

Strategic Innovation Fund (SIF)

As part of the RII0-2 price controls, Ofgem has introduced the Strategic Innovation Fund (SIF) to support the transition to net zero, while delivering net benefits to energy consumers. This replaces the Network Innovation Competition (NIC) and supports large-scale, transformational, research and development projects.

Ofgem, working with UKRI, sets the strategic direction by using Innovation Challenges. It is also coordinating closely with other public innovation bodies, which ensures greater flexibility and strategic alignment in innovation funding, eliminating both unnecessary duplication and funding gaps.

SIF adopts a multi-phase approach to projects, as detailed in the [Strategic Innovation Fund Governance Document](#). If successful in the 'Discovery' phase, the consortium will have to apply to receive further funding to continue work through the 'Alpha' phase and then the final 'Beta' phase.

- **Discovery** – 'feasibility studies'
- **Alpha** – 'experimental development'
- **Beta** – 'build, operation and/or development'

Please refer to the [Strategic Innovation Fund Governance Document](#) for more information on the structure of each phase.

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Innovation Challenges for the second round of SIF were published in May 2022 ([find out more](#)). For the Open Innovation Event, we are calling for project proposals that address challenges where the ESO is uniquely suited to lead on or should provide significant support as a key partner.

To be eligible for SIF funding, proposed projects must have a range of organisations involved. The [Strategic Innovation Fund Governance Document](#) outlines "*stakeholders should include third-party innovators, where appropriate, such as, but not limited to, start-ups, consumer groups, small and medium-sized enterprises, energy generators and suppliers, and academics*". Applications to the Open Innovation Event will be looked at favourably if partners are confirmed in the project consortium, as per SIF requirements.

Resources

- [Introduction to the Strategic Innovation Fund](#)
- [Ofgem Strategic Innovation Fund: Competition Launch \(recorded webinar\)](#)
- [Strategic Innovation Fund – Round Two Innovation Challenges](#)
- [Strategic Innovation Fund Governance Document](#)