

Northern PowerGrid (Northeast) plc  
Lloyds Court, 78 Grey Street  
NE1 6AF

Direct Dial: 020 7901 7295

Email: [Marzia.Zafar@ofgem.gov.uk](mailto:Marzia.Zafar@ofgem.gov.uk)

Date: 14 January 2025

Dear Northern PowerGrid (Northeast) plc,

**SIF Project Direction ref:** NPG/Artificial Forecasting/NTNZPS/Rd3\_Beta

Northern PowerGrid (Northeast) plc submitted Artificial Forecasting (the Project) to be considered for funding through the Beta Phase of Round 3 of the Strategic Innovation Fund (SIF). As explained in greater detail below, this Project previously received SIF Funding and completed a Round 2 Alpha Phase for of the SIF. In our<sup>1</sup> SIF Funding Decision issued on 14 January 2025, we selected the Project<sup>2</sup> for conditional funding for the Round 3 Beta Phase and as a result we are now issuing this SIF Project Direction to implement that decision.

Northern PowerGrid (Northeast) plc must comply with the conditions contained in this SIF Project Direction as a condition of the Project receiving funding through the SIF. These conditions can be found in the Schedule to this document.

**Progression through SIF Phases**

The SIF consists of a multi-phase approach for Projects in order to mitigate the risk associated with innovations. The Discovery Phase focuses on feasibility, the Alpha Phase on experimental development, and the Beta Phase on deployment and demonstration. The Innovation Challenge issued for each Round will state if a Project can apply directly to Alpha or Beta, without the requirement to have progressed through Discovery and Alpha.

The Project previously received SIF Funding for the Round 2 Alpha Phase and submitted an Application for the Project to be considered for SIF Funding for the Round XX Beta Phase of the SIF. As stated above, the Project has been selected by Ofgem to receive SIF Funding for the Round XX Beta Phase .

---

<sup>1</sup> The terms 'we', 'us', 'our' refer to the Gas and Electricity Markets Authority. Ofgem is the office of the Authority.

<sup>2</sup> Unless otherwise specified, defined terms in this SIF Project Direction have the meaning given to them in Appendix 1 of the SIF Governance Document.

## **Role of UK Research & Innovation (UKRI)**

As per Chapter 1 of the SIF Governance Document<sup>3</sup> the role of UKRI is to deliver the SIF in line with the SIF Governance Document - administering the funding programme, monitoring the delivery of Projects, collating data from Projects on benefits, making recommendations to Ofgem on operational matters, supporting third-party innovators and, where possible, successful Projects to become 'business as usual' activities. To support the success of the Projects and the SIF programme, we expect that the Funding Party and Project Partners collaborate with Ofgem and UKRI.

## **SIF Project Direction**

Paragraph 5.14 of the SIF Governance Document states that a SIF Project Direction will:

- Set out the Project-specific conditions, to which the Funding Party is committing in accepting SIF Funding.<sup>4</sup>
- Require the Funding Party to undertake the Project in accordance with the commitments made in the Application. Where appropriate, the SIF Project Direction may therefore include extracts from the Application or refer to specific sections of the Application.<sup>5</sup>
- Where applicable, set out conditions (such as Project stage gates) linked to milestones and deliverables, which Projects must meet.<sup>6</sup>
- Set out the SIF Approved Amount for the Project, that will form part of the calculation contained in the SIF Funding Direction issued by the Authority under Chapter 7 of the SIF Governance Document.<sup>7</sup>
- Set out the Project budget that the Funding Party must report against and how variations in the Project budget will be reported.<sup>8</sup>
- Where applicable, set out special information sharing requirements applicable to the Project.<sup>9</sup>
- Set out the mechanism for the Funding Party receiving the SIF Approved Amount as set out in the SIF Funding Direction.<sup>10</sup>

---

<sup>3</sup> <https://www.ofgem.gov.uk/decision/updated-sif-governance-document>

<sup>4</sup> 'Project specific conditions' detailed under Point 3 – 'Condition President' of this SIF Project Direction.

<sup>5</sup> As above

<sup>6</sup> As above

<sup>7</sup> 'SIF Funding Amount' detailed under Point 5 – 'Condition President' of this SIF Project Direction.

<sup>8</sup> 'Annex 1 – Project Budget.

<sup>9</sup> 'Project specific conditions' detailed under Point 3 – 'Condition President' of this SIF Project Direction.

<sup>10</sup> 'SIF Funding Amount' detailed under Point 5 – 'Condition President' of this SIF Project Direction.

All SIF Project Direction requirements are detailed in the Schedule to this SIF Project Direction.

### **Decision**

Provided the Funding Party complies with the SIF Governance Document and with the Schedule to this SIF Project Direction, the Project is deemed to be an Eligible SIF Project<sup>11</sup>.

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

**Marzia Zafar**

**Deputy Director, Decentralisation & Digitalisation**

**For and on behalf of the Authority**

---

<sup>11</sup> The meaning 'Eligible SIF Project' is described in Chapter 2 of the SIF Governance Document.

## Schedule to SIF Project Direction

### 1. PROJECT DETAILS

SIF Project Direction reference: NPG/Artificial Forecasting/NTNZPS/Rd3\_Beta

Application number: 10145998

Project title: Artificial Forecasting

Innovation Challenge/Project Phase: Novel technical, process and market approaches to deliver an equitable and secure net zero power system/ Round 3 Beta Phase

Project start date: 1 February 2025

Project end date: 31 January 2027

SIF Approved Amount for SIF Funding: £3,298,086

### 2. PREAMBLE

This SIF Project Direction is issued by the Gas and Electricity Markets Authority (the "Authority") to Northern PowerGrid (Northeast) plc (the "Funding Party") pursuant to the SIF Governance Document issued pursuant to Special Condition 9.9 of the Electricity Distribution Licence. It sets out the conditions to be complied with in relation to Artificial Forecasting (the "Project") as a condition of it being funded under the SIF Funding Mechanism.<sup>12</sup>

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

References to specific sections of the Funding Party's Application in this SIF Project Direction are, for ease of reference, made by referring to the section number in the Funding Party's Application.

### 3. PROJECT-SPECIFIC CONDITIONS

In accepting funding for the Project, the Funding Party is subject to the following Project-specific condition(s):

#### **Condition 1**

The Funding Party must not spend any SIF Funding until contracts are signed with the Project Partners named in Table 1 for the purpose of completing the Project.

---

<sup>12</sup> The SIF Funding Return Mechanism is defined in the SIF Governance Document.

**Table 1. Project Partners**

FACULTY SCIENCE LIMITED
EV DOT ENERGY LTD
OAKTREE POWER LIMITED

***Condition 2 – financial contribution***

The Funding Party must report on the financial contributions made to the Project as set out in its Application. Any financial contributions made over and above that stated in its Application should also be reported and included on the Innovation Funding Service (IFS).

***Condition 3 – Meeting arrangements***

The Funding Party must participate in all meetings related to the Project that they are invited to by Ofgem, UKRI and Department for Energy Security and Net Zero during the Beta Phase.

***Condition 4 – Stage gate scoping***

The Funding Party must, with support from Innovate UK and, where applicable Ofgem, scope the requirements and success criteria for each stage gate, as set out in the Project management plan within a Project at the quarterly reporting meetings ahead of any stage gate. These will be used to determine what criteria a Project must meet in order to pass a stage gate, and whether any additional information, such as a report, must be produced as part of the stage gate.

***Condition 5 – Impact monitoring***

As part of the end of Project Phase report, the Funding Party must produce a Project Impact Monitoring and Evaluation Plan. This plan must outline how the Project plans to monitor and evaluate the delivery of benefits outlined in the Beta Phase Application following the end of the Beta Phase. The plan must also include the methodology that will be utilised for quantifying and qualifying benefits realisation and how the Funding Party plans to report this to Ofgem 1, 3, 5 & 10 years post-Beta Phase completion. Further details on how to approach the development of this plan may be provided by Ofgem or Innovate UK.

### ***Condition 6 – SIF Community Forums***

The Funding Party and all Project Partners must make reasonable attempts to attend, participate and/or contribute at SIF Community Forum events occurring during the Project delivery. We anticipate there being approximately one event per year.

### ***Condition 7 – Policy, regulatory and standards barriers***

The Funding Party must provide verbal updates at each quarterly review meeting on any regulatory, policy and standards barriers and any change requirements which may impact delivery of the Beta Phase activities. The Funding Party must also include as an attachment to each of its annual progress report an update on any regulatory, policy and standards barriers which may require derogations and articulation of any proposed regulatory, policy and standards changes which would be necessary in deployment. The Funding Party must also provide an as an attachment to its end of Project Phase report a summary of the Project's findings on regulatory, policy and standards barriers, including any considerations for future work, and where applicable, where specific regulatory, policy and standards changes would be required for deployment.

### ***Condition 8 – Updated 60-second videos***

The Funding Party must provide within the first three months of signing contracts with its Project Partners an updated 60-second video. If the Project is greater than two years (24 months) in length, an updated video must also be provided at the Project's mid-point meeting. All Projects must also provide an updated 60-second video as part of their end of Project phase report. Innovate UK can share its guidance for 60-second videos with the Funding Party, if necessary.

### ***Condition 9 – Post-Beta Phase roadmap***

The Funding Party must provide to the monitoring officer within six months of it signing contracts with its Project Partners a roadmap for activities post-Beta Phase. This can build on the Project's Application question (question 11) and must focus on how and when the proposed solution will become business as usual within the network concerned and across the other GB gas or electricity networks.

As part of this, the Funding Party must include consideration for:

- I. any steps the Project will take to ensure its innovation has suitable business as usual adoption;
- II. the Funding Party's strategy for adoption of the innovation or proposed solution, giving consideration to potential investment, ongoing costs and third-party involvement and;

III. any early indication of interest from other networks in adopting the innovation.

The Funding Party must provide an update on all the above at every second quarterly review meeting (i.e. every six months) and must include a final update of this roadmap as attachment to its end of Project Phase report.

### ***Condition 10 – Commercialisation strategy***

The Funding Party must provide at every second quarterly review meeting (i.e. every six months) an update on its commercialisation strategy. This can build on the Project's Application (question 11) and must focus on what considerations has the Project consortium made for the commercialisation of the proposed solution or innovation, and how the Project provides support for non-network Project Partners to move towards commercialisation. As part of this, the Funding Party may wish to include consideration for:

- I. who the primary customer segment is beyond the Funding Party; the customer value proposition;
- II. if identified, the outline of the route to market and potential new partnerships;
- III. any additional Project Partner capital requirements in order to commercialise the innovation and;
- IV. how this product, process or service could be scaled across the GB network and taken to new markets.

The Funding Party must also include a final update of its strategy as an attachment to its end of Project Phase report. Ofgem and/or Innovate UK may issue a template for the final update as part of the end of Project Phase report.

### ***Condition 11 - Data Best Practice and Digital Strategy and Action Plan Guidance alignment***

The Funding Party must provide at its second monitoring meeting (i.e. quarter one) a summary of how it intends to comply with Ofgem's Data Best Practice Guidance, and Digitalisation Strategy and Action Plan Guidance. Additionally, a part of its year 1 annual progress report, the Funding Party must provide a written update to the monitoring officer on its incorporation and application of data best practices to date in the Project, including its presumed open data policies, and data triaging methodology.

### ***Condition 12***

As part of the quarterly review meetings, the Funding Party must present to the Monitoring Officer a stakeholder engagement plan on how the Project intends to

encourage use of the platform by other DNOs, NESO, the Central Market Facilitator and additional FSPs.

#### **4. COMPLIANCE**

The Funding Party must comply with Special Condition 9.9 of the Electricity Distribution Licence, the SIF Governance Document and with this SIF Project Direction.

#### **5. SIF APPROVED AMOUNT**

The SIF Approved amount of £3298086 (as detailed under Section 1: Project details of this Project Direction) will be recovered by National Energy System Operator from GB customers and transferred to the Funding Party. The Funding Party is responsible for notifying National Energy System Operator of the bank account details to which transfers must be made, in addition to completing Annex 2 of this SIF Project Direction. If a Funding Party is required to return funding to National Energy System Operator, the reverse applies. The Funding Party must provide bank account details to National Energy System Operator within two weeks of accepting this SIF Project Direction.

#### **6. PROJECT BUDGET**

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

The Funding Party must report on expenditure against each line under the category total in the Project Budget and explain any projected variance against each line as part of its detailed report which will be provided, in accordance with Chapter 7 of the SIF Governance Document. The Funding Party must report variations in the Project budget as outlined in Chapter 6 of the SIF Governance Document.

#### **7. PROJECT IMPLEMENTATION**

The Funding Party must undertake the Project in accordance with the commitments it has made in the Application and with the conditions of this SIF Project Direction. These include (but are not limited to) the following:

- (i) complete the Project on or before the Project completion date as detailed under Section 1 of the Schedule of this SIF Project Direction, and
- (ii) disseminate the learning from the Project at least to the level described in Chapter 3 of the SIF Governance Document. Dissemination of learning must be carried out whether the Project was concluded successfully or otherwise.

## **8. REPORTING**

Ofgem and UKRI may issue guidance (and amend it from time to time) about the structure and content of the Project reporting required by Chapter 6 of the SIF Governance Document. The Funding Party must follow this guidance in preparing the reports.

The Funding Party must submit an end of Project Phase report to UKRI monitoring officers for the Beta Phase. Within this report, the Funding Party must submit information related to questions on Project delivery as detailed in Chapter 6, table 6 of the SIF Governance Document. An End of Phase template is available and can be requested from UKRI.

## **9. MONITORING**

The Funding Party must comply with any reasonable request for information by its monitoring officer at UKRI and related deadlines. Ofgem, with the support of UKRI, will together monitor Project delivery, impacts and benefits. Throughout the term of the Project, progress is monitored by UKRI through a monitoring officer. The monitoring officer is the first point of contact for official notifications, queries and correspondence with UKRI and the Authority, unless otherwise required by this SIF Project Direction.

As detailed in Chapter 6 of the SIF Governance Document, meetings with the monitoring officer will take place at regular intervals, as advised by Ofgem or the monitoring officer during the delivery of the Project, and at the end of each Project Phase.

## **10. EVALUATION**

The Funding Party has acknowledged when it submitted its Application for this Project, that reporting information and data gathered during the Project's timescales (as detailed in Section 1 of this SIF Project Direction) will be used to evaluate Project performance. In addition, the Funding Party may be required to provide requested information outside of the Project timescales and, in particular, for the period from the Project end date to the end of the SIF Programme. Further data and reporting information may be requested (frequency and method based on requirement) outside of standard monitoring and reporting requirements as deemed necessary. Further data and information requirements must be complied with by the Funding Party and Project Partners.

## 11. DATA SHARING

As set out in Chapter 3 of the SIF Governance Document, the Funding Party must follow Data Best Practice Guidance with regard to all data gathered or created in the course of a Project. We expect the Funding Party to document any reasons, such as commercial sensitivities, for desensitising data. As defined by, and in accordance with, Data Best Practice Guidance, Funding Parties must have a data triage process. Where multiple Project Partners are collaborating on a Project, the consortium must adopt a consistent Open Triage Process for the data related to the Project. Ofgem may require that Project information and data is also shared with other specified parties, such as parties working on complementary innovation funding programmes (subject to redaction of sensitive data).

## 12. CYBER SECURITY

It is the responsibility of the Funding Party and all Project Partners to implement and maintain appropriate security measures to protect personal data in accordance with The GDPR (General Data Protection Regulation)<sup>13</sup> and DPA (Data Protection Act) 2018<sup>14</sup>. Protection of computer systems from unauthorised access or being otherwise damaged or made inaccessible must be in place alongside effective working practices. These must be maintained in line with the Funding Party's IT Management Strategies and policies.

## 13. PROJECT MILESTONES

The Funding Party must provide an outline in its end of Project Phase meeting with its UKRI monitoring officer that verifies the Project milestones have been achieved or explains why they have not.

Project milestones are outlined below in Table 2, based upon details contained within Question 7 in the Funding Party's Application.

<sup>13</sup> [https://ec.europa.eu/info/law/law-topic/data-protection/data-protection-eu\\_en](https://ec.europa.eu/info/law/law-topic/data-protection/data-protection-eu_en)

<sup>14</sup> <https://www.legislation.gov.uk/ukpga/2018/12/contents/enacted>

**Table 2. Project milestone<sup>15</sup>**

Reference	Project milestone	Deadline	Overall objectives and key tasks	SIF Funding Request
Milestone 1	Data Collection and User Needs	03/11/2026	<p>WP1-T1. EHV-HV data and solution design refinement: User research to establish what work has been done to improve data quality at source for gross demand and customer export data (e.g. filling penultimate day, data disaggregation and data cleaning for Embedded Capacity Register) and potential incorporation of additional data sources (e.g. outage data, new customers, national demand forecast). User research with NPg and flexibility partners to understand requirements for data transparency and results communication, including required alerting, improved metrics (including cost of flexibility) and solution dashboard wireframing. User research will also seek to determine a view of which outputs can be automated versus outputs that require human-in-loop to ensure efficient scalability and solution safety.</p> <p>WP1-T2. HV-LV data and solution design refinement: User research with NPg to establish what work has been done to improve data quality at source for net demand data and potential incorporation of additional data sources (e.g. outage data, new customers, national demand forecast, socio-economic data). User research with NPg and flexibility partners to understand requirements for data transparency and results communication, including required alerting (e.g., variations between actual demand and forecasted demand, exceeding firm capacity</p>	£658,851.00

<sup>15</sup> As outlined in in the Application or Project Plan appendix.

		<p>threshold), improved metrics (including cost of flexibility) and solution dashboard wireframing. User research will also seek to determine a view of which outputs can be automated versus outputs that require human-in-loop to ensure efficient scalability and solution safety.</p> <p>WP1-T3. User testing - EHV-HV forecasting solution: User research with NPg, flexibility partners and NPg customers (diverse group of FSPs external to the project) to test deployed EHV-HV solution. This will include general metrics testing, refinement of model, metrics and alerting, examination of problematic scores and substations and general Azure deployment debugging. Feedback will be collected and triaged as i) improvements to be made during Beta ii) improvements to be made post-Beta.</p> <p>WP1-T4. User testing - HV-LV forecasting solution: User research with NPg, flexibility partners and NPg customers (diverse group of FSPs external to the project) to test deployed HV-LV solution. This will include general metrics testing, refinement of model, metrics and alerting, examination of problematic scores and substations and general Azure deployment debugging. Feedback will be collected and triaged as i) improvements to be made during Beta ii) improvements to be made post-Beta.</p> <p>WP1-T5. Results dissemination: Collate all results and lessons learned for public dissemination in the form of a white paper, and documentation of solution characteristics.</p>	
--	--	---	--

Milestone 2	Model Refinement	03/11/2026	<p>WP2-T1. Model refinement - EHV-HV gross demand: Finalise model for gross demand forecasting at EHV-HV based on results and lessons learned at Alpha. This includes improving the data quality pipeline (incorporating checks for known load changes, handling temporary / permanent network configuration changes and incorporating data checks for additional data sources) and understanding the effect of data lags on forecasts. Move model to probabilistic forecasting to improve understanding of uncertainty where appropriate and include improved explainability, required uncertainty and other metrics determined in user needs sessions to support openness of solution forecasting and DNO/FSP understanding.</p> <p>WP2-T2. Model refinement - EHV-HV customer export and net demand: Finalise model for customer export at EHV-HV forecasting based on results and lessons learned at Alpha. This includes improving the data quality pipeline (as outlined in WP2-T1), work to identify and group clusters of behaviour in customer export data (including classification of substation by risk of extreme event), consideration of potential alternative approaches (e.g. probabilistic neural networks). Move model to probabilistic forecasting to improve understanding of uncertainty where appropriate and include improved explainability, required uncertainty and other metrics determined in user needs sessions to support openness of solution forecasting and DNO/FSP understanding.</p> <p>WP2-T3. Model refinement - HV-LV net demand: Finalise model for net demand forecasting at HV-LV based on results and lessons learned at Alpha. This includes improving the data quality pipeline (as outlined in WP2-T1), establishing which substations are best modelled by TCN versus</p>	£1,072,846.00
-------------	------------------	------------	---	---------------

			<p>alternative approach (e.g., baseline), incorporating a baseline comparator (to improve forecast information) and assessing underprediction at peak issues. Move model to probabilistic forecasting to improve understanding of uncertainty where appropriate and include improved explainability, required uncertainty and other metrics determined in user needs sessions to support openness of solution forecasting and DNO/FSP understanding.</p> <p>WP2-T4. HV-LV unmonitored and recently monitored substations: Examine grouping of substations based on work at Alpha. Match groupings to 'real-world' substation situations (e.g. mostly domestic connections, mostly light commercial connections). Use information to assess what forecasting can be done at substations with little training data (recently monitored substations) and, in parallel, with other work at NPg to understand yearly peak load, determine what decision support can be provided at unmonitored substations, and draw insights on unmonitored/recently monitored sites approaching capacity.</p>	
Milestone 3	Infrastructure Development and Model Deployment	03/08/2026	<p>WP3-T1. Azure platform set-up: Set-up platform on independent Azure account. Ensure platform meets NPg InfoSec requirements to enable smooth handover at end of project. Additionally, consider what InfoSec requirements need to be achieved to grant FSPs access to solution. Set-up required services and databases.</p> <p>WP3-T2. Model deployment - EHV-HV gross demand: Deploy refined model for gross demand EHV-HV forecasting at full scale for inference following internal model and ETL pipeline quality assurance. Model deployment will include retraining specifications with data and model drift checks established. Set-up endpoint (cleaned and forecasted EHV-HV gross demand) and required alerting (model deviation from data,</p>	£1,132,918.00

		<p>exceeding firm capacity and other) as established in user research sessions. Produce required dashboards as determined in user research sessions.</p> <p>WP3-T3. Model deployment - EHV-HV customer export and net demand: Deploy refined model for customer export and net demand EHV-HV forecasting at full scale for inference following internal model and ETL pipeline quality assurance. Set-up endpoint (forecasted customer export and net EHV-HV demand) and required alerting (model deviation from data, exceeding firm capacity and other) as established in user research sessions. Produce required dashboards as determined in user research sessions.</p> <p>WP3-T4. Flexibility data integration: Sessions with NPg to establish how they are producing data on flexibility procured / utilised. Develop plan to pull (collect / store) data onto modelling platform for model training and inference. Build extra infrastructure required for ingesting flexibility data in near/real-time. Establish awareness of how flexibility data will be incorporated within forecasting and a view on how to handle the roll-up of HV-LV flexibility into EHV-HV level. Investigate how solution best integrates with NPg flexibility procurement tool of choice (e.g. Piclo) to enable integration during ongoing support phase (WP5-T7).</p> <p>WP3-T5. Model deployment - HV-LV net demand: Deploy refined model(s) for net active HV-LV forecasting at full scale for inference following internal model and ETL pipeline quality assurance. Model deployment will include retraining specifications with data and model drift checks established. Set-up endpoint (cleaned and forecasted HV-LV net</p>	
--	--	---	--

			demand) and required (model deviation from data, exceeding firm capacity and other) alerting as established in user research sessions. Produce required dashboards as determined in user research sessions.	
Milestone 4	Commercialisation	03/11/2026	<p>WP4-T1. Solution commercialisation logistics: Refine logistics of making solution available, including practical logistics of IP and licensing. Focus on maximising customer benefit through efficient procurement and market development.</p> <p>WP4-T2. Initial view of new flexibility products: During Alpha, through our partnership with FSPs, we identified the potential for expansion of participation in flexibility markets if a greater degree of information was made available to assist the formation of operating models. We will investigate and document a view on how co-creation and sharing of forecast outputs can be used to enhance market participation and foster improved FSP/DNO coordination.</p> <p>WP4-T3. User testing workshops - EHV-HV forecasting solution: Provide view on deployed MVP such that initial improvements can be made and roadmap for later improvements can be developed. Coordinate with a diverse range of FSPs that are not involved in this consortium to gather their views on solution utility and improvement.</p> <p>WP4-T4. Flexibility procurement process refinement: The existing flexibility procurement processes at DNOs can be optimised, by more frequently / closer to the time of need, refining flexibility service windows. To perform this the short-term forecasting of demand and risk from artificial forecasting will be deployed. The combination of risk and</p>	£295,639.00

			<p>demand is expected to allow improved flexibility procurement even within the framework of existing products. Partners will coordinate to optimise use of the tool for decision-making in this regard, documenting findings.</p> <p>WP4-T5. User testing workshops - HV-LV forecasting solution: Develop view on deployed MVP such that initial improvements can be made and roadmap for later improvements can be developed. Coordinate with FSPs that are not involved in this consortium to gather their views on solution utility and improvement.</p> <p>WP4-T6. Refined view of new flexibility products: Building on initial work to understand how DNO/FSP co-creation of flexibility products can be used to enhance market participation (WP4-T2) and incorporating learnings from flexibility process refinement and forecasting model deployment to establish a refined view of how new flexibility products can be developed. This will include a view as to how risk and headroom are combined. Workshops open to a broad group of FSPs, together with sharing outputs of the forecasts, will be a key part of this.</p>	
Milestone 5	Change Management	30/01/2027	<p>WP5-T1. Functional specification: Creation of a formal document detailing the Artificial Forecasting solution's capabilities, technical features and appearance, and interactions with users. This will include the initial model retraining schedule, methodologies for fixing issues and the procedure for releasing new versions. The functional specification will enable potential integration suppliers to be procured, over and above NPg's in house teams and deliver a clear scope for maintaining the solution. This could include Faculty, NPg's existing technical partner, but also enables these requirements to be tendered to limit risk of supplier monopoly.</p>	£137,832.00

			<p>WP5-T2. Confirm technical integration supplier: NPg to confirm supplier responsible for operationalising the Artificial Forecasting solution at the point of BAU.</p> <p>WP5-T3. Technical integration supplier and user onboarding: Workshops to upskill and familiarise NPg’s operational team (business and IT) and integration supplier with the solutions functionality, features and performance metrics. This will include establishing KPIs and success metrics for the forecasting solution to track its accuracy and impact on the flexibility dispatch processes.</p> <p>WP5-T4. Risk management and contingency planning: Risk register with mitigation strategies to ensure NPg is familiar with the common risks of AI/ML models in production (e.g., data drift, model degradation).</p> <p>WP5-T5. Change control process implementation: Governance framework for model updates, including policies on retraining schedules, version control, monitoring and validation processes. The framework will set out distinct roles and responsibilities of NPg's in-house teams and that of the integration supplier, and document any additional skills required by DNOs to adopt the tool at the point of BAU.</p> <p>WP5-T6. Security testing and documentation for handover: Ensure solution is compliant with NPg InfoSec and wider security requirements. Document steps for platform and model operation for handover to NPg and technical integration supplier, including troubleshooting guidelines and other supplementary information to assist in resolving issues.</p>	
--	--	--	---	--



Making a positive difference  
for energy consumers

			WP5-T7. Ongoing Support: Support NPg post-handover as they test solution by running simulation / scenario testing (solution tested for correct result side-by-side with manual decision making). This includes potentially integrating the solution with NPg's flexibility procurement tool of choice if accessible (e.g. Piclo).	
--	--	--	---	--

**The Office of Gas and Electricity Markets**

Commonwealth House, 32 Albion Street, Glasgow, G1 1LH Tel 020 7901 7000

[www.ofgem.gov.uk](http://www.ofgem.gov.uk)

## **2. USE OF LOGO**

The Funding Party and the Project Partners, External Funders and Project Supporters or subcontractors<sup>16</sup> must not use the Innovate UK/UKRI and/or Ofgem logo for purposes associated with the Project in any circumstances.

As an alternative for use of both Ofgem and UKRI logos, all external Project communications must include the following standard form of wording:

- (i) "this project is funded by network users and consumers under the Strategic Innovation Fund, an Ofgem programme managed in partnership with UKRI."

For additional guidance, refer to the communications and media guidelines for competition winners, detailed as part of your delivery pack. These guidelines are designed to help with some suggestions and encourage you to take a proactive approach to communicating about your Project.

## **3. SHARING OF LESSONS LEARNED**

The Funding Party is required to ensure that the sharing of lessons learned and the facilitation of knowledge transfer is conducted as effectively as possible, to ensure that all parties, and therefore all consumers including future consumers, can benefit from Projects.

As outlined in Chapters 3 and 6 of the SIF Governance Document, we require the Funding Party to work collaboratively with other Networks and third-party innovators to disseminate the learnings and data from Projects and ensure that these are publicly available. This includes taking part in annual events.

## **4. COLLABORATION**

The Funding Party must collaborate with third-party innovators as Project Partners, as well as work closely with other parties in the energy supply chain, as set out in Chapter 3 of the SIF Governance Document.

## **5. AMENDMENT OR REVOCATION**

As set out in Chapter 7 of the SIF Governance Document, this SIF Project Direction may be amended or revoked under the following circumstances:

---

<sup>16</sup> As detailed in the Application.

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

## **6. HALTING OF PROJECTS**

This SIF Project Direction is subject to the provisions contained in Chapter 7 of the SIF Governance Document relating to the halting of Projects. By extension, this SIF Project Direction is subject to any decision by the Authority to halt the Project to which this SIF Project Direction relates and to any subsequent relevant SIF Funding Direction issued by the Authority pursuant to Special Condition 9.9 of the Electricity Distribution Licence.

Further to the requirements in Chapter 7 of the SIF Governance Document, in the event the Authority decides to halt the Project, to which this SIF Project Direction relates, the Authority may issue a statement to the Funding Party clarifying the effect of that halting decision as regards the status and legal force of the conditions contained in this SIF Project Direction.

### **NOW THEREFORE:**

In accordance with the SIF Governance Document issued pursuant to Special Condition 9.9 of the Electricity Distribution Licence of the Licence the Authority hereby issues this SIF Project Direction to the Funding Party 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.

Failure to comply with the conditions of this SIF Project Direction means that Ofgem may treat all or part of the SIF Approved Amount received by the Funding Party as SIF Disallowed Expenditure.

## ANNEX 1: PROJECT BUDGET

<b>SIF Project Direction costs</b>	
Cost Category	Total Project costs (£)
Labour	3,662,000
Materials	-
Subcontracting	-
Travel and subsistence	2,540
Other costs	-
<b>Total</b>	<b>3,664,540</b>

Project Partner	Total Project costs (£)	Project contribution (£)	Total SIF Funding requested (£)	Project contribution (%)
NORTHERN POWERGRID (NORTHEAST) PLC	£ 133,850.00	£ 13,385.00	£ 120,465.00	
EV DOT ENERGY LTD	£ 217,240.00	£ 21,724.00	£ 195,516.00	
FACULTY SCIENCE LIMITED	£ 3,066,200.00	£ 306,620.00	£ 2,759,580.00	
OAKTREE POWER LIMITED	£ 247,250.00	£ 24,725.00	£ 222,525.00	
<b>Total</b>	<b>£ 3,664,540.00</b>	<b>£ 366,454.00</b>	<b>£ 3,298,086.00</b>	<b>11%</b>

**ANNEX 2 TO SCHEDULE: TEMPLATE OF BANK ACCOUNT DETAILS TO BE PROVIDED TO EITHER NGT ([BOX.GSOSETTLEMENTS@NATIONALGRID.COM](mailto:BOX.GSOSETTLEMENTS@NATIONALGRID.COM)) OR NESO ([revenue.invoice@nationalgrideso.com](mailto:revenue.invoice@nationalgrideso.com))**

**Company name:**

**Primary Contact Details (only one contact permitted)**

First Name:

Last Name:

Email address:

Mobile phone number:

Work phone number:

**Address details**

Address name:

Street address:

City:

State / region:

Post code:

PO box: (if applicable)

PO box post code: (if applicable)

**Banking details**

These should be evidenced in non-editable format. The evidence provided must show company name and bank details and it should be dated within the last 6 months.

Any of the below documents will suffice:

- Bank statement (scanned document)
- Void cheque
- Paying in slip
- Screenshot of online banking (showing a logged in account with bank account and sort code, with browser visible)