







Document Control

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Contents

Contents	2
Executive Summary	3
Overview of RaaS	3
Overall Project Progress	3
Key Challenges Encountered	4
Learning and Dissemination	5
Project Manager's Report	6
Project Summary	6
Project Management	7
Stakeholder Advisory Board	7
Key Challenges Encountered	7
RaaS Work Packages	9
Outlook for Next Reporting Period	12
Business Case Update	14
Progress Against Plan	15
Summary of Progress	15
Focus of this Reporting Period	15
Key Activities for the Next Reporting Period	16
Additional Considerations	16
Progress Against Budget	17
Comments around variance	17
Project Bank Account	
Project Deliverables	
Data Access Details	21
Learning Outcomes	22
IPR	26
Risk Management	27
Material Change Information	28
Accuracy Assurance Statement	29
Appendices	
Appendix 1 - Project Bank Account	31
Appendix 2 - Original Risk Register	
Appendix 3 - Revised Risk Register	34

Executive Summary

Overview of RaaS

The Resilience as a Service - RaaS - innovation project seeks to improve the operational resilience of electricity distribution networks in remote areas.

The aim is to develop and trial a new market based solution which can swiftly and automatically restore supply to customers in the event of a fault, using services provided by a local Battery Energy Storage System, and incorporating local Distributed Energy Resources.

The application of RaaS would improve Security of Supply for customers, reduce the use of temporary diesel generation, and enhance the use of local renewable schemes, supporting the UK's transition to Net Zero.

The project is a partnership between SSEN Distribution, E.ON and Costain, and has been awarded funding of £10.9m through Ofgem's Network Innovation Competition.

In addition to demonstrating the technical concept, the work will develop the commercial framework for RaaS - evaluating the financial case from a DNO perspective and assessing the investment case for RaaS Service Providers with options for revenue stacking in other flexibility services markets.

The first phase of the project focused on site selection, system design for the chosen demonstration site, and refinement of the business case for RaaS. The purpose of this stage was to evaluate the technical feasibility and financial viability of the RaaS concept. The conclusions from this work together with feedback from external stakeholders though a series of consultation events informed the decision to proceed to the trial phase with installation of a demonstration scheme supporting Drynoch primary substation.

Overall Project Progress

The project commenced in early 2020 and this Project Progress Report covers the fourth reporting period from December 2022 to December 2023.

Key activities during the reporting period include:

- conclusion of the battery tender process and appointment of a supplier for delivery of the trial scheme under an MF/1 contract¹
- progression of the DNO side equipment tender processes using SSEN's standard procurement procedures, with appointment of a supplier for key electrical equipment and identification of potential suppliers for the DNO RaaS control system
- progression of the electrical and civils designs for each aspect of the trial scheme
- application for, receipt and acceptance of a demand connection offer through the standard connection application process - this will allow the project to charge the battery and use it to provide power during a fault situation, but does not permit export to grid
- submission of an application to extend the demand connection offer to a generation connection a generation connection offer would place the scheme into the connection queue such that the battery may be able to export to grid at some point in future, recognising that this would be beyond the project timeframe but may support future use of the battery at the Drynoch site
- commencement of further work on the business case and commercial considerations associated with RaaS, to feed into engagement activities associated with PD5 'Supply Chain Engagement'

¹ IET MF/1 Model Form of Contract (Revision 6), <u>https://shop.theiet.org/model-form-of-contract-for-the-design-supply-and-installation-of-electrical-electronic-and-mechanical-plant-mf-1-rev-6</u>

- acceptance of a Material Change request submitted to Ofgem in the previous reporting period, and submission of a further Material Change request related to an extended project timeline and revised dates for submission of the remaining Project Deliverables
- further engagement regarding a regulatory Sandbox application² submitted to Ofgem during the previous reporting period - this application is associated with the widespread issue of network constraints impeding generation connections, and is specific to the context of an innovation project working to develop a new solution for network operation
 - Sandbox support which offers capability to more fully demonstrate the RaaS concept during short intervals over the course of the project will provide additional learning from the innovation trial whist avoiding periods when there are risks of constraints on the transmission or distribution systems - any export to grid would occur within network capacity limits by arrangement and agreement with the DNO, ESO and TNO, and only to the extent necessary to demonstrate the scheme
- ongoing review of the costs quoted through the tender processes, together with review of the scope of planned project partner milestone deliverables to reflect learning from the first phase of the project and ensure continued relevance, allowing evaluation of the available project budget

The project team continue to review the project budget as information from suppliers is provided and project activities progress, communicating the position to both the Project Steering Board and Ofgem Project Officer for RaaS. This is key in understanding the impact of external market influences on equipment costs and the overall RaaS concept, and in ensuring that the project has sufficient funds to progress with the build phase and it remains appropriate to proceed.

Key Challenges Encountered

Key challenges encountered during the reporting period include:

- extended supply chain delivery timeframes for the BESS and DNO equipment as identified in the 2022 Project Progress Report, the impact of the global political situation on supply chains and delivery timeframes has resulted in delivery dates that are notably longer than the expected timeframes built into the original project programme
- increased costs for key items of equipment similarly, the ongoing impact of the situation on material and equipment prices has resulted in quote figures higher than originally budgeted for
- prolonged procurement processes identifying requirements for further information together with time necessary for detailed negotiation with suppliers when placing contracts have acted to reduce associated uncertainty and risk, however have added time to the procurement processes
- issues related to grid connection over this reporting period industry focus on issues related to network constraints and new connections has increased significantly, with a wide range of initiatives currently underway to improve connection processes; whilst these can be expected to support the future rollout of RaaS, within project timeframes the trial scheme will not obtain a generation connection allowing BESS export to grid for participation in other network services

² Ofgem launched the regulatory Sandbox in 2017 as a means of enabling trials and supporting innovation projects that are working to deliver new low carbon services and products by providing tools which recognise that the rules in place to govern the energy sector at present may not accommodate some trials or proposed future solutions - Ofgem aim to ensure that regulation facilitates innovation in consumers' interests, and so the regulatory, legal, and strategic assessment undertaken for a Sandbox application assess the extent to which a proposal will support innovation and experimentation to create low carbon services that will directly benefit consumers, www.ofgem.gov.uk/publications/innovation-sandbox-service-overview

Learning and Dissemination

In addition to the formal Project Deliverables set out in the Project Direction, the project team have defined a suite of intervening deliverables which each contribute to the project objectives. Associated reports are published on the project website - <u>www.project-raas.co.uk</u> - and made available to all interested parties.

During this reporting period a wide range of engagement and dissemination activities have been undertaken, including:

- publication of a case study on E.ON's website spotlighting the RaaS project and plans for the trial phase, also shared via social media pages
- holding biannual RaaS Stakeholder Advisory Board meetings
- presentations about RaaS at relevant external events, including the ENA Energy Innovation Summit and 2023 Highland & Islands Green Energy Conference
- participation in working groups and consultations to feed into wider industry initiatives relevant to the future rollout of RaaS
- attendance at other external events to continue sharing thoughts, learning from and seeking synergies with other innovation projects and initiatives:
- bilateral engagement with community organisations working to develop local energy schemes and with Local Energy Scotland to share project plans and discuss related themes and considerations
- engagement with members of the RMI (Rocky Mountain Institute) India Team working on electricity and energy storage projects, to introduce RaaS and discuss broader considerations around battery storage integration into electricity networks
- regular meetings with other network operators, including engagement with National Grid ESO's Distributed ReStart project team and peer review of their NIC Closedown Report

Throughout all dissemination activities the RaaS project continues to receive significant interest and highly pertinent and insightful questions and feedback.

Project Manager's Report

Project Summary

The Resilience as a Service (RaaS) innovation project seeks to improve the operational resilience of electricity distribution networks in remote areas that are more susceptible to power outages. The aim is to develop and trial a new market based solution which uses services provided by a Battery Energy Storage System (BESS) together with local Distributed Energy Resources (DER) to swiftly and automatically restore power to customers in the event of a fault on the upstream network. Through temporary operation of the network in islanded mode³, RaaS would maintain supply to the local community as the DNO work to repair the fault or dispatch a conventional diesel generator to site for a longer term issue. At other times, a RaaS Service Provider would be able to use the battery to provide other services to the electricity system, with this revenue stacking capability contributing to the business case and reducing overall costs for enhanced resilience. Figure 1 provides a high level illustration of the RaaS solution.



Figure 1 - Schematic of the RaaS solution supporting a 33kV to 11kV primary substation

The RaaS concept represents a flexible solution for improving security of supply in areas where traditional reinforcement or use of DNO owned standby generation to provide network resilience would be prohibitively costly.

The provision of cost effective local network resilience would improve Security of Supply for customers, reduce the use of temporary diesel generation, and enhance the use of local renewable schemes, supporting the UK's transition to Net Zero.

In addition to demonstrating the technical concept, the work will develop the commercial framework for RaaS - evaluating the financial case from a DNO perspective and assessing the investment case for RaaS Service Providers with options for revenue stacking in other flexibility services markets.

The first phase of the project focused on site selection, system design for the chosen demonstration site, and assessment of the business case for RaaS. This stage evaluated the technical feasibility and financial viability of the concept, with findings presented to external stakeholders to invite feedback and challenge. The conclusions from this work and the support demonstrated by a range of stakeholders informed the decision made during the Stage Gate review to proceed with the deployment and operation of a RaaS system to support Drynoch primary substation.

The project is a partnership between SSEN Distribution (SSEN), E.ON and Costain, and has been awarded funding through Ofgem's Network Innovation Competition (NIC).

³ in islanded mode, an area of the network is disconnected from the main electricity grid and operates independently

Project Management

The project team continue twice-weekly 'stand-up' meetings to support an efficient decision-making environment where progress and emerging issues can be shared and acted upon quickly.

The Project Steering Board (PSB) continues to sit quarterly, and comprises senior managers from SSEN, E.ON and Costain. PSB meetings have also been called where significant issues have become apparent, to ensure awareness and allow collaborative discussion at that level.

During this reporting period the team has maintained several documents for use in developing project activities and supporting collaboration between project partners. These include:

- a Stakeholder Engagement and Communications Plan
- a 'relevant projects for RaaS review' log a list of other projects and initiatives that the project team have identified as being relevant to RaaS, with useful working relationships developed to share learning which will compliment and build on individual project activities
- a 'RaaS additional considerations' log a log of ideas and points for consideration across a range of themes, which have become apparent through ongoing project activities, to ensure that these are incorporated into project plans and addressed fully

These documents are kept on the project's collaboratively managed secure file share system along with regular project management documents including:

- the Project Programme
- the Risk and Opportunities Register
- an Actions Log
- a Stakeholder Engagement and Communications Log

Stakeholder Advisory Board

As part of the project governance plans, the Stakeholder Advisory Board (SAB) for RaaS provides strategic oversight, ensuring that the project:

- remains relevant to strategic direction of the GB electricity sector
- considers relevant learnings from other innovation projects
- flexes according to changes in regulation and to new market trends
- delivers learning outcomes relevant to all GB DNOs

The board represents a range of stakeholder perspectives, with participation from the following organisations: BEIS, Citizens Advice, ENA, Minginish Community Council, National Grid ESO, Northern Powergrid, Ofgem, Scottish Government, Sustainability First.

The fifth and sixth Stakeholder Advisory Board meetings was held in January and September 2023 respectively.

Key Challenges Encountered

The key challenges encountered by the project during the reporting period are described below, and relate to:

- impacts on the supply chain due to ongoing geopolitical events
 - extended supply chain delivery timeframes for the BESS and DNO equipment
 - increased costs for key items of equipment
- prolonged procurement processes
- issues related to grid connection

These factors continue to be closely evaluated and managed by the project team, and considered in detail by the Project Steering Board.

Impacts on the supply chain due to ongoing geopolitical events

As identified in the 2022 Project Progress Report, supply chains and delivery timeframes continue to be impacted by geopolitical events such as the war in Ukraine, and this has resulted in delivery dates for the BESS and DNO equipment that are notably longer than the expected timeframes built into the original project programme. Relatedly, the impact on material and equipment prices has resulted in quote figures higher than originally budgeted for.

Prolonged procurement processes

Identification of requirements for further information together with time necessary for detailed negotiation with suppliers when placing contracts have acted to reduce associated uncertainty and risk, however have added time to the procurement processes.

Grid connection

It became apparent through conversations regarding the BESS connection application for the trial scheme that constraints at transmission system level are currently holding up the connection of new generation schemes at distribution level. It is understood that at present a queue of over 130 MW of generation is waiting to connect to the Dunvegan distribution network, which serves Drynoch primary substation and the wider network area. The resolution that would allow these applicants to connect to the network centres around the Skye 132 kV Reinforcement project proposed by SSEN Transmission, for which a Final Needs Case decision was issued by Ofgem earlier this year⁴.

Over this reporting period industry focus on issues related to network constraints and new connections has increased significantly, with a wide range of initiatives currently underway to improve the connections processes at both transmission and distribution level. Whilst these can be expected to support the future application and rollout of RaaS, within project timeframes the trial scheme will not obtain a generation connection for BESS export to grid.

Activities to address these challenges

During the previous reporting period a Material Change request related to extended project timeframes was submitted to Ofgem in line with NIC project governance⁵, and this was approved in February 2023⁶. A further Material Change request has been submitted to Ofgem during this reporting period due to a clear awareness of the range of external factors that may influence delivery of the project trial scheme beyond the timeframes set out in programmes provided by equipment suppliers and contractors working with the project team. Further information is given in the Material Change Information section of this report.

A detailed review of project activities and budget has been undertaken to ensure continued value and relevance in project delivery, working around increased equipment costs due to external market influences. A number of project partner activities have been rescoped, with budget reallocated. Two key changes have been a move away from the MBSE (Model Based System Engineering) and Project 13 (P13) enterprise design envisaged in the original project plan.

The decisions made here are appropriate due both to learning from development of the RaaS concept during Phase 1 of the project, and to the many wider developments within the industry which will influence or govern how RaaS is applied under business as usual (BAU), for example with connections processes, market evolution, and flexibility procurement platforms.

⁴ Isle of Skye - Final Needs Case decision, Ofgem, August 2023

⁵ the definition of a Material Change requiring Ofgem's approval is provided in Appendix 1 and associated Section 8.23 of Ofgem's 'Electricity Network Innovation Competition Governance Document v3.0', 30 June 2017

⁶ <u>www.ofgem.gov.uk/publications/network-innovation-competition-amended-project-direction-shepds-raas-project</u>

The project team continue to keep this under consideration, and to communicate with both the PSB and Ofgem Project Officer for RaaS.

As described in the 2022 Project Progress Report, acknowledging the nature of this BESS connection in the context of an NIC innovation project to develop a new solution for network operation, and the learning that could be obtained through the installation and demonstration of a trial RaaS scheme, a regulatory Sandbox application was submitted to Ofgem in September 2022. Engagement on this Sandbox application has continued throughout this reporting period.

If granted, Sandbox support would allow the project team to explore approaches for identifying and utilising limited 'windows of opportunity' to export to grid at times which would avoid any risk of constraints on the transmission system, working with National Grid ESO and SSEN Transmission.

A limited and managed capability to export working within agreed parameters would allow the project to more fully demonstrate the RaaS technical solution and improve confidence in this as a new service for network operation.

RaaS Work Packages

The project has been divided into eight Work Packages (WP) as shown in Table 1. A brief description of each Work Package is given below together with an update on the progress of each over this reporting period.

Work Package	Title
WP1	Project Coordination
WP2	Front End Engineering Design
WP3	Detailed Design
WP4	Planning for Operational Commercial Optimisation
WP5	Business Model
WP6	Supply Chain Engagement
WP7	Demonstration Site Construction and Operation
WP8	Dissemination

Table 1 - Overview of the RaaS Work Packages

WP1 - Project Coordination

WP1 covers all core project management activities carried out by each partner.

The project team hold agile 'stand-up' meetings each week to discuss current and upcoming tasks, progress against plan, potential risks, and any additional points identified. The project has also hosted quarterly Project Steering Board meetings, and two Stakeholder Advisory Board meetings over this reporting period.

WP2 - Front End Engineering Design (FEED)

WP2 consisted of the initial design phase for the proposed technical solution. This included identification of the requirements and use cases of the RaaS system and service provision, analysis and initial specification of the required operational processes, evaluation of interfaces and responsibilities between the RaaS Provider and the DNO, and definition of key protection and earthing arrangements.

The trial site selection process also formed part of WP2, and the extensive site selection process identified Drynoch primary substation on the Isle of Skye as the proposed trial site for the demonstration of RaaS.

WP3 - Detailed Design

WP3 built on WP2 to develop a detailed technical design for the application of RaaS. This included the design of the BESS and associated Energy Management System (EMS), the DNO side aspects of the scheme and integration with existing substation assets and control systems, the interfaces between the DNO and BESS systems, the communications requirements and information exchanges, the network protection systems, and the associated roles and responsibilities. Plans have also been drawn up for the various stages of testing required during development and commissioning of the RaaS scheme.

To support the design work, E.ON engaged with potential BESS equipment suppliers, issuing a Request for Information (RfI), Request for Proposals (RfP), and high-level Request for Quotations (RfQ) documents. This work provided the basis for the full BESS tender process concluded during this reporting period.

WP4 - Planning for Operational Commercial Optimisation

WP4 proposed operational schedules for the BESS which optimise the provision of RaaS and participation in other ancillary service and arbitrage markets available at that time. This included defining three scenarios for the design of the RaaS product (representing different levels of granularity in RaaS service level requirements), and modelling participation of the headroom battery capacity in a range of other markets and flexibility services to evaluate the potential income from other revenue streams. The different scenarios explored the implications of reserving different levels of battery capacity to provide RaaS service, and this work then informed the business modelling activities within WP5.

The range and nature of products open to flexibility service providers continues to evolve, and over this reporting period the project team have continued to follow wider industry initiatives relevant to the potential future rollout of RaaS, and participate in events feeding into the development of new approaches to, for example, flexibility services and market platforms.

WP5 - Business Model

WP5 brought together the technical design, product design scenarios, optimised operational schedules and stakeholder input to consider the business model for potential RaaS suppliers. This included an investor business case (IBC) for RaaS providers, and an Investor Risk Evaluation which was informed by engagement with different potential investor types to ensure stakeholder views were represented.

As an enhancement to the original scope, this work also provides an assessment of the business case for RaaS from a DNO's perspective. These corresponding views provided an initial understanding of how the RaaS Investor and DNO business cases aligned, and supported the evaluation of options that could improve the attractiveness of RaaS to both parties.

The conclusions and recommendations from this work are to be developed and refined during the second phase of the project, and further work on the business case and commercial considerations associated with RaaS has been commissioned and commenced during this reporting period.

WP6 - Supply Chain Engagement

The objective of WP6 is to ensure that RaaS is scalable from a single pilot scheme into BAU across all suitable GB DNO sites. WP6 aims to support development of broad and vibrant competition in the supply chain for the provision of RaaS, supporting efficient and cost-effective application of RaaS, allowing the benefits to customers to be fully realised.

Stakeholder engagement will continue throughout the trial phase of the project. In addition to shaping plans for the future rollout of RaaS, engagement specifically focused on potential commercial aspects of RaaS will feed into PD5 'Supply Chain Engagement'.

WP7 - Demonstration Site Construction and Optimisation

WP7 comprises the procurement, construction, installation and commissioning of a RaaS system at the Drynoch trial site, with detailed testing and live operation.

This reporting period has seen the placement of contracts for delivery of the BESS and DNO side aspects of the trial scheme, and orders for major items of equipment.

The key challenges experienced over this reporting period, as set out above, primarily relate to this work package and delivery of the trial scheme. The project team will continue to evaluate and manage these factors over the next reporting period, responding to further information or developments as necessary.

WP8 - Dissemination

WP8 comprises all project dissemination activities, including conferences, presentations, webinars, and attendance at other relevant events. Key activities over the reporting period have included:

- publication of a case study on E.ON's website spotlighting the RaaS project and plans for the trial phase, in July 2023 - also shared via social media pages such as LinkedIn and Twitter
 <u>www.eonenergy.com/business/why-eon/case-studies/isle-of-skye-battery.html</u>
- presentations about RaaS to:
 - The Scotsman's Highlands & Islands Green Energy Conference in Inverness, June 2023
 - the Energy Innovation Summit in Liverpool, 31 October & 1 November 2023 during a session on 'Renewable Upgrades for Rapid Transition to Clean Energy'
- participation in working groups and consultations to feed into wider industry initiatives relevant to the future rollout of RaaS:
 - Regen's Grid Connections Working Group, February 2023
 - National Grid ESO's Connections Reform project online presentations and design sprint events, 2023
 - Ofgem's 'Consultation: Future of local energy institutions and governance' and 'Call for Input: The Future of Distributed Flexibility' through a joint business response, March to May 2023
 - Ofgem's Future of Distributed Flexibility (FoDF) Common Digital Energy Infrastructure (CDEI) Technical Design Workshop, August 2023 - CDEI now re-referenced Flexibility Digital Infrastructure (FDI)
 - Regen's Grid Connections Working Group, September 2023
- attendance at other external events to continue sharing thoughts, learning from and seeking synergies with other innovation projects and initiatives:
 - CIGRE UK's Technical Webinar 'Development of Grid Forming Converters for Secure and Reliable Operation of Future Electricity Systems', January 2023
 - Regen's Electricity Storage Network (ESN) Annual Conference 2023 online events, January 2023
 - Utility Week's Future Networks, Heat & Transport Conference 2023, February 2023
 - National Grid ESO's Virtual Energy System Conference 2023, February 2023
 - Energy Storage Summit 2023, February 2023
 - UKPN & Resource Innovation's webinar 'Smart Grid Solutions for the EV Revolution: How UK Power Networks and Resource Innovations Are Staying Ahead of the Curve', February 2023
 - the ENA's Energy Innovation Programme Networks Only Session and Innovation Basecamp, February 2023
 - The Distributed Energy Show 2023, March 2023
 - GridCell's Project Demonstration webinar, April 2023

- National Highways / CEDR 'ENROAD' Workshop on renewable energy in the road infrastructure, April 2023
- National Grid ESO's Distributed ReStart project 'DRZC Independent System Testing Report' webinar, April 2023
- the IMechE's Battery Energy Storage 2023 conference, April 2023
- National Grid ESO's 2023 Markets Roadmap webinar, April 2023
- National Grid ESO's 'Demand Flexibility Service Deep Dive' webinars, April 2023
- DESNZ's 'Flexibility Innovation Programme Flex Markets Unlocked' online event, May 2023
- Utility Week Live 23, May 2023
- UKREiiF UK Real Estate Investment & Infrastructure Forum Annual Event 2023, May 2023
- the ENA's Open Networks Insights Forum, June 2023
- National Grid ESO's Distributed ReStart project 'Redhouse Live Trial' webinar, October 2023
- Regen's Electricity Storage Network Winter Conference 2023, November 2023
- bilateral engagement with community organisations working to develop local energy schemes and with Local
 Energy Scotland to share project plans and discuss related themes and considerations
- engagement with members of the RMI (Rocky Mountain Institute) India Team working on electricity and energy storage projects, to introduce RaaS and discuss broader considerations around battery storage integration into electricity networks, July 2023

Outlook for Next Reporting Period

Key project activities planned for the next reporting period include WP7 activities related to:

- completion of the electrical and civils designs for each aspect of the trial scheme
- creation of one overall programme representing all project partner and consultant delivery activities, as the basis for coordination of site activities, identification of overlap between different contractors' activities and associated impacts of potential delays affecting activities of another party, potential amalgamation of civils works for the BESS and switchboard, definition of CDM⁷ roles and requirements during the different stages of delivery (i.e. civils works, offloading, construction, installation, commissioning, etc.)
- manufacture, assembly and testing of all elements of the scheme
- shipping and delivery of key assets and equipment
- commencement of site works for installation of the trial scheme at Drynoch
- evaluation and management of the key issues identified over the current reporting period, responding to further information or developments as necessary

Each aspect of delivery has the potential for key issues to be identified which represent challenges for the project, however the detailed design and planning work undertaken to date will have acted to reduce associated risks.

Further, a range of external factors may present challenges which impact timely delivery and/or installation of equipment, including supply chain influences; coordination of collaborative interface and interaction testing between multiple third party suppliers; international shipping; weather and climate related risks; and coordination of multiple suppliers and contractors on site, where a delay in the timeframes or supply of equipment of one party may have a resulting impact on the activities of other parties.

Safety will continue to be the primary priority for the project, with timeframes adapted as necessary to mitigate any risks.

⁷ Construction Design and Management Regulations 2015, <u>www.hse.gov.uk/construction/cdm/2015/index.htm</u>

In acknowledgement of these factors, as provision for circumstances that are not apparent at this stage a further Material Change request related to project timeframes has been submitted to Ofgem, as described in the **Material Change Information** section of this report. A decision from Ofgem regarding this request is expected during the next reporting period, and will be of significance for effective delivery of the trial phase.

Associated risk items have also been added to the Revised Risk Register provided as Appendix 3.

Alongside delivery of the trial scheme, WP6 will progress activities to further explore options and considerations associated with commercial aspects of RaaS, supported by engagement with the supply chain to feed into PD5.

WP8 will continue engagement with a wide range of external stakeholders to share project findings and invite feedback.

A decision from Ofgem regarding the regulatory Sandbox application is also expected during the next reporting period, representing a key issue for the project.

Should Sandbox support be granted, the project team will engage with National Grid ESO and SSEN Transmission to explore approaches for identifying and utilising limited 'windows of opportunity' to export to grid at times which would avoid any risk of constraints on the transmission system, and agree the terms of RaaS export restrictions. This capability would augment demonstration of the RaaS scheme, helping to build confidence in the solution and providing evidence to support the future rollout of RaaS as BAU, amongst both DNOs and the potential supply chain.

In the event that Sandbox support is not available, the extent to which the trial system can be demonstrated will be reduced, impacting the learning that it will be possible to obtain from operating this prototype scheme.

Engagement with wider industry initiatives relevant to the potential future implementation of RaaS will continue, with participation in events that are feeding into the development of new approaches to, for example, flexibility services and market platforms, grid connections, and network resilience.

The project team also continue to keep the budget under close review.

Business Case Update

The first phase of the project included a review of the Business Case for RaaS from both the DNO and RaaS Service Provider perspectives. These corresponding views provided an initial understanding of how the RaaS procurer and investor business cases aligned, and supported the evaluation of options that could improve the attractiveness of RaaS to both parties.

The conclusions and recommendations from this work are to be developed and refined during the second phase of the project, and further work on the business case and commercial considerations associated with RaaS has been commissioned and commenced over this reporting period.

Progress Against Plan

Summary of Progress

The project commenced in early 2020 and this Project Progress Report covers the fourth reporting period from December 2022 to December 2023.

Following the positive Stage Gate decision the project has progressed activities for delivery of the trial and demonstration scheme at Drynoch on the Isle of Skye, and commenced further work on the business case and commercial considerations related to RaaS.

As set out in the **Project Manager's Report** section, a number of factors have and continue to impact the timeframes associated with project activities. This has led to the submission of a further Material Change request to Ofgem regarding an extended project timeline and revised dates for submission of the remaining Project Deliverables, as described in the Material Change Information section of this report. The revised PD submission dates are set out in the Project Deliverables section of this report.

High levels of engagement within the project team and with external parties have been maintained to progress delivery activities, and to discuss, evaluate and identify resolutions for the key challenges that have continued through this reporting period.

Focus of this Reporting Period

Key activities during the reporting period include:

- conclusion of the BESS tender process and appointment of a supplier for delivery of the trial scheme under an MF/1 contract⁸
- progression of the DNO side equipment tender processes using SSEN's standard procurement procedures, with appointment of a supplier for key electrical equipment and identification of potential suppliers for the DNO RaaS control system
- progression of the electrical and civils designs for each aspect of the trial scheme
- application for, receipt and acceptance of a demand connection offer through the standard connection application process - this will allow the project to charge the battery and use it to provide power during a fault situation, but does not permit export to grid
- submission of an application to extend the demand connection offer to a generation connection a generation connection offer would place the scheme into the connection queue such that the battery may be able to export to grid at some point in future, recognising that this would be beyond the project timeframe but may support future use of the battery at the Drynoch site
- commencement of further work on the business case and commercial considerations associated with RaaS, to feed into engagement activities associated with PD5 'Supply Chain Engagement'
- acceptance of a Material Change request submitted to Ofgem in the previous reporting period, and submission of a further Material Change request related to an extended project timeline and revised dates for submission of the remaining Project Deliverables, as described in the Material Change Information section of this report
- further engagement regarding a regulatory Sandbox application submitted to Ofgem during the previous reporting period - this application is associated with the widespread issue of network constraints impeding generation connections, and is specific to the context of an innovation project working to develop a new solution for network operation - Sandbox support would offer capability to more fully demonstrate the RaaS concept during short intervals over the course of the project trial to provide additional learning from the

⁸ IET MF/1 Model Form of Contract (Revision 6), <u>https://shop.theiet.org/model-form-of-contract-for-the-design-supply-and-installation-of-electrical-electronic-and-mechanical-plant-mf-1-rev-6</u>

innovation trial, whist avoiding periods when there are risks of constraints on the transmission or distribution systems

ongoing review of the costs quoted through the tender processes, together with review of the scope of planned project partner milestone deliverables to reflect learning from the first phase of the project and ensure continued relevance, allowing evaluation of the available project budget

The project team continue to review the project budget as information from suppliers is provided and project activities progress, communicating the position to both the Project Steering Board and Ofgem Project Officer for RaaS. This is key in understanding the impact of external market influences on equipment costs and the overall RaaS concept, and in ensuring that the project has sufficient funds to progress with the build phase and it remains appropriate to proceed.

Key Activities for the Next Reporting Period

Key project activities planned for the next reporting period include:

- continuation of demonstration site delivery, including completion of the electrical and civils designs for each aspect of the trial scheme; creation of one overall programme representing all project partner and consultant delivery activities; manufacture, assembly and testing of all elements of the scheme; delivery of key assets and equipment; and commencement of site works for installation of the trial scheme at Drynoch
- should Sandbox support be granted, the project team will engage with National Grid ESO and SSEN Transmission to explore approaches for identifying and utilising limited 'windows of opportunity' to export to grid at times which would avoid any risk of constraints on the transmission system, and agree the terms of RaaS export restrictions
- progression of activities to further develop commercial aspects of RaaS, with supply chain engagement to feed into PD5
- ongoing engagement with external stakeholders to share project findings and invite feedback
- continued engagement with wider industry initiatives relevant to the potential future rollout of RaaS

All areas of work have the potential for issues to be identified which represent challenges for the project, with regard both to delivery of the trial scheme, and to technical and/or commercial aspects of the RaaS concept.

Safety will continue to be the primary priority for the project, with timeframes adapted as necessary to mitigate any risks.

The project team will continue to evaluate and manage the key issues identified over the current reporting period and challenges experienced during the next reporting period, responding to further information or developments as necessary.

Additional Considerations

Internal discussions, engagement with stakeholders, and the advancement of wider industry initiatives over the course of the project continue to highlight a range of factors that will be important to consider and address. These items complement the original project plans by ensuring that ideas elicited through ongoing project activities and wider engagement inform the project work and development of the RaaS solution. Additional considerations are logged and assigned to appropriate work packages to influence the development of project activities, and ensure that suitable feedback is provided to stakeholders.

Progress Against Budget

Table 2 below details expenditure to date against each line in the Project Budget and compares this with planned expenditure to date. Commentary is also provided below for projected variances greater than 5%.

Cost Category	Total Budget	Expenditure to	Date (phased)	Variance					
	(Project Direction)	Expected	Actual	£	%				
		(original budget)							
Labour	£1,489,316	£1,441,286	£963,165	-£478,120	-33%				
Equipment	£3,308,967	£3,308,967	£840	-£3,308,127	-100%				
Contractors	£5,262,815	£5,262,815	£3,282,921	-£1,979,895	-38%				
Travel and Expenses	£513,671	£513,671	£4,113	-£509,558	-99%				
Decommissioning	£356,338	£356,338	£0.00	-£356,338	-				
Total	£10,931,107	£10,883,077	£4,251,039	-£6,632,038	-61%				

Table 2 - Summary of Project Budget

Comments around variance

As set out in the **Project Manager's Report** section, a number of factors have impacted the timeframes associated with project activities. These have accordingly resulted in changes to expected payment milestones across all cost categories.

The 'Travel and Expenses' cost category has continued to realise efficiencies and cost savings in line with the move to alternative ways of working and use of remote working technologies, which will continue to be reflected in project expenditure for this line item.

Project Bank Account

A copy of the current project bank account statement is provided in Appendix 1 (confidential).

Project Deliverables

The RaaS Project Direction defines nine Project Deliverables, as presented in Table 3.

All Project Deliverables and supporting reports are available via the documents section of the RaaS website - <u>https://ssen-innovation.co.uk/raas/project-docs</u>.

As described within the **Project Manager's Report** section of this report, a Material Change request related to extended project timeframes was approved by Ofgem in February 2023. Subsequently, awareness of the range of external factors that may influence delivery of the project trial scheme beyond the timeframes set out in programmes provided by equipment suppliers and contractors has resulted in a further Material Change request submitted to Ofgem in October 2023, as set out in the **Material Change Information** section of this report.

The table below reflects both the original Project Direction and the revised dates included in the October 2023 Material Change request.

Deliverable	Description	Due	Evidence	Status
1	Front End Engineering Design (FEED) (WP2)	Project Direction: Aug 2020 Submitted: 25 Feb 21	 Report detailing the selected site for demonstration and proposed Use case(s) for the RaaS demonstration. External peer review of FEED. 	
2	Detailed Design (WP3)	Project Direction: Jan 2021 Submitted: 17 Nov 21	 Detailed design of controls, electrical integration, available DER and the BESS complete. Publish Trial Programme on SSEN RaaS webpage. 	
3	Business Model for Potential RaaS Suppliers (WP5)	Project Direction: Feb 2021 Submitted: 18 Jan 22	 Construct investment business case for RaaS supplier. Produce draft Heads of Terms for RaaS method. 	
4	Stakeholder Feedback Event (Stage Gate)	Project Direction: Apr 2021 Submitted: 25 Feb 22	 Stakeholder feedback event to disseminate and gather feedback on outputs. 	
5	Supply Chain Engagement (WP6)	Project Direction: Nov 2021 Revised: Jul 2024	 Publish Commercial Strategy on SSEN RaaS webpage. Present Enterprise design for Resilience as a Service on SSEN website 	On target for revised dates.
6	Network Adaptation and Acceptance Testing (WP7)	Project Direction: Mar 2022 Revised: Oct 2025	 Produce interface and configuration specifications and commissioning reports. 	On target for revised dates.

Table 3 - RaaS Project Deliverables

Deliverable	Description	Due	Evidence	Status		
7	Trial 1 - Demonstration at first site complete (WP7)	Project Direction: Dec 2023 Revised: Jun 2026	 Publish Demonstration analysis results on SSEN RaaS webpage covering both technical and commercial aspects. Stakeholder dissemination event showcasing learnings. 	On target for revised dates.		
8	BAU Preparation	Project Direction: Jun 2024 Revised: Mar 2026	 Technical design to support second demonstration site. Consultation with potential RaaS market for second demonstration site. 	On target for revised dates.		
9	Comply with knowledge transfer requirements of the Governance Document.	End of project	 Annual Project Progress Reports which comply with the requirements of the Governance Document. Completed Close Down Report which complies with the requirements of the Governance Document. Evidence of attendance and participation in the Annual Conference as described in the Governance Document. 	Ongoing		
Кеу						
Cor	npleted (Deliverable met)	Emerging iss	Emerging issue, remains on target Deliverable competed lat			
On	target	Unresolved	Unresolved issue, off target Not completed and			

The key challenges moving into the next reporting period relate to:

- impacts on the supply chain due to ongoing geopolitical events
- issues with the grid connection for the BESS and what may be possible during the trial in the event that Sandbox support is or is not granted
- delivery of the demonstration scheme at the project trial site with coordination of multiple partners and contractors, external factors that may impact contractor and supplier delivery timeframes, and dependence on weather events

The project team continue to keep all aspect under consideration as information from suppliers is provided and project activities progress, communicating the position to both the Project Steering Board and Ofgem Project Officer for RaaS.

Data Access Details

Data obtained over the course of the RaaS project will be available to interested parties through appropriate channels, such as published project reports and deliverables available via the project website. This information will be provided in accordance with the SSEN Network Innovation Competition (NIC) and Network Innovation Allowance (NIA) Data Sharing Procedure, reference PR-NET-ENG-020⁹.

For further information please email <u>future.networks@sse.com</u>.

⁹ SSEN Network Innovation Competition and Network Innovation Allowance Data Sharing Procedure, Revision 2.00, <u>PR-NET-ENG-020</u>

Learning Outcomes

The learning outcomes defined for the RaaS Project are as follows:

- 1) Understand how resilience can be supplied as a service
- 2) Demonstrate that the system components for the provision of resilience can be integrated into the network, with clarity on the division of scope of supply between the DNO and resilience supplier
- 3) Confirm that storage technology providing resilience is capable of achieving the expected revenue streams to minimise the cost of the resilience service
- 4) Develop an understanding of the optimum relationship between the resilience services that could be provided, whilst ensuring commercial viability for all participants
- 5) Develop supply chain models for the provision of resilience, and understand how the service can be procured in the most cost effective way
- 6) Disseminate Project results within the industry

A summary of the progress against these objectives is given below, together with information on associated dissemination activities.

Understand how resilience can be supplied as a service

This learning outcome aims to provide an understanding of both the technical and commercial aspects of how resilience can be supplied as a service.

Technical aspects

During this reporting period activities for installation of the RaaS trial and demonstration scheme have progressed within Work Package 7 'Demonstration Site Construction and Operation'.

In working with the appointed consultants and suppliers on development of the electrical and civils designs for each aspect of the trial scheme a range of detailed considerations have been identified. Information on all technical aspects of the scheme implemented for the trial will be reported in PD6 'Network Adaptation and Acceptance Testing'.

Commercial aspects

As set out in the **Business Case Update** section of this report, conclusions and recommendations from the first phase of the project are to be developed and refined during the second phase of the project. During this reporting period further work on the business case and commercial considerations associated with RaaS has been commissioned. This work will feed into engagement activities associated with PD5 'Supply Chain Engagement'.

Demonstrate that the system components for the provision of resilience can be integrated into the network, with clarity on the division of scope of supply between the DNO and resilience supplier

Also within Work Package 7, the project partners have continued engagement with the appointed suppliers to develop equipment specific plans and designs for the DNO and RaaS Service Provider aspects of the trial scheme, maintaining consideration of the integration between the BESS scheme and existing network assets.

Technical details of the scheme implemented for the trial will be reported in PD6.

Confirm that storage technology providing resilience is capable of achieving the expected revenue streams to minimise the cost of the resilience service

The business case assessment undertaken during the first phase of the project, and presented in PD3 'Business Model', included a review of the Business Case for RaaS from both the DNO and RaaS Service Provider perspectives.

The conclusions and recommendations from this work are to be developed and refined during the second phase of the project, and further work to support the evaluation of options that could improve the attractiveness of RaaS to both parties has been commissioned and commenced over this reporting period. This work will feed into engagement activities associated with PD5.

The project team also continue to follow wider industry initiatives relevant to the potential future rollout of RaaS, and participate in events that are feeding into the development of new approaches to, for example, flexibility services and market platforms, grid connections, and network resilience.

Develop an understanding of the optimum relationship between the resilience services that could be provided, whilst ensuring commercial viability for all participants

This objective recognises the need to be pragmatic about establishing an acceptable balance between a system which provides a full capability resilience service and a system which provides an economic level of security based on anticipated costs and benefits for market participants.

Further work on the business case and commercial considerations associated with RaaS has been commissioned and commenced during this reporting period.

Activities planned as part of Work Package 6 'Supply Chain Engagement' will explore options and considerations associated with commercial aspects of RaaS, to feed into PD5.

Develop supply chain models for the provision of resilience, and understand how the service can be procured in the most cost effective way

Building on the market structure and supply chain work undertaken during the first phase of the project, Work Package 6 and associated stakeholder engagement activities will include procurement and tender processes considerations, and alignment with wider industry developments regarding flexibility procurement frameworks, such as those being developed through the ENA's Open Networks project¹⁰ and Ofgem's Future of Distributed Flexibility (FoDF) common Flexibility Digital Infrastructure (FDI) proposals.

Disseminate Project results within the industry

The project team has continued to engage with stakeholders to disseminate findings from the project and participate in wider industry discussions regarding network resilience, flexibility services and market platforms, and grid connections. This has included:

- biannual Stakeholder Advisory Board meetings in January and September 2023 board members comprise representatives from BEIS, Citizens Advice, ENA, Minginish Community Council, National Grid ESO, Northern Powergrid, Ofgem, Scottish Government, Sustainability First
- publication of a case study on E.ON's website spotlighting the RaaS project and plans for the trial phase, in July 2023 - also shared via social media pages such as LinkedIn and Twitter
 www.eonenergy.com/business/why-eon/case-studies/isle-of-skye-battery.html
- presentations about RaaS to:
 - The Scotsman's Highlands & Islands Green Energy Conference in Inverness, June 2023

¹⁰ ENA Open Networks project, <u>www.energynetworks.org/creating-tomorrows-networks/open-networks</u>

- the Energy Innovation Summit in Liverpool, 31 October & 1 November 2023 during a session on 'Renewable Upgrades for Rapid Transition to Clean Energy'
- participation in working groups and consultations to feed into wider industry initiatives relevant to the future rollout of RaaS:
 - Regen's Grid Connections Working Group, February 2023
 - National Grid ESO's Connections Reform project online presentations and design sprint events, 2023
 - Ofgem's 'Consultation: Future of local energy institutions and governance' and 'Call for Input: The Future of Distributed Flexibility' through a joint business response, March to May 2023 - these parallel activities consider local energy institutions and governance, including consideration of the use of a common digital infrastructure as a market enabling platform for co-ordinating DER assets participating in the provision of services to distribution networks
 - Ofgem's Future of Distributed Flexibility (FoDF) Common Digital Energy Infrastructure (CDEI) Technical Design Workshop, August 2023 - CDEI now re-referenced Flexibility Digital Infrastructure (FDI)
 - Regen's Grid Connections Working Group, September 2023
- attendance at other external events to continue sharing thoughts, learning from and seeking synergies with other innovation projects and initiatives:
 - CIGRE UK's Technical Webinar 'Development of Grid Forming Converters for Secure and Reliable Operation of Future Electricity Systems', January 2023
 - Regen's Electricity Storage Network (ESN) Annual Conference 2023 online events, January 2023
 - Utility Week's Future Networks, Heat & Transport Conference 2023, February 2023
 - National Grid ESO's Virtual Energy System Conference 2023, February 2023
 - Energy Storage Summit 2023, February 2023
 - UKPN & Resource Innovation's webinar 'Smart Grid Solutions for the EV Revolution: How UK Power Networks and Resource Innovations Are Staying Ahead of the Curve', February 2023
 - the ENA's Energy Innovation Programme Networks Only Session and Innovation Basecamp, February 2023
 - The Distributed Energy Show 2023, March 2023
 - GridCell's Project Demonstration webinar, April 2023
 - National Highways / CEDR 'ENROAD' Workshop on renewable energy in the road infrastructure, April 2023
 - National Grid ESO's Distributed ReStart project 'DRZC Independent System Testing Report' webinar, April 2023
 - the IMechE's Battery Energy Storage 2023 conference, April 2023
 - National Grid ESO's 2023 Markets Roadmap webinar, April 2023
 - National Grid ESO's 'Demand Flexibility Service Deep Dive' webinars, April 2023
 - DESNZ's 'Flexibility Innovation Programme Flex Markets Unlocked' online event, May 2023
 - Utility Week Live 23, May 2023
 - UKREiiF UK Real Estate Investment & Infrastructure Forum Annual Event 2023, May 2023
 - the ENA's Open Networks Insights Forum, June 2023
 - National Grid ESO's Distributed ReStart project 'Redhouse Live Trial' webinar, October 2023
 - Regen's Electricity Storage Network Winter Conference 2023, November 2023

- bilateral engagement with community organisations working to develop local energy schemes and with Local Energy Scotland to share project plans and discuss related themes and considerations
- engagement with members of the RMI (Rocky Mountain Institute) India Team working on electricity and energy storage projects, to introduce RaaS and discuss broader considerations around battery storage integration into electricity networks, July 2023
- regular meetings with other network operators, including engagement with National Grid ESO's Distributed ReStart project team and peer review of their NIC Closedown Report¹¹

¹¹ Distributed ReStart Project Closedown Report, <u>www.nationalgrideso.com/document/280946/download</u>

IPR

No relevant IPR has been generated or registered during this reporting period, with none anticipated to be generated or registered during the next reporting period.

Risk Management

When preparing the Full Submission for RaaS, the team identified key project risks and defined strategic mitigation measures, as presented in Appendix 13 to the RaaS Full Submission Pro-forma.

As reported in the previous PPRs, following the successful NIC award and initiation of the RaaS project in early 2020, a workshop was held between key individuals from all project partners to define the risks and mitigation measures in more detail. This resulted in the creation of a detailed risk register which is now used as a live document for reviewing and addressing project risks on an ongoing basis.

Where necessary, significant risks are escalated to the Project Steering Board, to seek views and support as required.

The refined RaaS project risk register categorises risks as follows:

- Project Management
- Site Selection
- FEED
- Detailed Design
- Phase 2 Conclusions
- Market Design & Supply Chain Appraisal
- Trial Deployment
- Monitoring & Analysis of Trial Sites
- Knowledge Dissemination

The original Full Submission risk register is included as Appendix 2, and a snapshot of the refined risk register which is now used for ongoing project management is provided as Appendix 3.

Material Change Information

During the previous reporting period a Material Change request related to extended project timeframes was submitted to Ofgem in line with the 'Electricity Network Innovation Competition Governance Document v3.0', and this was approved in February 2023.

A further Material Change request was submitted to Ofgem during this reporting period, also related to an extended project timeline and submission dates for the remaining Project Deliverables. The revised PD submission dates are set out in the **Project Deliverables** section of this report, and the revised project completion date (as referenced in Section 7 'Project Implementation' of the Project Direction) would be 30 June 2026. In accordance with paragraph 8.30 of the Electricity NIC Government Document the revised Project end date is no later than two years after the original Project end date.

The rationale for this subsequent Material Change request is a clear awareness of the range of external factors that may influence delivery of the project trial scheme beyond the timeframes set out in the programmes provided by the equipment suppliers and contractors working with the project team. The change would offer provision for circumstances that it is not possible to foresee at this stage in the project.

Such factors include:

- design, manufacture and supply of the equipment required for the trial scheme, including coordination of collaborative interface and interaction testing between multiple third party suppliers
- delivery of all equipment to the demonstration site, including international shipping and transportation
- weather and climate related risks to the timing and duration of a twelve month programme of construction activities at a remote site on the West Coast of Scotland, selected as representative of a location that will benefit from the enhanced network resilience provided by RaaS recent considerations here include Storms Arwen (November 2021), Eunice (February 2022), Otto (February 2023), Agnes (September 2023), Babet (October 2023), with fewer storms of such impact experienced prior to bid submission and awarding of funding
- coordination of multiple suppliers and contractors on site, where a delay in the timeframes of one party (for example due to the above risks) may have a resulting impact on the activities of other parties this impact has become apparent following appointment of suitable contractors for all project activities, with associated coordination of site activities between multiple parties fundamental to ensuring the safe delivery of the trial scheme, as reflected in additional risk items added to the Revised Risk Register provided as Appendix 3

The further request was submitted to Ofgem on 31 October 2023, and a decision is expected within the next reporting period.

Accuracy Assurance Statement

PPR Preparation Steps

The following steps have been used to prepare and ensure the accuracy of this report:

- Initial preparation and drafting by SSEN
- Review by the Project Delivery Board members
- Review by the Project Steering Board
- Standard SSEN internal review process, including Senior Managers and the Data Assurance and Regulation teams
- Approval by the SSEN Senior Manager responsible for the project

Sign-off

As the senior manager responsible for the RaaS Project, I confirm that the processes in place and the steps taken to prepare this PPR are sufficiently robust and that the information provided is accurate and complete.

Stewart A Reid

Date 14/12/2023

Head of Future Networks Scottish and Southern Electricity Networks

Appendices

Appendix 1 - Project Bank Account (confidential)

- Appendix 2 Original Risk Register
- Appendix 3 Revised Risk Register

Appendix 1 - Project Bank Account

Please see accompanying file (confidential).

Appendix 2 - Original Risk Register

Risk ID	Risk Category	Date Raised	Risk Description	Impact	Probability of Risk Occurring	Project Impact if Risk Occurs	Expected Value for Each Risk
RRaaS001	Technical	01 July 2019	The project fails to deliver the expected financial and technical benefits expected.	Lower than expected value delivered	4		
RRaaS002	Technical	01 July 2019	Significant involvement for single supplier of RaaS creates an uncompetitive market post- project.	After project is completed, the supply chain is not able to respond to the call for tender.	4		
RRaaS003	Technical	01 July 2019	The project requirements and deliverables are ambiguous.	equirements and Requirements creep and loss are ambiguous. of confidence will occur.		-4	-12
RRaaS004	Technical	03 June 2019	Circuits that require resilience are constrained such that the storage system providing resilience can't operate in different markets.	Cost of resilience can't be reduced to economically viable levels and traditional reinforcement is more economically viable.	3	-7	-21
RRaaS005	Technical	01 July 2019	The revenue generated from other markets by the RaaS provider fail to reduce the cost of resilience to an economical level.	nerated from by the RaaS reduce the cost of economical level. The learning outcome that provision of market revenues and resilience are mutually exclusive.			-15
RRaaS005 (<i>sic</i>)	Social	01 July 2019	Stakeholders develop inaccurate expectations.	Stakeholders will lose confidence in and support to project.	3		-15
RRaaS006	Technical	01 July 2019	The RaaS solution, its design and implementation are more complex than first thought.	Application of RaaS is not feasible and project stops.	5		-25
RRaaS007	Technical	01 July 2019	Suitable sites for the trials prove inadequate or are not available.	Costs increase, confidence lost and the project is delayed.	3		-15
RRaaS008	Technical	01 July 2019	Integration of equipment and systems not achievable or takes longer than planned.	costs increase and able or takes d. Costs increase and alternative funds required for the completion of the project.			

Risk ID	Risk Category	Date Raised	Risk Description	Impact	Probability of Risk Occurring	Project Impact if Risk Occurs	Expected Value for Each Risk
RRaaS009	Political	01 July 2019	UK legislation changes forces project mandate, deliverables and requirements to change.	ion changes forces indate, deliverables and nts to change.		-3	-3
RRaaS010	Social	03 June 2019	Risk of outage during project demonstration is deemed unacceptably high.	If sensitive loads that can be not tolerated the demonstrations can't be carried out	1		-5
RRaaS011	Economic	01 July 2019	Non-BAU technology proves to be more expensive than previously expected.	Project overspend requiring additional partner contribution or request to Ofgem for additional funding.	4		
RRaaS012	Economic	01 July 2019	Lack of business support from partner organisations.	Intra organisational tensions increase causing delays or withdrawal from the project.	3	-4	-12
RRaaS007	Technical	01 July 2019	Suitable sites for the trials prove inadequate or are not available.	Costs increase, confidence lost and the project is delayed.	3	-5	-15

Appendix 3 - Revised Risk Register

A snapshot of the project risk register is given below.

Revisions from the table included with the December 2022 PPR are shown in teal, including the addition of Risk 11a recognising impacts of geopolitical events on supply chains, Risks 24a & 24b relating to Ofgem decisions on the Sandbox application and Material Change request, and Risks 30a to 30e relating to complexities of delivery on site.

Risk 25 referencing the MBSE system model and P13 enterprise design plans has been closed and replaced by Risk 25a relating to planned further work on the business case and commercial considerations associated with RaaS, in line with the review of project activities described in the **Project Manager's Report**.

Risk ID	Risk Item	Potential Impact	Probability of Risk Occurring	Impact if Risk Occurs	Risk Rating	Mitigation / Contingency
Proje	ct Management					
02	Difficulties resourcing the RaaS project internally within the SSEN Future Networks team	Lack of sufficient input to the project results in the design & implementation of a system which does not fulfil the objectives of the RaaS concept, and/or results in the production of poor quality deliverables.	2	-3	-6	An SSEN Project Manager and Project Engineer have been assigned to the project. Detailed introduction and/or handover processes to be used to ensure continuity & consistency where new individuals join the project team.
03	Difficulties resourcing the RaaS project or ensuring consistency internally within Costain	Key members of the RaaS project team move on from Costain leaving knowledge gaps within the organisation.	2	-3	-6	Project team members will be expected to develop a broader understanding of the whole project rather than just their own role to ensure knowledge continuity should one member leave. Detailed introduction and/or handover processes to be used to ensure continuity & consistency where new individuals ioin the project team.
04	Difficulties resourcing the RaaS project or ensuring consistency internally within E.ON	Lack of key resources assigned to the project or key personnel changing rapidly leads to discontinuity of E.ON's work, delays and/or poor quality.	2	-3	-6	Project sponsored and support by Senior Management of each involved E.ON entity to ensure focus and consistency, with support committed via Collaboration Agreement. Management focus on continuity and detailed handover in case of changes in personnel, with internal documentation and knowledge management.

	04a	Lack of close programme management leads to issues with timely project delivery	The absence of detailed tracking of project activities & progress results in delays to the programme, impacts on the project team's ability to identify and resolve issues in a timely manner, and could harm the reputation of the project partners which may weaken future funding opportunities.	2	-3	-6	The Further Variation to the Collaboration Agreement, July 2023, identifies SSEN as the lead party for WP1 'Project Coordination' of NIC project delivery, and each project partner has responsibility for their own activities working collaboratively with the other partners. For delivery of the trial scheme Project Managers specifically dedicated to the project partners' activities on
-		Difficulties with consultant/supplier	The absence of a consultant/supplier with				Early engagement with potential consultants/suppliers to raise awareness of the project and potential opportunities.
	05	development for development & implementation of the DNO-side system architecture and control	sufficient knowledge & expertise results in the design & implementation of a system which does not fulfil the objectives of the RaaS concept.	2	-4	-8	bevelop tender documents which detail all aspects of the work but set out requirements in defined work packages, allowing different suppliers to express an interest in different elements and ensure that the most appropriate mix of skills, expertise and experience can be drawn on.
		platform					Standard SSEN procurement processes.
	06	Difficulties with supplier recruitment for the BESS & EMS system architecture and control platform	Inability to find suitable suppliers or to obtain quotes within budget results in delays, budget overruns and eventually the need to stop the project.	2	-4	-8	Early engagement with potential suppliers to raise awareness of the project and potential opportunities. Use of E.ON's wide network and long-term partnerships with a broad variety of potential suppliers. Early start of procurement process with RFI, RFP, RFQ phases.
							Links to risk 9.
			A lack of quality or detail in material created by consultants or provided by suppliers results in delays to the project due to reworking, or the design & implementation of a system which does not fulfil the objectives of the RaaS	2	-4		Undertake due diligence and detailed negotiations for e.g. the BESS MF/1 contact, with provisions to ensure quality and timely delivery.
	065	Issues with the quality of deliverables from consultant and/or suppliers related to E.ON project activities				0	Work undertaken by consultant/suppliers will be closely tracked by E.ON to maintain focus, promote quality and ensure timely delivery.
	UOd					-0	Material created by consultants or provided by suppliers will be reviewed by the project team prior to being finalised/accepted.
			Concept.				Any issues identified will be raised with the wider project team at the earliest opportunity, allowing evaluation of the potential impacts and resolutions.

07	Difficulties in obtaining support from SSEN resources in other areas of the business	Lack of support from relevant teams within SSEN results in the design of a system which does not adequately meet business requirements, or prevents/results in delays to implementation of the trial scheme.	3	-3	-9	Early engagement with the associated departments is critical to make them aware of the project, the requirements and the potential additional workload. Allowance has been made within the bid submission project budget to cover internal SSEN resourcing costs.
08	Lack of budget to complete project and/or individual deliverables or over spend on budget	Over spend on any individual aspect(s) of the project could lead to a lack of funds across other activities to complete to work to the desired timeframes and standards. (references to Phases 1 & 2 removed)	4	-5	-20	Regular review by the project partners of expected costs and expenditure against forecast to identify and understand any differences. Careful procurement processes to ensure quotes are acceptable against budget, inc. maintaining the distinction between Phase 1 and Phase 2 budgets. Work closely with project suppliers to identify any issues and avoid potential overspend. As quotes & prices are being consolidated during Phase 2, project team to continue to review costs against budget, also review the scope of individual project partner milestone deliverables in light of learning from earlier stages of the project to ensure relevance and value, and present findings and other key considerations to the Project Steering Board for the board to make a decision on whether a) project budget is sufficient to proceed with the build phase and b) it remains appropriate to proceed in delivering value to the industry. Links to risk 9 and 26a.

						Develop a procurement plan that will allow equipment, specialist consultancy and additional support resources to be sourced in a cost effective way.
						Compare and review all quotes received in detail considering both capabilities/functionalities and costs.
09	External contractors and/or equipment is more	If equipment is more expensive than expected, project may not be in a sufficient place to continue with plans.	5	-5		Phase 1 evaluated the potential costs of RaaS and reported these as part of the Stage Gate decision process - where costs were likely to be higher than expected at project initiation, this would have informed the decision as to whether or not to proceed to Phase 2 and implementation of RaaS at the selected trial site.
	equipment is more expensive than expected			5		As quotes & prices are being consolidated during Phase 2, project team to continue to review costs against budget, also review the scope of individual project partner milestone deliverables in light of learning from earlier stages of the project to ensure relevance and value, and present findings and other key considerations to the Project Steering Board for the board to make a decision on whether a) project budget is sufficient to proceed with the build phase and b) it remains appropriate to proceed in delivering value to the industry.
						Links to risk 26a.
	Legislative, regulatory or trading issues are identified which present barriers to the application of RaaS	Legislation, regulatory or trading requirements or changes have practical, technical or cost implications for the application of RaaS in different locations.	1			Monitor any proposed legislative changes, assess the potential impacts on project delivery and/or future roll out of RaaS, and provide input into any associated consultations.
10				-3	-3	Review the project scope if necessary, likewise revise the scope of individual project partner milestone deliverables in light of learning from earlier stages of the project to ensure relevance and value.
						Communicate issues to Ofgem and other industry forums as relevant.

11	Delays to project activities due to Covid-19	The Covid-19 situation results in delays to project activities and deliverables by one project partner, which then have implications for the completion of deliverables by other project partners or submission of PDs to Ofgem.	4	-4	-16	Collaboratively track project progress closely to ensure early identification & assessment of the impacts of any potential delays on any aspect of the project programme, communicating these to the RaaS Project Delivery Board in a timely manner to maintain awareness and allow potential issues to be resolved in an acceptable way. RaaS Project Delivery Board to communicate issues to the Project Steering Board/Stakeholder Advisory Group as appropriate.		
						SSEN Project Manager to communicate issues to Ofgem.		
		Global political events have impacted supply chains and market prices resulting in:				MF1 contact, with provisions around e.g. cost variations - necessary in the event that a variation is more than the project can afford.		
11a	Impacts of geopolitical events on supply chains	 Extended supply chain delivery timeframes for the BESS and DNO equipment increased equipment costs due to external market influences Supplier delivery timeframes have implications for the completion of deliverables by project partners and/or submission of PDs to Ofrem 	5	-3	15	Project team to track project progress closely to ensure early identification & assessment of the impacts of any potential delays on any aspect of the project programme, communicating these to the RaaS Project Delivery Board in a timely manner to maintain awareness and allow potential issues to be resolved in an acceptable way.		
						RaaS Project Delivery Board to communicate issues to the Project Steering Board and Stakeholder Advisory Board as appropriate.		
						SSEN Project Manager to communicate issues to Ofgem.		
12	Changes to the political landscape (e.g. Brexit, trade deals)	Political changes may have implications for an international project consortium.	1	-3	-3	Collaboratively monitor the political landscape and raise news or issues which may impact the project with the project team.		
Site Selection With the completion of site selection process, and submission of PD1, all associated risks have been closed.								
FEED	With the co	ompletion and Peer Review of the FEED, and s	submi	ission o	of PD1,	all associated risks have been closed.		
Detai	led Design With the co	ompletion of the detailed technical design, an	d sub	missio	n of PE	02, all associated risks have been closed.		
Phase	Phase 1 Conclusions With the completion of Phase 1 and the conclusions from the Stage Gate decision, the associated risks have been closed.							

Phase	Phase 2 Conclusions								
22a	Learning during Phase 2 indicates that the benefits of RaaS (including both improved resilience for the DNO and revenue stacking for the RaaS service provider) will be too low, or that the costs or risks will be too high	An attractive proposition can't be offered to the market for BAU rollout of RaaS until any barriers identified have been addressed.	2	-5	-10	The project team will continue to review project findings to identify and understand ways in which the commercial model will be attractive to the DNO and supply chain, and communicate these with the Project Steering Board, the Ofgem Project Officer for the project, and all relevant external parties. Stakeholder engagement will be used to explore commercial considerations and preferences with the potential supply chain.			
23a	The BAU commercial model for RaaS is not sufficient to attract a supply chain for wider deployment across GB	An attractive proposition can't be offered to the market for BAU rollout of RaaS until any barriers identified have been addressed.	2	-5	-10	The project team will continue to review project findings to identify and understand ways in which the commercial model will be attractive to the supply chain, and communicate these with the Project Steering Board, the Ofgem Project Officer for the project, and all relevant external parties. Stakeholder engagement will be used to explore commercial considerations and preferences with the potential supply chain.			
24a	Regulatory Sandbox support is not granted by Ofgem, or subsequent discussions with National Grid ESO and SSEN Transmission don't result in the identification of means to utilise short, limited 'windows of opportunity' to export to grid at times which would avoid any risk of constraints on the transmission system	In the event that Sandbox support is not available, or agreement can't be reached with National Grid ESO or SSEN Transmission, the extent to which the trial system can be demonstrated will be reduced, impacting the learning that can be obtained to improve confidence in this as a new service for network operation.	3	-3	-9	Continue engagement with Ofgem, National Grid ESO and SSEN Transmission to answer questions and respond to requests for further information.			

24b	The further Material Change request related to project timeframes is not granted by Ofgem	The further Material Change request has been submitted as provision for circumstances that are not apparent at this stage, and the decision will be of significance for effective delivery of the trial phase. If not granted, further impacts on delivery timeframes, and/or the prioritisation of safety, may result in late submission of Project Deliverables.	2	-3	-6	Continue engagement with Ofgem to answer questions and respond to requests for further information.
Mark	et Design & Supply Chain Ap	praisal				
25a	Further work on the business case and commercial considerations associated with RaaS does not provide the expected insight for presenting options to the supply chain, or supply chain engagement activities do not provide the expected insight to draw up a commercial strategy and market/value propositions for PD5	RaaS product design could be impacted, which would impact the attractiveness of RaaS to potential service providers, thereby impacting the potential future roll out of RaaS as business as usual.	2	-3	-6	Detailed consideration will be given to the aims and scope of the work required to support PD5, with suitable consultants identified and appointed.
Trial	Deployment					
26	Delays in obtaining all permits / licenses / authorisations required for construction (inc. civils)	Not possible to commence construction within the timeframes set out in the project programme.	3	-3	-9	Monitor and report to the PSB any effects on the programme.

26a	Issues with the application of RaaS at the trial site become apparent following commencement of Phase 2 of the project	Deployment of RaaS at the planned trial site is impacted, e.g. requires significant re-work of the detailed design, requires significant supporting activities (e.g. civils works, etc.), constrains or prevents comprehensive demonstration of the RaaS concept in full during the project trial period, or delays delivery of PDs beyond the 12 months acceptable within the NIC governance terms.	5	-4	-20	 Issues identified since commencement of Phase 2 include: BESS costs, equipment price volatility, equipment delivery timeframes delays to project delivery & submission of PDs beyond 12 months necessitating a Material Change request generation constraints at transmission level & associated connection queue potential import constraints at distribution level Project partners to communicate any issues identified at the earliest opportunity, and to work collaboratively to seek solutions and/or alternative options. Issues to be raised with the Project Steering Board as necessary, with project plans and costs vs budgets reviewed to ensure that the project continues to represent value for NIC funding and that it is appropriate to proceed/continue with construction & delivery of the trial site. Issues or concerns regarding project plans and/or resources to also be raised with the Stakeholder Advisory Board and Ofgem in a timely manner.
27	Delays in meeting regulatory obligations / legislative requirements for construction (inc. civils)	Not possible to commence construction within the timeframes set out in the project programme.	3	-3	-9	Monitor and report to the PSB any effects on the programme.
28	Ecology surveys identify protected species, e.g. badgers, bats, great crested newts, etc.	Not possible to commence construction within the timeframes set out in the project programme.	3	-3	-9	Monitor and report to the PSB any effects on the programme.
29	Third parties (e.g. the local Fire Service) raise concerns regarding fire safety related to the BESS	Not possible to commence construction or operation within the timeframes set out in the project programme.	3	-3	-9	Monitor and report to the PSB any effects on the programme.

30	Delays in shipping & delivering equipment	Not possible to commence construction within the timeframes set out in the project programme.	3	-3	-9	Monitor and report to the PSB any effects on the programme.
30a	Security of equipment storage	Loss of equipment and tools could impact delivery timescales (and potentially project costs), particularly for items with long lead times.	3	-3	-9	Undertake security risk assessments for all potential storage locations, select appropriate storage site, and implement relevant control measures.
30b	Weather during construction phase	Poor weather conditions (e.g. rain, wind, snow, ice, fog) could impact delivery or construction works through delay due to e.g. - adapting work plans to ensure safety - lack of suitable conditions for site work activities (e.g. concrete pouring, batteries to be unpacked in a dry conditions) - damage to equipment	5	-5	-25	Review long range weather forecasts regularly and evaluate potential impacts to planned activities, adapting the programme accordingly. Implementing appropriate measure to maintain a safe working environment (e.g. temporary /task lighting). Undertake regular POWRA (point of work risk assessments) and adapt plans to changing weather and environmental conditions.
30c	Flood risk	Flooding impacts construction (resulting in delays and/or re-work) or operation of the trial scheme.	2	-5	-10	Ensure BESS equipment sits above the flood risk level, whether through a thicker concrete platform for the containers or with the containers on stilts. As a minimum ensure that the floor level of the containers matches the level of the existing switchgear building base.
30d	Remote location with seasonal tourism	Seasonal availability and demand impacts such things as accommodation options (e.g. accommodation booked up during the tourist season, accommodation and dining options closed out of season) and travel arrangements/parking options for those working on site.	3	-3	-9	Book accommodation and travel at earliest date possible. Look into options for parking arrangements.
30e	CDM roles not clearly defined or understood throughout the different stages of delivery	Lack of clarity of roles results in e.g.: - potential injury to people - conflicting plans - delay to programme - damage to equipment	5	-3	-15	Define CDM roles for each stage of delivery as early as possible. Create one overall programme representing all project partner and consultant delivery activities, as the basis for coordination of site activities, identification of overlap

						between different contractors' activities and associated impacts of potential delays affecting activities of another party, potential amalgamation of civils works for the BESS and switchboard, definition of CDM roles and requirements during the different stages of delivery.
31	Delays in testing, installation or commissioning of each aspect of the RaaS system	Not possible to commence operation within the timeframes set out in the project programme.	3	-4		Track project progress closely to ensure early identification & assessment of the impacts of any potential delays on any aspect of the project programme, communicating these to the RaaS Project Delivery Board in a timely manner to maintain awareness and allow potential issues to be resolved in an acceptable way.
						RaaS Project Delivery Board to communicate issues to the Project Steering Board/Stakeholder Advisory Group as appropriate.
32	Issues in scheduling outages in conjunction with the relevant SSEN teams	Delays to scheduling outages for installation & commissioning mean that it is not possible to commence operation within the timeframes set out in the project programme.	3	-3	-9	Existing SSEN processes to request staff / outages via the Control Centre. Long term planning of the tasks required with early engagement to the various departments involved, and backup plans identified should the outages be cancelled due to storms / faults, etc.
33	Issues in arranging a temporary diesel generator to supply power to customers during the commissioning & live testing period	Delays to commissioning mean that it is not possible to commence operation within the timeframes set out in the project programme.	3	-3	-9	Existing SSEN processes to arrange temporary diesel generation. Long term planning of the tasks required with early engagement to the various departments involved, and backup plans identified should the availability of temporary generation be delayed due to storms / faults, etc.
33a	Issues in arranging loadbanks for system commissioning (and potentially for trial operation)	Delays to commissioning mean that it is not possible to commence operation within the timeframes set out in the project programme.	2	-3	-6	Long term planning of the tasks required with early engagement with potential hire companies.

34	Available equipment cannot meet the required specifications	Inability to source equipment suitable for the application of RaaS in accordance with design and specifications impedes full implementation or indicates that RaaS is not a viable solution at present.	3	-4	-12	Two step design process implemented to ensure high quality of design and continuous alignment between SSEN, E.ON and equipment suppliers. Final design specified in cooperation with equipment suppliers to ensure equipment is able to meet specifications. Continuous due diligence from review processes within project partners and wider market.
35	Risk of damaging network assets	Application of the RaaS system results in damage to network assets which has implications for customer supplies, repair costs and/or project delivery.	3	-4		Phase 1 design work must develop a comprehensive understanding of the potential risks to network assets to identify appropriate and cost effective mitigation measures. In the event of a high level of risk, communicate this to inform the Stage Gate decision process and do not proceed to Phase 2 if the risk is unacceptably high. Once installed, closely monitor the trial system during operation and if any issues are identified immediately cease trial operation, investigate, and only re-commence trial
36	Risk of customer interruptions	Application of the RaaS system results in an unforeseen operational situation which affects customer supplies.	3	-4		 Phase 1 design work must develop a comprehensive understanding of the potential risks to security of supply to identify appropriate and cost effective mitigation measures. In the event of a high level of risk, communicate this to inform the Stage Gate decision process and do not proceed to Phase 2 if the risk is unacceptably high. Once installed, closely monitor the trial system during operation and if any issues are identified immediately cease trial operation, investigate, and only re-commence trial operation once the issue is understood and resolved.
37	Risk of power quality problems	Application of the RaaS system results in an unforeseen operational situation which affects customer supplies.	3	-4		Phase 1 design work must develop a comprehensive understanding of the potential risks to power quality to identify appropriate and cost effective mitigation measures. In the event of a high level of risk, communicate this to inform the Stage Gate decision process and do not proceed to Phase 2 if the risk is unacceptably high.

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					Once installed, closely monitor the trial system during operation and if any issues are identified immediately cease trial operation, investigate, and only re-commence trial operation once the issue is understood and resolved.
38	Operational Safety Processes & Procedures are not understood or complied with	Significant safety implications for staff and contractors.	4	-5	 Follow all relevant Operational Safety Processes & Procedures. Ensure appropriate PPE is worn. Ensure that all consultants and contractors involved with the project are aware of SSEN safety requirements. Continue to reinforce the safety message, including: check that all those on site understand their roles, and the level of supervision required ensure that all Permits-to-Work are comprehensive, complete and communicated to the working party remind the Senior Authorised Person re appropriately challenging the knowledge, understanding and competence of all Persons in the Working Party remind the members of the Working Party to challenge anything they believe to be unsafe and use Operational Safety Rule 1.7 if necessary undertake site audits, including questions about electrical aspects ask to see safety docs, and ask questions about people's understanding of the material and whether they have any concerns if it's not safe, we don't do it
39	Operational staff are unfamiliar with new substation/network operating arrangements	Lack of awareness of processes and responsibilities leads to safety risks and/or issues with network operation affecting customer supplies and/or assets.	4	-4	 Training and briefings to be provided to all relevant individuals (as identified by senior managers), with new procedures/processes/technical guides created and issued where necessary.

Moni	Monitoring & Analysis of Trial Sites								
		Lack of data means that the project cannot draw robust conclusions or make recommendations regarding the wider application of RaaS, resulting in poor quality deliverables submitted to Ofgem and shared with other DNOs.				The project will use existing data capture systems and install monitoring equipment as required to capture relevant data.			
						When scoping deliverables and/or commissioning work from external parties, include tasks which focus specifically on monitoring and data collection requirements.			
40	Inconsistent or insufficient data available to complete suitable analysis		3	-3	-9	Good practice in trial design regarding number of trial events, including the planned ~2 month commissioning period with customers supplied by a diesel genset to allow network faults to be replicated and assess the RaaS response.			
						Data will be reviewed at multiple points throughout the project to ensure suitable data is being captured.			
						Incorporate clauses relating to data monitoring requirements within the revisions to the CA.			
41	Monitoring equipment cannot be installed within timeframes that coincide with commencement of the project trials	Delays to data collection capabilities impact the trial schedule and subsequent activities.	3	-3	-9	Early identification of the requirements for monitoring equipment and timely procurement activities, accessing additional resource if necessary.			
						Existing SSEN & E.ON data storage and back up systems.			
		Lack of data means that the project cannot	2			Good practice in trial design regarding data collection and information security.			
42	Failure in data management system or loss or corruption of data	draw robust conclusions or make recommendations regarding the wider application of RaaS, resulting in poor quality deliverables submitted to Ofgem and shared with other DNOs.		-3	-6	The trials will be designed to include a number of trial events over a suitable period of operation to provide data for analysis even where there is a failure in data collection for some events, and data will be stored via SEPD's existing data storage and security systems and processes or using approved alternative systems.			
						Incorporate clauses relating to data monitoring requirements within the revisions to the CA.			

Know	Knowledge Dissemination								
43	Insufficient engagement with external stakeholders	Failure to engage with relevant stakeholders may affect potential market. This could also have repercussions during procurement stages of the project.	2	-3	-6	Identify all relevant stakeholders and create a stakeholder engagement plan which identifies what is relevant to each stakeholder and the best approaches to use when seeking their views.			
44	Insufficient project dissemination activities	By failing to disseminate project information the project will not be publicised and the potential impact of the project would be reduced.	2	-3	-6	Identify all suitable routes for disseminating project activities and carefully tailor what's presented to suit the different audiences and hold their interest.			
	Inadequate quality of Project Deliverables, Project Progress Reports or	Submission of poor quality formal deliverables to Ofgem could harm the reputation of the project partners and may	2	-3	-6	Previous examples of project deliverables to Ofgem, Project Progress Reports and Closedown Reports are available as a guide to what is expected and required.			
45						SSEN has established peer review processes for innovation project deliverables to be submitted to Ofgem, which will apply to the RaaS project.			
	the Closedown Report	weaken future funding opportunities.				SSEN will also ensure that sufficient time is incorporated into the project programme for the review of project deliverables by project partners prior to the SSEN internal review process.			