

To:  
The Gas Transmission Network Operator,  
the Gas System Planner and interested  
Stakeholders

Date: 10 April 2025

Dear Company Secretaries and Stakeholders,

**Decision to modify the Regulatory Instructions and Guidance ("RIGs"), the Regulatory Reporting Pack ("RRP") and the Price Control Financial Model ("PCFM") Guidance for RIIO-GT2**

We<sup>1</sup> are issuing directions under the RIGs and in particular in relation to the following documents for the Gas Transmission licensee:

- RIIO-GT2 RRP data templates
- RIIO-GT2 RIGs documents
- RIIO-GT2 PCFM Guidance

Please find enclosed the Directions setting out the changes made pursuant to the relevant Licence Conditions.

**RIGs and RRP**

The RIGs and RRP are the principal means by which we collect cost, volume, allowed expenditure and output delivery information from the licensee to monitor performance against its RIIO-GT2 objectives and hold the licensee to account.

As part of the enclosed Directions, we provide the modified versions of the following documents [clean and marked up versions]:

- RIIO-GT2 Regulatory Instructions and Guidance: Version 2.4;
- RIIO-GT2 PCFM Guidance: Version 1.4; and
- RIIO-GT2 Regulatory Reporting template: Version 2.4.

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<sup>1</sup> References to 'the Authority', 'GEMA', 'Ofgem', 'we', 'us' and 'our' are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets. Ofgem is the office of the Authority which supports GEMA.

## **Decision**

We have decided to make a number of modifications and minor corrections to the RIGs, RRP and to the PCFM Guidance to align them with the RIIO-GT2 special licence conditions, the PCFM and Price Control Financial Handbook ("the Handbook"), collectively known as the Price Control Financial Instruments ("the PCFI").

These include:

- Minor snagging changes and corrections to the RRP pack following the recent<sup>2</sup> RIGs consultation.
- Making consequential updates to the RIGs and PCFM Guidance to clarify the existing reporting requirements of the licensee.

We set out the effect of and the reasons for these modifications below.

## **General updates**

We have included a number of changes and corrections to the RRP pack as well as updates to the RIGs and PCFM guidance to clarify reporting requirements.

The reason for these changes is to align the terminology and calculations within the RIGs and RRP with the RIIO-2 licence and PCFI so that we are able to gather the relevant data required to administer and monitor the RIIO-2 price controls.

## **Timeline**

The modifications to the RIGs will take effect on 10 April 2025. For the avoidance of doubt, this means that the data to be submitted in July 2025 (in respect of the 2024/25 reporting year) will use the RRP and RIGs as modified.

Yours faithfully,

Pete Wightman  
Deputy Director  
Network Price Controls

**Duly authorised on behalf of the Authority**

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<sup>2</sup> [Notice proposing modifications to the Regulatory Instructions and Guidance \(RIGs\) RIIO-2 Year 4 for gas transmission | Ofgem](#)

**National Gas plc (with respect to its gas transmission network)**  
(the "Licensee")

**Direction under paragraph 3 of the Standard Special Condition A40 (Regulatory Instructions and Guidance) SSC A40 and Special Condition 8.2 (SC 8.2) (Annual Iteration Process for the GT2 Price Control Financial Model) of the Gas Transporter Licence (the "Licence") granted to the Licensee under section 7 of the Gas Act 1986 (the "Act").**

**Whereas –**

1. The Licensee holds a Gas Transporter Licence (the "Licence") granted or treated as granted under section 7 of the Gas Act 1986 (the "Act") and is subject to the conditions contained in the Licence.
2. The RIGs are the primary means by which the Authority directs the Licensee to collect and provide information to the Authority, to enable it to administer the Special Conditions of the Licence and, where not referenced in the Licence, the RIIO-GT2 Final Determinations<sup>3</sup>.
3. SSC A40 sets out the process for issuing and modifying the RIGs. In accordance with paragraph 8 of SSC A40, the Authority gave notice to the Licensee on 21 February 2025<sup>4</sup> that it proposed to modify the RIGs and RRP for RIIO-GT2.
4. SC 8.2 sets out the process for issuing and amending the PCFM Guidance. In accordance with paragraph 8.2.22, the Authority gave notice to the Licensee on 21 February 2025<sup>5</sup> under PCFM Guidance paragraph that it proposed to modify the PCFM Guidance.
5. The Notice required any representations by licensee on the proposals to be made on, or before, 21 March 2025.
6. Prior to the consultation closing, the Authority received three representations proposing changes and clarifications to the RIGs and PCFM Guidance. The Authority has

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<sup>3</sup> [RIIO-2 Final Determinations for Transmission and Gas Distribution network companies and the Electricity System Operator | Ofgem](#)

<sup>4</sup> [Notice proposing modifications to the Regulatory Instructions and Guidance \(RIGs\) RIIO-2 Year 4 for gas transmission | Ofgem](#)

<sup>5</sup> [Notice proposing modifications to the Regulatory Instructions and Guidance \(RIGs\) RIIO-2 Year 4 for gas transmission | Ofgem](#)

considered the representations and has made the relevant changes to the RIGs and PCFM Guidance. Further details of the changes made are in the Appendix.

7. The modifications refer specifically to information required to be submitted to the Authority on or before 31 July 2025 in relation to:
  - RIIO-GT2– Regulatory Instructions and Guidance: Version 2.4;
  - RIIO-GT2 PCFM Guidance: Version 1.4; and
  - RIIO-GT2 Regulatory Reporting Template: Version 2.4.
8. The modifications are summarised in the appendix of this letter and can be seen in the versions of the RIGs documents specified above and published alongside this Direction.

**Now Therefore –**

9. Pursuant to paragraph 3 of SSC A40 of the Licence, the Authority hereby modifies the RIGs; and pursuant to paragraph 8.2.19 of SC 8.2, the Authority hereby modifies the PCFM Guidance in the manner specified in the appendix.
10. The reason for the amendments set out in this Direction is to collect additional information in line with our Final Determinations for RIIO-GT2 and, to align the template and guidance with the latest special licence conditions and Price Control Financial Instruments.
11. The modifications will take effect on 10 April 2025.
12. The Licensee must complete and return the reporting pack referred to above as part of the 2024/25 annual reporting process.

Pete Wightman  
Deputy Director  
Network Price Controls

**Duly authorised on behalf of the Authority**  
**10 April 2025**

## Appendix – Summary of modifications

Document	Feedback Received	Ofgem Response
RRP and RIGs  Table 9.12 – Maintenance Incentive	<p>The current Table 9.12 require revisions to fully reflect the reporting requirements of the licence condition. Proposed revisions are:</p> <ul style="list-style-type: none"> <li>• Amending the wording of table to remove ambiguity in titles, giving a breakdown of work types by pre-set categories.</li> <li>• The definitions of "Potentially Impacting" and "Impacting" works not clearly defined. Proposed revisions will make it clear what figures to complete by using definitions based on the licence condition.</li> <li>• Updating manual input cells to support the above changes</li> </ul>	We agree.
RRP  Table 3.3 Allowances	<p>NGT proposes to update Table 3.3 Allowances:</p> <ul style="list-style-type: none"> <li>• With the latest Real Price Effect (RPE) allowances.</li> <li>• Amending the Transmission Operator (TO) section by splitting out the Other Opex allowances for better reporting.</li> <li>• Incorporating the latest Asset health, Cyber Resilience Information Technology (IT) and Operational Technology (OT) reporting requirements.</li> </ul>	We agree.
RRP and RIGs  Asset disposal reporting	<p>NGT proposes a new table i.e. Table 2.3 Disposals to provide regulatory reporting on potential asset transfers as it plans for the long term move to Hydrogen gas.</p>	We agree.