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Ofgem awards National Grid and UK Power Networks NIC funding in a step towards a Distribution System Operator

National Grid and UK Power Networks partnership wins £9.5m through Ofgem's Network Innovation Competition for new regional power market model.

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- A world-first trial will maximise network capacity to connect more renewable energy and storage technology in the South East region.
- Trials could potentially expand to 59 other GB locations with potential savings of up to £412 million for UK consumers by 2050.

National Grid and UK Power Networks have received £9.5m in funding from Ofgem for trialling a market solution that will better manage distributed generation in a step towards a Distribution System Operator.

The pioneering whole system approach will help connect additional renewable energy and storage technology in the South East. The proposed solution will reduce the need to build additional electricity infrastructure in the area, saving consumers in the South East up to £1m by 2020 and £29m by 2050.

Renewable energy, such as solar panels and wind turbines, are becoming more of a feature in today's electricity network. This is especially the case in the South East where distributed generation around London's metropolitan area has increased significantly over the last five years.

The new regional power market trial will improve interaction between National Grid's System Operator (SO), UK Power Networks' role as regional electricity distributor and renewable energy generators connected to the distribution system

The market will help renewable energy generators to offer their services to National Grid's System Operator via a UK Power Networks' Distribution System Operator (DSO) platform. This approach will also provide additional services to UK Power Networks.

Improving communication, coordination and developing new commercial frameworks will maximise network capacity by better managing system constraints, giving National Grid's System Operator access to previously unexploited power. It will also introduce new revenue streams for renewable energy generators.

If successful, the regional power market model could be introduced to 59 other sites and potentially save up to £412m for UK consumers by 2050.

Richard Smith, Head of Network Capability Electricity at National Grid, said: "This is an innovative world first that will be a major step towards solving a challenge that impacts bill payers across Great Britain."

Barry Hatton, Director of Asset Management at UK Power Networks, said: "We are delighted we have been given the go-ahead and we are looking forward to delivering this pioneering project with National Grid. As highlighted in a recent Government and regulatory consultation, closer coordination with National Grid is required to unlock system-wide benefits and make the most effective use of distributed energy resources."

Find out more about Ofgem's Network Innovation Competition and the five other successful projects [here](#).

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Notes for editors

Notes to Editors:

National Grid is pivotal to the energy systems in the UK and the north eastern United States. We aim to serve customers well and efficiently, supporting the communities in which we operate and making possible the energy systems of the future.

National Grid in the UK:

- We own and operate the electricity transmission network in England and Wales, with day-to-day responsibility for balancing supply and demand. We also operate, but do not own, the Scottish networks. Our networks comprise approximately 7,200 kilometres (4,474 miles) of overhead line, 1,500 kilometres (932 miles) of underground cable and 342 substations.
- We own and operate the gas National Transmission System in Great Britain, with day-to-day responsibility for balancing supply and demand. Our network comprises approximately 7,660 kilometres (4,760 miles) of high-pressure pipe and 618 above-ground installations.
- As Great Britain's System Operator (SO) we make sure gas and electricity is transported safely and efficiently from where it is produced to where it is consumed. From April 2019, Electricity System Operator (ESO) is a new standalone business within National Grid, legally separate from all other parts of the National Grid Group. This will provide the right environment to deliver a balanced and impartial ESO that can realise real benefits for consumers as we transition to a more decentralised, decarbonised electricity system.
- Other UK activities mainly relate to businesses operating in competitive markets outside of our core regulated businesses; including interconnectors, gas metering activities and a liquefied natural gas (LNG) importation terminal – all of which are now part of National Grid Ventures. National Grid Property is responsible for the management, clean-up and disposal of surplus sites in the UK. Most of these are former gas works.

Find out more about the energy challenge and how National Grid is helping find solutions to some of the challenges we face at <https://www.nationalgrid.com/group/news>

National Grid undertakes no obligation to update any of the information contained in this release, which speaks only as at the date of this release, unless required by law or regulation.

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