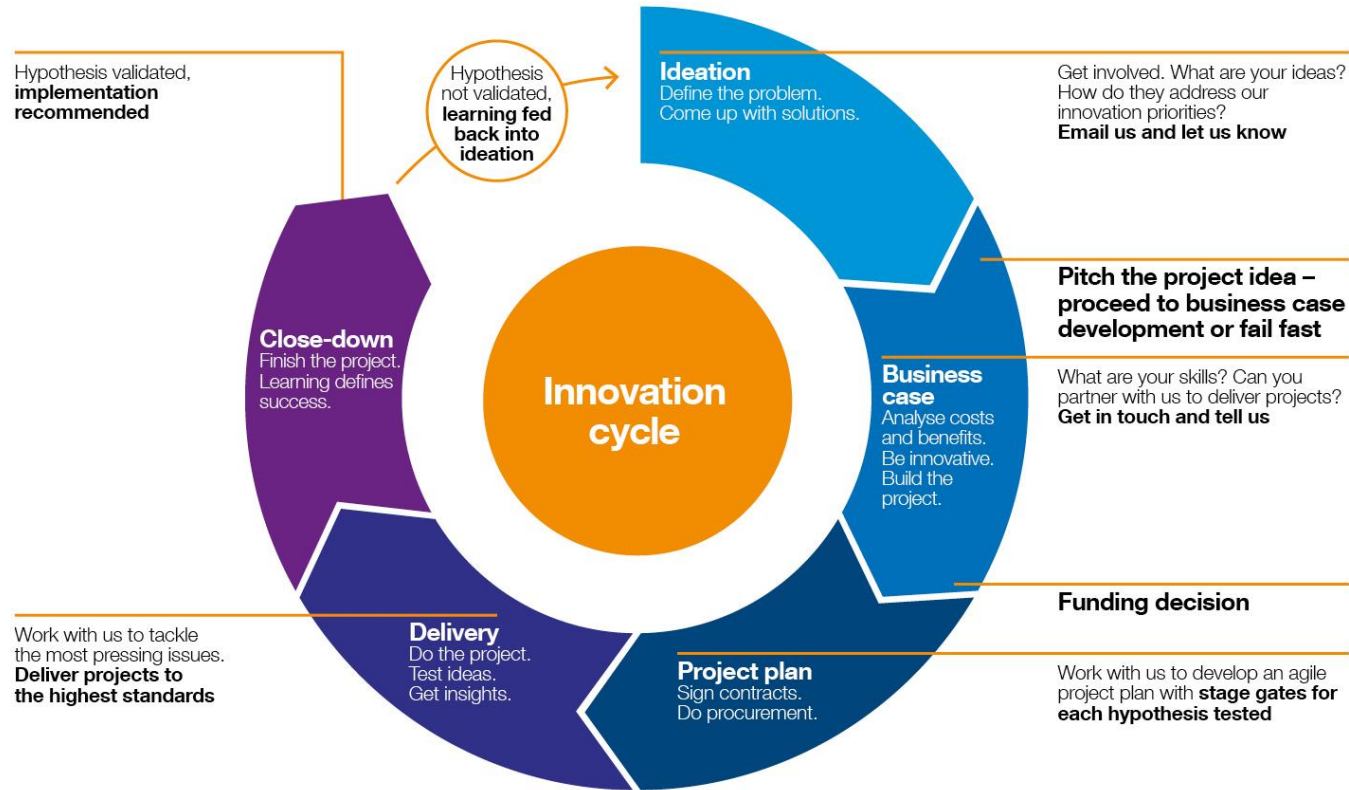


SO Innovation

Power Responsive Flexibility
Forum, October 2018



The SO Innovation process enables rapid project development



Our CBA for innovation ideas determines whether an idea should be developed

$$\text{CBA} = \frac{\text{Technical Merit} \times \text{Benefits} \times \text{Strategic Relevance}}{\text{Costs} \times \text{Risks} \times \text{Existing Activities}}$$

The 'Good'

- **Technical merit:** does the project make technical sense?
- **Benefits:** type and quantification
- **Strategic relevance:** how well does it fit our strategy?

The 'Bad'

- **Costs:** project and full implementation / rollout costs
- **Risks:** overspend, 3rd party, technology, resource, customer
- **Existing activities:** what has already been done?

How we fund innovation projects

Network Innovation Allowance (NIA)

- Annual pot of money
- Research, development and demonstration
- Typically £300-400k, 6-18 months (no constraints)
- 75% of NIA spend must be external to SO
- Strict rules around treatment of IP

Network Innovation Competition (NIC)

- Annual competition between all network operators (£70m electricity, £20m gas)
- Development and demonstration only
- Typically multi-party, several million pounds, 3-4 years

Other sources of funding

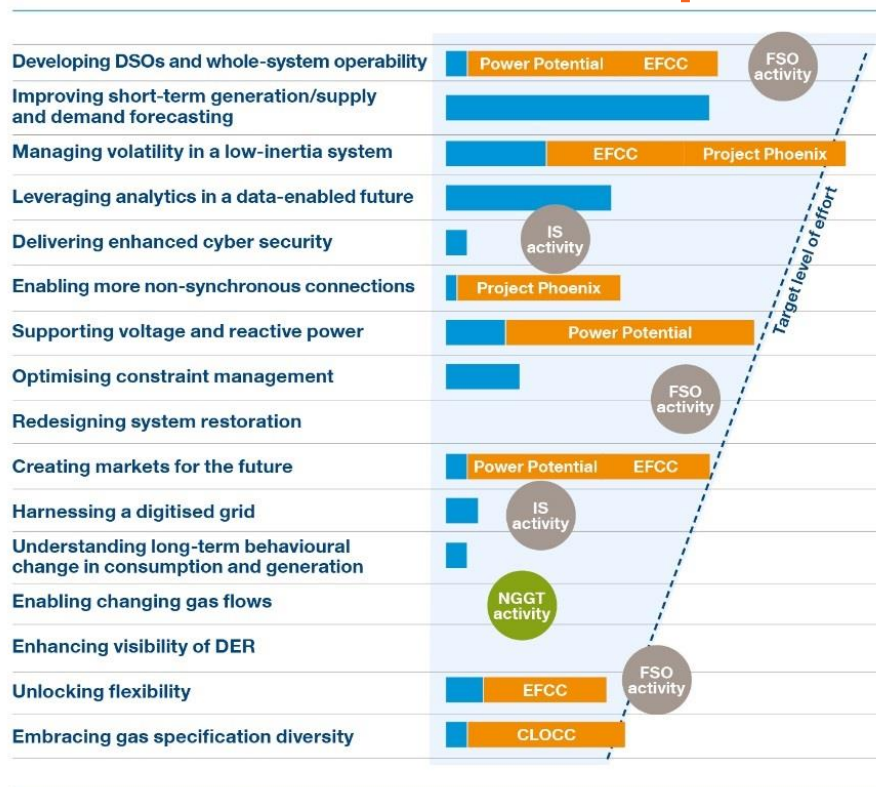
- Can offer support to third parties seeking funding



Innovate UK

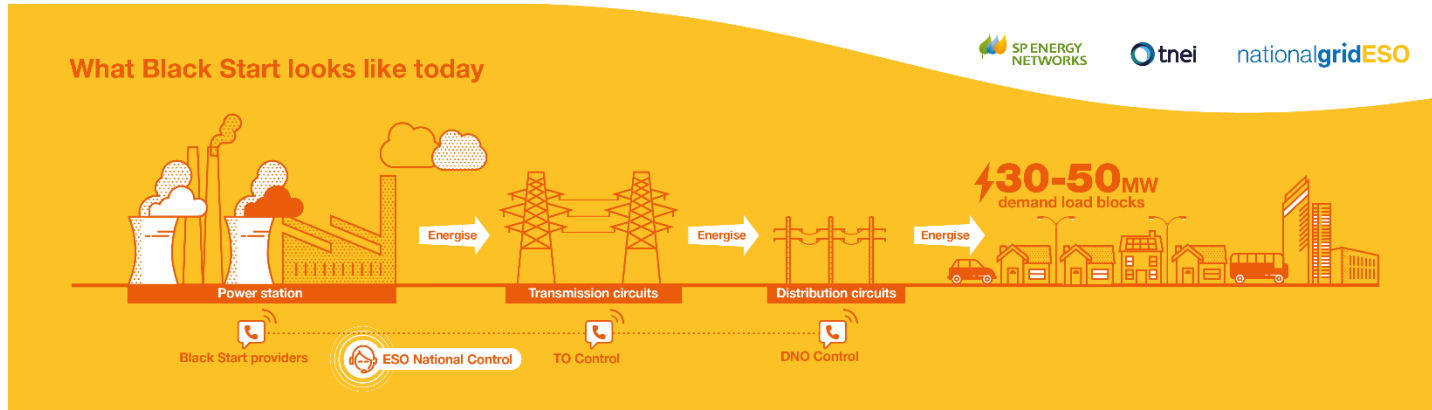


We published our first innovation strategy in 2018 and identified 16 innovation priorities

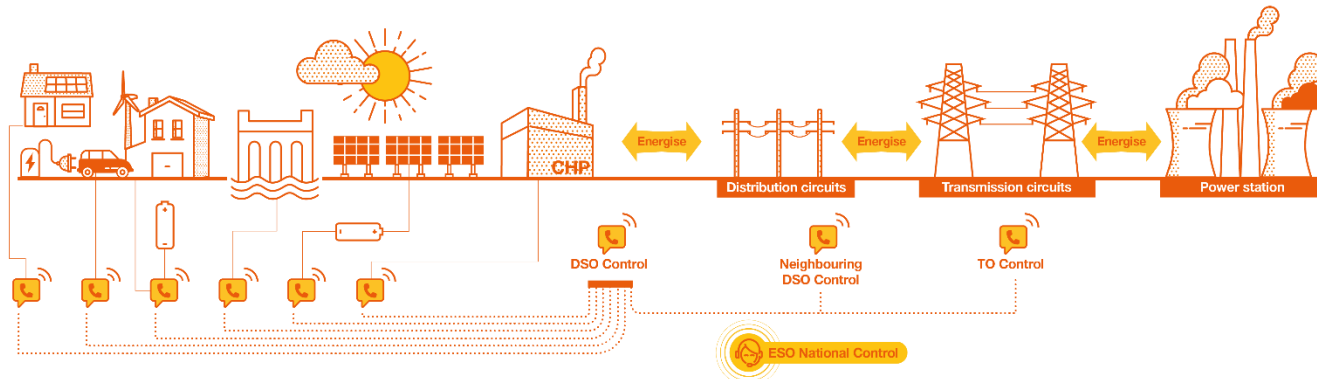


- First ever SO innovation strategy published in 2018/19
- Sets out SO innovation priorities, and how we plan to work with industry partners to deliver against them
- Currently refreshing strategy for publication in 2019

Reimagining system restoration



What the future DER Restoration could look like



How to find out more

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