

Network licensees and other
interested parties

Email: ReopenerConsultations@ofgem.gov.uk

Date: 20 February 2025

Proposal to modify the Re-opener Guidance and Application Requirements Document

We¹ propose to make modifications to Re-opener Guidance and Application Requirements Document, version 3 (published on Ofgem website on 3 April 2023).

Re-opener Guidance and Application Requirements Document

The Re-opener Guidance and Application Requirements Document sets out the regulation, governance and administration of the re-opener applications in accordance with Special Condition 9.4 (Re-opener Guidance and Application Requirements Document) of the Gas Transmission (GT), Gas Distribution (GD) and Electricity Transmission (ET) licences (effective from 1st April 2021), and in accordance with Special Condition 1.3 for the Electricity Distribution (ED) licences (effective from 1st April 2023).

As part of this consultation, we have published the following documents:

- Re-opener Guidance and Application Requirements Document – with “tracked” changes of our proposed amendments;
- Re-opener Submission Template (Excel file); and
- Re-opener Submission Template Instructions.

Proposed modifications and new requirements

We are proposing modifications to the Re-opener Guidance and Application Requirements Document to improve clarity around redaction of published information as well as the data that licensees submit to Ofgem as part of their re-opener applications. These proposals include:

¹ The terms ‘we’, ‘us’, ‘our’ refer to the Gas and Electricity Markets Authority. Ofgem is the office of the Authority.

- A. revision to the current redaction policy to clarify and standardise;
- B. a new standardised Re-opener Submission Template for licensees to use to provide data relevant to their applications; and
 - a new Re-opener Submission Template Instructions document to be used alongside the data template.

Our proposals are set out below, along with our rationale for the proposals.

A. Redaction policy revisions

Rationale for proposing modifications to the Redaction Policy in the Re-opener Guidance and Application Requirements Document:

In line with our statutory duty to promote the interest of consumers, we aim to make as much information as possible publicly available in the documents we publish.²

In the interest of transparency, providing information and explanations to consumers and market participants on the decisions we make will strengthen regulatory accountability while providing a route for engagement for relevant stakeholders.

Making relevant information publicly available, in the context of re-opener application submissions, helps ensure that the decisions we make are in the interest of current and future energy consumers and that any investments we approve funding for represent value for money. We consider that maximising transparency in our decision-making processes builds trust among consumers and consumer advocacy groups regarding how network companies are regulated. We therefore apply the principle that all relevant information should be made publicly available unless there is a justified need for redaction.

However, the publication of certain information can result in harm to individuals or to consumers as a whole, in economic harm to licencees, or may raise public safety and national security concerns. We therefore need to weigh the public benefit of transparency against these potential harms and in some cases, it may be necessary to redact some information from published documents.

Our current Redaction Policy, as set out in page 9, chapter 2 (Assurance and publication requirements) of the Re-opener Guidance and Application Requirement Document, provides high level guidance on how to approach redactions. This guidance helps licensees understand what we consider when deciding what information we will publish, the types of information they should request we redact from our publications, and the type of information they should consider redacting from their own publications.

² Electricity Act 1989, Section 48, Paragraph 1; Gas Act 1986, Section 35, Paragraph 1

However, because the current guidance is high level it can potentially lead to inconsistent application of the Policy. To address this, we identified the need to provide more clarity and guidance on the redactable information categories and general considerations we expect network companies to observe when making redaction requests to the Authority.

The Redaction Policy identifies three main categories of information that may be deemed not suitable for publication:

- confidential information,
- commercially sensitive information,³ and
- information that may pose a risk to national security.

For more details on the three main information categories, please see Annexes 1, 2 and 3 of the proposed Redaction Policy.

The proposed Redaction Policy is intended to apply to all RIIO-2 re-opener mechanisms across the network sectors with exception of Cyber re-openers.⁴ Our intention is that the same requirements will also apply to any equivalent RIIO-3 mechanisms.

B. Re-opener Submission Template and associated Instructions document

Rationale for proposing to introduce Re-opener Submission Template and associated Instructions:

Network companies' re-opener applications are required to include a comprehensive explanation of the needs case and project proposal as well as related cost data.

Currently, there is no standard form of data submissions. The information submitted is often provided in various formats and with different levels of detail. In some cases, information provided as a part of licensees' re-opener submissions has not been comprehensive enough to enable us to robustly and efficiently assess the proposals.

To address this, we are proposing to introduce a new requirement for standardised Re-opener Submission Template to be submitted by network companies as part of their re-opener applications.

We believe that the introduction of a standardised Re-opener Submission Template will help ensure that the project cost information submitted by network companies is more comprehensive and consistent. This will help facilitate our review of re-opener applications by ensuring they meet our requirements and enable robust assessment of the submitted

³ Chapter 1 of the Competition Act 1998.

⁴ Special Condition 3.2 of the ET Special Conditions: Cyber resilience operational technology Re-opener (CROTt), Price Control Deliverable and use it or lose it adjustment (CROTRET); and Special Condition 3.3 of the ET Special Conditions: Cyber resilience information technology Re-opener (CRITt) and Price Control Deliverable (CRITRET).

data. In addition, it will also reduce the potential for delays in our assessment process by reducing the need for us to issue supplementary questions (SQs) to licensees.⁵

We recognise that the data needed to enable a robust assessment of re-opener submissions will vary to certain degrees across mechanisms and across individual applications. As such, we designed the Re-opener Submission Template in a way that gives flexibility to cater for a wide variety of re-opener mechanisms and sector specific elements.

The proposed Re-opener Submission Template is intended to align, where possible, with the data the licensees submit through their Regulatory Reporting Pack (RRP) submissions. This will help ensure consistency as well as reduce resource requirements.

The proposed requirements are intended to apply to all RIIO-2 re-opener mechanisms across the sectors with exception of Large Onshore Transmission Investments,⁶ Accelerated strategic transmission investment Re-opener,⁷ and Cyber re-opener mechanisms. It is also intended to be submitted in conjunction with accompanying narrative and other supporting documents.

Alongside the Re-opener Submission Template, we are publishing **Instructions** to provide further explanation of the template and to provide general guidance to the licensees on how to populate the data template.

Next Steps

We are consulting on the proposed modifications to the Re-opener Guidance and Application Requirements Document. We welcome views from any interested parties by the closing date of 18 April 2025. We will publish our decision and finalised Re-opener Guidance and Application Requirements Document in due course after the closing of the consultation.

⁵ We may issue supplementary questions, where it is necessary to complete the assessment with additional information or clarification.

⁶ Special Condition 3.13 of the ET Special Conditions: Large onshore transmission investment Re-opener (LOTIA and LOTIREt)

⁷ Special Condition 3.41 of the ET Special Conditions: Accelerated strategic transmission investment Re-opener (ASTIRt)

Specific consultation questions that we would like respondents' views on are listed in Appendix 1 below. We also welcome any general comments on our proposals.

Responses to this consultation should be set to: ReopenerConsultations@ofgem.gov.uk.

Yours sincerely,

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RIIO Price Control Operations

Appendix 1 – Consultation Questions: Proposal to modify the Re-opener Guidance and Application Requirements Document

Please provide as much explanation as possible to allow us to understand your views and include any references or evidence that may be of relevance.

Re-opener Guidance and Application Requirements Document

Question 1: Do you have any views on the proposed revisions to the Re-opener Guidance and Application Requirements Document?

Proposed revisions are shown in tracked changes in the document version 3.1.

Appendix 12: Redaction Policy

Question 2: Do you agree that a more comprehensive Redaction Policy is required purposes explained in section 1 (Introduction) of the proposed Redaction Policy?

Question 3: Do you have any views on the proposed approach as set out in section 2 (Approach to Redacting Information) of the proposed Redaction Policy?

Question 4: Do you agree with the three proposed redactable information categories? Are there any other categories that should be considered?

Question 5: Do you have any views on the redactable information category explanations set out in Annexes 1, 2, and 3?

Question 6: Do you agree that the existence of a Non-Disclosure Agreement (NDA) should, in itself, not be sufficient reason for redaction or non-compliance with the policy (as explained in Annex 2)?

Question 7: In your view, is the proposed scope of the redaction policy correct? Should it apply to all re-openers or should some mechanisms be excluded from scope?

Question 8: Do you agree with the process as set out in Section 4 (Process for Publications) for (a) Ofgem's publications, and (b) licensee's publications?

Question 9: Do you have any views on the General Consideration set out in section 5 (General Considerations)?

Appendix 13: Re-opener Submission Template, and Appendix 14: Instructions

- Question 10: Please provide your views on the split between direct and indirect costs on each of the 2_Costs_Section worksheets.
- Question 11: Please provide your views on the split between Company Costs and Contractor Costs on each of the 2_Costs_Section worksheets.
- Question 12: In your view is specific instruction required for any of the individual worksheets? Please provide as much detail as possible on what is required. We also welcome suggested draft text.
- Question 13: Do you have any views on the overall structure and design of the Re-opener Submission Template?
- Question 14: Do you have any views on the scope and content of the Re-opener Submission Template?