

# Consultation

## National Grid Electricity Transmission (NGET) Non-operational IT Capex Re-opener Consultation

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We are consulting on NGET's Non-operational Information Technology (IT) Capex Re-opener application. We would like views from people with an interest in electricity and gas transmission, distribution networks, and from other stakeholders and the public.

This document outlines the scope, purpose and questions of the consultation and how you can get involved. Once the consultation is closed, we will consider all responses. We want to be transparent in our consultations. We will publish the non-confidential responses we receive alongside a decision on next steps on our website at [Ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations). If you want your response – in whole or in part – to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

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## 1. Introduction

### What are we consulting on?

1.1. We are consulting on making adjustments to NGET Non-operational Information Technology (IT) Capex<sup>1</sup> outputs and allowances under the RIIO-2 Non-operational IT Capex Re-opener ("the Re-opener").

1.2. As part of its Special Condition 3.7 ("Non-operational IT Capex Re-opener")<sup>2</sup>, NGET submitted a Re-opener application, to request approval of its proposed IT projects and associated allowances. NGET has provided evidence to justify its IT Plan through cost reports and supporting documentation.

1.3. Since its submission in April 2021, NGET has also provided additional information through a combination of meetings and Supplementary Question (SQ) responses. Throughout this document, all monetary figures are in 2018/19 prices except where otherwise stated.

### Consultation Approach

1.4. We are issuing this consultation in response to NGET's Re-opener application. The consultation sets out our assessment of that application and the adjustments we are proposing to make to NGET licence, including the addition of PCD outputs and adjustments to allowances. Currently NGET's licence condition for Non-operational IT capex Re-opener applications does not have a PCD component and does not allow for the addition of PCD outputs by way of direction. Therefore, we intend to implement our proposals from this consultation by way of a statutory licence modification process, which will allow us to adjust allowances and add PCD outputs at the same time. We expect to bring forward this statutory consultation later this year.

1.5. Our proposals to NGET's Re-opener application are comprised into two separate parts:

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<sup>1</sup> Expenditure on new and replacement IT assets, including Hardware & Infrastructure and Application Software Development.

<sup>2</sup> <https://www.ofgem.gov.uk/publications/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licence-conditions>

- 1) This consultation document that details our proposals to NGET's proposed IEMS/TNCC/SCADA projects; and
- 2) The second consultation document that details our proposals to NGET's proposed AI projects.

1.6. We reviewed the Re-opener application against the application criteria contained within the Non-operational IT Capex Annex in the RIIO-2 Re-opener Guidance and Application Requirements Document ("the Guidance").<sup>3</sup>

1.7. We considered the NGET's proposals and their justifications for the funding requested in accordance with our principal objective and statutory duties. In line with the Guidance, our assessment of NGET's proposals covers the three following areas:

- the needs case;
- the options assessment and the justification for the proposed project; and
- the efficient costs for the proposed projects.

## Context and related publications

1.8. The scope of this consultation is limited to NGET's Non-operational IT Capex Re-opener. This document is intended to be read alongside:

- the RIIO-2 Final Determinations Core Document (REVISED)<sup>4</sup>,
- the RIIO-2 Draft Determinations – Core Document<sup>5</sup>,
- NGET's Licence Special conditions, and

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<sup>3</sup> <https://www.ofgem.gov.uk/publications/re-opener-guidance-and-application-requirements-document-0>

<sup>4</sup> [https://www.ofgem.gov.uk/system/files/docs/2021/02/final\\_determinations\\_-\\_core\\_document\\_revised.pdf](https://www.ofgem.gov.uk/system/files/docs/2021/02/final_determinations_-_core_document_revised.pdf)

<sup>5</sup> [https://www.ofgem.gov.uk/system/files/docs/2020/07/draft\\_determinations\\_-\\_core\\_document\\_redacted.pdf](https://www.ofgem.gov.uk/system/files/docs/2020/07/draft_determinations_-_core_document_redacted.pdf)

- RIIIO-2 Re-opener Guidance and Application Requirements Document.

## Consultation stages

1.9. This consultation will open on 01 September 2021 and close on 01 October 2021. We will review and publish the non-confidential responses after the consultation closes. We will endeavour to publish our decision by the end of October 2021.

## How to respond

1.10. We want to hear from anyone interested in this consultation. Please send your response to the person or team named on this document's front page.

1.11. We've asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.

1.12. We will publish non-confidential responses on our website at [www.ofgem.gov.uk/consultations](http://www.ofgem.gov.uk/consultations).

## Your response, data and confidentiality

1.13. You can ask us to keep your response, or parts of your response, confidential. We'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

1.14. If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you *do* wish to be kept confidential and those that you *do not* wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we'll get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.

1.15. If the information you give in your response contains personal data under the General Data Protection Regulation 2016/379 (GDPR) and domestic legislation on data protection, the

Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 4.

1.16. If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

## General feedback

1.17. We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:

1. Do you have any comments about the overall process of this consultation?
2. Do you have any comments about its tone and content?
3. Was it easy to read and understand? Or could it have been better written?
4. Were its conclusions balanced?
5. Did it make reasoned recommendations for improvement?
6. Any further comments?


Please send any general feedback comments to [stakeholders@ofgem.gov.uk](mailto:stakeholders@ofgem.gov.uk)

## How to track the progress of the consultation

You can track the progress of a consultation from upcoming to decision status using the 'notify me' function on a consultation page when published on our website.

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## 2. Assessment against Re-opener Requirements

2.1. This Chapter sets out Ofgem’s assessment of NGET’s application against both general requirements that apply to all Re-opener applications and specific requirements for the Non-operational IT Capex Re-opener application (see Table 1 below).

**Table 1: Re-opener application requirements**

Document	Requirement	Has the requirement been met?
Special Condition 3.7	To explain how the adjustment requested would improve its Non-operational IT Capex.	Y
	To explain the basis of the calculations for the adjustment requested to allowances.	Y
	To give details of anticipated business benefits derived from any risk reduction as a result of the proposed activities.	Y
	To provide such detailed supporting evidence as is reasonable in the circumstances, which must include: <ul style="list-style-type: none"> <li>• delivery plans;</li> <li>• a prioritisation programme;</li> <li>• market and industry cost comparison; and</li> <li>• anticipated business benefits derived as a result of the proposed activities</li> </ul>	Y
Special Condition 9.4	To prepare applications for Re-openers in accordance with the Re-opener Guidance and Application Requirements Document.	Y
RIIO-2 Re-opener Guidance and Application Requirements Document	Assurance requirements: <ul style="list-style-type: none"> <li>• To provide applications that are accurate, unambiguous, complete and concise</li> <li>• To provide written confirmation from a suitable senior person of the same</li> </ul>	Y

	<ul style="list-style-type: none"> <li>To provide a point of contact for each application.</li> </ul>	
	To publish applications within 5 working days of submitting it to Ofgem with only necessary redactions; unless this would pose a risk to national security.	Y
	To provide clear answers on: <ul style="list-style-type: none"> <li>Why an adjustment is justified</li> <li>What that adjustment should be</li> </ul>	Y
Appendix 2: Non-operational IT Capex Reopener Application Guidance	To set out the requirements to ensure senior leadership assurance of the application.	Y
	To provide information relating to the Options Selection of the adjustment requested, including: <ul style="list-style-type: none"> <li>Consideration of project options and methodology</li> <li>Preferred option details</li> </ul>	Y
	To provide Cost information relating to the adjustment requested, including: <ul style="list-style-type: none"> <li>Consideration of options</li> <li>Breakdown of costs of preferred option</li> <li>Justification and efficiency of costs</li> </ul>	Y

2.2. In formulating its Re-opener submission, NGET has described the related circumstances in accordance with Special Condition 3.7 and these are covered in the following sections. In summary, we consider that NGET has looked to minimise additional Non-operational IT Capex for the different elements of the submission. NGET has sought to maintain operational capability of its business-critical Integrated Energy Management System (IEMS) system and whilst also addressing legal separation from ESO requiring a new Transmission National Control Centre (TNCC) in considered and staged approaches. Due to the short term and staged nature of these changes, detailed plans have been submitted, the costs of which are commensurate with historical industry levels.

2.3. Ofgem has deemed that the submission from NGET has met all of the requirements set out in both the applicable Special Licence conditions and the detailed Re-opener application criteria set out in the RIIO-2 Re-opener Guidance as listed in the Table above. In the following Chapters we set out the assessment in more detail and our conclusion based on the evidence submitted by NGET.

### 3. Needs case for the proposed projects

**Consultation Question 1:** Do you agree with our view of the validity of the needs case for the NGET Non-operational IT Capex Re-opener application for IEMS/TNCC/SCADA?

3.1. In this Chapter we detail our assessment of the needs case for the project proposed in the Non-operational IT Capex Re-opener application.

3.2. The Guidance states that as part of the Re-opener application licensees must demonstrate alignment between their Non-operational IT Capex plans and their overall business strategy and commitments.<sup>6</sup> We considered the information provided by NGET in its Re-opener application, as well as evidence gathered through SQs, to assess whether NGET has satisfactorily demonstrated the needs case for the proposed projects

#### **Alignment with overall business strategy and commitments**

3.3. The NGET IEMS-TNCC-SCADA (supervisory control and data acquisition) Re-opener is a number of linked NGET projects. They consist of a fundamental mechanism for the ongoing management of the network. At present there are a number of interdependencies with National Grid Electricity System Operator (ESO) which need to be resolved as part of the legal separation of the business, the proposals in this Re-opener application being a key enabler.

3.4. We consider the proposals in this Re-opener application to be aligned with the overall business strategy and commitments by aligning to the NGET strategy of delivering a safe and secure network through investment in IT systems required to operate and safely manage the electricity transmission system.

#### **Demonstration of needs case**

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<sup>6</sup> Appendix 2, para 1.1 – 1.4

3.5. We consider the needs case for each of IEMS, TNCC and SCADA in turn.

### **IEMS**

3.6. The Integrated Energy Management System is used for the operation and safety management of the high voltage electricity transmission system and it is jointly shared by NGET with the ESO. As part of the legal separation of NGET and NG ESO both organisations are looking to decouple their system relationships/dependencies. Within this process, underlying systems such as SCADA are being updated as part of their natural system cycle. As a result, IEMS needs to be extended beyond the end of its current 5-year support cycle to provide this crucial management function, until these underlying structural changes are made. A temporary or partial IEMS outage would result in an interruption to the operation of the network for customers and stakeholders, ultimately having a significant impact on connected customers and end consumers, in terms of both cost and energy supply. Loss of IEMS would also present a serious safety risk to ET staff, supply chain and the public.

3.7. Allowances were secured by ESO to identify and analyse the various options available to National Grid to extend the life of the IEMS system until 2026 as part of the RIIO-2 Final Determination. However due to uncertainty at that time around scope and cost, NGET included a request for allowances within the T2 Uncertainty Mechanisms, as part of its overall SCADA replacement for consideration in subsequent Re-openers.

### **TNCC**

3.8. The shared nature of IEMS has also historically enabled NGET to use the NG ESO Electricity National Centre (ENCC) as a contingency control room if the NGET Transmission National Control Centre becomes unavailable.

3.9. Provision for a second control room was not included within NGET's RIIO-2 submission but is driven by the requirement to replace IEMS. Legal Separation removes the capability for NG ESO to provide contingency services for IEMS.

3.10. NGET is obliged to make provision for an alternative Control Centre site and its operation in case of emergency to meet its System Operator - Transmission Owner Code (STC) compliance requirements.

### **SCADA**

3.11. The SCADA system is coming to the end of its life and the functional divergence in future business requirements between NGET and NG ESO, with NGET focussing on remote control of assets and data acquisition to support efficient asset management necessitates its replacement. The procurement process is currently on-going using funding granted within the RIIO-2 Final Determination. NGET has provided an update as part of this Re-opener, additional allowances for the subsequent phases (Delivery and Entry into Service) will likely be requested utilising an Authority-triggered Re-opener (likely to be early 2022).

## **Our initial view of needs case**

3.12. In light of the above, we consider that NGET has demonstrated the needs case for updates to the IEMS, in order to both effectively manage the Network and comply with Legal Separation.

3.13. We consider that NGET has demonstrated the needs case for the implementation of a contingency TNCC in order to both meet its System Operator - Transmission Owner Code (STC) compliance requirements and comply with Legal Separation.

3.14. We consider that the needs case for SCADA remains in place from the RIIO-2 Final Determination.

3.15. NGET has considered several options to address the needs case for both IEMS and TNCC. We set out in the following Chapter our view on the options comparison carried out by NGET.

## 4. Assessment of options and justification for the proposed projects

**Consultation Question 2:** Do you agree with our technical assessment of the range of solutions to meet the needs case?

**Consultation Question 3:** Do you agree with our minded-to view of the solution proposed by NGET?

4.1. In this Chapter we detail our assessment of the options considered by NGET and its justification for the chosen projects.

4.2. As set out in the Guidance,<sup>7</sup> as part of the Re-opener application NGET was required to demonstrate consideration of project options and methodologies for its Non-operational IT Capex projects and to provide justification for its preferred option.

### Consideration of project options and methodology

#### IEMS

4.3. To address the needs case discussed in the previous chapter, NGET has considered a range of different options covering:

- Manage the system with General Electric (GE) without an upgrade, addressing security and tactical issue only.
- Upgrade the core components of the system, either on a partial or complete basis.
- Manage the system directly with all 3<sup>rd</sup> party vendors.
- Do nothing.

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<sup>7</sup> Appendix 2, para 1.5 – 1.11

4.4. NGET rapidly dismissed many of these options as either too expensive, highly risky or conflicting with the underlying drivers of the needs case. NGET then used a number of KPIs to select their recommended option of "Managing the system with GE without an upgrade". The KPIs were compared on a subjective basis rather than in a quantitative manner. We agree that this approach is proportionate, and the chosen option provides the best outcome for consumers.

4.5. We consider that NGET through its recommended option of "managing the system with GE without an upgrade" remain exposed to a number of business risks. For example, NGET may be faced with annual renegotiation of the contract with GE which could lead to cost escalation over time against a backdrop of increased potential for system obsolescence and the potential for GE to walk away from a critical business system. However, these risks are lower than the potential risks arising through the alternative options considered. Although this approach is offset by a much lower cost of implementation, it will need strong commercial negotiation and careful ongoing monitoring and management.

4.6. Our view is that NGET has considered an appropriate range of options for continued IEMS, and that their recommend option is the most suited for the short to medium term pending the relationship with both the TNCC and SCADA. We therefore support the proposed IEMS solution.

#### TNCC2

4.7. In deciding the approach for TNCC, NGET undertook a stepped optioneering approach considering: programme options; control room location acquisition strategy; and finally reuse of existing sites.

4.8. The programme options assessment established that a New Control Room is the preferred option. Through discussions with a range of stakeholders and drawing on previous experience of the Gas National Control Centre (GNCC) relocation, alternatives (such as remote working) were discounted for various reasons relating to Security, Risk, Cost or non-compliance - with their System Operator - Transmission Owner Code (STC) requirements.

4.9. The Control room location acquisition assessment confirmed the utilisation of an existing NGET site / building is the preferred option through a partial high-level analysis of costs. However, a risk remains that the manner and level at which this is applied could mean



the premature rejection of a suitable site if a more comprehensive review of potential 3<sup>rd</sup> party sites had been undertaken.

4.10. Finally, NGET then developed a short list of its potential sites and used 15 criteria to score the 10 possible midlands-based locations. Of these, four sites were regarded as viable locations with three to be taken forward for more detailed desktop research. The fourth site was deemed inappropriate from the preliminary desktop review and was not advanced.

4.11. We agree with the approach taken to short listing, though consider the location acquisition assessment element to be weak. Given that it rejected potential solutions on the basis of broad cost categories which could ultimately be a marginal cost in the wider scheme of the whole project. However, we consider that a more thorough investigation of site acquisition options would mostly likely be a nugatory activity, requiring additional effort, extended timelines and would be unlikely to come up with alternative solutions, so representing poor value for money.

4.12. Our view is that NGET has considered an appropriate range of options for the location of the TNCC and we therefore support their proposed plan of work to progress to the next stage.

#### SCADA

4.13. As part of the Re-opener, NGET provided an update on the procurement process being undertaken by the team, as such there are no options that needed refining or further consideration. The needs case and optioneering for SCADA were considered and approved as part of the original RIIO-2 Business Plan and Final Determinations process. It was decided at that time that the costs would be assessed once they were suitably matured, and these should be presented at a subsequent Re-opener application. We note NGET's progress on the SCADA replacement.

## 5. Cost assessment

**Consultation Question 4:** Do you agree with our cost assessment of the NGET Non-operational IT Capex reopener for IEMS/TNCC/SCADA?

5.1. This Chapter sets out our assessment of the submitted costs of the Non-operational IT Capex Re-opener application. The results represent our current view of an economic and efficient solution.

5.2. As set out in the Guidance<sup>8</sup>, NGET was required to provide a breakdown of the allowance requested in the Re-opener application, and to demonstrate that these costs are justified and efficient.

### Breakdown and justification of costs

#### IEMS

5.3. NGET has provided a resource breakdown of the project, with there being three key themes – System oversight/programme management, negotiation of the managed service agreement, and tactical/security projects. Some elements are rough order magnitude which cannot be confirmed until the Managed Service Agreement (MSA) negotiations with GE are concluded.

5.4. At our first review the system oversight/programme management aspects seem disproportionately high, especially for a system which is going into a sustain only mode. We challenged the scale of involvement through the bilateral engagement process and given the criticality and complexity of IEMS these roles however remain relevant. In addition, due to the shared nature of IEMS with ESO, there are efficiencies of scale in that the roles do not

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<sup>8</sup> Appendix 2, para 1.12 – 1.20

have to be fully funded by NGET, but are effectively available to NGET all the time to be able to resolve issues.

5.5. Within these costs the day rates of some staff are discrepant from typical roles evidenced at Draft Determination and between IEMS and TNCC. Clarification through the SQ process identifies these as being related to the use of external resource being used to fill specific roles. The associated day rates for these external resources are commensurate with market rates for these types of role and are within the bounds of the rate cards used across the industry at RIIO-2.

5.6. There are also a number of limited roles related to corporate overhead activities such as procurement, legal, commercial. However, these are an integral part of the MSA renegotiation and require a significant diversion for Business As Usual (BAU) activities, which would typically be part of the indirect funding allowance. This is consistent with RIIO-2 Final Determination within which a few projects had extensive additional support in such specialist areas.

5.7. Within the tactical/security projects a broad set of potential projects were considered, with a short list of projects "t-shirt sized" (an IT project costing term meaning that costs are scaled up from a known comparator based on the comparative size and complexity) against complexity and resource demand. NGET has not confirmed how they map this t-shirt size either into a resource profile and subsequent cost, or a loading on a predefined team. However, comparison against ESO IEMS costs funded at RIIO-2 Final Determination does not show any discrepancies. In addition, the set of tactical projects proposed would normally fall below the materiality test applied at RIIO-2 Final Determination and are not considered further.

5.8. We have assessed the breakdown of costs and accept the costs proposed for IEMS.

#### TNCC

5.9. The TNCC submission contains a comprehensive time-based breakdown of individual resources as well as a detailed set of potential costs related to site investigations. This will allow NGET to complete Detailed Site Specific Optioneering, outline design and costing in support of the Phase 3 element of the project. There is a clear spread of staff grades and disciplines supporting the project, role descriptions for the four key roles (Business Programme Manager, Delivery Project Manager, IT CNI Workstream Lead and Facilities &

Security Workstream Lead) have been written with clear separation of duties. Through the SQ process NGET has confirmed that they have backfilled the roles from internal staff and costs are consistent with those submitted at RIIO-2.

5.10. There are also a number of limited roles related to corporate overhead activities such as HR, SHE, legal, commercial. However, these are at an insignificant level and should be undertaken as part of BAU activities, which are part of the indirect funding allowance. We also considered whether such roles had been funded at such a level in RIIO-2 Final Determination and could find no precedence. These costs have been disallowed from our proposed Direction.

5.11. Costs of site investigations are based on the NGET Finance Cost book or experience gained on the GNCC relocation. Costs of individual surveys are comparable with indicative prices publicly published by other providers. The key issue being that until a site is selected following desk research the level of site investigation is relatively unknown, with some surveys potentially not being required.

5.12. We have assessed the breakdown of costs and propose an Ofgem reduction in relation to the use of corporate overhead resource that have not been backfilled in substantive roles which should be excluded from the cost allowance calculation.

#### SCADA

5.13. The SCADA element of the Re-opener submission is for information purposes only and does not contain any cost elements for assessment.

## **Level of detail of cost information**

5.14. NGET provided a detailed breakdown of roles-based costs, effort and day rates, along with assumptions related to external spend. Some of these could be validated with public information sources, third party quotes were not provided (see Table 2 and 3 below).

**Table 2: NGET's proposed IEMS and budget allocation**

IEMS Delivery area expenditure	Budget
Project Management/Solution Engineering	25%
Business Resources / SME / Product Owner	14%

CNI Resources (Service Owner/App Support & I&O)	7%
Other IT Resources, Commercial, Procurement & Legal	5%
LE Tactical Project Delivery activity inc - QES Resources/Service Transition/Third Party	11%
Hardware	14%
Software	3%
Third Party	12%
Risk	9%

**Table 3: NGET's proposed TNCC expenditure and budget allocation**

TNCC Expenditure	Budget
Core Project Resources	58%
Wider Scheme Team Costs	14%
Site Surveys & Planning application	9%
External Design	10%
Risk	9%

5.15. Within TNCC the risk/contingency budget of 9% has been proposed, although this is supported by a RAID (Risk, Assumptions, Issues, Dependencies) log, there is no justification for the Risks / Contingency budget proposed. Given that the project is initially desk based, that there is a strong management team with high levels of engagement and that an extensive range of surveys have been proposed in the costings we do not support that level of contingency budget. Ofgem is proposing a reduction to 7.5% to align it with that awarded for operational schemes at RIIO-2.

5.16. Within IEMS a risk budget of 9% has been requested, with risks considered but not explicitly costed. Given the steady state of the project and the potential use of Re-openers, Ofgem is proposing a reduction to 7.5% to align it with that awarded from operational schemes at RIIO-2.

5.17. Apart from the issues related to Risk/Contingency, for which a reduction has been applied, we agree that the level of cost breakdown and information is proportionate to the stages of the respective IEMS and TNCC projects.

## Summary

5.18. The Table below details NGETs requested funding, our proposed reductions, and our proposed allowances against each of the components. Specifics of the work packages have been redacted for commercial sensitivity.

**Table 4: NGET's requested funding and Ofgem's proposed allowances**

Project Components	NGET Request (£m)	Ofgem Proposed Adjustments (£m)	Ofgem Proposed Allowances (£m)
IEMS Total	1.08	0.02	1.06
TNCC Total	1.29	0.04	1.25
Total	<b>2.37</b>	<b>0.06</b>	<b>2.31</b>
<u>Proposed adjustment Breakdown</u>			
<i>IEMS - Risk/ Contingency</i>	<i>0.1</i>	<i>0.02</i>	<i>0.08</i>
<i>TNCC - Wider Scheme Team Costs</i>	<i>0.19</i>	<i>0.01</i>	<i>0.18</i>
<i>TNCC Risk/ Contingency</i>	<i>0.12</i>	<i>0.03</i>	<i>0.09</i>

## 6. Consultation proposal summary

6.1. We are proposing to add PCDs to SpC 3.7 ("Non-operational IT Capex Re-opener") as a result of Re-opener applications submitted during the April 2021 Re-opener window given the nature of the investments proposed and the ability to measure the quantifiable outputs. In addition, given the materiality of the Re-opener applications it is important to ensure that the investment outcomes are achieved and ensure consumer value is protected. PCDs were not attached to the IT investments approved at Final Determination given the challenges of measuring and presenting quantifiable evidence of the applicable success criteria in a regulatory environment for a traditional IT project and the prevalence of agile delivery methods to deliver these programmes of work, these types of investment are often delivering additional capabilities or efficiencies upstream in the operating model and as such will be subject to other contributory factors. Subsequently the licence condition for Non-operational IT capex Re-opener applications did not have a PCD component and did not include within the consultation provisions direction making power for the ability to add PCD outputs.

6.2. We therefore propose to use the statutory licence modification process to give effect to our proposals in this consultation so that we can amend allowances and add PCD outputs for Re-opener applications at the same time. We expect to bring forward this statutory consultation later this year.

6.3. Table 5 below outlines our proposed adjustments to NGET's Re-opener allowance requests. All values are in 18/19 prices.

**Table 5: NGET's proposed allowances**

<b>Regulatory Year</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>All years</b>
18/19 prices (£m)	2.31	0	0	0	0	2.31



## 7. Next Steps

7.1. We welcome your responses to this consultation, both generally, and in particular on the specific questions set out in Chapters 3, 4 and 5. Please send your response to: [RIIO2@ofgem.gov.uk](mailto:RIIO2@ofgem.gov.uk). The deadline for response is 01 October 2021.

7.2. We will conclude our assessment of NGET's Non-operational IT Capex Re-opener after receipt of the consultation responses and endeavour to publish our decision by the end of October 2021.

## Appendices

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## Appendix 1 – Consultation questions

**Question 1:** Do you agree with our view of the validity of the needs case for the NGET Non-operational IT Capex Re-opener application for IEMS/TNCC/SCADA?

**Question 2:** Do you agree with our technical assessment of the range of solutions to meet the needs case?

**Question 3:** Do you agree with our minded-to view of the solution proposed by NGET?

**Question 4:** Do you agree with our cost assessment of the NGET Non-operational IT Capex reopener for IEMS/TNCC/SCADA?

## Appendix 2 – Privacy notice on consultations

### Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

#### 1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, "Ofgem"). The Data Protection Officer can be contacted at [dpo@ofgem.gov.uk](mailto:dpo@ofgem.gov.uk)

#### 2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

#### 3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

#### 3. With whom we will be sharing your personal data

(Include here all organisations outside Ofgem who will be given all or some of the data. There is no need to include organisations that will only receive anonymised data. If different organisations see different set of data then make this clear. Be as specific as possible.)

#### 4. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for (be as clear as possible but allow room for changes to programmes or policy. It is acceptable to give a relative time e.g. 'six months after the project is closed')

## 5. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3<sup>rd</sup> parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

**6. Your personal data will not be sent overseas** (Note that this cannot be claimed if using Survey Monkey for the consultation as their servers are in the US. In that case use “the Data you provide directly will be stored by Survey Monkey on their servers in the United States. We have taken all necessary precautions to ensure that your rights in term of data protection will not be compromised by this”.

**7. Your personal data will not be used for any automated decision making.**

**8. Your personal data will be stored in a secure government IT system.** (If using a third party system such as Survey Monkey to gather the data, you will need to state clearly at which point the data will be moved from there to our internal systems.)

**9. More information** For more information on how Ofgem processes your data, click on the link to our “[Ofgem privacy promise](#)”.