

To: National Gas Transmission Plc ('NGT')

04 December 2024

Direction issued by the Gas and Electricity Markets Authority ("the Authority") under Special Condition ("SpC") 3.14.4, 3.14.9 and 3.14.11 of the Gas Transporter Licence ("the Licence") held by National Gas Transmission plc to modify the value of licence terms NARMAHOT and AHT, and the outputs, delivery dates and allowances in the RIIO= GT3 Asset health Non-Lead Assets PCD Tables.

1. The licensee is the holder of a Licence granted or treated as granted under section 7 of the Gas Act 1986.
2. SpC 3.14.4 (Asset health Re-opener AHT) of the Licence provides a mechanism, by which the Licensee may apply for a direction.
 - a) adjusting the value of the AHT term;
 - b) adjusting the value of the NARMAHOT term; or
 - c) amending the outputs, delivery dates and allowances in the RIIO-GT2 Asset Health Non-Lead Assets PCD Tables

where it is seeking allowances for work relating to Valves, Compressor Cabs or Plant and Equipment during the period between 1 April 2023 and 31 March 2026.

3. SpC 3.14.9 (Asset health Re-opener AHT) of the Licence provides a mechanism, by which the Authority may direct;
 - a) An adjustment to the value of the AHT term;
 - b) An adjustment to the value of the NARMAHOT term; or
 - c) An adjustment to the outputs, delivery dates and allowances in the RIIO-GT2 Asset Health Non-Lead Assets PCD Tables

to reflect actual efficient costs and work volumes relating to Valves, Compressor Cabs or Plant and Equipment during the period between 1 April 2021 and 31 March 2024.

4. On 31 January 2023 and again on 30 June 2023, the Licensee submitted Asset health Re-opener applications under SpC 3.14.4 and 3.14.9, which complied with the requirements of SpC 9.4 Re-opener Guidance and Application Requirements Document.

Asset health Re-opener Direction

5. The Authority hereby issues a direction under SpCs 3.14.4, 3.14.9 and 3.13.11 to:
 - a) An adjustment to the value of AHT;

- b) An adjustment to the value of NARMAHO_t;
 - c) Modify the outputs, delivery dates and allowances in the RIIO-GT2 Asset Health Non-Lead Assets PCD Tables in the manner set out in Decision - Asset health Re-opener Applications Submitted by National Gas Transmission (January 2023 and June 2023); and
 - d) An amendment to the text in Appendix 2 to SpC 3.15.
6. Further details of the reasons for and effect of this direction and the modifications listed in paragraph 5 can be found in our decision document published alongside this direction on 04 December 2024.
7. This direction will increase the licensee's AHT by £6.527m, NARMAHO_t by £41.534m and NLAHO_t by £74.158m (2018-19 prices). The allowances will be spread out across the RIIO-2 price control as follows:

Licence Term	Special Condition	2021-22	2022-23	2023-24	2024-25	2025-26	Total
NLAHO _t	3.15	8.896	10.325	6.527	35.372	13.038	74.158
NARMAHO _t	3.1	12.464	11.394	6.038	5.537	6.101	41.534
AHT	3.14			0.102	4.008	2.417	6.527

8. This will provide a total allowance of £6.527m for AHT, £41.534 NARMAHO_t and £74.158m for NLAHO_t.
9. Further, this direction will amend Appendix 2 to SpC 3.15 of the licensee's licence as follows:

Appendix 2

Title and publication date of document containing the Asset Health – Non-Lead Assets PCD Tables

Title	Publication Date
Final Determinations – RIIO-GT2 Non-lead assets PCD Annex (REVISED)	3-February 2021
RIIO- GT2 Asset Health Non-Lead Assets PCD Tables	04 December 2024

10. This direction will take effect immediately.
11. If you have any questions in relation to this direction, please contact:
graham.craig@ofgem.gov.uk

Yours sincerely,

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Thomas Johns
Deputy Director Major Projects Delivery
Duly authorized on behalf of the Gas and Electricity Markets Authority