Dear Company Secretary,

Project Direction ref: LPN/Low Carbon London – A Learning Journey/17-12-10

Project Direction issued to London Power Networks Plc (“LPN”) pursuant to the LCN Fund Governance Document¹ issued pursuant to Part E of Charge Restriction Condition 13 (Low Carbon Networks Fund) (“CRC13”) of the Electricity Distribution Licence setting out the terms to be followed in relation to the Low Carbon London – A Learning Journey project (the “Project”) as a condition of it being funded under the Second Tier and Discretionary Funding Mechanism².

CRC13 establishes the arrangements, known as the Low Carbon Networks Fund (“LCN Fund”), for the purposes of incentivising the development of low carbon networks.

Part E of CRC13 requires the Gas and Electricity Markets Authority (the “Authority”) to issue the LCN Fund Governance Document for the purposes of regulating, governing and administering the LCN Fund.

Part G of CRC13 defines a Project Direction as a direction issued by the Authority pursuant to the LCN Fund Governance Document setting out the terms to be followed in relation to the Eligible LCN Fund Project³ as a condition of its being funded pursuant to the Second Tier and Discretionary Funding Mechanism. A Project Direction must, by virtue of paragraph 3.64 of Section Two of the LCN Fund Governance Document:

- set out the Project-specific conditions that a distribution network operator (“DNO”) is committing to in accepting Second Tier Funding⁴;

- require the DNO to undertake the Project in accordance with the commitments it has made in the Full Submission⁵. Where appropriate the Project Direction may therefore include extracts from the Full Submission; and

- set out the Approved Amount for the Project, as defined in CRC13.28, that will form part of the calculation contained in the direction issued by the Authority under CRC13.16 (the Funding Direction).

² Second Tier and Discretionary Funding Mechanism has the meaning given in CRC 13.3(b).
³ Eligible LCN Fund Project has the meaning given in Part G of CRC 13.
⁴ Second Tier Funding has the meaning given in CRC13.11.
⁵ Unless otherwise specified, defined terms (terms in capitals) in this Project Direction are defined in Section seven of the LCN Fund Governance Document.
LPN submitted the Project for funding under the LCN Fund on 3 September 2010 and the Authority decided to award the funding to LPN in a decision dated 29 November 2010 (the “Decision Document”) subject to LPN complying with CRC 13, the LCN Fund Governance Document (as may be modified from time to time in accordance with CRC 13 and as modified and/or augmented in respect of this Project by this Project Direction) and this Project Direction. In accordance with the LCN Governance Document the Authority hereby requires LPN to comply with the conditions set out in the Schedule to this Project Direction.

The Approved Amount set out in section 5 of the Schedule is different to the amount set out in the Decision Document. This is because, following the decision, it was discovered that the spreadsheet included as part of the submission pro-forma overstated the DNOs’ earnings from bank interest on the amount requested from the LCN Fund. This resulted in the funding request amounts for all projects being understated. The revised amounts do not affect the Authority’s decision on who should be awarded funding.

This Project Direction is issued by the Authority, and provided LPN complies with the LCN Fund Governance Document and this Project Direction, the Project is deemed to be an Eligible LCN Fund Project, as defined in CRC13.

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

Rachel Fletcher
Partner, Distribution
Signed on behalf of the Authority and authorised for that purpose by the Authority
17 December 2010
Schedule to Project Direction

1. TITLE

Project Direction ref: LPN/Low Carbon London – A Learning Journey/17-12-10

2. PREAMBLE

This Project Direction issued by the Gas and Electricity Markets Authority (the “Authority”) to London Power Networks Plc (the “Implementing DNO”) pursuant to the LCN Fund Governance Document issued pursuant to Part E of Charge Restriction Condition 13 (Low Carbon Networks Fund) (“CRC 13”) of the Electricity Distribution Licence (the “Licence”) sets out the terms to be followed in relation to the Low Carbon London – A Learning Journey (the "Project") as a condition of it being funded under the Second Tier and Discretionary Funding Mechanism.

Unless otherwise specified, defined terms in this Project Direction are defined in section 7 of the LCN Fund Governance Document.

References to specific sections of the Implementing DNO’s Full Submission in this Project Direction are, for ease of reference, made by referring to the box number in the Implementing DNO’s Full Submission pro-forma.

3. CONDITION PRECEDENT

The Implementing DNO will not access any funds from the Project Bank Account until it has signed contracts with the third parties (who are not External Collaborators) and External Collaborators named in Table 1.

Table 1. Condition Precedent

<table>
<thead>
<tr>
<th>Logica</th>
</tr>
</thead>
<tbody>
<tr>
<td>Siemens</td>
</tr>
<tr>
<td>EDF Energy Customers plc</td>
</tr>
<tr>
<td>EnerNOC</td>
</tr>
<tr>
<td>Flextricity</td>
</tr>
<tr>
<td>Institute for Sustainability</td>
</tr>
<tr>
<td>Smarter Grids Solutions</td>
</tr>
<tr>
<td>Imperial College</td>
</tr>
</tbody>
</table>

4. COMPLIANCE

The Implementing DNO must comply with CRC13 and the LCN Fund Governance Document (as may be modified from time to time in accordance with CRC13 and as modified and/or augmented in respect of the Project by this Project Direction) and the Project Direction.

Any part of the Approved Amount that the Authority determines not to have been spent in accordance with this Project Direction (or the LCN Fund Governance Document) is deemed to be Disallowed Expenditure.

Pursuant to CRC 13.14 Disallowed Expenditure is revenue received (whether by the Implementing DNO or another DSP) under the Second Tier and Discretionary Funding Mechanism that the Authority determines not to have been spent in accordance with the provisions of the LCN Fund Governance Document or those of the relevant Project Direction.

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7 Second Tier and Discretionary Funding Mechanism has the meaning given in CRC 13.3(b).
Pursuant to paragraph 3.93 of Section Two of the LCN Fund Governance Document, Disallowed Expenditure includes any funds that must be returned if the Project is halted without Ofgem's permission, any funds that have not been spent in line with the approved Project Budget contained within the Project Direction, and any unspent funds on the completion of the Project.

5. APPROVED AMOUNT FOR THE PROJECT

The Approved Amount is £24,947k.

6. PROJECT BUDGET

The Project Budget is set out in Table 2. The Implementing DNO must not spend more than 110% of any category total (e.g. Box 6 Employment costs) without the Authority’s prior consent (such consent is not to be unreasonably withheld).

The Implementing DNO will report on expenditure against each line in the Project Budget, and explain any projected variance against each line total in excess of 5% as part of its detailed report which will be provided at least every six months, in accordance with paragraph 3.68 of Section Two of the LCN Fund Governance Document. Ofgem will use the reported expenditure and explanation to assess whether the funding has been spent in accordance with the LCN Fund Governance Document or with this Project Direction.

For the avoidance of doubt this reporting requirement does not change or remove any obligations on the Implementing DNO with respect to reporting that are set out in the LCN Fund Governance Document.

Table 2. Project Budget

<table>
<thead>
<tr>
<th>Box 6 (Employment costs)</th>
<th>£512k</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme Director</td>
<td>£512k</td>
</tr>
<tr>
<td>PMO</td>
<td>£310k</td>
</tr>
<tr>
<td>Communications &amp; Commercial Managers</td>
<td>£468k</td>
</tr>
<tr>
<td>Administrative Support</td>
<td>£154k</td>
</tr>
<tr>
<td>Technical Lead</td>
<td>£630k</td>
</tr>
<tr>
<td>Network Operations Staff</td>
<td>£2,520k</td>
</tr>
<tr>
<td>Box 7 (Equipment costs)</td>
<td></td>
</tr>
<tr>
<td>5 ANM schemes</td>
<td>£844k</td>
</tr>
<tr>
<td>40 aggregator equipment/devices</td>
<td>£650k</td>
</tr>
<tr>
<td>smart metering</td>
<td>£693k</td>
</tr>
<tr>
<td>Plugged in Places contribution</td>
<td>£1,125k</td>
</tr>
<tr>
<td>Substation works</td>
<td>£1,328k</td>
</tr>
<tr>
<td>Box 8 (Contractor costs)</td>
<td></td>
</tr>
<tr>
<td>Box 9 (Customer and user payments)</td>
<td></td>
</tr>
<tr>
<td>Aggregator payments to I&amp;C customers</td>
<td>£2,440k</td>
</tr>
<tr>
<td>Box 10 (Other costs)</td>
<td></td>
</tr>
<tr>
<td>IT costs – operational data store</td>
<td>£2,001k</td>
</tr>
<tr>
<td>IT costs – Carbon Tool licensing</td>
<td>£70k</td>
</tr>
<tr>
<td>IT costs – SGS support &amp; software license</td>
<td>£465k</td>
</tr>
<tr>
<td>IT costs – Aggregator IT costs</td>
<td>£163k</td>
</tr>
<tr>
<td>IT costs – comms, infrastructure, environment and interfaces</td>
<td>£640k</td>
</tr>
<tr>
<td>IT costs – Logica head end</td>
<td>£596k</td>
</tr>
<tr>
<td>Contingency</td>
<td>£3,247k</td>
</tr>
<tr>
<td>Abnormal travel</td>
<td>£20k</td>
</tr>
<tr>
<td>Public engagement/learning dissemination</td>
<td>£1,728k</td>
</tr>
</tbody>
</table>

8 Ofgem is the offices of the Gas and Electricity Markets Authority. The terms ‘Ofgem’ and ‘Authority’ are used interchangeably in this Project Direction.
### 7. PROJECT IMPLEMENTATION

The Implementing DNO must undertake the Project in accordance with the commitments it has made in the Full Submission approved by the Authority pursuant to the LCN Fund Governance Document and the terms of this Project Direction. These include (but are not limited to) the following:

- **(i)** undertake the Project in accordance with the description set out in Box 1 (Project, Method and Solution); and Box 2 (Project description);
- **(ii)** provide a DNO Compulsory Contribution of £3,000k;
- **(iii)** provide extra funding in excess of the DNO Compulsory Contribution of at least £1,595k;
- **(iv)** complete the Project on or before the Project completion date of 30 June 2014; and
- **(v)** disseminate the learning from the Project at least to the level described in Box 18 (Arrangements for disseminating learning).

### 8. REPORTING

The Implementing DNO must submit to the Authority, within two months of the date of this Project Direction, how it proposes to comply with paragraph 3.68 of Section Two of the LCN Fund Governance Document, including how it will assure us that the information in the report is accurate.

Ofgem may produce further guidance about the structure and content of the reports required by paragraph 3.68 of Section Two of the LCN Fund Governance Document.

### 9. COST OVERUNS

The maximum amount of Discretionary Funding that the Implementing DNO can request as additional funding for cost overruns on the Project is 0%.

### 10. SHORTFALL IN DIRECT BENEFITS

The maximum amount of Discretionary Funding that the Implementing DNO can request to cover a shortfall in Direct Benefits is 0% of any shortfall in Direct Benefits in excess of the DNO Compulsory Contribution.

### 11. INTELLECTUAL PROPERTY RIGHTS (IPR)

In Box 19 (Arrangements for Intellectual Property Rights) the Implementing DNO has stated that the Project does conform to the default IPR arrangements set out in Chapter 2 of Section Five of the LCN Fund Governance Document subject to further clarification with Ofgem. The Implementing DNO has subsequently identified paragraphs 2.8 and 2.13 of Section Five of the LCN Fund Governance Document as being the parts of the default IPR arrangements that require further clarification. The Implementing DNO must therefore submit to Ofgem the reasons why it proposes to depart from the requirements of paragraphs 2.8 and 2.13 and details of any proposed alternative IPR arrangements. The Implementing DNO must obtain the

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9 This is the amount requested by the Implementing DNO in its Full Submission.
10 This is the amount requested by the Implementing DNO in its Full Submission.
Authority’s approval for the alternative IPR arrangements prior to accessing any funds from the Project Bank Account. The Implementing DNO must undertake the Project in accordance with the default IPR arrangements and any alternative IPR arrangements approved by the Authority.

12. SUCCESSFUL DELIVERY REWARD CRITERIA

The Project will be judged by the Authority for the purposes of the Second Tier Successful Delivery Reward against the Successful Delivery Reward Criteria set out in Table 3\textsuperscript{11} below (that comply with paragraphs 3.17 and 3.18 of Section Two of the LCN Fund Governance Document).

Table 3. Successful Delivery Reward Criteria

<table>
<thead>
<tr>
<th>Successful Delivery Reward criterion</th>
<th>Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Build Phase</strong></td>
<td><strong>Evidence - Outputs and Learning</strong></td>
</tr>
</tbody>
</table>
| • Preparation of solution implementation complete: Logica smart metering Head End solution and Learning Laboratory commissioned (Appendix 2, Use Case U07.1 and U07.2) | • Demonstration of the Learning Laboratory facilities at Imperial College with documented schedule of trials  
  ○ Clear visibility of scope of work packages  
  ○ Clear alignment to Use Cases  
  ○ Clear identification of project deliverables |
| • Preparation for c.5,000 smart meter roll out complete, including address selection, acceptance surveys, privacy and security measures (working with GLA and Consumer Focus) | • Results of customer smart meter acceptance surveys  
  ○ Overall quantification of acceptance  
  ○ Identification of key concerns  
  ○ Actions to improve level of acceptance |
| Complete Q3 2011                      | • Documented Privacy and Security strategy  
  ○ Overall risk assessment  
  ○ Identification of pinch points  
  ○ Scope for risk mitigation through data aggregation  
  ○ Risk minimisation plan |
|                                      | • Statistical analysis of smart meter trial sample size  
  ○ To ensure statistical validity for extrapolation  
  ○ Ensuring samples sufficient to address variables (e.g. method of home heating / socio-economic consumer groupings / etc.) |
|                                      | • Demonstration of initial functionality of Head End  
  ○ Ability to (two-way) communicate with smart meters  
  ○ Data volume capability proven |

\textsuperscript{11} These are the Successful Delivery Reward Criteria set out in the Implementing DNOs Full Submission.
### Successful Delivery Reward criterion

- **1st stage of solution implementation complete:** Operational Data Store and interface to Logica head end commissioned, smart meter installation underway and ‘carbon impact tools’ delivered
- Implementation of initial trials based on data from the initial smart meters and half hourly industrial & commercial (I&C) customer meters with analysed results

  Complete Q2 2012

### Evidence

- Functioning Operational Date Store and head end accessing/processing smart meter information
  - Proven capability to process data from head end, undertake event processing to identify key data, aggregate and map data to network nodes
- Multipartite demand side management (DSM) contracts between National Grid, Aggregators, I&C customers and UKPN
  - Documented form(s) of multipartite contract
  - Visibility of synergies (and/or method of resolving conflicts) between NG and UKPN requirements for responsive demand
- Initial CO₂ impact assessments & learning report 1-1

### Trial Phase:

- Conclusion of “Using Smart Meters and Substation Sensors to Facilitate Smart Grids” trials – complete Q2 2012
  - Understanding customer behaviour and potential network impact (Appendix 2, Use Case U04.1)
  - Use of Smart Meter information to support distribution network planning and design (Appendix 2, Use Case U04.2)
  - Use of smart meter data to support network operations (Appendix 2, Use Case U04.3)

- Learning Lab reports
  - 1-1 Accessibility and validity of smart meter data
  - 2-1 Network state estimation and optimal sensor placement
  - 2-2 Accessibility and validity of substation sensor data

- Assimilation of network voltage and load profiles from smart meter data (est. 5,000 smart meters) to validate ADMD assumptions and determine critical design criteria as a guide to the more efficient planning of LV networks (for example with regard to thermal limits, losses, power quality and voltage optimisation)

### Conclusion of “Enabling and Integrating Distributed Generation” trials – complete Q2 2013

- Facilitating connections to LV and HV distribution networks (Appendix 2, Use Case U02.1)
- Active Management of DG to address security of supply concerns and postpone network reinforcement (Appendix 2, Use Case U02.2)

- Proven capability of technical and commercial dispatch / curtailment of generation (est. 5 Active Network Management Schemes) with beneficial impact on network utilisation, voltage, load factor and/or fault level
- Validation of ETR P2/6 / ETR130 assumptions including Tm and F factors for specific generation technologies and applications

### Learning Lab Reports:

- 3-1 Impact of LV connected DER on power quality
- 7-1 Opportunities for DG in the distribution network
<table>
<thead>
<tr>
<th><strong>Successful Delivery Reward criterion</strong></th>
<th><strong>Evidence</strong></th>
</tr>
</thead>
</table>
| • Conclusion of “Enabling Electrification of Heat and Transport” trials – complete Q4 2013  
  o Exploring impact of electric vehicle charging (Appendix 2, Use Case U03.1)  
  o Exploring the impact of heat pump demand (Appendix 2, Use Case U03.2) | • Guidance on successful approaches to, and value of, smart optimisation of EV charging to minimise peak demand and losses impact (maximising load factor) and to minimise need for reinforcement (maximising utilisation)  
• Evidence of real changes in residential load patterns due to: energy efficiency programmes, TOU tariffs, controlled / smart appliances, heat pumps and micro-generation  
Learning Lab Reports:  
• 5-1 Impact of opportunities for wide-scale electric vehicle deployment  
• 4-2 Impact of energy efficient technologies on network utilisation |
| • Conclusion of “Residential and SME Demand Side Management” trials – complete Q3 2013  
  o Energy Efficiency programmes and technologies (Appendix 2, Use Case U05.1.a)  
  o Consumer Behaviour demand response and responsiveness to TOU tariffs” trials (Appendix 2, Use Case U05.1.b) | • Quantified impact of DSM and energy efficiency measures in terms of reduced peak demand  
• Effectiveness of TOU tariffs and analysis of price elasticity and hence necessary level of tariff incentive to deliver effective response  
Learning Lab Reports:  
• 6-1 Consumer attitudes to flexible tariff rates  
• 6-2 Residential and SME responsiveness to TOU rates  
• 6-4 Smart appliances for residential demand response  
• 4-1 Impact of energy efficiency on energy consumption |
| • Conclusion of “I&C Demand Side Management” trials – complete Q1 2014  
  o Demand side management with I&C customers (Appendix 2, Use Case U05.2)  
  o Demand side management conflicts and synergies (Appendix 2, Use Case U05.3) | • Real examples of DSM contracts with I&C customers covering highly utilised networks with clear benefits of peak demand shifting capability under unplanned outage conditions  
• Quantification of risk and benefit of using I&C DSM as an alternative to network reinforcement - as a guide to more efficient planning for network security and as an input to an expanded version of ETR 130 (for example deriving equivalent F and Tm factors)  
Learning Lab Reports:  
• 8-1 Demand response of I&C customers  
• 9-1 Real time control of active networks using DER |
### Successful Delivery Reward criterion

- Conclusion of “Wind Twinning” trials – complete Q1 2014
  - Wind twinning through TOU tariffs with Suppliers (Appendix 2, Use Case U01.1)
  - Wind twinning through responsive demand contracts with Commercial Aggregators (Appendix 2, Use Case U01.2)

<table>
<thead>
<tr>
<th>Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification of scope for manipulating demand (through commercial incentivisation) to follow wind output</td>
</tr>
<tr>
<td>Assessment of potential for:</td>
</tr>
<tr>
<td>- optimisation of system level real time demand to minimise CO₂ emissions;</td>
</tr>
<tr>
<td>- reducing cost of system residual balancing;</td>
</tr>
<tr>
<td>- minimising requirement for generation plant margin; and</td>
</tr>
<tr>
<td>- minimising price volatility</td>
</tr>
</tbody>
</table>

#### Learning Lab Reports:

- 10-1 Wind twinning on the distribution network
- 12-1 Novel commercial arrangements and the smart distribution grid

### Conclusion of trials – Q2 2014 – for:

- “New Network Design and Operational Practices” (Appendix 2, Use Case U08)
- “Network Planning and Operational Tools” (Appendix 2, Use Case U06)

<table>
<thead>
<tr>
<th>Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidation of outputs from all trials as a comprehensive guide to the future smart management of distribution networks with high penetrations of DERs and low carbon applications, including the applicability of commercial contracts and incentives to encourage smart management of demand and generation</td>
</tr>
<tr>
<td>Quantified overall CO₂ savings and LCTP contribution</td>
</tr>
</tbody>
</table>

#### Learning Lab Reports:

- 11-1 Design of smart distribution grids
- 11-2 Resilience performance of smart distribution grids
- 14-2 Impact of carbon reduction policies
- 14-3 Overall summary report

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**The maximum amount of the Second Tier Successful Delivery Reward (which will not exceed the DNO Compulsory Contribution) that the Project will be eligible for is £3,000k.**

### 13. CUSTOMER PROTECTION

The Implementing DNO must comply with additional project-specific conditions in relation to customer protection. These conditions require the Implementing DNO to:

(i) submit to Ofgem, at least two months prior to initiating any form of Customer engagement, a plan of how it, or any of its External Collaborators or partners, will engage with, or impact upon, Customers as part of the Project. The Implementing DNO and its External Collaborators or partners cannot initiate any form of Customer engagement until the plan has been approved by the Authority, and must comply with the approved plan at all times. The plan must include:

a. a communications strategy which sets out inter alia:

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12 For the purposes of this condition, “at least two months prior to initiating any form of Customer engagement” does not include engagement by EnerNOC, Flexitricity and EDF Energy Customers in their roles as aggregators with industrial and commercial Customers.

13 As listed in Box 23 and Appendix 1 of the Full Submission pro-forma.
i. any proposed interaction with a Customer or premises of a Customer or proposed interruption to the supply of a Customer for the purposes of the Project, and how the Customer will be notified in advance;

ii. ongoing communications with the Customers involved in the Project; and

iii. arrangements for responding to Customer queries or complaints relating to the Project; and

b. information on the Priority Services Register Customers\textsuperscript{14} who will be involved in the Project and how they will be appropriately treated (including providing information to any person acting on behalf of a Priority Services Register Customer in accordance with condition 26 of the Electricity Supply Licence, where applicable);

c. details of any safety information that may be relevant to the Project; and

d. details of how any consents that may be required as part of the Project will be obtained; and

(ii) publish the plan by making it readily available on its website.

The Implementing DNO and its External Collaborators or partners must also comply with the following conditions:

(i) not visit a premises of a Customer for sales or marketing activities\textsuperscript{15} in connection with, in the context of or otherwise under the guise of the Project; and

(ii) have regard to the implementation of the smart meter roll-out in its Distribution Services Area\textsuperscript{16} to ensure that the Project does not impede the implementation in any way.

In addition, if the Implementing DNO or any of its External Collaborators or partners is installing any equipment at the Customer’s premises as part of the Project, the Implementing DNO and the External Collaborators or partners must comply with the following conditions:

(i) not enter the premises of a Customer\textsuperscript{17}, other than for the purposes contained in the Licence or for communication purposes (set out above), unless it first obtains the prior consent of the Customer, such consent to be formally recorded;

(ii) where the equipment is any form of smart meter, the Implementing DNO or its External Collaborators or partners must first notify the Customer’s Electricity Supplier\textsuperscript{18}; and

(iii) provide the Customer with information (which should be identified as part of the communications strategy) on how the equipment will be installed, how long it will be installed for, and how it will be decommissioned.

14. DATA PROTECTION

The Implementing DNO must submit a strategy for dealing with personal data (as defined in the Data Protection Act 1988) to Ofgem at least two months prior to collecting or using any personal data. The Implementing DNO and its External Collaborators or partners cannot collect or use any personal data until the strategy has been approved by the Authority. The strategy must set out the following:

\textsuperscript{14} Priority Services Register Customers has the meaning given to it in SLC 10 of the Licence.

\textsuperscript{15} For the purposes of this condition, recruiting or engaging customers to participate in the Project does not constitute a sales or marketing activity.

\textsuperscript{16} Distribution Services Area has the meaning given to it in SLC 1 of the Licence.

\textsuperscript{17} Customer has the meaning given to it in SLC 1 of the Licence.

\textsuperscript{18} Electricity Supplier has the meaning given to it in SLC 1 of the Licence.
(i) what personal data will be collected for the purposes of the Project;
(ii) how this personal data will be used;
(iii) how consent for use of the personal data will be obtained;
(iv) what information will be provided to the Customer prior to consent being sought;
(v) if Priority Services Register Customers are included in the Project, how their personal data will be obtained;
(vi) who owns the personal data;
(vii) how long the personal data will be retained; and
(viii) how this personal data will be managed (which should be based on a ‘privacy by design’ approach, as advocated by the Information Commissioner’s Office19).

15. USE OF LOGO

The Implementing DNO and External Collaborators or partners may use the LCN Fund logo for purposes associated with the Project but not use the Ofgem or Ofgem E-Serve logos in any circumstances.

16. AMENDMENT OR REVOCATION

As set out in the LCN Fund Governance Document and this Project Direction, this Project Direction may be amended or revoked under the following circumstances:

(i) if the Implementing DNO considers that there has been a material change in circumstance that requires a change to the Project Direction, and the Authority agrees (paragraph 3.70 of Section Two of the LCN Fund Governance Document); or
(ii) if Ofgem agrees to provide Discretionary Funding, which requires the re-issue of the Project Direction (paragraph 3.78 of Section Two of the LCN Fund Governance Document); or
(iii) if the Implementing DNO applies for Discretionary Funding to cover a decrease in Direct Benefits and the Authority decides it would be in the best interest of customers to make changes to the Project Direction before the Discretionary Funding would be awarded (paragraph 3.77 of Section Two of the LCN Fund Governance Document).

17. HALTING OF PROJECTS

This Project Direction is subject to the provisions contained in paragraphs 3.79 to 3.83 of Section Two of the LCN Fund Governance Document relating to the halting of projects. By extension, this Project Direction is subject to any decision by the Authority to halt the Project to which this Project Direction relates and to any subsequent relevant Funding Direction issued by the Authority pursuant to CRC13.16.

In the event of the Authority deciding to halt the Project to which this Project Direction relates, the Authority may issue a statement to the Implementing DNO clarifying the effect of that halting decision as regards the status and legal force of the conditions contained in this Direction.

NOW THEREFORE:

In accordance with the powers contained in the LCN Fund Governance Document issued pursuant to Part E of CRC13 (Low Carbon Networks Fund) of the Licence the Authority hereby issues this Project Direction to the Implementing DNO in relation to the Project.

This constitutes notice of reasons for the Authority’s decision pursuant to section 49A of the Act.

Rachel Fletcher  
Partner, Distribution  
Signed on behalf of the Authority and authorised for that purpose by the Authority  
17 December 2010