

Distribution update from Ofgem – as of 23 March 2022

Direction to distribute funding for the Strategic Innovation Fund

The Strategic Innovation Fund (SIF) is a funding mechanism for the Electricity System Operator, Electricity Transmission, Gas Transmission and Gas Distribution sectors. The SIF aims to find and fund ambitious, innovative projects with the potential to accelerate the transition to net zero. These projects should help shape the future of the gas and electricity networks and succeed commercially where possible.

Following publication of our SIF Funding Decision on 1 March 2022, we directed on 15 March 2022 the distribution of SIF Funding by National Grid Electricity System Operator and National Grid Gas Transmission.

We are directing the distribution of funds to gas and electricity network companies for the 40 round 1 Discovery Phase Projects that we decided to award funding to, and to cover UKRI's costs operating the SIF in 2021/22 and 2022/23.

URL: <https://www.ofgem.gov.uk/publications/direction-distribute-funding-strategic-innovation-fund>

Our round 1 call for proposals under the SIF, in Autumn 2021, focused on four Innovation Challenge areas: Whole system integration; Data and digitalisation; Heat; and Zero-emission transport. Further information about the projects can be found at the links below:

URL: <https://www.ofgem.gov.uk/publications/strategic-innovation-fund-discovery-projects-approved-funding>

URL: <https://www.ofgem.gov.uk/publications/energy-networks-launch-40-new-innovation-projects-help-great-britain-accelerate-transition-net-zero>

SGN LTS Futures Project – Decision

From 5 January to 2 February 2022, we consulted on the needs case and efficient costs for SGN's LTS Futures project, which will test whether the gas Local Transmission System (LTS) can be repurposed for transporting hydrogen.

This document, published below on 10 March 2022, describes our decision to fund the project in full. It confirms the funding mechanisms that will be used, and the deliverables that SGN will be required to complete. We have published for consultation our proposed directions to give effect to this decision, in accordance with Part C of Special Condition 3.9 and 6.1 of SGN's and NGGT's licences respectively. Representations on the proposed directions may be made until 24 March 2022, with more detail at the link below.

URL: <https://www.ofgem.gov.uk/publications/sgn-lts-futures-project-decision>

Consultation on our minded-to decision to fund detailed design studies for a Hydrogen Village Trial

We are consulting on our minded-to decision to fund detailed design studies on delivering a hydrogen heated village by 2025. We would like views from people with an interest in the gas distribution network and other public stakeholders so please send any responses to Cara Yates on 0207 901 7158 or email cara.yates@ofgem.gov.uk by 11 April 2022.

URL: <https://www.ofgem.gov.uk/publications/consultation-our-minded-decision-fund-detailed-design-studies-hydrogen-village-trial>

Decision notice for RIIO-GD2 draft annual reporting data templates and associated instructions and guidance

This Direction, published 1 March 2022, sets out the modifications we have made on our draft set of RIIO-2 Annual Reporting data templates and associated instructions consultations published on 14 December 2021. These are documents for gas distribution networks to use when submitting their RIIO-2 annual reporting submissions.

URL: <https://www.ofgem.gov.uk/publications/decision-notice-riio-gd2-draft-annual-reporting-data-templates-and-associated-instructions-and-guidance>

For the Transmission sector, our **Direction to make modifications to the Regulatory Instructions and Guidance for RIIO-GT2** was also published on 1 March 2022, and can be found at the link below.

URL; <https://www.ofgem.gov.uk/publications/direction-make-modifications-regulatory-instructions-and-guidance-riio-gt2-version-113>

UNC791: Contingency Gas Procurement Arrangements when a Supplier acts under a Deed of Undertaking – Authority Decision

UNC Modification Proposal 0791 seeks to introduce new arrangements to enable National Grid Gas to procure gas following the termination of a shipper where a supplier acts in accordance with its Deed of Undertaking until new shipping arrangements are in place. The Authority approved the modification on 28 February 2022, and the decision can be found at the link below.

URL: <https://www.ofgem.gov.uk/publications/authority-decision-unc791-contingency-gas-procurement-arrangements-when-supplier-acts-under-deed-undertaking>

Article 28(2) TAR NC consultation with the non-UK regulatory authorities of all directly connected countries or territories, the Utility Regulator of Northern Ireland and the relevant stakeholders

Under Article 28(2) of the Tariff Network Code, Ofgem must consult every tariff period with interested parties on the items mentioned in Article 28(1).

On 28 February 2022, we published the consultation, which will be open for four weeks closing on 28 March 2022. Please send any responses to the Gas Markets and Systems team on 020 7901 3189 or by email to: Gas.TransmissionResponse@ofgem.gov.uk.

URL: <https://www.ofgem.gov.uk/publications/article-282-tar-nc-consultation-non-uk-regulatory-authorities-all-directly-connected-countries-or-territories-utility-regulator-northern-ireland-and-relevant-stakeholders-0>

UNC785: Application of UNC processes to an aggregated Bacton (exit) Interconnection Point – Authority Decision

On 23 February 2022, we published our decision to approve modification proposal UNC785: Application of UNC processes to an aggregated Bacton (exit) Interconnection Point. We set out our reasons in the decision letter below.

URL: <https://www.ofgem.gov.uk/publications/decision-approve-uniform-network-code-unc-0785-application-unc-processes-aggregated-bacton-exit-interconnection-point>