



## Innovating now and for future generations



### Our commitments

- For every £1 spent on innovative projects, we will deliver £4 of value back into the business and to our customers. [CO]
- We are pledging up to £10m of shareholder funding towards innovative projects, sourced from profits of the business. [CO]

### How we will deliver

- We will continue to invest in innovation utilising all available mechanisms, such as innovation stimulus funds alongside investing in BAU innovation, ensuring we drive continuous improvements across all our activities and deliver benefits back into the business and to our customers. We will publish an Innovation Strategy (every two years) and an Innovation Annual Summary (annually) outlining our planned and ongoing activities.
- We will collaborate and partner with external experts across the supply chain, academia, government and other sectors to complete research or demonstration projects in the most effective ways, taking into consideration expertise, deliverability, quality of outputs and cost.
- We will build on our approach to project bidding and selection processes developed in RIIO-T2, to ensure value for money, focusing on projects that reduce energy transition costs and increase consumer value.
- We will continue to use and improve our Innovation Measurement Framework (IMF) to track, document and communicate on the consumer value created from our innovation projects in RIIO-GT3.

### Collaboration

- Within RIIO-T2 to date we have worked with 84 direct project partners across NIA, SIF and BAU projects with 100s of other stakeholders engaged; we aim to exceed this in RIIO-GT3.

### Stakeholder engagement

- To guide our strategy, we expanded our innovation stakeholder and collaborator group, incorporating more subject matter experts (SMEs), start-ups, Original Equipment Manufacturers (OEMs), and academic institutions.
- Leading up to business plan submission, our Innovation team has actively participated in our “Summer of Engagement” sessions, which included public focus groups. We also held coalition meetings with academic partners and hosted two interactive webinars with our innovator communities. During these events, we presented our proposals, introduced key focus areas, and gathered valuable feedback.
- A significant majority (71 percent) of respondents supported our investments in innovation. Consumers expressed a desire for greater transparency in innovation investments and their resulting benefits. In response, we have incorporated their feedback, ensuring our innovation approach remains flexible and aligned with relevant investment areas for the RIIO-GT3 period.

### Consumer value and additionality

- Innovation has always been important for our consumers in the continuous drive to reduce costs for our operations. This will be no different for RIIO-GT3, as we look to complete more efficiency and cost-saving projects alongside the work to deliver our energy transition, building on the evidence base from RIIO-T2 in areas such as hydrogen and carbon transportation.
- By pledging up to £10m of funding outside our totex allowance to innovation projects, we are going above and beyond business-as-usual innovation to deliver enhanced benefits on behalf of consumers.
- In RIIO-T2, we have successfully delivered £170m of benefits from the £34m of RIIO-T1 innovation incentive funding. We expect to go beyond this in RIIO-GT3.
- We will maintain a 4:1 ratio on value delivered through innovation projects, stretching our performance further in RIIO-GT3 by increasing our NIA funding to £40m, up from £25m in RIIO-T2.

### Guide to our plan

- NGT\_A04\_Innovation Strategy\_RIIO-GT3