

To:

Gas Distribution, Gas
Transmission, Electricity
Transmission; Electricity
Distribution; Network
Operators; and Stakeholders

Date: 20 June 2025

Dear Company Secretaries and Stakeholders,

Direction to amend the Regulatory Instructions and Guidance ("RIGs") for RIIO-2

We have amended the RIIO-2 Regulatory Financial Performance Reporting – Regulatory Instructions and Guidance ("RFPR RIGs") for the Electricity Transmission, Electricity Distribution, Gas Distribution and Gas Transmission licensees.

The Gas and Electricity Markets Authority¹ (the "Authority") gave notice² on 25 April 2025 (the "Notice") that it proposed to make changes to the Regulatory Instructions and Guidance ("RIGs"). The Notice required any representations by licensees on the proposals to be made on, or before, 23 May 2025.

Prior to the consultation period closing, the Authority received ten responses with representations on the consultation. All non-confidential stakeholder representations received, as well as our responses to them and the reasons for any changes made to the proposed RFPR template and RFPR RIGs documents in light of consultation responses, can be found in the 'RFPR issues log' published alongside this direction.

In addition to the published RFPR issues log, we summarise below the main areas that the consultation responses pertain to.

¹ The terms "the Authority", "our" and "we" are used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports the Authority in its day to day work.

² [Notice of proposed modifications to the Regulatory Financial Performance Reporting template and guidance for RIIO-2 \(2025\) | Ofgem](#)

Although the amendments are referred to below as being 'proposed', this is a reference to the consultation position and responses. We have now decided to proceed with the amendments as set out in the Direction.

General updates and corrections

Licensees raised a number of general updates and corrections to the format and calculations in the RFPR template and consequential updates to the RIGs.

Following careful consideration of these responses, we have made the relevant changes, where appropriate, to reflect the new policies that we have implemented as part of our RIIO-2 Final Determinations (RIIO-GT2, RIIO-GD2, RIIO-ET2 and RIIO-ED2) and to align the terminology and calculations in the RFPR with the RIIO-2 licences.

We have concluded that starting from the 2024/25 reporting year, the RFPR RIGs guidance and template will no longer be applicable to "National Energy System Operator Ltd" (NESO), previously known as "National Grid Electricity System Operator Ltd" (ESO). Reporting requirements for the transition period between ESO and NESO (1st April 2024 - 31st March 2025) will be determined through a separate consultation.

Our Decision

We have decided to implement the changes as set out in the RIIO-2 RFPR template and RFPR RIGs published on our website alongside this letter.

Please find enclosed the Directions setting out our changes issued pursuant to the relevant Licence Conditions for each sector.

As part of the enclosed Directions, we provide the following documents:

- RFPR RIGs guidance – a "clean" and "tracked" version
- RFPR RIGs template; and
- RFPR Issues Log.

All the non-confidential stakeholder representations received, as well as our detailed responses to them and the reasons for the differences between the proposed template and the template that we are directing to be used, can be found in the "RFPR issues log" published alongside these directions.

Timeline

The amendments to the RIGs will take effect on 20 June 2025. For the avoidance of doubt, this means that the data submitted on 30 September 2025 (in respect of the 2024/25 reporting year) will use the RFPR RIGs as amended by this Decision and the accompanying Directions

Yours faithfully,

Mick Watson
Chief Financial Advisor, Deputy Director
Duly authorised on behalf of the Authority
20 June 2025

Cadent Gas Limited
Northern Gas Networks Limited
Scotland Gas Networks plc
Southern Gas Networks plc
Wales & West Utilities Limited
National Gas Transmission plc

(each one a “Licensee”, and together, “the Licensees”)

Whereas –

The Gas and Electricity Markets Authority (the “Authority”)¹ hereby gives notice as follows:

Direction to amend the Regulatory Instructions and Guidance under Standard Special Condition A40 of the Gas Transporter Licence

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 Regulatory Instructions and Guidance (“the RIGs”) are the primary means by which the Authority directs the Licensees 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-GD2 Final Determinations.²
3. Standard Special Condition A40: Regulatory Instructions and Guidance (“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 Licensees on 20 April 2025³ that it proposed to modify the RIGs, as set out in that notice.
4. The notice required any representations by licensees on the proposals made in that notice in relation to amending the RIGs to be made on, or before, 23 May 2025.
5. Prior to the consultation period closing the Authority received ten responses. The Authority has considered the representations in those responses and has made a number of amendments to the RIGs proposed as part of the consultation.

¹The “Authority”, “Ofgem”, “we” and “our” are used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports the Authority in its day to day work.

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

³ [Notice of proposed modifications to the Regulatory Financial Performance Reporting template and guidance for RIIO-2 \(2025\) | Ofgem](#)

6. We have set out our responses to the non-confidential representations received and the modifications made to the RIGs as a result of these in the “RFPR issues log” published on our website.
7. The amendments refer specifically to information required to be submitted to the Authority on or before 30 September 2025 in relation to the RIIO-2 Regulatory Financial Performance Reporting excel template and guidance document.
8. The modifications are summarised in the attached Decision 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 directs that the RIGs will be amended in the manner specified in the attached Schedule.
10. The reason for the amendments made in this Direction is to collect additional information in line with our Final Determinations for RIIO-GD2 & RIIO-GT2 and to align the template and guidance with the latest special licence conditions and Price Control Financial Model. Further details are contained in the Decision letter attached to this Direction.
11. The amendments to the RIGs will take effect on 20 June 2025.
12. The Licensees must complete and return the reporting pack referred to above as part of the 2024/25 RIGs process.

Mick Watson
Chief Financial Advisor, Deputy Director
Duly authorised on behalf of the Authority
20 June 2025

National Grid Electricity Transmission plc
SP Transmission plc
Scottish Hydro Electric Transmission plc

(each one a “Licensee”, and together, “the Licensees”)

Whereas –

The Gas and Electricity Markets Authority (the “Authority”)¹ hereby gives notice as follows:

Direction to amend the Regulatory Instructions and Guidance under Condition B15 of the Electricity Transmission Licence

Whereas –

1. The Licensees each hold an Electricity Transmission Licence (the “Licence”) granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 (the “Act”) and are subject to the conditions contained in the Licence.
2. The Regulatory Instructions and Guidance (“RIGs”) are the primary means by which the Authority directs the Licensees 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-2 Final Determinations for Transmission and Gas Distribution network companies and the Electricity System Operator.²
3. Condition B15: Regulatory Instructions and Guidance (“SC B15”) sets out the process for issuing and modifying the RIGs. In accordance with paragraph 8 of SC B15, the Authority gave notice to the Licensees on 25 April 2025³ that it proposed to modify the RIGs, as set out in that notice.
4. The Notice required any representations by licensees on the proposals made in that notice in relation to amending the RIGs to be made on, or before, 23 May 2025.
5. Prior to the consultation period closing the Authority received ten responses. The Authority has considered the representations made in those responses and has made

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

³ [Notice of proposed modifications to the Regulatory Financial Performance Reporting template and guidance for RIIO-2 \(2025\) | Ofgem](#)

a number of changes to the RIGs proposed as part of the consultation.

6. We have set out our responses to the non-confidential representations received and the amendments made to the RIGs as a result of these in the "RFPR issues log" published on our website.
7. The amendments refer specifically to information required to be submitted to the Authority on or before 30 September 2025 in relation to the RIIO-2 Regulatory Financial Performance Reporting excel template and guidance document.
8. The modifications are summarised in the attached Decision 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 SC B15 of the Licence, the Authority hereby directs that the RIGs will be amended in the manner specified in the attached Schedule.
10. The reason for the amendments made in this Direction is to collect additional information in line with our Final Determinations for RIIO-ET2 and, to align the template and guidance with the latest special licence conditions and Price Control Financial Model.
11. The amendments will take effect on 20 June 2025.
12. The Licensees must complete and return the reporting pack referred to above as part of the 2024/25 RIGs process.

Mick Watson
Chief Financial Advisor, Deputy Director
Duly authorised on behalf of the Authority
20 June 2025

Electricity North West Limited
Northern Powergrid: Northeast
Northern Powergrid: Yorkshire
SP Energy Networks: Distribution
SP Energy Networks: Manweb
Scottish and Southern Energy Power Distribution: Scottish Hydro Electric Power Distribution
Scottish and Southern Energy Power Distribution: Southern Electric Power Distribution
UK Power Networks: London Power Networks
UK Power Networks: South East Power Networks
UK Power Networks: Eastern Power Networks
National Grid Electricity Distribution (West Midlands) plc
National Grid Electricity Distribution (East Midlands) plc
National Grid Electricity Distribution (South Wales) plc
National Grid Electricity Distribution (South West) plc

(each one a “Licensee”, and together, “the Licensees”)

Whereas –

The Gas and Electricity Markets Authority (the “Authority”)¹ hereby gives notice as follows:

Direction to amend the Regulatory Instructions and Guidance under Standard Condition 46 (“SC 46”) of the Electricity Distribution Licence

Whereas –

1. The Licensees each hold an Electricity Distribution Licence (the “Licence”) granted or treated as granted under section 6(1)(c) of the Electricity Act 1989 (the “Act”) and are subject to the conditions contained in the Licence.
2. The Regulatory Instructions and Guidance (“RIGs”) are the primary means by which the Authority directs the Licensees 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-ED2 Final Determinations.²
3. Condition 46: Regulatory Instructions and Guidance (“SC 46”) sets out the process for issuing and modifying the RIGs. In accordance with paragraph 10 of SC 46, the Authority gave notice to the Licensees on 25 April 2025³ that it proposed to modify the RIGs, as set out in that notice.

¹The “Authority”, “Ofgem”, “we” and “our” are used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports the Authority in its day to day work.

² [RIIO-ED2 Final Determinations | Ofgem](#)

³ [Notice of proposed modifications to the Regulatory Financial Performance Reporting template and guidance for RIIO-2 \(2025\) | Ofgem](#)

4. The Notice required any representations by licensees on the proposals made in that notice in relation to amending the RIGs to be made on, or before, 23 May 2025.
5. Prior to the consultation period closing the Authority received thirteen responses. The Authority has considered the representations made in those responses and has made a number of changes to the RIGs proposed as part of the consultation.
6. We have set out our responses to the non-confidential representations received and the amendments made to the RIGs as a result of these in the "RFPR issues log" published on our website.
7. The amendments refer specifically to information required to be submitted to the Authority on or before 30 September 2025 in relation to the RIIO-2 Regulatory Financial Performance Reporting excel template and guidance document.
8. The modifications are summarised in the attached Decision letter and can be seen in the versions of the RIGs documents specified above and published alongside this Direction.

Now Therefore –

9. Pursuant to Part C of SC 46 of the Licence, the Authority hereby directs that the RIGs will be amended in the manner specified in the attached Schedule.
10. The reason for the amendments made in this Direction is to collect additional information in line with our Final Determinations for RIIO-ED2 and, to align the template and guidance with the latest special licence conditions and Price Control Financial Model.
11. The amendments will take effect on 20 June 2025.
12. The Licensees must complete and return the reporting pack referred to above as part of the 2024/25 RIGs process.

Mick Watson
Chief Financial Advisor, Deputy Director
Duly authorised on behalf of the Authority
20 June 2025