
NGT Non-Operational IT Capex Re-opener Final Determination

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Contact:	Joe Draisey
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Team:	Networks
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Email:	joe.draisey@ofgem.gov.uk
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This document sets out our decision on NGT Non-Operational Information Technology (IT) Capex Re-opener submission.

As part of the RIIO-2 price control, network companies can apply for additional allowances via the Non-Operational Information Technology Capex Re-opener uncertainty mechanism.

In the 23 January 2023 to 30 January 2023 Re-opener window, we received a submission from NGT for additional allowances. We consulted on our Draft Determination and associated draft direction between 21 July 2023 and 21 August 2023. Having considered all responses to our consultation, this document sets out our decision on what allowances, if any, to award. This document also includes the formal direction used to implement our decision into NGT's licence.

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Introduction

Section summary

This section explains NGT's submission, our assessment and consultation process, and how we came to a decision.

Introduction to RIIO-2

- 1.1 Network companies are natural monopolies. Effective regulation of privatised for-profit monopolies is essential to ensure they cannot unfairly exercise their monopoly power to the detriment of their customers. This is particularly important in the case of essential utilities, such as energy, where consumers have no choice on whether or not to pay what they are charged. It is therefore crucial that an effective regulator protects energy consumers by controlling how much network companies can charge their customers. Ofgem does this through periodic price controls that are designed to ensure network companies are properly incentivised to deliver the best possible outcomes for current and future energy consumers. This includes ensuring that consumers only pay for investments that are needed and do not overpay for those investments.
- 1.2 The current price control model is known as RIIO (Revenue = Incentives + Innovation + Outputs). RIIO-2 is the second price control under the RIIO model for electricity transmission, gas transmission and gas distribution, and runs from 1 April 2021 until 31 March 2026. It includes a range of Uncertainty Mechanisms (UMs) that allow us to assess applications for further funding during RIIO-2 as the need, cost or timing of proposed projects becomes clearer. This ensures that consumers fund projects only when there is clear evidence of benefit, and we have clarity on likely costs and cost efficiency. These mechanisms also ensure that the RIIO-2 price control has flexibility to adapt as the pathways to Net Zero become clearer.
- 1.3 Where possible, we have set automatic UMs, such as the Generation and Demand Connection Volume Drivers, which provide Electricity Transmission Owners with immediate funding when they are required to undertake new customer connection works. In other areas, where the degree of uncertainty is too great to allow for an automatic mechanism, we set 're-openers' which will allow us to assess proposals robustly once information with sufficient accuracy is made available.

- 1.4 The Non-Operational IT Capex Re-opener provides network companies with specific windows within the RIIO-2 period where they can request additional funding for new and replacement IT assets, including hardware, infrastructure, and software development projects, some of which may be critical for achieving Net Zero.

What did we consult on?

- 1.5 We¹ consulted on adjusting NGT's Non-operational Information Technology (IT) Capex² outputs and allowances under the RIIO-2 Non-operational IT Capex Re-opener.
- 1.6 In accordance with Special Condition 3.7 (Non-operational IT Capex Re-opener), NGT applied to Ofgem to add additional allowances for Non-operational IT projects into its RIIO-2 price control framework. NGT applied for four projects within its submission:
- Project 1: Enhance Asset Design
 - Project 2: Asset Performance Management
 - Project 3: [REDACTED]
 - Project 4: Enterprise Asset Management Enhancements
- 1.7 Following its submission in January 2023, NGT also provided additional information to us through a combination of bilateral meetings and Supplementary Question (SQ) responses.
- 1.8 We considered NGT's proposals and its justification for the funding requested in accordance with our principal objective and statutory duties. In line with the Re-opener Guidance and Application Requirement Document³, our assessment covered the following three areas for each project:
- the needs case
 - the options assessment and the justification for the proposed project
 - the efficient costs for the proposed project

¹ The terms "we", "us", "our", "Ofgem" and "the Authority" are used interchangeably in this document and refer to the Gas and Electricity Markets Authority. Ofgem is the office of the Authority.

² Expenditure on new and replacement IT assets, including Hardware & Infrastructure and Application Software Development

³ [Re-opener Guidance and Application Requirements Document: Version 3 | Ofgem](#)

We combined this information to create our Draft Determination on what additional allowances, if any, should be provided to NGT to undertake each project.

- 1.9 We issued a consultation on our Draft Determination⁴ for stakeholder feedback, alongside a draft of the direction that would be used to implement the Draft Determination. Only one stakeholder, NGT, responded to the consultation. A summary of its response is included in each chapter before we explain our final decision.
- 1.10 Throughout this document all monetary figures are in 2018/19 prices, to align with the original RIIO-2 price base.
- 1.11 Appendix 1 sets out our direction that will implement this decision in to NGT's licence.

Context and related publications

- 1.12 The scope of this document is limited to NGT's Non-operational IT Capex Re-opener. This document is intended to be read alongside:
- NGT Non-Operational IT Capex Re-opener Draft Determination (May 2023)⁵
 - NGT's Licence Special Conditions 3.7
 - RIIO-2 Re-opener Guidance and Application Requirements Document
 - RIIO-2 Draft Determinations – Core Document⁶
 - RIIO-2 Final Determinations – Core Document (REVISED)⁷

⁴ [RIIO-2 Non-operational IT Capex Re-opener Draft Determination: NGT | Ofgem](#)

⁵ [RIIO-2 Non-operational IT Capex Re-opener Draft Determination: NGT | Ofgem](#)

⁶ https://www.ofgem.gov.uk/system/files/docs/2020/07/draft_determinations_-_core_document_redacted.pdf

⁷ https://www.ofgem.gov.uk/system/files/docs/2021/02/final_determinations_-_core_document_revised.pdf

2. Project 1: Final Determination

Section summary

This section summarises Project 1 (Enhance Asset Design): our Draft Determination, NGT's response to it and our Final Determination.

Summary of our Draft Determination

- 2.1 The needs case set out by NGT highlighted existing issues and inefficiencies, primarily within the project construction, asset registration and asset health assessment functions, which NGT explained could be effectively addressed through a focus on data interoperability and data sharing.
- 2.2 We explained in our Draft Determination that the needs case set out by NGT satisfactorily demonstrated the requirement for more effective use and sharing of data, which we agreed is a fundamental part of achieving greater efficiencies in the delivery of construction projects. We also agreed it would provide further benefits within other NGT activities, such as improving decision making by enabling access to accurate and timely data which would help project stakeholders to make better informed decisions.
- 2.3 We considered that data-driven insights would help NGT to identify cost saving opportunities, optimise resource allocation, and streamline processes. This should lead to improved productivity, and ultimately lower project costs. Effective use of data supports robust quality assurance and control measures throughout the project lifecycle.
- 2.4 Finally, we concluded that the obsolescence of the existing system and the need to replace and improve functionality for NGT means that this is a requirement that needs to be addressed within the RIIO-T2 price control period.
- 2.5 Compared to other projects applied for by NGT in its re-opener submission, we considered that there is an imperative for the development of Enhanced Asset Design that not only meets project requirements but also demonstrates a positive return on investment at an earlier stage compared to Project 2 and Project 4, both discussed later in this document. This means NGT should place greater emphasis on optimising the design and implementation processes to expedite the realisation of financial benefits. By focusing on Enhance Asset Design, NGT could achieve quicker and more substantial returns on the investments, leading to improved overall project performance. This approach acknowledges the importance of efficiency, cost-effectiveness, and time-to-value in asset projects,

ultimately driving greater economic viability and ensuring the timely delivery of project benefits. This also provides a good foundation for the development of a digital twin which leverages more benefits in the future.

- 2.6 In terms of optioneering, we were satisfied that the correct option, Option 3, had been selected to address the needs case. By beginning implementation during the RIIO-T2 period, NGT can begin to leverage the benefit of the move to [redacted software application] without having to add significant resources as it would likely have to do so with Option 4. Additionally, we considered Option 3 as likely to encourage many of the associated third-party organisations that support NGT activities to also add data and information to the proposed system earlier than they otherwise might, further compounding the benefits.
- 2.7 NGT is seeking the approval for £5.33m for the full implementation of BIM and CDE platform and digitalisation of the complete construction project lifecycle within RIIO-2 period. NGT commissioned Gartner to produce a benchmark for this type of work that showed the rates were comparable to similar projects, and our own analysis suggested that this is correct.
- 2.8 We considered that the risk allowance applied for by NGT, 13.11%, was too high for this type of project and did not align with similar projects that we have assessed. We proposed to align this with the capped average risk used under RIIO-ET2 determinations where we used 7.5% of our assessed efficient costs, following a review of outturn risk on several RIIO-1 projects. This meant that we proposed a reduction of £0.301m.

NGT's response to our Draft Determination

- 2.9 NGT stated that it welcomed our support for the project, particularly our support for the needs case and optioneering.
- 2.10 NGT also stated that it accepts our proposed revised allowance, although it remains of the view that its approach to risk and the information presented was proportionate.

Our Final Determination

- 2.11 Given no evidence was presented to dispute our Draft Determination position, and the sole response from NGT supports our position, we are maintaining the allowances proposed in our Draft Determination.

Table 1: Final Determination on Project 1

NGT proposal	Our Draft Determination	Our changes following consultation	Our Final Determination
£5.33m	£5.03m	£0m	£5.03m

2.12 To help ensure this project provides good value for money, our proposed allowances for this project will be covered by a single Price Control Deliverable (PCD). This is in line with the suggestion made by NGT.

- Utilisation of BIM-CDE capability and applied new standards on decommissioning and asset health construction projects which are delivered by external contractors and are tendered after the first two years of RIIO-2. Once enough evidence has been gathered to demonstrate and refine the approach, utilise BIM-CDE capability and standards for all major construction projects that move into the Scope Creation stage.

2.13 This PCD will have the delivery date of 31 March 2026, to align with the end of the RIIO-2 period.

3. Project 2: Final Determination

Section summary

This section summarises Project 2 (Asset Performance Management): our Draft Determination, NGT's response to it and our Final Determination.

Summary of our Draft Determination

- 3.1 In its submission, NGT explained that it is working towards establishing [redacted software application] EAM as the central repository for the master data set that will be utilised across three data investments discussed in this document. As part of this effort, it plans to modify its data model from its existing system to [redacted software application], incorporating ISO attributes and aligning it more closely with industry standards.
- 3.2 In our Draft Determination we explained that we could see that NGT had a needs case for simplifying the integration of different data sets and systems, which would help to minimise disruptions to maintenance plans and operations.
- 3.3 We assessed each option and agreed that continuing with the current legacy estate (Option 1) would not be viable in the long term because there are significant benefits to moving towards new systems. We considered that the benefits of delivering a regime of preventative maintenance were well documented by NGT, including potentially improving the resilience of the network and reducing potential maintenance costs.
- 3.4 NGT's preferred option was Option 4, the implementation of [redacted software application], an industry standard solution. However, we did not see a clear and compelling rationale for NGT's suggestions regarding its proposed enhancements to the standard solution.
- 3.5 Considering the additional risk and cost associated with the implementation of the [redacted software application] DAM program in March 2024, we considered that NGT's proposal did not justify allocating funds for this program of work at the current time.
- 3.6 Overall, we agreed that there is a needs case that could be addressed. However, we proposed that this work should not be funded at this stage. Instead, we suggested that a more prudent approach would be for NGT to focus on ensuring the timely completion of the DAM program and to then leverage its outputs and learnings to explore whether this project is needed in the next price control period.

NGT's response to our Draft Determination

- 3.7 NGT welcomed our assessment of the needs case and our agreement that we can see the value in this type of project.
- 3.8 Overall, NGT concluded that it accepted our proposal to re-consider this as part of its business plan submission for the next price control period. NGT also provided additional evidence on why it considers that this project will be crucial in the future.

Our Final Determination

- 3.9 As set out in our Draft Determination, we agree there is a needs case that could be addressed. However, having taken into consideration NGT's consultation response, we continue to conclude that this work should not be funded at this time.

Table 2: Final Determination on Project 2

NGT proposal	Our Draft Determination	Our changes following consultation	Our Final Determination
£4.97m	£0m	£0m	£0m

4. Project 3: Final Determination

Section summary

This section summarises Project 3 (██████): our Draft Determination, NGT’s response to it and our Final Determination.

Summary of our Draft Determination

4.1 In its submission, NGT asserted that the safety and security of its Critical National Infrastructure (CNI) assets is at the heart of its IT strategy and that its ambition is for it to have the capability to monitor critical points within its vast network of assets at all times, without any gaps or downtime.

[illegible]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]
 [REDACTED]
 [REDACTED]

Response	Percentage
Current administration	80%
Previous administration	20%

[REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]

Bar Index	Relative Length (approximate)
1	0.95
2	0.90
3	1.00
4	0.98
5	0.88
6	0.85
7	1.00
8	0.92
9	0.97
10	0.97
11	0.80

4.8 On the project costs, there were several elements where we assessed the justification from NGT was sub-standard and therefore we proposed disallowances:

- A cost category labelled 'other' accounted for costs amounting to £1.87m, which included activities that could have been included in the main scope of work. Within this category, NGT estimated £1.44m [REDACTED]

[illegible]

- An R&D cost category was included in this project, which we thought may refer to the design stage of the programme covered within the Project Delivery and Milestones section of the submission document. Considering that the procurement had already taken place, we considered that the risk had already passed. Therefore, we proposed to reduce the allowance for that category by the risk percentage used for internal and third-party resource, 8% and 9% respectively. So, we proposed to disallow £0.22m.
- External and third-party costs for the project were relatively high, with many of them greatly exceed the amounts typically incurred through internal resources performing similar roles, for example PMO, Programme Managers and Technical Engineers. Across the R&D, Build Test, Deploy and PIS phases of the project there is a requirement for 2698 days of '3rd Party technical engineer input' costing £1.59m. Given that these roles already existed within NGT and should be scalable over the lifetime of the project, we proposed that they should be costed using internal rates, so we proposed to disallow £0.81m.
- Finally, the cost breakdown for this project included a provision by NGT for an external support role labelled as "other", with a day rate of £508. This role was allocated for 320 days during the R&D phase, 2760 days across the Build, Test, and Deploy phases, and an additional 21 days during PIS, resulting in a total cost of £1.58m. We commented that if specific tasks and resource requirements have been planned, it was essential to clearly define the roles necessary to carry out those tasks. The use of the term "other" implied a lack of definition and suggested that it may be intended as a contingency line item. We were concerned about the value provided by this role within the project, and therefore proposed removing the values associated with each delivery phase, so we proposed to disallow £1.58m.

4.9 Overall, we concluded that we should fund the project, but that an award of £19.41m (disallowing £4.05m) would represent an efficient level of funding.

NGT's response to our Draft Determination

4.10 NGT welcome our support of its needs case and recommended option. However, NGT disagreed with our proposed cost disallowances.

- 4.11 On our disallowance of £1.44m for [REDACTED], NGT has provided additional evidence to demonstrate its costs, in particular a table breaking down [REDACTED]
[REDACTED]
[REDACTED]
- 4.12 On our disallowance of £0.22m for R&D, NGT has explained that the risks that we thought had passed still exist and explained where these risks could continue to materialise. NGT summaries the four areas where risks remain for this area are the creation of designs, procurement of hardware, completion of the proof of concept, and procurement of new [REDACTED].
- 4.13 On our disallowance of £0.81m for external and third-party costs, NGT has explained that the roles are all delivered by third parties so cannot be costed using internal rates. It has given some examples, such as a supplier needing to use its own project manager, to highlight this point.
- 4.14 On our disallowance of £1.58m for a category of costs listed as 'other', NGT has explained that this is not a contingency line item and are for specialist roles that do not existing within NGT. NGT has broken down the roles into eight buckets, explaining what each of the eight types of roles include. Additionally, NGT has provided a separate excel spreadsheet, breaking down each role.
- 4.15 Finally, NGET concluded that they agree to the proposed PCD output definitions.

Our Final Determination

- 4.16 As we requested in our Draft Determination, NGT has provided sufficient additional evidence on [REDACTED], so having considered this evidence we are **reinstating £1.44m** that we previously proposed to disallow.
- 4.17 NGT have provided additional evidence to demonstrate why the R&D risk remains by clearly demonstrating the activities remaining in the R&D phase. So we are **reinstating £0.22m** that we previously proposed to disallow.
- 4.18 We have considered NGT's rationale on external and third-party costs but continue to conclude that these costs do not represent efficient resourcing rates. Roles such as project/programme managers and technical engineers should be costed at efficient, internal rates. NGT can still decide to decide to contract out for these roles if that is its preferred delivery model. **We will therefore maintain our Draft Determination position of a £0.81m disallowance.**
- 4.19 NGT have provided additional evidence to breakdown the 'other' cost category and explain what it entails. Having considered this additional evidence, it is not a contingency pot as we previously thought. However, the costs provided are high

compared to similar costs, for example a programme manager is listed as £210,000 on an annual basis. On average, these roles are approximately 50% more expensive than other third-party roles listed. To bring these roles into a more efficient costing we will reinstate the allowance but with a cut of 1/3, to bring these roles into line with other external roles. **This means we are reinstating £1.07m, compared to the originally proposed disallowance of £1.58m.**

- 4.20 The result of this is that having considered NGT's response, we are reinstating £2.73m of allowances, whilst continuing to reject £1.32m of allowances.

Table 3: Final Determination on Project 3

NGT proposal	Our Draft Determination	Our changes following consultation	Our Final Determination
£23.46m	£19.41m	+£2.73m	£22.14m

- 4.21 To help ensure this project provides good value for money, our allowances for this project will be split in to the following PCDs, as proposed by NGT:

- PCD1 – [REDACTED]
- PCD2 – [REDACTED]
- PCD3 – [REDACTED]
- PCD4 – [REDACTED]

- 4.22 These PCDs will have the delivery date of 31 March 2026, to align with the end of the RIIO-2 period.

5. Project 4: Final Determination

Section summary

This section summarises Project 4 (Enterprise Asset Management Enhancements): our Draft Determination, NGT's response to it and our Final Determination.

Summary of our Draft Determination

- 5.1 The NGT needs case detailed how the core functionality of its existing asset management tool is being replicated by a new [redacted software application] through NGT's existing Digital Asset Management (DAM) programme. This core functionality includes the three workstreams of Enterprise Asset Management (EAM), Enterprise Content Management (ECM) and Geospatial Information Systems (GIS). NGT's needs case asserted that this core functionality is not sufficient to enable the use of hydrogen on the network and that without further enhancements to [redacted software application], NGT will not be able to comprehensively plan management of asset health and utilise collected asset data to improve understanding of assets.
- 5.2 In its submission, NGT identified a comprehensive list of focus areas that may be addressed and enhanced within the new [redacted software application]. NGT stated that it hopes that this approach will facilitate the integration of emerging technologies, such as hydrogen, into its network, ensuring efficient operations and informed decision-making.
- 5.3 NGT shortlisted three options for consideration and set out that its preferred option, Option 3, would align with its digitalisation strategy by consolidating and simplifying current IT systems. NGT stated that it expected Option 3 would bring visibility and control across the enterprise, enabling better management of assets, schedules, resources, processes, inventories, and expenses.
- 5.4 In our Draft Determination, we stated that we could see that Option 3 would be likely to bring benefits to NGT and consumers. However, we considered that the proposed project, like Project 2, is dependent upon the successful completion of the DAM Project or elements of it. At its core, implementation relies on the integration of the DAM programme with associated network infrastructure, and data management components. Additionally, dependencies extend beyond the technical aspects, encompassing significant external factors such as high third-party dependency. We concluded that the complexity of interdependencies would increase the potential for risks to emerge throughout the implementation journey,

including project delays, budget overruns, inadequate adoption, and security vulnerabilities.

- 5.5 Therefore, considering the potential risks and costs associated with waiting for the implementation of the [redacted software application] DAM program in March 2024, we did not consider that there was enough justification to allocate funding to this project at this time.
- 5.6 Like Project 2, our final consultation position was that we could see there could be benefits to this project but there was a lack of urgent need to undertake the project immediately. Therefore, we proposed rejecting this project and suggested that NGT should look to mitigate potential risks through comprehensive planning, rigorous testing, stakeholder engagement, and contingency measures, through the completion of the DAM project and successful implementation of Project 1 (Enhanced Asset Design) which would be vital to mitigate potential setbacks and ensure a future successful implementation of any additional projects. We concluded by suggesting that NGT completes this foundational work and then explores whether both this project and Project 2 are still needed ready for the next price control period.

NGT's response to our Draft Determination

- 5.7 NGT disagreed with our proposal to reject this project and provided additional evidence to justify its proposed investment. In particular, NGT pushed back on our assertion that there is a lack of specific data to substantiate the expected improvements and justify investment.
- 5.8 NGT elaborated on its original submission, explaining that its existing solution has been a barrier to change in NGT for several years, as there is a limited range of supplier organisations that are able to deliver changes to the solution. Therefore, it wants to select a new "market leading platform" that has a larger support partner network that can deliver the functionality NGT requires.
- 5.9 NGT explained how the existing DAM project is on track for timely delivery, and that it believes it is crucial to continue to build off this. To demonstrate how this project would build on its existing base, it produced a table that split out the business capabilities that would be delivered by the new platform and compared to the scope of the DAM project. NGT also explained in detail that there is no dependency of this project on the Enhanced Asset Management project.

5.10 Finally, NGT explained that there is no overlap between its existing RIIO-T2 baseline funding and this project and reiterated its request for us to approve this re-opener project.

Our Final Determination

5.11 Our Draft Determination position was that, whilst we agreed the project would be likely to bring benefits to NGT and consumers, we considered that there were significant potential risks owing to the bottleneck of needing to build this project on the foundation of the DAM programme, which NGT expect to complete in March 2024.

5.12 We can see from NGT's consultation response that NGT believes that this project is deliverable within RIIO-T2. We can also see that NGT is likely to be able to overcome some of the bottlenecks that we were concerned about, such as the DAM project. And we can see that NGT has spent considerable effort splitting this project out from baseline funding to demonstrate there is no duplication.

5.13 However, having taken account of NGT's additional evidence we continue to consider that overall, there is a lack of urgency to deliver this project within RIIO-T2. NGT's cost benefit analysis supports this view, with only marginal additional costs expected to be incurred by delaying this project.

5.14 Given the lack of urgency, we continue to suggest that the greatest consumer benefit would come from NGT mitigating the remaining risks by delivering the associated projects, engaging with stakeholders to understand their requirements, and carefully planning its optioneering to understand if this project is still needed as we prepare for RIIO-3. If it is required then NGT will be in a strong position to deliver the project with maximum preparedness, minimal risks and minimal dependencies, if funding is awarded for RIIO-3.

5.15 Our Final Determination, set out in **Table 4**, is therefore to continue to reject funding for this project at this time.

Table 4: Final Determination on Project 4

NGT proposal	Our Draft Determination	Our changes following consultation	Our Final Determination
£4.04m	£0m	£0m	£0m

Appendices

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Appendix 1 – Direction

Direction under Special Condition 3.7.6 of the gas transporter licence held by National Gas Transmission plc (the Licensee) to add allowances for Non-Operational IT Capex

A1.1 National Gas Transmission plc is the holder of a licence granted or treated as granted under s.6(1)(b) of the Gas Act 1986 (the 'Act').

A1.2 Special Condition 3.7 of NGT's licences provides a re-opener mechanism by which the Licensee may seek additional funding during the RIIO-2 price control period for activities capable of improving the efficiency or performance of its Non-operational IT Capex. The Licensee applied to the Authority under Special Condition 3.7.6 in January 2023.

A1.3 The Gas and Electricity Markets Authority ('the Authority') gave notice on 21 July 2023 in accordance with Special Condition 3.7.12 of our issuance of a direction under Special Condition 3.7.6 to amend Appendix 1 (Total Non-operational IT Capex Re-opener allowance) of Special Condition 3.7. The notice, published on the Authorities website, included the text of the proposed direction to issue, the reasons for the proposed direction and provided for representations to be made on or before 21 August 2023.

A1.4 The Authority received one non-confidential representation and has placed it on [ofgem.gov.uk](https://www.ofgem.gov.uk). Having considered this representation, the Authority has decided to proceed with making this direction. This document constitutes notice of the Authority's reasons for the direction.

A1.5 This direction will give effect to the Authority's decision on the Licensee's application to the Authority to add additional Non-Operational IT Capex allowances into its RIIO-2 price control framework. Further details on the reasons for and effect of this direction can be found in the main body of this document.

A1.6 Pursuant to Special Condition 3.7.6, the Authority hereby directs the changes to Special Condition 3.7 Appendix 1 and Special Condition 3.7 Appendix 2 as set out in this direction.

A1.7 This direction will replace Table 1 (the existing table within Special Condition 3.7 Appendix 1) with Table 2. The formatting has been improved to reduce ambiguity and align with tables used elsewhere in the licence.

A1.8 This direction will also amend Table 3 (the existing table within Special Condition 3.7 Appendix 2).

Table 1

~~**Total Non-operational IT Capex Re-opener allowance (£m)**~~

	2022	2023	2024	2025	2026	Total
Re-opener Allowance	0	0	0	0	0	0

Table 2

Total Non-operational IT Capex Re-opener allowance (£m)

	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>All years</u>
Re-opener Allowance	<u>0.005</u>	<u>1.214</u>	<u>9.791</u>	<u>10.784</u>	<u>5.368</u>	<u>27.162</u>

Table 3

Non-operational IT Capex Price Control Deliverable (£m)

			<u>Regulatory Year</u>					
<u>NOITRE project</u>	<u>Output</u>	<u>Delivery date</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>Total</u>
<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>Enhance Asset Design</u>	<u>Utilisation of BIM-CDE capability and applied new standards on decommissioning and asset health construction projects which are delivered by external contractors and are tendered after the first two years of RIIO-2. Once enough evidence has been gathered to demonstrate and refine the</u>	<u>31-Mar-26</u>	<u>0</u>	<u>0.483</u>	<u>1.613</u>	<u>1.637</u>	<u>1.295</u>	<u>5.028</u>

approach, utilise
BIM-CDE
capability and
standards for all
major
construction
projects that
move into the
Scope Creation
stage.

<div>████████████████████</div> <div>████████████████████</div> <div>████████████████████</div> <div>████████████████████</div>	<div>31-Mar- 0</div> <div>26</div>	<div>0</div>	<div>2.417</div>	<div>2.963</div>	<div>1.554</div>	<div>6.934</div>
<div>████████████████████</div> <div>████████████████████</div> <div>████████████████████</div> <div>████████████████████</div>	<div>31-Mar- 0</div> <div>26</div>	<div>0</div>	<div>3.419</div>	<div>1.807</div>	<div>0.811</div>	<div>6.037</div>
<div>████████████████████</div> <div>████████████████████</div> <div>████████████████████</div> <div>████████████████████</div>	<div>31-Mar- 0</div> <div>26</div>	<div>0</div>	<div>2.342</div>	<div>4.377</div>	<div>1.708</div>	<div>8.427</div>
<div>████████████████████</div> <div>████████████████████</div> <div>████████████████████</div> <div>████████████████████</div>	<div>31-Mar- 0.005</div> <div>26</div>	<div>0.731</div>	<div>0</div>	<div>0</div>	<div>0</div>	<div>0.736</div>

A1.9 This direction will take effect immediately.

Yours sincerely,

Nathan Macwhinney

Deputy Director Price Control Operations

For and on behalf of the Authority