

Eliska Antosova
RIIO Price Control Operations

By email only: ReopenerConsultations@ofgem.gov.uk

Dear Eliska

Consultation: Notice of proposed modifications to Re-opener Guidance and Application Requirements Document

National Gas Transmission (NGT) welcomes the opportunity to respond to Ofgem's proposed modifications to re-opener guidance and the applications requirements document. We have provided our comments and responses to the 14 questions in the attached Appendix 1.

In summary, with regards the proposed submission template, while we understand Ofgem is seeking to implement consistency and transparency across re-opener submissions, we are not clear how the template will address this - the template in its current draft is not gas industry focused, will need to be adapted to suit a particular re-opener topic on a case by case basis and drives additional administrative burden for licensees.

We note the consultation document does not propose when the template would be effective from, but we would expect a lead time of at least 3 – 6 months would be required to allow licensees to implement changes. We have in discussions with Ofgem colleagues flagged that NGT has several upcoming MCPD Re-Opener submissions already in progress, and we intend to continue to use our existing approach and templates for these submissions. We understand Ofgem will be open to engage with us to agree implementation to specific submissions once they are in effect.

With the Redaction Policy, while we welcome Ofgem's aim to documenting its own approach, we are of the view that the current Re-opener Guidance sufficiently meets the need for licensee redactions and publications.

It is also worth noting that we have previously in February 2024 and September 2024 provided informal feedback on the proposals (please see attached). While some queries have been addressed, we feel that most are still valid and would welcome feedback on the issues raised.

We would be happy to discuss our response with you should you seek any points of clarification or further information.



NGT's designated point of contact for this submission is Jessica Lang, Regulatory Development Manager, email Jessica.Lang@nationalgas.com, telephone 07834 804807.

Yours sincerely

Jessica Lang

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Regulatory Development Manager

APPENDIX 1 : NGT Response – Notice of proposed modifications to Re-opener Guidance and Application Requirements Document February 2025.

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.

We have no specific comments on the proposed revisions to the Re-opener Guidance and Application Requirements Document (the Guidance).

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?

While supporting Ofgem's aim to document and ensure consistency of its approach to redaction and publication, we are of the view that the existing guidance for licensees is sufficient. There is already a requirement at para. 2.5 of the Guidance that requires licensees make 'only necessary redactions' when publishing its re-opener applications. We do not see that applying Ofgem's redactions policy to licensees provides more clarity than what is already included in the guidance. And, while it states that licensees should seek advice from Ofgem if there is doubt as to whether a document or data falls under the policy, this is an option which is already open to licensees.

It should be noted that the Ofgem policy should not be imposed on licensees.

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?

We note that section 2 paragraphs 2.1 – 2.5 set out how Ofgem will approach redaction for its publications, and we support Ofgem having a clear policy and ensuring



confidential, commercially sensitive or national security information is redacted where necessary.

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

We agree with the three proposed redactable information categories. These are already contained within the existing reopener guidance.

Do we have any other suggestions?

No

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

We note the annexes appear to apply to both Ofgem and licensee redaction considerations, however as written they refer to Ofgem's publication approach.

See our further comments under Question 8 below, which notes that the Ofgem policy should not be imposed on licensees.

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)?

No, we do not agree. With regard to Non-Disclosure Agreements (NDA), we consider this to be to be sufficient justification for information to be redacted. Requiring licensees to provide additional information on the necessity of redacting information which is covered in an NDA puts unnecessary administrative burden on licensees. Information which is covered by NDAs meets the criteria of confidential or commercially sensitive so it would not be appropriate to share this information.

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?

No, the proposed scope is not correct. The policy document should exclude cyber and physical security re-openers as they both relate to matters of national security. We note

that the proposed policy document does not refer to or replicate paragraph 2.6 of the Guidance which states ‘Where publishing an application would pose a risk to national security, the application should not be published at all and no explanation of the lack of publication needs to be published. This may be the case with applications relating to cyber resilience and physical security Re-openers’.

The current wording of the Redaction Policy seems to conflict with the Guidance as at paragraph 2.6 it omits any reference to physical security which seems to indicate redaction would apply to physical security re-openers at paragraph.

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?

Regarding (a) Ofgem publications:

We are not sufficiently clear on the reason justification for redaction and redacted information is required at the time of submission.

When describing the process followed for Ofgem publication, paragraph 4.1a requires licensees to submit with their applications a proposed redacted version of the application together with reasons for the redactions. It would be helpful to understand the benefit of providing the redacted version and reasons at this point, as it creates additional pressure on licensees to have a redaction ready document at the point of submission. This is not in line with the licensee publication process - the Re-opener Guidance and Application Requirements (the Guidance) states documents should be published five working days from submission together with reasons for any redactions.

We would like to understand whether it is Ofgem’s intention to review proposed redactions ahead of licensee publication as this is not currently referenced in the licensee publication process. Should the five working days written into the Guidance stand, does this mean Ofgem would review and approve redacted documents within those five days in order for licensees to still publish externally in line with the guidance? We are concerned that requiring feedback and then subsequent challenge and amendments within the five days to ensure compliance with the guidance is unattainable and puts undue burden on both licensees and Ofgem to achieve these timeframes.

Regarding (b) licensee's publications:

Para. 4.2 appears to seek to impose Ofgem's redactions policy on NGT to comply (presumably in the same way as Ofgem) with the policy. The obligations in respect of publication that fall on Ofgem under e.g. the Gas Act, the Utilities Act do not necessarily fall on NGT / fall on NGT in the same way. For example, when considering s. 105 of the Utilities Act, broadly speaking Ofgem must either seek NGT's permission to publish NGT's information or must have a function which allows them to publish it. If it is our information in the first place, s. 105 would not apply to us. So, when it says at para 4.2 of Appendix 12 that information or data falls within this policy it must apply appropriate redactions, what appropriate redactions are for Ofgem may not be the same for NGT.

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

We would encourage Ofgem to consider documenting the process that will be followed should licensees not agree an Ofgem decision to publish information which licensees have proposed should be redacted.

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.

The templates currently require direct and indirect costs are provided. We note that the Guidance at paragraph 3.20 in relation to cost evidence includes that costs are provided 'on a gross basis including both direct and indirect costs except where the Reopener mechanism is listed under the opex escalator (for GT and ET) where only direct costs should be included'. Is the expectation that even for those submissions where indirect costs are excluded from the submission by reason of the opex escalator, that indirect costs must still be included in the prescribed format? (On reviewing the Instructions document, at paragraph 4.2 this implies this is the case)

NGT bespoke cost templates are adapted for each Re-opener submission and where relevant show a split between direct and indirect costs. Our categorisation of direct and indirect costs is in line with the RRP requirements and in an efficient way to provide clear costs information in line with the submission request. The proposed format of presenting this information will create an administrative burden, resulting in a

potentially very large file, with information spread across various tabs and will result in a document that does not create a useful articulation of the cost split.

Question 11: Please provide your views on the split between Company Costs and Contractor Costs on each of the 2_Costs_Section worksheets.

NGT bespoke cost templates are adapted for each Re-opener submission and where relevant show a split between company and contractor costs. Our categorisation is in line with RRP requirements and provide more detail than the summary view it appears the proposed templates seek. Our current workbooks allow for example for contractor costs to be filtered in excel and viewed in one overall table and in line with RRP categories. The proposed summary approach splits this out across various tabs and will create additional administrative burden to create the information in this format and we do not see the benefit in presenting it in the proposed way.

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.

In general, the current guidelines are very high level, and we expect would need to be updated with more specific details as licensees start to utilise the template and provide feedback/queries arise.

Question 13: Do you have any views on the overall structure and design of the Reopener Submission Template?

We are of the view that the template as it has been issued is not useful for its proposed purpose. NGT are satisfied with our current approach and bespoke templates that have been developed and improved following re-opener submissions and have taken onboard feedback from Ofgem colleagues. We do not believe that this an additional template will add value. There is a risk that mandating the use of a template will result in unnecessary administrative burden due to the subsequent duplication of effort between the working documents used within NGT and the population of the proposed Ofgem template.

The template as it is currently proposed would result in additional effort to provide further explanation and narrative alongside the template which would need to be adapted on a reopener case by case basis – potentially undermining the drive for consistency and the purpose of the template.

Question 14: Do you have any views on the scope and content of the Re-opener Submission Template

We have the following observations:

- It is not clear what the intention of this document is or what reopener submission issues Ofgem is seeking to resolve. On review of the proposed tabs in the draft template versus the requirements set out in the Re-opener Guidance and Application Requirements document, the template appears to be a focus on only certain elements of the requirements (for example costs, options, CBA) while the needs case and allowances requested as part of the re-opener submission are missing.
- We note that the intention is for 'supporting narrative documentation' is required to accompany the submission template. Our observation is that the creation of various versions of the information creates a need for another consistency check between the information in our submission document versus the template, leading to increased resource requirements and potential errors.
- It is not clear how the template will be used to accommodate different types of submissions. Utilisation would be heavily dependent on the types of Reopeners we are progressing. e.g. tab 1.1 Asset Volume, might be more relevant to an asset health type submission rather than a major projects compressor emissions type project. We note that the current version of the template is Major Projects focused and with a bias towards electricity projects (see tab 3.1 where the drop downs relate in the main to electricity not gas related assets making it unsuitable for other types of projects).
- NGT has developed its own set of bespoke submission templates, including detailed cost workbooks adapted to specific Re-opener submission types and updated following feedback from Ofgem colleagues. Our concern is that the requirement to complete this template will create an administrative burden on licensees in adapting what already works to meet the requirements of these templates when it is not clear that they will achieve Ofgem's aim for consistency across licensee submissions.
- As noted in our feedback in September 2024, on reviewing the re-opener template, we have noticed a discrepancy of the cost breakdown categories (tabs 2.1 – 2.11) proposed compared to the GT RIGs (RRP) cost categories. It would be good to understand Ofgem's reasoning for the different breakdown and how this aligns to GT RIGs.
- As noted in our feedback in September 2024, the re-opener template has not been populated with GT assets (tab 3.1 does not allow us to select any GT assets even when selecting NGT in tab 0.1).

- The Risk Register tab appears to require a specific risk register format and detail (whereas the Guidance simply requires “a risk register for the specific project, for any allowances requested for project risk”
- Re-opener submissions can vary greatly between projects, whether due to development stage, complexity, funding mechanism, etc. The more tabs that are included, that may have restricted content to populate may cause additional workload for little benefit - alternatively, the ability to edit the worksheets negates the principle behind a standardised data template.
- In addition, we are concerned with the stability of data in a potentially large file with various tabs being worked on in parallel – and the impact on version control and the reduced ability to monitor and track changes within excel documents which introduces risks to quality control and data assurance.