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23<sup>rd</sup> May 2025,

Dear Michael,

**Statutory consultation to modify the Price Control Financial Instruments and licence conditions for electricity and gas distribution and transmission.**

Thank you for the opportunity to respond to the above-mentioned consultation. This non-confidential response is provided on behalf of National Grid Electricity Distribution (comprising National Grid Electricity Distribution West Midlands, National Grid Electricity Distribution East Midlands, National Grid Electricity Distribution South Wales and National Grid Electricity Distribution South West).

In summary, we support of the proposals pertaining to the Electricity Distribution sector proposed by Ofgem. We provide expanded comments in the annex that follows this letter.

We wish to take the opportunity to draw Ofgem's attention to some concerns we have regarding version control of the licence conditions. We note that the proposed changes to Standard Condition 29 have been applied to the version of the Standard Conditions from 1<sup>st</sup> October 2024, changes to Special Condition 1.2 have been applied to the version of the Special Conditions from 21<sup>st</sup> November 2024, and we cannot see a specific reference to version control for the proposed change to Special Condition 9.8. We considered it important to flag this to Ofgem given that a new version of the Electricity Distribution licence was released by Ofgem on 13<sup>th</sup> February 2025 as part of its decision on "[Housekeeping modifications to the electricity distribution licence](#)", and to ensure that the proposals contained within this consultation are made to the latest version.

I hope this is helpful, and please do not hesitate to contact me if you have any questions or comments.

Yours sincerely

Craig Neilson

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(by email)

## **Annex: National Grid Electricity Distribution response to specific proposals**

### **Proposed modification to Special Condition 1.2 Definitions and references to the Electricity Distributors**

We agree that the proposal to reference the PCFM guidance document within the definition of the Annual Iteration Process in Special Condition 1.2 of the Electricity Distribution licence is appropriate.

### **Proposed modification to Special condition 9.8 Tax Reconciliation Statement for ED**

We support the proposal to update the due date of the obligations under Special Condition 9.8 to 30<sup>th</sup> September as this will create alignment to the due date for the annual Regulatory Financial Performance Report (RFPR) which includes the relevant tax reconciliation reporting tables, also ensuring alignment of the relevant reporting timetable across sectors.

### **Proposed modification to ED Standard Condition 29 Restriction of activity and financial ring-fencing of the Distribution Business**

We support the proposal to replace the reference to “Regulatory Accounts” with “historical cost accounting statements” in within Standard Condition 29 of the Electricity Distribution licence in relation to the de minimis threshold calculation. This is appropriate given the enduring derogation in place in relation to the preparation of Regulatory Accounts, and is also consistent with the equivalent Gas Transmission and Gas Distribution licence conditions.

### **Proposed change to list of items excluded from totex expenditure in paragraph 3.7 of the ED2 PCFH**

We agree with the proposal for the addition of the sentence “and any subsequent appeals against the CMA” to bullet point o) which excludes from totex “any costs or legal fees incurred relating to an application for a judicial review or appeal to the CMA in respect of a decision made by Ofgem”, and also note that this amended definition has been consistently applied with the RIIO-ED2 Cost Volume and Revenue reporting templates which are submitted as part of the annual Regulatory Reporting Pack (RRP).