to include and that a template will be provided.	
46	4.17	Addition - explanation of other sources of public funding received by a Proposed Project	To faciliate the assessment off Projects in accordance with the eligibility criteria, we are proposing that a Funding Party will be required when submitting an Application to provide an outline of what other UK government and innovation funding, apart from the SIF, a proposed Project or aspects of a proposed Project has received in the last 36 months. The period of 36 months was chosen to both provide enough clarity on recent funding a Project or proposed aspects of a Project have received recently to help ensure Projects are not overlapping funding and delivering benefits to consumers, whilst also maintaining a balance which is not cumbersome to potential projects which wish to apply to the SIF. See Chapter 4 changes for these specific changes. This requirement will also support Innovate UK in its role of administrating the SIF by ensuring funding is being allocated in line with the Eligibility Criterion in chapter 2.	
47	4.21	Minor clarifying edit	We are proposing changing 'An innovator' to ' A Funding Party' here as this was the original intention. Whilst this may place additional requirements on Funding Parties in the Governance Document, the intention throughout the SIF has been for Funding Parties to already be undertaking these kinds of activities.	
48	5.2	Assessment - Addition of BEIS and government agencies and bodies Assessment - removal of Expert Assessors names	We are proposing adding wording here to reflect the ongoing work across BEIS, Ofgem and UKRI to align strategic energy innovation funding. As a result, we are proposing adding BEIS and the option of including other government agencies and bodies that they be able to attend assessment interviews to aid in the alignment and coordination of strategic energy innovation funding. However, as noted in the proposed addition in this paragraph, Projects will still be assessed according to the Eligibility Criteria set out in chapter 2. The sole decison-maker in relation to Project eligibility us Ofgem. It is also important to note that the Expert Assessors together provide knowledge and expertise in the energy sector, including in areas such as policy and regulatory, commercial, financial and technical. We are also proposing removing specific wording around a video interview occurring. Removing this wording leaves the option for video interviews but also allows for flexibility should changes to the process be required. Finally, we are proposing removing the requirement to provide the names of Expert Assessors conducting the interview. The Discovery Phase showed that providing this information provided little benefit and Expert Assessors are required to identify any conflicts of interest they have with a Project ahead of any review. Therefore we are proposing removing the requirement for the names of the Expert Assessors to be provided ahead of conducting the interview.	The Assessment aproach is not clear. We ask that Ofgem and Innovate UK to include in the SIF Governance document detail on the assessment methodology and interview format and expectations? In particular, the composition of the expert panel (both names and background) and any appeal process. We do not agree with the removal of the copy of the names of the Expert Assessors conducting the interview and would request for this to be maintained. We would also request that there is a minimum of assessors that were identified as part of the expert panel to ensure there is adequate representation (both in numbers and backgrounds).
49	5.3	Removal of oral responses	Delivery of the Discovery Phase has shown that clarifying questions raised outside of an interview are best answered via written response rather than orally. This allows for an exact copy of a response to be sent to all interested parties and ensures a written record. The proposed change here reflects this by removing the option of responding orally.	

#	Section	Title	Description	Comments
50	5.12	Project Direction - minor edit	Discovery delivery to date showed that notification rather than publication is a more accurate description of how the Project Directions are circulated and we are proposing a minor edit to reflect this process. This is because Ofgem does not formally publish the successful Projects until after the draft Project Directions have been approved by the respective Funding Parties and therefore Ofgem notifies the successful Projects. Additionally, Projects are not being awarded funding, like they would be with grant funding, but are receiving approval for Projects for which they have applied for SIF Funding. We are therefore proposing two minor edits in this paragraph to reflect this .	
51	6.4	Project monitoring - monitoring officer meetings	We recognise that as Projects progress and become familiar with the SIF process, Funding Parties may no longer be required to give presentations to monitoring officers during the Project delivery. We propose removing this requirement and instead propose a more ad-hoc approach, similar to those in the Alpha Phase and Beta Phase. Whilst a presentation to the monitoring officer may no longer be suitable, Projects will still need to provide an update to the monitoring officer on the items outlined.	
52	6.7	Addition - Project reporting (relevant insights)	A key focus of the SIF is to disseminate and share the learnings from Projects as they progress through the Phases. Ofgem is keen to understand as well as possible how SIF Projects can deliver results in the transition to Net Zero and in delivering net bet benefits to energy consumers. To reflect the different and evolving nature of the SIF and SIF Projects, we are proposing that Funding Parties work together with Innovate UK, as appropriate and consistent with the requirements of the SIF Governance Document, to draw out the relevant insight from Projects participating in the SIF. This proposed change also supports Innovate UK's role as the administrator of the SIF as it will focus on sharing the learnings from Projects with other Projects and across the energy sector.	
53	6.8	In-Project Phase reporting	Whilst dissemination is a key focus of the SIF, we recognise that providing a public webinar at the beginning of the Discovery Phase may not efficiently deliver dissemination materials as Projects will have yet to begin. To reflect this and the resource requirements associated with Projects, we propose a change in where Projects may be required to give a public webinar. This proposed change is a result of the feedback from participants in the Discovery Phase of the SIF.	
54	6.10	Impact Assessment Template	As described in further detail in the proposed change in the Impact question category as part of the Application processes, this proposed change would help in evaluating the Programme. As part of this, during the Beta Phase Projects would be required to include an update impact assessment template as part of their annual progress reports.	
55	6.11	Addition - Alignment with audit requirements	Funding Parties which are not keeping SIF Funding in a dedicated SIF bank account or accounts have a requirement, as per chapter 8, to provide alongside their annual progress report an audited schedule of all the memorandum account transactions. This proposed wording is only to provide sight of this requirement to Funding Parties who are not keeping SIF Funding in a dedicated account or accounts, as per Chapter 8.	
56	6.13	Clarification - Webinars	We are proposing removing the requirement for the end of Phase webinars being recorded and saved on a sharing platform. This is to reflect a learning from the Discovery Phase, which showed that the webinars weren't widely watched after the recording.	
57	6.16	Addition - Alignment with audit requirements	Funding Parties which are not keeping SIF Funding in a dedicated SIF bank account or accounts have a requirement, as per chapter 8, to provide alongside their end of Phase report an audited schedule of all the memorandum account transactions. This proposed wording is only to provide sight of this requirement to Funding Parties who are not keeping SIF Funding in a dedicated account or accounts, as per Chapter 8.	
58	6.17	Addition - Impact assessment template	To support in the evaluation of the SIF and Projects which progress through and complete the Beta Phase and are implemented as business as usual, we are proposing a requirement for Funding Parties to provide an updated impact assessment template three years and five years after the completion of the Beta Phase. This would support Innovate UK in its role of administering the SIF by helping measure the consumer impacts and energy system impacts from Projects which have completed a Beta Phase in the SIF. Under this proposal, Innovate UK would contact Projects which are required to complete this three months before the three year and five year mark.	The project team (including partners) will be dismantled once Beta Phase ends and there will no longer be a list of identifiable contacts that could be used to manage this requirement adequately. We also note, that different parties involved in the project may only embed the parts of the project outcomes that are relevant to their business. As such, we believe this exercise would be time consuming and not effective for the purpose that is being proposed and therefore should be removed.
59	6.18, 6.19, 6.20	Multi-phase and reporting	Similar to the proposed changes above, the first proposed change would allow for an end of Project Phase report to not be required, should Project Phases be combined, which would be set out in the Innovation Challenge. This proposed change reflects the proposed change the flexibility in the Governance Document for an end of Phase report to not be required if specified in the Innovation Challenge Documentation. This would allow for flexibility around how Projects progress through the SIF. Feedback and learnings from the Discovery Phase showed Projects showed there are opportunities to incorporate some of the items from an end of Phase report into an Application, thereby reducing the overlap and duplication between the end of Phase reports and Applications. This proposal would allow for these to be investigated further and to accomodate for any potential shifts, such as combining an end of Phase report and an Application.	Typo in para 6.20 "will be set out" is repeated.
60	6.18, 6.19, 6.20	end of Phase report clarification - questions types	Similarly to how the Application questions are outlined in Chapter 4, we are proposing aligning the wording of Applications and end of Phase reports, so that the text in the information requirements column in Tables 4,5,6 are a guide of what can be asked. The proposed change here reflects that specifically and is made in 6.15, 6.16 and 6.17.	
61	6.18, 6.19, 6.20	End of Phase report - removal of word and size limit	We are proposing changes to remove the word count in the Governance Document end of Project Phase reports and to have these set out separately by the monitoring officer. This would allow for a more flexible and adaptable Project environment, where feedback from participants in the SIF could be incorporated without requiring a change to the Governance Document.	
62	Table 4, 5, 6	Removal of attachment specifications	Similar to the Application questions, we propose removing the limits around appendices and instead having the monitoring officer set out this out. This would provide us with the flexibility to adapt to what we learn from running the different Phases without needing to modify the Governance Document at each opportunity.	
63	Table 4, 5, 6	Addition of 'Impacts and benefits' question category	Similar to the wording in Impacts from the Application questions (Chapter 4), we propose adding an 'Impacts and benefits' section to the end of Project phase report for Discovery, along with the submission of a business case as an appendix. Note that as Discovery is focused on feasibility, we are proposing that this be optional in the Discovery Phase. Funding Parties are already required as part of their Applications to provide a business case for a proposed Project. As a Project progresses, benefits and impacts could change materially in Phase. We are proposing the addition of this question category and supporting information to have sight and take into account any change. As an updated business case would be required as part of a next Phase's Application, this proposed requirement for an updated business case at the end of a Phase would also provide consistency across a Project for Funding Parties.	
64	Table 4, 5, 6	Impact and benefits - Supporting Information - Impact assessment template	As discussed in greater detail in the Application tables above, we propose adding template which Funding Parties and Project Partners must complete as part of each Phase to help evaluate the impacts and success of the SIF. As part of this proposed change, Funding Parties and Project Partners would be required to complete a template (included in greater detail in the Innovation Challenge Documentation) at the start of every Phase and update them as part of their end of Phase reports.	
65	Table 4, 5, 6	Renaming of 'Constraints' question category	We propose renaming the question category to 'Risks, issues & constraints' to be more reflective of the kinds of information we are asking for in each end of Project Phase report.	
66	Table 4, 5, 6	Addition of 'Working in the Open' question category	We are proposing adding this question category for Projects to outline how they have worked with external stakeholders. Learnings from the Discovery Phase showed that a key aspect for Projects was how well they have dealt with stakeholders, such as the public and regulators, and how Projects took into consideration any future stakeholders which may be needed in future Phases. We are proposing the creation of a new question category for each end of Phase report which focuses on this topic which reflects this finding.	
67	Table 4, 5, 6	Renaming of 'Spending' question category	As this section focuses on both a Project's costs and the value it is deliver for energy consumers, we propose changing the title of this section.	
68	Table 4, 5, 6	Cost and value for money - Supporting Information	This proposed change reflects the proposed shift in the end of Phase submissions and any cost templates to being on UKRI's online portal. .	
69	7.1 & 7.28	Minor edits and clarification	Minor edits and changes to include 'Funding Party' and increase clarity and keep language consistent. These are not intended to change the effect of 7.1 and 7.28.	
70	8.3	Bank account clarification	Alongside the publication of Project Directions for the Discovery Phase on March 1, 2022, was a letter clarifying the requirements of a bank accounts holding SIF Funding (letter available here: https://www.ofgem.gov.uk/sites/default/files/2022-03/Letter%20clarifying%20intent%20regarding%20SIF%20project%20administration.pdf). The changes proposed to 8.3-8.5 reflect those made in this clarifying letter. This specific proposed change clarifies that SIF Funding must be kept in a bank account dedicated to SIF Funding, rather than a separate account.	
71	8.4	Addition - Bank account clarification	This proposed change introduces a new bullet clarifying that SIF Funding from multiple Projects can be kept in one account, but that account can only house SIF Funding and there must be a way of tracking individual Project finances.	
72	8.5	Bank account clarification	Similar to the change made in above, these proposed changes alter the existing wording from 'separate' to 'dedicated' help clarify the requirements, and match what went along side the Project Directions for the Discovery Phase (available at the link above).	

#	Section	Topic	Description	Comment
73	8.7, 8.8, 8.9	Bank account clarification	Funding Parties which are not keeping SIF Funding in a dedicated account or accounts for SIF Funding, there are additional auditing requirements. These proposed changes clarify that these requirements only apply to Funding Parties not keeping SIF Funding in a dedicated account or accounts.	Typo "the Funding Party's auditors".
74	8.12 & 8.13	Project Log details	A learning from the implementation and administration of the Discovery Phase was there would be value in understanding how Funding Parties assess Projects which are being considered for SIF Funding. The proposed changes here incorporate a requirement for Projects to maintain a log of what Projects they have considered putting forward for SIF Funding, and that we may request a copy of this log. Having access to such a log will help us get an overview of how licensees are evaluating Projects based on each of the Innovation Challenges, any changes which are needed in the Innovation Challenge setting process, and any gaps which can be addressed with the SIF. We understand that Funding Parties may already have their own internal systems or processes for this, and as result, have deliberately not outlined any specific template for a Project Log. As part of this proposed change, a draft definition for a 'Project Log' has been added in Appendix 1.	We request further clarification of what "a record of what potential projects it has considered submitting to the SIF" relates to as we would expect to receive a mix between proposals from third parties that we wouldn't consider submitting (e.g. scope out of our remit of activity), others we would be happy to support or partner on and others that we would be the lead party.
75	8.14	Communications	In the Discovery Phase, communication guidance was issued for Funding Parties. However, as there is no mention of a communication guidance in the SIF Governance Doc, we are proposing wording to provide Funding Parties and Project Parties with clarity on the expectation communications related to the SIF. Specifically, this proposed wording puts forward that the guidance may be issued, how it should be disseminated with Project Partners, and the reasoning behind it. Ofgem will approve all communications material and it will be issued by Innovate UK.	
76	Chapter 9 - Section summary	Minor edits and clarification	We proposing adding additional wording to 9.2 so that it is clear from the outset that alternative IPR arrangements approvals will be given consideration. We are also proposing adding clarification in the section summary for third parties that the royalties section of this chapter applies only to licensees.	
77	9.3	Reference to chapter 3. Reference to 9.2	To amplify and support one of the SIF's key aims of knowledge transfer, we propose adding a specific reference to chapter 3 in this paragraph. Similarly to the point above, we also propose adding a reference to 9.2 and giving sight to alternative arrangements for IPR being considered.	
78	9.7	Reference to 9.2	Similarly to the previous points, we proposing adding a reference to 9.2 and giving sight to alternative arrangements for IPR being considered.	
79	9.8	Clarifying Reference to 9.2	We propose any changes in relation to IPR , subject to Ofgem's currently ongoing assessment of whether they alter the legal effect of provision in the version of the SIF Governance Document currently in force.	In respect of the opening sentence it is not clear that this is required as para 9.8 already provides that any transferee would need to comply with the default IPR conditions or alternative arrangements set out in an application. We note however that the requirement is expressed slightly differentlty ("agrees to coditions set out in this seciton" v "agrees to comply with these default IPR conditions") it is not clear if these are referring to the same thing. We also suggest that the last sentence should refer to alternative arrangements set out in a Project Application and approved by Ofgem as per the drafting in 9.9.
80	9.9	Clarification with 9.2	As paragraph 9.2 mentions alternative arrangements can be considered, we are proposing the addition of another bullet here to reflect that, should a Funding Party transfer any of its rights this could also be subject to any alternative arrangements set out in a Project Application, as per 9.2 This proposed change is a result of feedback received during the workshops held prior to this consultation.	
81	9.15 and 9.17	Clarification of licenses and geographic limitations	We are proposing two changes in each of these respective paragraphs that clarifies that the IPR generated under the SIF is only applicable to GB. As some Funding Parties also operate in areas outside of GB, this proposed change would reflect that the SIF is GB-wide.	For clarity is this intended to also restrict the operation of the royalty mechanism to licensing and exploitation of Foreground IP within GB. The expectation in this regard is not currently clear.
82	9.21	Clarification	We propose this addition to clarify the intent of this paragraph.	It is not clear how or why the warranting of ability to licence Background IPR protects other licencsees' IPR. The previous wording "In order to protect the licensee's of any IPR, it is important…" would appear to be corect.
83	9.22	Clarification	We propose this addition to clarify the relevant licence agreement.	
84	9.24	Registered protection	Project Participants may not always be able to seek registered protection or that it may not always be available. To reflect this circumstance, we are proposing a change here which reflects such a scenario.	
85	9.25	Addition - Guidance for third parties on the treatment of IPR	Ofgem is proposing the development of IPR Guidance for Third Parties, which it will approve, to aid third party understanding of the IPR requirements of participating in the SIF. As explained in greater detail in the workshops held prior to consultation, it was identified by Ofgem, Innovate UK, and a third party consultant hired by Innovate UK to review the IPR provisions in the SIF Governance Document that there are opportunities to increase the clarity of this chapter and overall support for third parties wishing to be involved in the SIF. The IPR Guidance for Third Parties would not take precedence over the SIF Governance Document, would be set out separately from the SIF Governance Document and would require Ofgem approval. It would feature plain language examples for the IPR section of chapter 9 to help third parties better understand the IPR conditions in the SIF. This proposal is a result of the feedback received during and after the workshops held with licensees on the proposed changes to the IPR section of this paragraph. The consultation cover letter published alongside this spreadsheet also includes a question on the proposal.	We already have a nunmber of guidance documents which we use to help potential project participants understand the Governance Requirements and how they manifest themselves in our collaboration agreements. Please can Ofgem clarify that licensees may continue to use their own material alongside anything that is developed with Innovate UK. We also note that there is a typo "…understand the default IPR arrangements which underpin…".
86	Royalties	Footnote	As mentioned in the section summary of this chapter, we are proposing adding a clarifying footnote here that the royalty section of this paragraph applies only to licensees.	
87	Appendix	Commercial Product	The definition of 'Commercial Products' is critical to determining whether foreground IP is considered relevant foreground IP or not. Due to this, this determines whether Foreground IPR can be used freely by any network operator licensee. The current definition for Commercial Products is broad and can be interpreted in different ways. We are proposing a change to this definition to enhance the understanding of the circumstances where IPR must be freely shared and where IPR can be commercialized. This proposed addition is based on the feedback received by the third parties consulted during the third-party IPR consultants review of chapter 9 in the SIF Governance Document and clarifies that commercial products can be included in Foreground IPR, to reduce the ambiguity in the definition. This proposed change was discussed with licensees in the workshops prior to this consultation.	
88	Appendix	Amended - Expert Assessors definition	We are proposing an addition to the definition here which outlines some of the areas of knowledge and expertise of the Expert Assessors.	
89	Appendix		As per the comment in the introduction for why we are using Innovate UK or UKRI, have added a definition for Innovate UK and kept the UKRI definition.	We suggest it is more accurate to refer to Innovate UK as "administering" the SIF (rather than delivering).
90	Appendix	Project	This proposed change would clarify that any combination of Project Phases would be considered distinct Projects, the same as any individual Project Phase. With this proposal, should Project Phases be combined, this would recognise the combined Phases as an individual Phase, rather than two combined Phases. This would provide flexibility in the reporting and Application requirements to accomodate for the combined Phases. This proposed change would mean that for a combined Phase, it would be recognised as requiring an Application and an end of Phase report for the combined Phases, rather than an individual Application and end of Project Phase report for each of the Phases making up the combined phase.	
91	Appendix	Addition - Project Log definition	See comment above in Chapter 8 on the creation of a Project Log.	Typo, suggest amend to "…. which includes includes a record of what…"
92	Appendix	SIF Returned Royalty	Small edit to amend 'customers' to 'consumers'. This is in line with the wording used in 7.8 (iii).	
93	Introduction 2nd paragraph cover page			Given the other proposed changes re Governance Document requirements being varied in individual Innovation Challenges (in respecto of which we have set out our concerns above) if this position is retained then this paragraph should also address the issue of precedence between the Innovation Challenge and the Governance Document as well as precedence between the licence and Governance Document.
93	3.15			As per our previous comment, the presumption to trat all data gathered or created in the course of a project as Presumed Open must be subject to the IPR provisions.
93	4.15			We note that this section does not explicitly reference benefits to project partners that flow through the IP provisions. Would Ofgem expect that, where the project participant is able to commercially exploit Foreground IPR that is developed through a SIF funded project, such project particpant should make a contribution to the project costs?
93	4.18			Please make it clear that this includes any request to deviate from the requirements set out in the Governance Document itself, otherwise it is not clear how a licensee is able to seek approval to deviate.