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Networks
Commonwealth House
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G1 1LH

16 October 2023

Private and Confidential

NGT Response to RIIO-GT1 Closeout: Consultation on proposed adjustments

Dear Neil,

We welcome the opportunity to respond to the consultation on the closeout adjustments for RIIO-GT1. This response is made on behalf of National Gas Transmission (NGT).

We support Ofgem's proposed adjustments which are in line with the closeout methodologies decision published by Ofgem in April 2021. We welcome further engagement with Ofgem ahead of the proposed statutory licence modification relating to the Peterborough and Huntington compressor projects and the consultation on Disposals. In the appendix to this letter, we set out our comments in relation to the proposed closeout adjustments.

We hope you find this response helpful. If you would like to discuss any of our response further, please do not hesitate to contact myself or Barbara Grabe-Yates (barbara.grabe-yates@nationalgas.com, 07891 892441).

Yours sincerely,

Tony Nixon – By Email
Regulation Director, Commercial - On behalf of NGT

Appendix

Section	Comment
Pipeline Diversions	We agree with the actual totalled £8.53m over RIIO-GT1 and therefore the materiality threshold has not been met and pipeline diversions is not eligible for a revenue adjustment.
South West Quadrant	We agree with the adjustment of £40.7m (09/10 prices) for South West Quadrant, which is in line with the original allowance.
Enhanced Physical Site Security	We agree that the spend we have incurred for Enhanced Physical Site Security without RIIO-GT1 allowances, once netted off against costs avoided for projects that were cancelled, does not meet the materiality threshold and therefore is not eligible for any revenue adjustments.
Peterborough and Huntingdon compressors	We agree with the intended approach of adding this specific output to the Gas Transporter licence. We would welcome further engagement ahead of the consultation to add a special condition that makes provision to assess delivery of this project at RIIO-GT2 closeout. As part of that we would be keen to understand how any adjustments would be assessed and any information requirements for the RIIO-GT2 closeout process.
Hatton Compressor	We agree with the adjustments relating to the Hatton compressor project (£4.1m 2009/10 prices) which is in line with the allowances set as part of Ofgem's RIIO-G2 Final Determinations published in February 2021.