

**RIIO-T1 and GD1: Draft Licence Conditions First Informal Licence Drafting Consultation (105/12) –
National Grid Gas Distribution Response (24/09/12)**

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INTRODUCTION

The RIIO-GD1 Initial Proposals document was received from Ofgem on 27th July discussing a number of Licence Conditions applicable to National Grid Gas Distribution (NGGD). Ofgem requested comments on these by 21st September 2012, which are listed below. This document sets out comments against these Conditions, answers to the Consultation Questions as well as other general comments on the Licence Timetable.

Licence Conditions included in this Pack are:

- GDC08 NTS Exit Capacity Cost Adjustment
- ETC/GTC/GDC09 The Innovation Rollout Mechanism
- ETC/GTC/GDC11 The Network Innovation Allowance
- GDC20 Restriction of Revenue in respect of the Distribution Network Transportation Activity Charges
- ETC/GTC/GDC21 Distribution Network allowed pass through items
- GDC22 Mains and Service Replacement Expenditure
- GDC24 Incentive Adjustment in respect of the Broad Measure of Customer Satisfaction
- GDC25 Revenue adjustments for performance in respect of gas shrinkage and environmental emissions
- GDC26 (PCC4) Annual Interaction Process for the GD1 Price Control Financial Model
- GDC27 (PCC3) Specified financial adjustments
- GDC28 Arrangements for the recovery of uncertain costs
- GTC/GDC30 Allocation of revenues and costs for calculations under the price control in respect of the Distribution Network
- GDC31 Services treated as Excluded Services
- GTC/GDC32 Restriction of charges for tariff capped metering activities
- GDC47 (PCC2) Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments
- GDC48 Discretionary reward scheme revenue amounts
- GDC57 (PCC5) Governance of GD1 Price control financial instruments
- GDC64 Legacy Price Control Adjustments
- GTC/GDC71 Regulatory Accounts
- ETC/GTC/GDC74 Regulatory Instructions and Guidance
- ETC/GTC/GDC76 Data Assurance Requirements
- GDC83 Distributed Gas: Connections Guide and Information strategy
- GTC/GDC93 Change of Financial Year
- GTC/GDC95 Termination of Shipping Arrangements
- GDC112 Application of Section C (Transportation Services Obligations)
- (FHB) Financial Handbook, Finance Model, (ANC) Ancillary Documents

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GDC00 General Comments

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1		General Comments		We attach with our response to the consultation a mark-up of comments and suggested changes to the proposed licence drafting which are aimed at improving the way the drafting works (both in relation to individual conditions and across the suite of conditions generally). These comments are largely of a technical, rather than a policy, nature.	
2		General Comments		Aside from these specific comments, we generally support the desire of the Authority to promote plain English in the drafting of licence conditions. However, we are concerned that the drafting as it stands does not always achieve that aim. In particular, we consider that there are a number of occasions where some simple language used in a licence condition may be insufficiently precise for licence drafting. We have noted these occasions in the mark-up of the proposed drafting and, where the meaning is clear, suggested that additional plain English wording should be used to clarify the position.	
3		General Comments		We note the intention to use capital letters to define terms in the drafting. While we have no objection to this approach (which reflects how defined terms were treated in the past), we consider that the drafting should include an interpretative rule to deal with those conditions that are defined in lower case in standard conditions and then used in upper case in the price control conditions. A simple rule inserted in the general definitions condition (GDC/ETC/GTC 19) stating that terms used in	

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				upper case in price control conditions shall bear the same meaning as those the same terms are defined lower case in standard conditions should suffice.	
4		General Comments		We note and support the use of drafting based on “reasonable endeavours” etc. as this approach uses clear judicially defined language. However, we are concerned that, in a number of places, the intensity of obligations which are “reasonable endeavours” in existing licence conditions has been made stronger by amending them to “best endeavours” in the proposed licence drafting without any justification being offered. We do not consider that any change to the intensity of obligations equating to those set out in existing conditions should be adopted unless the Authority can demonstrate that the existing intensity of obligation is too weak to ensure effective compliance by licensees.	
5		General Comments		We also note that, for convenience of consultation, there are a number of special conditions which will apply in a very similar form to more than one licensee. Given that price control conditions are special conditions and therefore unique to individual licensees, we consider that for the final drafting, these conditions should be individualised to make them specific to the licensees to whom they relate. This also has implications for change processes for subsidiary documents issues pursuant to some of those conditions, and we have marked changes to the relevant licence conditions into the attached mark up.	
6	GDC00	General Comments	1.19	NGGD supports the use of the term “reasonable endeavours” in relation to the steps a licensee would need to take to meet a licence obligation, rather than “take steps”.	

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7	GDC00	General Comments		We agree with the proposals to delete and merge conditions, for example GDC42 Distribution Network Charges: Supplementary restrictions	
8	GDC00	General Comments		It would be useful to have an updated version of the Ofgem timetable, including planned dates for the various Work Group meetings	
9	GDC00	General Comments		Can Ofgem please clarify if GDC63 PCC3A Determination of Annual Iteration Process input variable values for Retail Price Index (RPI) levels is still required and will be included within the Second Informal Licence Consultation?	
10	GDC00	General Comments		Can Ofgem please clarify if GDC89 Quality of Service Standards is still required and will be included within the Second Informal Licence Consultation?	
11	GDC00	General Comments		There seems to be a duplicate number of GTC/GDC93, which has been referenced as GTC/GDC93Change Co-ordination for the Utilities Act 2000 and GTC/GDC93 SSC:A29 Change of Financial Year. Which is correct? GTC/GDC74 is referenced as Price Control Review Information and Regulatory Instructions and Guidance, which also needs clarifying.	
12	GDC00	General Comments	Consultation: Pg 62, Para 4.2	It is not clear what Ofgem are proposing in relation to the conditions under Part D. Reference is only made to D9. Does this mean that the existing conditions will remain in place, or are there plans to review these as part of the next informal consultation?	
13		General Comments		It would be useful if Ofgem could publish a timetable for when the following Ancillary Documents will be published: 1. Regulatory Instructions and Guidance	

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				<p>(RIGS)</p> <ol style="list-style-type: none"> 2. Data Assurance Guidance (DAG) 3. Stakeholder Engagement Reward Guidance (SERG) 4. Gas Discretionary Reward Scheme Guidance document (DRS) <p>We have provided comments on the following Ancillary Documents under separate cover by the deadlines noted:</p> <ol style="list-style-type: none"> 1. Network Innovation Allowance (NIA) Guidance Document (31/08) 2. Network Innovation Competition (NIC) Guidance Document (07/09) 	
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GDC08 NTS Exit Capacity Cost Adjustment

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	GDC08	NTS Exit Capacity Cost Adjustment	8.1	Suggest refer to Part B of GDC20.	
2	GDC08	NTS Exit Capacity Cost Adjustment	8.3	Suggest refer to Part B of GDC20. Also insert the title of GDC20. The formula has not been provided yet and will need to be reviewed at the appropriate time As to “EXC”, delete the full stop and replace with “; and”.	
3	GDC08	NTS Exit Capacity Cost Adjustment	8.4	The formula has not been provided yet and will need to be reviewed at the appropriate time As to ExCC: - “NTS operator” should be capitalised as it is a defined term; - delete the full stop and replace with “; and”. As to ExFFct, “NTS operator” should be capitalised as it is a defined term.	
4	GDC08	NTS Exit Capacity Cost Adjustment	8.5	The formula has not been provided yet and will need to be reviewed at the appropriate time As to “IQI”, inset a semi colon at the end of the definition. As to “EIT”: - insert “and is” before “derived”; - delete the full stop and insert “of this condition; and”.	

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				<p>As to EDC: - insert “and is” before “derived”; - delete the full stop and insert “of this condition.”</p>	
5	GDC08	NTS Exit Capacity Cost Adjustment	8.6	<p>Is it intended that the title above 8.6 be a “Part”?</p> <p>As to “NTSICHÉ”, after sub-para (ii), delete the full stop and insert a semi colon. As to “NTSTVE”, delete the full stop and insert a semi colon. As to “Y”, delete the full stop and insert a semi colon. As to “Pt”, delete the full stop and insert a semi colon.</p>	
6	GDC08	NTS Exit Capacity Cost Adjustment	8.7	<p>Is it intended that the title above 8.7 be a “Part”?</p> <p>As to “NTSMAE”, delete the full stop and insert a semi colon. As to “NTSBB”: - the reference to “NTS” should be “NTS Operator”; and - insert “; and” at the end of the definition. As to “NTSOC”: - the reference to “NTS” should be “NTS Operator”; and - insert a comma at the end of this definition.</p>	
7	GDC08	NTS Exit Capacity Cost Adjustment	8.8	<p>These definitions should be set out in GDC19.</p>	

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ETC/GTC/GDC09 The Innovation Rollout Mechanism

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	ETC/GTC/GDC009	[x]. The Innovation Roll-out Mechanism	9.1	Suggest a definition of “Innovation Roll-out” be provided.	
2	ETC/GTC/GDC009	[x]. The Innovation Roll-out Mechanism	9.2	We suggest that these definitions be moved to the definitions section in GDC19. As to the definition of “Formula Year t”: - refer to “Part C” of GDC20; and - insert GDC20. As to the definition of “PCFM Variable Value” and the reference to “Special Condition”, again we suggest that this term be replaced with “Price Control Condition”.	
3	ETC/GTC/GDC009	[x]. The Innovation Roll-out Mechanism	9.3	Insert “Innovation Roll-out” before “allowed” and then delete “Innovation Roll-out for” on the third line. This is consistent with the drafting in paragraph 9.1 above.	
4	ETC/GTC/GDC009	[x]. The Innovation Roll-out Mechanism	9.4	As to sub-para (a): - should “IRM values” be used instead of “Innovation Roll-out allowed expenditure”? - rather than Part D, this should read Part C; As to sub-para (b), should “IRM values” be used instead of “Innovation Roll-out allowed expenditure”? As to sub-para (c), depending on response to comments above, if “Innovation Roll-out allowed expenditure” should be defined as IRM values, this sub-para may be circular.	
5	ETC/GTC/GDC009	[x]. The Innovation Roll-	9.5	“value” on the first line should be plural not singular. This is consistent with GTC9.5.	

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		out Mechanism		<p>Insert a comma after “value” on the first line.</p> <p>Rather than “calculated” to be consistent with GDC20, suggest “derived”.</p> <p>Capitalise “Base” in order to be consistent with our comments under para 20.5 above.</p> <p>As to sub-para (a), we are unsure what this paragraph is intending to do. Is this sub-para in fact the start of sub-para (b)? Please clarify.</p>	
6	ETC/GTC/GDC009	Innovation Roll Out Mechanism	9.5	IRM appears to be part of MOD; Does this suggest incentives are going to within the MOD? If so, what about other RIIO incentives?	
7	ETC/GTC/GDC009	[x]. The Innovation Roll-out Mechanism	9.6	<p>As to the title, insert “Innovation” before “roll-out”.</p> <p>After “that this” on the fourth line insert “additional funding”.</p> <p>As to sub-para (a):</p> <ul style="list-style-type: none"> - suggest the insertion of a definition of “low-carbon energy sector”; and - we also think that “wider environmental benefits” is generally not clear. <p>As to sub-para (c):</p> <ul style="list-style-type: none"> - insert “otherwise” before “receive”; - delete “(for instance where a project pay for itself for example through costs savings then this would not be eligible)” ; and - insert after “Price Control Period”, “(so that where, for example, the roll out of a Proven Innovation will lead to cost savings equal to or greater than its implementation costs within the Price Control Period, the licensee will not be eligible for funding under this condition)”; 	

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				As to sub-para (d), how will this work in practice? Will the additional funds be held in a separate account? How will this be demonstrated?	
8		Special Condition [x] – The Innovation roll out mechanism	Page 91 – 9.6 (a)	Amend Text “will contribute to the development in Great Britain of a low-carbon energy sector or any wider environmental benefits”	to: “will contribute to the development in Great Britain including low-carbon energy, climate change agenda or any wider environmental benefits”
9			Page 91 – 9.6 (b)	Amend text “will provide long-term value for money for electricity consumers”	To: “will provide long-term value for money for electricity and gas consumers”
10	ETC/GTC/GDC009	[x]. The Innovation Roll-out Mechanism	9.7	Insert “costs” after “these”. As to the use of “relevant adjustment”, see our comment under para 9.26.	
11	ETC/GTC/GDC009	[x]. The Innovation Roll-out Mechanism	9.8	Query whether “Efficiency Incentive Rate” and “Average Annual Forecast Revenue” should be capitalised.	
12	ETC/GTC/GDC009	[x]. The Innovation Roll-out Mechanism	9.9	As to sub-para (a) and the reference to “Special Conditions”, as previously commented on, this should refer to “Price Control Conditions” as will be defined in GDC19.	
13	ETC/GTC/GDC009	[x]. The Innovation Roll-out Mechanism	9.11	Delete “any of those application windows” and replace with “both the first application window and the second application window referred to in paragraph 9.10”. Insert a comma after “case”.	
14	ETC/GTC/GDC009	[x]. The Innovation Roll-out Mechanism	9.12	As to sub-para (c), insert commas after “out” on the first line and “Costs” on the second line. As to sub-para (e), this should refer to Part A rather than Part B. As to sub-para (f), delete “end products” and replace with “outcomes”.	
15	ETC/GTC/GDC009	[x]. The Innovation Roll-	9.13	Delete “and final” as unnecessary.	

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		out Mechanism			
16	ETC/GTC/GDC009	[x]. The Innovation Roll-out Mechanism	9.15	<p>As to sub-para (b), suggest that this expressly refer to Part A.</p> <p>As to sub-para (c), rather than “Special Conditions”, this should be “Price Control Conditions”.</p>	
17	ETC/GTC/GDC009	[x]. The Innovation Roll-out Mechanism	9.18	<ul style="list-style-type: none"> - As to the reference on the first line to “allowed expenditure” should this refer to “Innovation Roll-out allowed expenditure”? - As to the reference to “approved notice”, is this a reference to an adjustment determined under paragraph 9.14? This needs to be clarified; - as to the reference to “after any modifications directed under Part E “, Part E provides for the Authority to “determine the relevant adjustment” and no provision is made for a direction. Should this instead refer to Part G which provides for directions? Please clarify. Also query the use of the word “modification” as it is not used in Part G; and - “price control period” should be capitalised. <p>Comments on Table 1: We think Table 1 generally unclear.</p> <ul style="list-style-type: none"> - insert “Innovation Roll-out” before “Allowed” in the title; - should the title of Table 1 refer to Part G rather than Part F. Again, query the use of the word “modification” in the title of Table 1; - as to the reference to “Innovation Rollout Mechanism Expenditure” this is a phrase not previously used in this condition and we think should be deleted as it is not necessary; - as to the reference in Table 1 to “IRM Notice”, why do we need to detail this? Further, how does this make provision for the 2 application windows? Shouldn’t we keep this simple and 	

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				<p>just refer to the directed amounts under each application window in each year?</p> <p>- an amendment is also required to avoid the need to go through the licence modification procedure to revise Table 1 to implement a direction. Thus add on to paragraph 9.18, “Any direction made under Part G of this condition shall be deemed to be set out in Table 1.”</p>	
18	ETC/GTC/GDC009	[x]. The Innovation Roll-out Mechanism	9.19	<p>As to the reference on the third line to “allowed expenditure” should this refer to “Innovation Roll-out allowed expenditure”?</p> <p>As to sub-para (a), delete “concerned” and replace with “applicable”.</p> <p>As to sub-para (b), the reference to “Part F” is unclear. Should this be a reference to a direction under “Part G”?</p>	
19	ETC/GTC/GDC009	[x]. The Innovation Roll-out Mechanism	9.22	<p>As to sub-para (a), Part H should refer to Part F?</p> <p>As to sub-para(b):</p> <ul style="list-style-type: none"> - the standard period is 28 days rather than 14; - the reference to “determination” should instead be to “direction”. 	
20	ETC/GTC/GDC009	[x]. The Innovation Roll-out Mechanism	9.23	<p>This paragraph should refer to paragraph 9.22 not 9.23.</p>	
21	ETC/GTC/GDC009	[x]. The Innovation Roll-out Mechanism	9.24	<p>The Handbook sets out the meaning of “time value of money adjustment”. This should be reviewed and its applicability here confirmed. Insert reference to where “time value of money adjustment” defined.</p>	
22	ETC/GTC/GDC009	[x]. The Innovation Roll-out Mechanism	9.25	<p>Insert the title of GDC26 in accordance with usual custom.</p> <p>As to the reference to “full account of the position”, what does this actually mean? How</p>	

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				will the Authority do this and against what criteria? What procedure will it use?	
23	ETC/GTC/GDC009	[x]. The Innovation Roll-out Mechanism	9.26	<p>Please correctly punctuate the definitions as a list.</p> <p>As to the definition of “Innovation”:</p> <ul style="list-style-type: none"> • delete “in relation to its use in a defined term of this condition,” as these words are not required; • Could an innovation be within the scope of an Ordinary Business Arrangement but just result in greater efficiency or effectiveness? The answer to this is No, but the definition needs to change to reflect the wording in the NIA document. <p>As to the definition of “Ordinary Business Arrangement”:</p> <p>- sub-para (c) should be limited to existing operation practice or commercial arrangements?</p> <p>The definition of “Price Control Period” should be set out in GDC19.</p> <p>As to the definition of “Proven Innovation”:</p> <p>- please remove the reference to “Transmission Operator” and replace with [DN Operator] as that is defined in Standard Special Condition A3; and</p> <p>- delete “their network” and replace with “the pipe-line system to which this license relates”.</p> <p>As to the definition of “relevant adjustment”, it would seem more appropriate to expressly refer to para 9.9 here as this is where term in effect is defined.</p>	
24			Page 95 – 9.26	Definition needs to align with definitions in	to:

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				<p>Clause 3.6 the NIA Governance document [ETC/GTC/GDC11] once approved</p> <p>Amend text “(a) a specific piece of new Network Equipment (b) a novel arrangement or application of new or existing Network equipment (c) a novel operational practice or a novel commercial arrangement”</p>	<p>“(a) a specific piece of new (i.e. unproven in the GB) Equipment. (b) a novel arrangement or application of existing equipment (c) A novel operational practice; or (d) A novel commercial arrangement”</p>
25			Page 95 – 9.26	<p>Amend text: “means an innovation which the Transmission operator can demonstrate has been successfully trialled or demonstrated either on their network or elsewhere”</p>	<p>to: “means an innovation which the Network operator can demonstrate has been successfully trialled or demonstrated either on their network or elsewhere”</p>
26	ETC/GTC/GDC009	[x]. The Innovation Roll-out Mechanism	9.27	<p>We do not think it is appropriate to provide for further explanation or elaboration of the definitions in para 9.26 (rather than 9.18) to be set out in the RIGS. We do not agree to this provision at this stage as we need to see a draft copy of the RIGS and the NIA Governance document in order to more fully understand what Ofgem is proposing to provide.</p>	

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ETC/GTC/GDC11 The Network Innovation Allowance

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No.	Condition number / RIIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	ETC/GTC/GDC11	Draft Licence Conditions – first formal draft consultation - NIA	Page 106 – 7.62, Page 116 – 8.39	It states the proposed NIA is “self governing” however there are three exceptions where NG has to seek approval from Ofgem to commence projects in section 3 and 4 of the NIA governance document. This issue is being discussed at the IWG as it places delay on the process and the exception criteria is not agreed. The 31/8 response from NG to the IWG reflects this.	
2	ETC/GTC/GDC11	[x]. The Network Innovation Allowance	11.1	Suggest refer to “Part B” of GDC20 in this paragraph.	
3	ETC/GTC/GDC11	[x]. The Network Innovation Allowance	11.2	Suggest expressly refer to “Part B” of GDC20 in this paragraph. Delete “in accordance with the Final Proposal for the RIIO:GD Price Control” as no need to refer to Final Proposals. Also please insert the title of GDC 20 after the reference to this paragraph. Under the equivalent gas transmission provision it states as to the adjustment “where upwards or downwards” is it intended that the adjustment be upwards only?	
4	ETC/GTC/GDC11	[x]. The Network Innovation Allowance	11.3	Delete the comma after “administration”.	
5	ETC/GTC/GDC11	[x]. The Network	11.4	Insert the title of GDC 20 after the reference to this paragraph.	

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		Innovation Allowance		Also suggest refer to “Part B”. Insert quotation marks around “Principal Formula”.	
6	ETC/GTC/GDC11	[x]. The Network Innovation Allowance	11.5	As to “NIA”, delete the full stop and insert a semi colon at the end of the definition. As to “ANIA”: - after “Formula Year t”, insert “and is” for consistency purposes; and - delete the full stop and insert “; and” at the end of the definition. As to the definition of “NIAR”: - suggest that this definition cross refers to paragraph 11.10; and - the reference should be to “Part C” rather than “Part D”.	
7	ETC/GTC/GDC11	[x]. The Network Innovation Allowance	11.6	We suggest this paragraph is not needed	
8	ETC/GTC/GDC11	[x]. The Network Innovation Allowance	11.8	As to “PTRA” and “ENIA”, delete the full stops and replace with semi colons. As to “BPC”; - please delete the full stop and replace with a semi colon; - the meaning of “Network Innovation Competition” should be clarified by reference to a relevant condition; - after “Competition” insert a comma. As to “NIAV”: - delete “(which has effect as part of this condition)”; and - delete the full stop and replace with “; and”.	

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				<p>As to “BR”:</p> <ul style="list-style-type: none"> - please capitalise “base”; - delete “as” and replace with “and is” for consistency purposes; and - please also insert the title of GDC20 after the reference to GDC20. 	
9	ETC/GTC/GDC11	[x]. The Network Innovation Allowance	11.9	<p>As to the reference to “Eligible NIA <u>Internal Expenditure</u>”, how is this different to the definition of “Eligible NIA Expenditure”? Please clarify – it looks circular.</p> <p>Delete “determined” and replace with “derived in accordance with” for consistency purposes.</p> <p>“Where” should not be capitalised.</p> <p>As to the definition of “NIAIE”:</p> <ul style="list-style-type: none"> - this definition seems circular; and - delete the full stop and replace with “; and”. 	
10	ETC/GTC/GDC11	Special Condition [x] – The Network Innovation Allowance	Page 74 – 11.9	The value for “Z” is incorrect.	Z should have the value of 0.25
11	ETC/GTC/GDC11	[x]. The Network Innovation Allowance	11.11	<p>Delete the comma after “document” on the first line.</p> <p>Also delete the comma after “governance”.</p> <p>We need to review a copy of this document in order to finalise our comments.</p>	
12	ETC/GTC/GDC11		Page 74 – 11.11	If revising the NIA Governance Document, the authority should undertake at this at the suggested review period following a due consultation process.	
13	ETC/GTC/GDC11		Page 74 – 11.11	The Authority should provide details on how the review process will take place and through what medium. This to ensure that changes are	

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				not just imposed upon the licensees.	
14	ETC/GTC/GDC11		Page 75 – 11.12 (a)	The criteria has yet to be agreed via the Innovation Working Group (IWG)	
15	ETC/GTC/GDC11		Page 75 – 11.12 (b)	The criteria has yet to be agreed via the Innovation Working Group (IWG)	
16	ETC/GTC/GDC11		Page 75 – 11.12 (a & b)	It is not clear as to the difference between the criteria detailed in bullet (a) and those referred to in bullet (b)	
17	ETC/GTC/GDC11		Page 75 – 11.12 (d)	The word implementation should be removed from the clause. The NIA Governance document details that knowledge information concerning “the project” should be disseminated in such a fashion that allows another licensee to be able to replicate the same result. This request for information may actually occur before a licensee has implemented the solution so it may not be possible to comply with this clause	
18	ETC/GTC/GDC11		Page 75 – 11.12 (f)	The arrangements for IPR has yet to be agreed via the Innovation Working Group (IWG)	
19	ETC/GTC/GDC11		Page 75 – 11.12 (g)	This clause should be removed as the issue of royalties is covered by the NIA Governance document [ETC/GTC/GDC11] in clause 7.12 that “We do anticipate that these terms will be on arms-length terms or include provision for payment of royalties”. As royalties should not be included in future NIA projects why do we need a license condition to detail any? The arrangements for IPR has yet to be agreed via the Innovation Working Group (IWG)	
20	ETC/GTC/GDC11	[x]. The Network Innovation Allowance	11.12	As to sub-para (a): - after “by” on the first line insert “the Authority”; - delete the comma on the second line; - after “Authority” insert a comma;	

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				<p>- would “assessment and approval” be covered by sub-para (b) and (c)? If so, delete from (a).</p> <p>As to sub-para (b), wouldn’t this criterion be included under paragraph 11.12(a)?</p> <p>As to sub-para (c), delete the comma after “(where necessary)”.</p> <p>As to sub-para (d):</p> <ul style="list-style-type: none"> - can the meaning of “relevant matters” be clarified? - we are also unsure of the intended meaning of “learnt”; - as to the reference to “captured and disseminated”, who will capture the information and who will the information be disseminated to? Please clarify. <p>As to sub-para (f), care needs to be taken here as licensees have property rights in IP and the Authority is not entitled to interfere with those rights.</p> <p>As to sub-para (i), delete the comma after “governance”.</p>	
21	ETC/GTC/GDC11	[x]. The Network Innovation Allowance	11.14	<p>As to notice being provided to all “Gas Transporter Licensees”, this term needs to be defined however, does notice need to be given to all IGTs as well? If not, should notice be given to “all licensees whose licenses a condition of similar effect to this condition has effect?”</p> <p>As to sub-paras (a) and (b), reference to “document” should be replaced by a reference to “NIA Governance Document”.</p> <p>As to sub-para (c), reference to “proposal”</p>	

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				should in instead be to “proposed NIA Governance Document”.	
22	ETC/GTC/GDC11		Page 75 – 11.14	Same comments as 11.11 above. The Authority should provide details on how the review process will take place and through what medium. This to ensure that changes are not just imposed upon the licensees.	
23	ETC/GTC/GDC11	[x]. The Network Innovation Allowance	11.16	Assume this should instead refer to paragraphs 11.14 and 11.15. After each reference to “taken” insert “by the Authority”.	
24	ETC/GTC/GDC11	[x]. The Network Innovation Allowance	11.17	The reference should instead refer to paragraph 11.14.	
25	ETC/GTC/GDC11	[x]. The Network Innovation Allowance	11.18	Rather than full stops after each definition suggest semi colons and with the second last definition to set out “; and”. As to the definition of “Gas Distribution Group”: - there is no defined term in the licence of “Distribution Licensees”: the term should be “DN Operators” (see definition in StSpC A3. In any event, does this definition only apply to SSE? As to the definition of “Eligible NIA Expenditure”, suggest refer expressly to Part B. As to the definition of “Eligible NIC Bid Preparation Costs”, “Network Innovation Competition” has not been defined. As to the definition of “Network Innovation Allowance”, Part A needs to be read with the definition in the Introduction. This should be	

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				clarified. As to the definition of “NIA Percentage”: - this definition is not user friendly. Why cannot this percentage be set out here to avoid referring to another document? - rather than referring to “NIA projects”, should this refer to “Eligible NIA Projects”?	
26	ETC/GTC/GDC11		Page 76 – 11.18	The ‘ <i>Allowable NIA Expenditure</i> ’ term has a different definition in the NIA Governance document [ETC/GTC/GDC11]. Suggest that unrecoverable expenditure is included in section 8 if NIA governance.	
27	ETC/GTC/GDC11		Page 76 – 11.18	The ‘ <i>Gas Distribution Group</i> ’ term is not referenced in the NIA governance – please explain term. Suggest removing.	
28	ETC/GTC/GDC11		Page 76 – 11.18	The ‘ <i>Eligible NIC Bid Preparation Costs</i> ’ term needs to be referenced in the NIA Governance document [ETC/GTC/GDC11].	
29	ETC/GTC/GDC11		Page 77 – 11.18	The ‘ <i>Network Innovation Annual Report</i> ’ format is not documented within section 5 of the NIA referenced in the NIA Governance document [ETC/GTC/GDC11].	
30	ETC/GTC/GDC11		Page 77 – 11.18	The ‘ <i>NIA Percentage</i> ’ term needs to be referenced in the NIA Governance document [ETC/GTC/GDC11].	
31	ETC/GTC/GDC11		Page 77 – 11.18	The ‘ <i>NIA scheme</i> ’ term is not referenced at all within these conditions. Suggest to remove	
32	ETC/GTC/GDC11		Page 77 – 11.19	Typo in first line “Expressions defined in paragraph 11.19 above....”	Should read “Expressions defined in paragraph 11.18 above....”
33	ETC/GTC/GDC11	[x]. The Network Innovation Allowance	11.19	Assume the reference here should be to paragraph 11.18 not 11.19. Note that Z should be 25%	
34	ETC/GTC/GDC11	[x]. The Network Innovation Allowance	Appendix	Appendix 1 is referred to in Part A (para 11.5) and not in the definition of BPC as indicated. Please also correct title of appendix.	

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				Appendix 3 is also referred to in Part A (para 11.5) and not Part C as indicated. Please clarify. Please also correct title of appendix.	
35	ETC/GTC/GDC11		Page 78 – Appendix 3	Annual Average Forecast Revenue is not defined within the document. This requires explanation.	

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GDC20 Restriction of Revenue in respect of the Distribution Network Transportation Activity Charges

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	GDC20	Restriction of revenue in respect of the Distribution Network Transportation	20.1	We suggest that these definitions are set out in GDC19.	
2	GDC20	Restriction of revenue in respect of the Distribution Network Transportation	20.2	Delete “Activity Revenue” on the third line and replace with “Charges” to be consistent with the definition in para 20.1	
3	GDC20	Restriction of revenue in respect of the Distribution Network Transportation	20.3	Insert quotation marks around “Principal Formula”.	
4	GDC20	Restriction of revenue in respect of the Distribution Network Transportation	20.4	Please punctuate the definitions as a list. As to BR: - as “base Distribution Network Transportation Activity Revenue” is used throughout these price control conditions, we suggest that a definition be provided in GDC19 that “Base Distribution Network Transportation Activity Revenue is the amount calculated in accordance with paragraph 20.5 of GDC20 (Special Condition [x] Restriction of revenue in respect of the Distribution Network Transportation Activity)”. Therefore “base” would be capitalised in this condition and where referred to later in the price control	

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			<p>conditions; and - before “derived” insert “and is”;</p> <p>As to PT: - delete “as” and replace with “and is”; - as to the reference to “Allowed Pass-through items” on line 2, suggest this is consistent with GDC21 and thus reads “Distribution Network allowed pas-through items”; - this should refer to “Part A” of GDC21; - also set out that GDC21 is a special condition in accordance with usual custom.</p> <p>As to EX: - delete “as” and replace with “and is”; - also set out that GDC8 is a special condition in accordance with usual custom. - suggest refer to “Part B” of GDC8.</p> <p>As to BM: - delete “as” and replace with “and is”; - suggest refer to “Part B” of GDC24; - also set out that GDC24 is a special condition in accordance with usual custom; - on the fourth line please capitalise “broad measure of customer satisfaction”.</p> <p>As to SHR: - delete “as” and replace with “and is”; - also set out that GDC25 is a special condition in accordance with usual custom; - as to the reference to “Shrinkage Incentive”, suggest this should be “maximum Distribution Network Shrinkage Allowance”, in order to be consistent with GDC25.3.</p> <p>As to EEI: - delete “as” and replace with “and is”; - also set out that GDC25 is a special condition</p>	
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				<p>in accordance with usual custom.</p> <p>As to DRS: - delete “as” and replace with “and is”; - also set out that GDC48 is a special condition in accordance with usual custom.</p> <p>As to NIA: - delete “as” and replace with “and is”; - suggest refer to Part A of GDC11; - also set out that GDC11 is a special condition in accordance with usual custom.</p> <p>As to K, insert “and is” before derived.</p>	
5	GDC20	Restriction of revenue in respect of the Distribution Network Transportation	20.5	As to the title, in accordance with the comment under para 20.4, the title should read “Base Distribution Network Transportation Activity Revenue”.	
6	GDC20	Restriction of revenue in respect of the Distribution Network Transportation	20.6	<p>As to “PU”: - delete the comma after “Appendix 1”; - insert a semi-colon after definition; and - “distribution of gas to premises” is not appropriate language as in gas, there is not licensable activity of “distribution”. Suggest “conveyance” as this tracks the Gas Act.</p> <p>As to the definition of “MOD”: - delete the comma after “2013-14 and insert a semi-colon at the end of the definition; - insert commas after “and” on the first line and “Formula Year” on the second line; - after “[GDC26]” insert “Special Condition”.</p> <p>As to the definition of “RPIF”, insert “; and” after the definition.</p> <p>As to the definition of “TRU”:</p>	

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				<ul style="list-style-type: none"> - delete the comma after 2013-14; - insert commas after “and” on the first line and “Formula Year” on the second line. 	
7	GDC20	Restriction of revenue in respect of the Distribution Network Transportation	20.7	<p>Insert semi colons after the definitions of “RPIA”, “GRPIF” and “GRPIF”.</p> <p>Also, after the definition of “RPI” insert “; and”.</p> <p>As to the definition of “Retail Prices Index Forecast Growth Rate”, after “determine to be appropriate” in the 7th and 9th lines insert “in the circumstances”.</p>	
8	GDC20	Restriction of revenue in respect of the Distribution Network Transportation	20.9	<p>As to the definition of “PVF”:</p> <ul style="list-style-type: none"> - how will the Authority “derive” this amount? Should the word be “determined” if the “Authority effectively imposes a number? - “Vanilla Weighted Average Cost of Capital” is defined in the Handbook; - delete the comma after “Formula Year t” on the first line and insert a semi colon at the end of this definition. <p>As to the definition of “REV”:</p> <ul style="list-style-type: none"> - suggest that rather than using “Special Condition”, that “Price Control Condition” be used and that a definition of this term be provided in GDC19; and - delete the comma after “Index” on the third line. <p>As to the definition of “BR”:</p> <ul style="list-style-type: none"> - insert “and is” after “t-2” for consistency of language; - “base Distribution Network Transportation Activity Revenue” should be “Base Distribution Network Transportation Activity Revenue” as commented on under para 20.5. - insert a semi-colon at end of definition. 	

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				<p>As to the definition of “EEI”:</p> <ul style="list-style-type: none"> - delete “as” and replace with “and is”; - also insert the title of GDC25; - insert a semi-colon at end of definition. <p>As to the definition of “RBE”:</p> <ul style="list-style-type: none"> - insert the title of GDC21; - suggest refer to Part B of GDC21; - insert a semi-colon at the end of the definition. <p>As to the definition of “LFE”:</p> <ul style="list-style-type: none"> - insert the title of GDC21; - suggest refer to Part C of GDC21; and - insert “; and” at the end of the definition. <p>As to the definition of “PDE”:</p> <ul style="list-style-type: none"> - insert the title of GDC21; - suggest refer to Part D of GDC21. 	
9	GDC20	Restriction of revenue in respect of the Distribution Network Transportation	20.10	<p>As to the definition of “R”:</p> <ul style="list-style-type: none"> - as to the reference on the first and fourth lines to “Distribution Network Transportation Activity Revenue”, having regard to the definition provided in para 20.1 (Distribution Network Transportation Charges), we think this should be a reference to “Distribution Network Transportation Charges”; - insert the correct title of GDC19; - after “exception” insert “to this”; - after “is” on the third line insert “for”; - delete “as” on the sixth line and replace with “that was”; - as to “special condition E1, capitalise “special condition” and insert the title of this condition; - “delete “force” and replace with “this licence as”; and - delete the full stop and replace with a semi colon. 	

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			<p>As to the definition of “AR”:</p> <ul style="list-style-type: none"> - after “exception” insert “to this”; - after “is” on the third line insert “for”; - delete “as” on the sixth line and replace with “that was”; - as to the reference to “special condition E2”, capitalise “special condition” and insert the title of this condition; - delete the full stop and replace with a semi colon. <p>As to the definition of “I”:</p> <ul style="list-style-type: none"> - “Average Specified Rates” needs to be defined in GDC19; and - delete the full stop and insert “; and”; <p>As to the definition of “PR”, delete “as” and replace with “and is” for consistency of language.</p>	
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ETC/GTC/GDC21 Distribution Network allowed pass through items

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	GDC21	[x]. Distribution Network allowed pass-through items	General	After each condition reference e.g. “GDC20” in para 21.3, insert the title of the relevant condition i.e. “Restriction of revenue in respect of the Distribution Network Transportation Activity”. Also need to ensure that note the relevant condition is e.g. a Special Condition, as this is not provided in places i.e. para 21.1.	
2	GDC21	[x]. Distribution Network allowed pass-through items	21.1	Suggest also refer to Part B of GDC20. Delete “that applies in” and replace with “for the purposes of”.	
3	Special Condition	[x]. Distribution Network allowed pass-through items	21.2	Suggest also refer to Part B of GDC20. Delete “as” before “calculated”.	
4	Special Condition	[x]. Distribution Network allowed pass-through items	21.3	Delete “which establishes the calculation of Maximum Distribution Network Transportation Activity Revenue” as these words are unnecessary. Please insert quotation marks around “Principal Formula”.	
5	Special Condition	[x]. Distribution Network allowed pass-through items	21.4	As to the definition of “RB”: - delete the comma after “Formula Year t and insert “and is” for consistency purposes; - delete the full stop and insert a semi-colon at the end of this definition. As to the definition of “LF”: - delete the comma after “Formula Year t and insert “and is” for consistency purposes; - delete the full stop and insert a semi-colon at the end of this definition.	

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				<p>As to the definition of “PD”: - delete the commas on the first line and insert “and is”; - rather than “NTS” this should be “Distribution Network”; - delete the full stop and insert a semi-colon at the end of this definition.</p> <p>As to the definition of “TG”, delete the full stop and insert a semi-colon at the end of this definition.</p> <p>As to the definition of “TPWI”, delete the full stop and insert “; and”.</p>	
6	Special Condition	[x]. Distribution Network allowed pass-through items	21.6	<p>As to the definition of “RBA”, insert a semi colon at the end of the definition.</p> <p>As to the definition of “RBE”, insert “; and” at the end of the definition.</p> <p>As to “RPIF”, insert the title of GDC20 and refer to Part C of GDC20.</p>	
7	Special Condition	[x]. Distribution Network allowed pass-through items	21.7	<p>Delete the comma after revaluation.</p> <p>Insert brackets around “England and Wales”. Also insert a comma after “England and Wales”.</p> <p>Insert brackets around “Scotland”.</p>	
8	Special Condition	[x]. Distribution Network allowed pass-through items	21.10	<p>As to the definition of “LFA”, delete the full stop and replace with semi colon.</p> <p>As to the definition of “LFE”, delete the full stop and replace with “; and”.</p> <p>As to “RPIF”, insert the title of GDC20.</p>	
9	Special Condition	[x]. Distribution	21.11	<p>As to the title, this should read “Calculation of</p>	

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		Network allowed pass-through items		the Distribution Network Pensions Deficit Charge term (PD)".	
10	Special Condition	[x]. Distribution Network allowed pass-through items	21.12	<p>As to "PDA":</p> <ul style="list-style-type: none"> - "Distribution Network Pensions Deficit Charge" should have the meaning as currently set out in Special Condition E1, which should be set out in GDC19; - "NTS Operator" has the meaning provided in Standard Special Condition A3; - insert "Transportation" before "Activity" on line four; - delete the full stop and replace with a semi colon. <p>As to "PDE", delete the full stop and replace with "; and".</p> <p>As to "RPIF", insert the title of GDC20.</p>	
11	GDC21	[x]. Distribution Network allowed pass	21.13	<p>TPWIt relates to costs incurred both two years earlier and in the price base of two years earlier. The TPWIt revenue term thus needs to adjust for both issues. We consider that the revenues should be adjusted in a consistent manner to the true-up mechanism in GDC 20 i.e. use $RPIF_t/RPIA_{t-2}$ to adjust for inflation and a real WACC adjustment ($*PVF_{t-1} * PVF_{t-2}$) to adjustment for timing of revenue adjustment, rather than interest rates. If forecast inflation is used here then TPWI may need to be included within the true-up mechanism in GDC 20.</p>	
12	Special Condition	[x]. Distribution Network allowed pass-through items	21.14	<p>As to "TPWR", delete the full stop and with replace a semi colon.</p> <p>As to "TPWU", delete the full stop and with replace a semi colon.</p> <p>As to "PU":</p> <ul style="list-style-type: none"> - this should refer to para 20.6 of GDC20; 	

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				<p>- insert the title of GDC20; - delete the full stop and replace with a semi colon.</p> <p>As to "RPIA": - insert the title of GDC20; -delete the full stop and insert "; and".</p> <p>As to "I", we have suggested that the definition of "Average Specified Rate" be set out in GDC19.</p>	
13	GDC21	[x]. Distribution Network allowed pass	21.15	<p>This states that TPWIt is zero for 13/14. This should relate to 2011/12 costs in the normal manner, unless these carryovers from the current price control period are being dealt with through legacy terms in the Financial Model, which does not appear to be the case for these costs. The treatment of TPWIt for 14/15, which should relate to costs in 2012/13, should similarly be set out specifically.</p>	

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GDC22 Mains and Services Replacement Expenditure

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	GDC22	[x]. Mains and Services Replacement Expenditure		Principle point that the policy regarding the treatment of Tier 2 Mains and Services Replacement Expenditure is yet to be decided and this may impact the Condition as drafted.	
2	GDC22	[x]. Mains and Services Replacement Expenditure	1	As to sub-paragraph (b), insert a comma before “and” on the second line and after “relate” on the third line.	
3	GDC22	[x]. Mains and Services Replacement Expenditure	2	Suggest move definitions to GDC19. As to “Formula Year”: - this should refer to Part C of GDC20. - delete the full stop and replace with “; and”.	
4	GDC22	[x]. Mains and Services Replacement Expenditure	3	“price control period” should be capitalised.	
5	GDC22	[x]. Mains and Services Replacement Expenditure	4	As to sub-para (b): - insert commas after “MOD” and “Formula Year t” on the third line; - “delete “Price Control Condition” on the third and fourth line and replace with “Special Condition”; - insert reference to GDC20 and put in the correct title as the title provided is not correct.	
6	GDC22	[x]. Mains and Services Replacement Expenditure	5	Delete “set out” and replace with “given”.	
7	GDC22	[x]. Mains and Services Replacement Expenditure	7	Punctuate the definitions as a list. As to the definitions, “Above Risk Threshold Tier” is not a defined term and therefore this is	

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				<p>reflected in our comments below.</p> <p>As to “SR” and “USR”, “Above Risk Threshold Tier 2 Domestic Services Replaced” needs to be defined.</p> <p>As to “ST”, “Above Risk Threshold Tier 2 Domestic Services Transferred” needs to be defined.</p> <p>As to “UST”, “Above Risk Threshold Tier 2 Domestic Services Transferred” needs to be defined.</p> <p>As to “SN” and “USN”, “Above Risk Threshold Tier 2 Non-Domestic Services Replace” needs to be defined.</p>	
8	GDC22	[x]. Mains and Services Replacement Expenditure	8	Insert a comma after “t-1” on the fifth line and delete the comma after “direction” on the second line.	
9	GDC22	[x]. Mains and Services Replacement Expenditure	9	<p>As to sub-para (a):</p> <ul style="list-style-type: none"> - under what condition will this review take place? What are the parameters? - on what basis will errors be corrected? Is there a condition this is linked to which sets out the parameters? <p>As to sub-para (b), “earlier” on the second line should be capitalised.</p>	
10	GDC22	[x]. Mains and Services Replacement Expenditure	10	Insert a comma after “condition” on line 2.	
11	GDC22	[x]. Mains and Services Replacement Expenditure	12	Rather than 14 days, we are suggesting 28 days throughout the price control conditions.	

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12	GDC22	[x]. Mains and Services Replacement Expenditure	15	<p>Please correct the typo on line 3.</p> <p>What is meant by “take full account of the position”? What will be the process to achieve this?</p>	
13	GDC22	[x]. Mains and Services Replacement Expenditure	16	<p>Please punctuate the definitions as a list.</p> <p>As to “Decommissioning”: - the reference should be to “Pipelines Safety Regulations 1996” - HSE should be defined as the Health and Safety Executive.</p> <p>As to “Domestic Services Replaced”: - the reference should be to “Pipelines Safety Regulations 1996”; - HSE should be defined as the Health and Safety Executive.</p> <p>As to “Non-Domestic Services Replaced”: - as to sub-para (c), the reference should be to “Pipelines Safety Regulations 1996”; - <i>as to sub-para (d), delete “safe” and</i> HSE should be defined as the Health and Safety Executive.</p> <p>As to “Risk Score”, “Mains Prioritisation Risk Score” needs to be defined.</p> <p>As to “Threshold Risk Score”: - “Threshold Risk Score” in the definition itself should not be defined as it makes the definition circular; - HSE should be defined as the Health and Safety Executive; - this should refer to Regulation 13A of the Pipelines Safety Regulations 1996.</p>	

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14	GDC22	[x]. Mains and Services Replacement Expenditure	Appendix 2	Suggest the title is amended as follows, "Appendix 2: Distribution Network unit costs for Above Risk Threshold Tier 2 Domestic Services Replaced (USR), Above Risk Threshold Tier 2 Domestic Services Transferred (UST), and Above Risk Threshold Tier 2 Non-Domestic Services Replaced (USN)".	
15	GDC22	Mains and Services Replacement Expenditure	Part B 7	This adjusts repex allowance for risk threshold, what about changes in the volume of work qualifying under CBA? Is this a fixed ex-ante allowance?	
16	GDC22	Mains and Services Replacement Expenditure	Part B 15	Ofgem have the ability not to adjust allowances and then the adjustment falls into the next iteration, this may cause financeability issues in GDC28	
17	GDC22	Mains and Services Replacement Expenditure	101 Para 15	Suggest this paragraph should be replaced with Licensee's right to make the relevant adjustment as detailed in GDC28 Part F para 28.22. As this is a revenue driver RE values should amend driven by the works undertaken unless the Authority wishes to challenge the licence's proposals.	If the Authority has not determined a relevant adjustment proposed in a Notice given to the Authority by a licensee under Part A within four months of the close of the appropriate application window, and that Notice has not been withdrawn, the licensee may give Notice to the Authority that the relevant adjustment proposed in its notice shall take effect from the adjustment date for all relevant purposes under the Price Control Conditions.

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GDC24 Incentive Adjustment in respect of the Broad Measure of Customer Satisfaction

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	GDC24	[x]. Incentive adjustments in respect of the Broad Measure of Customer Satisfaction	General	<p>The structure of this condition is not consistent with the other price control conditions and therefore should be amended. We have commented on this throughout this condition. Other conditions are divided into “Parts” rather than Sections and formulae within them individually introduced.</p> <p>Where formula use terms defined in relation to other formulae, these need to be clear to refer to the formula in which the term in question is first defined.</p>	
2	General Comment on document entitled: RIIO-T1 & GD1: Draft licence conditions – 1 st informal licence drafting consultation	GDC 24 – Incentive adjustments relating to the Licensee’s customer satisfaction output	<p>Page 72</p> <p>Page 141 GTC 24 Sp Condition x</p>	<p>Note the name of this Condition is incorrect (this is what it is for Tx) in this document but right in Doc 3</p> <p>The name of this proposed special condition – Incentive adjustments relating to the licensee’s Stakeholder Satisfaction Output – is this right?</p>	<p>Should be “Incentive adjustments in respect of the Broad Measure of Customer Satisfaction</p> <p>Should it be “.....in respect of the Broad Measure of Customer Satisfaction”?</p>
3	GDC24	Incentive Adjustment in respect of the Broad Measure of Customer Satisfaction	Page 49 onwards	Constant references to licensee – can Ofgem please clarify whether this means licensee or by Network – Customer Measure is by network	
4	GDC24	Incentive Adjustment in respect of the Broad Measure of Customer	Page 49	There is no definition of what the factor ‘l’ is within the formula for the overall Broad Measure of Customer Satisfaction, so it is difficult to interpret the formula	

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		Satisfaction			
5	GDC24	Incentive Adjustment in respect of the Broad Measure of Customer Satisfaction	Page 50	CS and CM definition - the wording is incorrect since it mentions targets for c-sat and complaints "in that year", but the UQ target in both of these areas has been set for the life of RIO	
6	GDC24	[x]. Incentive adjustments in respect of the Broad Measure of Customer Satisfaction	2	Delete the comma after "complaints".	
7	GDC24	[x]. Incentive adjustments in respect of the Broad Measure of Customer Satisfaction	3	The numbering system used is not consistent with the numbering system used in other price control conditions. Please also punctuate the sub-paragraphs as a list rather than with full stops.	
8	GDC24	[x]. Incentive adjustments in respect of the Broad Measure of Customer Satisfaction	4	Insert the title of GDC20. As to the definitions of "CS", "CM" and "SE", we suggest delete the words in brackets as this style has not previously been included in other price control conditions and the meaning is clear from the rest of each definition. As to BM: - as to the definition provided of "customer", we think this will cause confusion as "Customer" is defined in Standard Special Condition A3. We think it better to list the classes of people intended to be covered, such as shippers; - delete the full stop and insert a semi colon. As to "CS": - delete "such" and replace with "the"; - after "surveyed" on the second line insert	

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				<p>“customer satisfaction”; - after “Formula Year t” insert a comma; - delete the full stop and insert a semi colon.</p> <p>As to “CM”: - after “Formula Year t” insert a comma; - delete the full stop and insert “; and”.</p> <p>As to “SE”: - delete “a” after “means” and replace with “the”; - after “below” insert a comma; - delete the comma after “licensee” on line 7; - insert a full stop at the end of the definition.</p>	
9	GDC24	Incentive Adjustment in respect of the Broad Measure of Customer Satisfaction	Page 50 Para 4	Definition of BMT – the definition of BMT is different to the definition on Page 35 – primarily consistency BUT the definition on Page 50 gives a definition of “Customer” – where customer means the general body of persons, including but not limited to actual users of the licensee’s network, who are affected by the licensee’s operations.	Is it right to have definition of customer here? – Definitions are provided in the RIGS for the relevant people we are CSAT surveying & capturing for complaints. This isn’t as wide as Ofgem’s definition for BMT. Also this condition is about stakeholders as well as customers, which again presumably will be captured in the RIGs (and possibly SERG). We suggest that the Licence should refer to the RIGs
10	GDC24	Incentive Adjustment in respect of the Broad Measure of Customer Satisfaction	Page 50 Para 4	Definition of CSt – “..... means the adjustment in respect of the licensee’s overall surveyed performance.....”	This is OK as results will be amalgamated up to licence from network performance – RIGs recognises network performance
11	GDC24	Incentive Adjustment in respect of the Broad Measure of Customer Satisfaction	Page 50 Para 4	SEt refers to Appendix 1	Need Appendix 1 to be written to comment on this (but in principle definition appears ok)
12	GDC24	[x]. Incentive adjustments in respect of the Broad Measure	5	Delete the text that follows the formula i.e. “(see Sections 1 to 3 respectively below)”, as this is not consistent with the other price control conditions.	

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		of Customer Satisfaction		<p>Also delete the headings “Section 1, Section 2 and Section 3”, as these are also not consistent with the other price control conditions. We have inserted paragraph numbering consistent with the other price control conditions. Other conditions are divided into Parts. There also need to be cross-referencing where defined terms are used in more than one formula.</p> <p>As to the definitions in this paragraph 5, we suggest the deletion of the words in brackets as this has not previously been included in other price control conditions.</p> <p>Section 1</p> <p>As to “CSA”:</p> <ul style="list-style-type: none"> - this should be set out in a new paragraph 6. This paragraph should have introductory wording as follows, “For the purposes of the formula set out in paragraph 5 above, CSA means...”; - insert a comma after “Formula Year t”. <p>As to “CSAD”;</p> <ul style="list-style-type: none"> - this should be set out in a new paragraph 7. This paragraph should have introductory wording as follows, “For the purposes of the formula set out in paragraph 6 above, CSAS means...”; - insert a comma after “Formula Year t”; - insert at the end of this definition “and is derived in accordance with the following formula:”. <p>“Where” should not be capitalised to be consistent with paragraph 4 of this condition.</p>	
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			<p>As to “CSAS”, delete the full stop and replace with a semi colon.</p> <p>As to “CSAUQ”, delete the full stop and replace with a semi colon.</p> <p>As to “CSAR”: - this should be set out in a new paragraph 8. This paragraph should have introductory wording as follows, “For the purposes of the formula set out in paragraph 7 above, CSAR means...”; - insert “and is” before “derived”.</p> <p>“Where” should not be capitalised to be consistent with paragraph 4 of this condition.</p> <p>As to “CSAMXt”, delete the full stop and replace with a semi colon.</p> <p>As to “CSOU”, delete the full stop and replace with “; and”.</p> <p>As to “CSAP”: - this should be set out in a new paragraph 9. This paragraph should have introductory wording as follows, “For the purposes of the formula set out in paragraph 5 above, CSAP means...”; - insert a comma after “Formula Year t”; - insert “and is” before “derived”.</p> <p>“Where” should not be capitalised to be consistent with paragraph 4 of this condition.</p> <p>As to “CSAM”, delete the full stop and replace with “; and”.</p>	
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13	GDC24	[x]. Incentive adjustments in respect of the Broad Measure of Customer Satisfaction	5 (continued)	<p>Section 2:</p> <p>Generally the same changes as applied under Section 1 above should be incorporated in this Section 2.</p> <p>As to “CSB”:</p> <ul style="list-style-type: none"> - this should be set out in a new paragraph 10. This paragraph should have introductory wording as follows, “For the purposes of the formula set out in paragraph 5 above, CSB means...”; - insert a comma after “Formula Year t”. <p>As to “CSBD”:</p> <ul style="list-style-type: none"> - this should be set out in a new paragraph 11. This paragraph should have introductory wording as follows, “For the purposes of the formula set out in paragraph 10 above, CSBD means...”; - insert a comma after “Formula Year t”; - insert at the end of definition “and is derived in accordance with the following formula”. <p>“Where” should not be capitalised to be consistent with paragraph 4 of this condition.</p> <p>As to “CSBS”, delete the full stop and replace with a semi colon.</p> <p>As to “CSBR”:</p> <ul style="list-style-type: none"> - this should be set out in a new paragraph 12. This paragraph should have introductory wording as follows, “For the purposes of the formula set out in paragraph 10 above, CSBR means...”; - insert “and is” before derived. <p>“Where” should not be capitalised to be</p>	
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				<p>consistent with paragraph 4 of this condition.</p> <p>As to “CSBMX”, delete the full stop and replace with “; and”.</p> <p>As to “CSOU”: - insert “Network” after “Distribution”; - delete the full stop and replace with a semi colon.</p> <p>As to “CSBP”: - this should be set out in a new paragraph 13. This paragraph should have introductory wording as follows, “For the purposes of the formula set out in paragraph 10 above, CSBP means...”; - insert “and is” before derived.</p> <p>“Where” should not be capitalised to be consistent with paragraph 4 of this condition.</p> <p>As to CSBMP, delete the full stop and replace with a semi colon.</p>	
14	GDC24	[x]. Incentive adjustments in respect of the Broad Measure of Customer Satisfaction	5 (continued)	<p>Section 3</p> <p>Generally the same changes as applied under Sections 1 and 2 above will apply under this Section 3.</p> <p>As to CSC: - this should be set out in a new paragraph 14. This paragraph should have introductory wording as follows, “For the purposes of the formula set out in paragraph 5 above, CSC means...”; - insert a comma after “Formula Year t”.</p> <p>As to CSCD: - this should be set out in a new paragraph 15.</p>	

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			<p>This paragraph should have introductory wording as follows, “For the purposes of the formula set out in paragraph 14 above, CSCD means...”;</p> <ul style="list-style-type: none"> - insert a comma after “Formula Year t”; - insert at the end of definition “and is derived in accordance with the following formula”. <p>Delete “Where:” as it has been inserted before the formula and then re-insert “where:” after the formula.</p> <p>As to CSCS, delete the full stop and insert “; and”.</p> <p>As to CSCR:</p> <ul style="list-style-type: none"> - this should be set out in a new paragraph 16. This paragraph should have introductory wording as follows, “For the purposes of the formula set out in paragraph 14 above, CSCR means...”; - insert a comma after “Formula Year t”; - insert “and is” before “derived”; - delete “using” and replace with “in accordance with”; - delete “formula below” and replace with “following formula”. <p>Delete “Where:” as it has been inserted before the formula and then re-insert “where:” after the formula.</p> <p>As to CSCMX, delete the full stop and replace with “; and”.</p> <p>As to CSOU, insert a full stop at the end of the definition.</p> <p>As to CSCP:</p>	
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				<p>- this should be set out in a new paragraph 17. This paragraph should have introductory wording as follows, “for the purposes of the formula set out in paragraph 14 above, CSCP means...”;</p> <p>- insert a comma after “Formula Year t”;</p> <p>- insert “and is” before “derived”;</p> <p>- delete “formula below” and replace with “following formula”.</p> <p>“Where” should not be capitalised to be consistent with paragraph 4 of this condition.</p> <p>As to CSCMP, delete full stop and replace with a semi colon.</p> <p>As to CSOD:</p> <p>- insert a full stop;</p> <p>- is this an adjustment to “Maximum Distribution Network Transportation Activity Revenue” in the same manner as “CSOU”? If so this should be stated.</p>	
15	GDC24	[x]. Incentive adjustments in respect of the Broad Measure of Customer Satisfaction	6	<p>We suggest that this paragraph be re-drafted as follows, “The complaints metric score (CM_t) is derived in accordance with the following formula:”</p> <p>“Where” should not be capitalised to be consistent with paragraph 4 of this condition.</p> <p>This formula does not seem correct.</p>	
16	GDC24	[x]. Incentive adjustments in respect of the Broad Measure of Customer Satisfaction	7	<p>Again delete the works in brackets within each definition.</p> <p>We suggest that we make this para 7 consistent with our comments on paragraph 5 above and therefore delete “In the formula for the CMt term in paragraph [5] above:”</p>	

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			<p>This para 7 then should start “CMIS means the difference...”.</p> <p>Also insert “and is” before “derived”.</p> <p>Further, delete “formula below.” and replace with “following formula:”.</p> <p>As to UQCM, insert a semi colon at the end of the definition.</p> <p>As to CMPt, we suggest this should read, “means the complaints metric performance term and is derived in accordance with the following formula:”</p> <p>“Where” should not be capitalised to be consistent with paragraph 4 of this condition.</p> <p>As to PCUDPO: - how is this term “calculated”, this is not clear; - delete full stop and replace with a semi colon.</p> <p>As to PCUDPT: - how is this term “calculated”, this is not clear; - delete full stop and replace with a semi colon.</p> <p>As to PRC: - how is this term “calculated”, this is not clear; - delete full stop and replace with “; and”.</p> <p>As to POF, how is this term “calculated”, this is not clear.</p> <p>As to IRCM: - this should be a new paragraph [8] and begin, “In the formula for the CMt term in paragraph [5] above, IRCMt means...”; - delete “as” and replace with “and is”;</p>	
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				<p>- Delete “number”; - insert a colon at the end of the definition but before the formula.</p> <p>As to ARCM: - this should be a new paragraph [9] and begin, “In the formula for the CMt term in paragraph [5] above, ARCMt means...”; - note ARCM is also used in the formula for IRCM and thus needs to be confirmed.</p>	
17	GDC24	[x]. Incentive adjustments in respect of the Broad Measure of Customer Satisfaction	8	<p>We suggest the following amendments, “The Stakeholder Engagement term (SEt) is derived in accordance with the provisions of this Part []”.</p> <p>Also delete the heading “Section 1” as this is not consistent with the other price control conditions.</p>	
18	GDC24	[x]. Incentive adjustments in respect of the Broad Measure of Customer Satisfaction	10	<p>As to the reference to the maximum value being calculated in accordance with Part C of GTC20. This should refer to GDC20 but in any event Part C does not seem to provide for this. Please clarify and insert paragraph reference to GDC20 to ensure clear.</p> <p>Further, if the maximum value is set out in Appendix 1 (para 9), why would this amount be calculated then under para 10? This seems inconsistent.</p>	
19	GDC24	[x]. Incentive adjustments in respect of the Broad Measure of Customer Satisfaction	11	<p>We require a copy of the Stakeholder Engagement Reward Guidance prior to finalising our comments on this condition</p> <p>Delete “the provisions of Section 2 below” and replace with “paragraphs [13 to 15 below]”.</p>	
20	GDC24	Incentive Adjustment in respect of the	Page 56 Para 12	Paragraph x should refer to Para 10. Also this states that the SERG “may” make provision for. Surely either the licence or the SERG	Suggest change “may” to “will”

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		Broad Measure of Customer Satisfaction	Para 12a & b	<p>“has” to.</p> <p>What has been agreed with Ofgem is that the Panel will award points using a balanced scorecard approach – so as to decouple £££ reward with initiatives, The Panel will not be awarding £££ - the Authority will award £££ based on points scored by the Panel (this is really important given the history with DRS)</p>	<p>(a) the Appointment of the Authority, of persons who will assess the stakeholder engagement submissions</p> <p>(b) - this should be ok as is</p>
21	GDC24	[x]. Incentive adjustments in respect of the Broad Measure of Customer Satisfaction	12	<p>Delete “x” and replace with “[11]”.</p> <p>As the Stakeholder Engagement Reward Guidance will set out who will allocate and the manner and process by which assessments will be made, we will need to review this document prior to finalisation of the price control conditions</p>	
22	GDC24	[x]. Incentive adjustments in respect of the Broad Measure of Customer Satisfaction	13	<p>Delete “Section 2”.</p> <p>After “licence” on line 2 insert “a condition of equivalent effect to”.</p> <p>As to sub-para (a), delete “and specify” and replace with “specifying”.</p>	
23	GDC24	[x]. Incentive adjustments in respect of the Broad Measure of Customer Satisfaction	14	<p>Also insert at the end of this paragraph, “and the Authority will give reasons for its decision”.</p>	
24	GDC24	[x]. Incentive adjustments in respect of the Broad Measure of Customer Satisfaction	15	<p>Rather than “this Section 4”, this should be “Part G of this condition”.</p>	
25	GDC24	Incentive Adjustment in	Page 56 Para 15	This should refer to Section 2 not 4	Change to Section 2

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		respect of the Broad Measure of Customer Satisfaction			This para needs to be aligned to D9 and changes to the RIGs
26	GDC24	Incentive Adjustment in respect of the Broad Measure of Customer Satisfaction	Page 57 para 20(c)	This refers to 14 days notice period, but 13 (c) refers to 28 days	Propose 28 days – so long as this aligns to D9 and RIGs
27	GDC24	[x]. Incentive adjustments in respect of the Broad Measure of Customer Satisfaction	16	The definition of “stakeholder” should be set out in GDC19.	
28	GDC24	Incentive Adjustment in respect of the Broad Measure of Customer Satisfaction	Page 56 Para 16	The definition proposed for “stakeholder” is the same definition as “customer” on Page 50 under BMT – surely this cannot be right. It also goes on to say who are “materially” affected, again surely it is anyone affected (and interested?)	Propose - a person, group or organisation who can be affected by [or has an interest in?] the licensee's operations
29	GDC24	[x]. Incentive adjustments in respect of the Broad Measure of Customer Satisfaction	17	This definition needs to be moved to GDC19. Also the reference to “Special Conditions” should be replaced with “Price Control Conditions”	
30	GDC24	Incentive Adjustment in respect of the Broad Measure of Customer Satisfaction	Page 56 Para 17	Definition of “exceptionally positive outcomes” – (b) as this is stakeholder driven not everything you do for stakeholders will result in best practice. Probably the important thing is to share among the industry	(b) Suggest “by developing and implementing best practice” changed to “by developing initiatives and sharing among the industry”.
31	GDC24	Incentive Adjustment in respect of the Broad Measure	Page 57 Para 18 & 19	NGGD do not understand this. Para 19 refers to para 12 but we are not sure this is right. How can you apply this to a subjective stakeholder reward? How will this be judged?	

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		of Customer Satisfaction		We need to see the substantive obligation to which this relates in order to understand this and comment on it properly	
32	GDC24	[x]. Incentive adjustments in respect of the Broad Measure of Customer Satisfaction	19	“12” should be “18”. The meaning of “distortion” needs to be clarified.	
33	GDC24	[x]. Incentive adjustments in respect of the Broad Measure of Customer Satisfaction	20	Should this refer to para 15 rather than para 13? Rather than 14 days, we suggest 28 days. The procedure to be used here needs to be consistent with other similar licence conditions.	
34	GDC24	Incentive Adjustment in respect of the Broad Measure of Customer Satisfaction	Part G, Paragraph 20	Paragraph references are misaligned and need to be renumbered	
35	GDC24	[x]. Incentive adjustments in respect of the Broad Measure of Customer Satisfaction	21	This should refer to para 20 not para 12.	
36	GDC24	[x]. Incentive adjustments in respect of the Broad Measure of Customer Satisfaction	22	This paragraph should be set out in the RIGS not this condition. All the rules relating to the RIGS should be in GDC 74.	
37	GDC24	[x]. Incentive adjustments in respect of the Broad Measure	23	As to sub-para (a), we suggest that these definitions are set out in GDC19. As to sub-para (b), will Standard Special	

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		of Customer Satisfaction		Condition D9 survive this process? As to sub-para (c), we do not think appropriate, prefer definitions in the licence.	
38	GDC24	Incentive Adjustment in respect of the Broad Measure of Customer Satisfaction		Document refers to Appendices 1-4 that are not included, which we will comment on when published	

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GDC25 Revenue adjustments for performance in respect of gas shrinkage and environmental emissions

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	General	Note that para 20.4, in relation to SHR, refer to “Shrinkage Incentive”, yet this para GDC25 refers to “the Maximum Distribution Network Shrinkage Allowance”. Please ensure consistency.	
2	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.1	Suggest that expressly refer to Part B of GDC25. As to sub-para (b), should this be “Maximum Distribution Network Environmental Emission Incentive”, to be consistent with sub-para (a) This would appear consistent with para 25.6	
3	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.2	As to sub-para (a), we are unsure of what the licensee’s right is where it is stated, “have expectations”. This seems to suggest something short of a right. This needs to be clarified.	
4	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.2 (a)	This para sets out that we can expect a revenue adjustment under a rolling incentive mechanism in relation to performance under para 25.1 i.e. for shrinkage and environmental emissions performance. However the only reference to the rolling incentive, in para 25.7, only mentions environmental emissions – it should also add shrinkage.	
5	GDC25	[x] Revenue adjustments for performance in respect of gas	25.3	The title should read, “Formula for calculating the Maximum Distribution Network Shrinkage Allowance (SHR)”. This is consistent with para 25.1(a).	

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		shrinkage and environmental emissions		<p>Insert the title of GDC20 in accordance with usual custom.</p> <p>Capitalised “maximum”. This is consistent with para 25.1(a).</p> <p>As to SHR, delete the full stop and replace with a semi colon.</p> <p>As to ASC, I and Σ, delete the full stops and replace with semi colons.</p> <p>As to GRPC, delete the full stop and replace with a semi colon.</p> <p>As to “SB”, delete “(which is part of this condition)” as these words are not required.</p>	
6	GDC 25	Special Condition [x]. Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	60/25.3	Definition of Actual Shrinkage Cost (ASC) should refer to “... each LDZ I” to be consistent with other definitions. Also, we would like the definition to explicitly state that this includes both the cost of the gas and the cost of the procurement service.	means the actual shrinkage cost, including both the cost of gas and the cost of the procurement service, in respect of Formula Year t for each LDZ i of the relevant Distribution Network.
7	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.4	Insert commas after “mechanism” on the second line and “2021/22” on the third line.	
8	GDC25	[x] Revenue adjustments for performance in respect of gas	25.5	<p>Please punctuate the definitions as a list.</p> <p>Please also insert the title of GDC20.</p>	

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		shrinkage and environmental emissions		<p>“Forward Offer Price” needs to be defined.</p> <p>“Approved Market Price Report” is defined at present in Special Condition E1. Is this to remain and be placed in GDC19?]</p> <p>“prescribed bank holiday” should be a defined term, not just a “note”.</p>	
9	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.6	<p>Option 1:</p> <p>As to the title, we suggest that this reads, “Formula for Maximum Distribution Network Environmental Emissions Incentive (EEI)”.</p> <p>Subject to our comments on para 25.1, suggest capitalise “maximum” and then delete “revenue” and then this will be consistent with our comments on para 25.1.</p> <p>Please also insert the title of GDC20.</p> <p>Also please provide the formula.</p> <p>Please punctuate the definitions as a list.</p> <p>As to “LB”, delete “(which is part of this condition)”, as these words are not necessary.</p> <p>As to RPIF, insert the title of GDC20.</p> <p>As to CC, delete “(which is part of this condition)”.</p>	
10	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.6	<p>Option 2:</p> <p>As to the title, we suggest that this reads, “Formula for Maximum Distribution Network Environmental Emissions Incentive (EEI)”.</p> <p>Subject to our comments on para 25.1,</p>	

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				<p>suggest capitalise “maximum” and then delete “revenue” and then this will be consistent with our comments on para 25.1.</p> <p>Please also insert the title of GDC20.</p> <p>Delete “from” and replace with “in accordance with” before “the following formula”.</p> <p>All 3 references to “Where” should not be capitalised. Also insert a colon after the first mention of “where”.</p> <p>As to “IP”:</p> <ul style="list-style-type: none"> - the reference to “year t” should be “Formula Year t”; - delete “by the” and replace with “in accordance with the following”; - insert a semi colon at the end of the definition but before the formula. <p>As to “OP”:</p> <ul style="list-style-type: none"> - delete “from” and replace with “in accordance with”; - also insert a colon at the end of the definition but before the formula; <p>As to “LB”:</p> <ul style="list-style-type: none"> - delete “(which is part of this condition)”; - insert a semi colon at the end of the definition. <p>As to “LV”:</p> <ul style="list-style-type: none"> - delete “as” and replace with “and is”; - insert at the end of the definition “; and”. <p>As to “OP”, insert a full stop at the end.</p>	
11	GDC 25	Special Condition [x].	62/25.6	Definition of LB_{t_i} should refer to Appendix 2 rather than Appendix 1.	means the LDZ allowed leakage volume in respect of Formula Year t for each LDZ i of the relevant

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		Revenue adjustments for performance in respect of gas shrinkage and environmental emissions			Distribution Network as set out in Appendix 2 (which is part of this Condition).
12	GDC 25	Special Condition [x]. Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	62/25.6	LVt,i definition should refer to “The Shrinkage and Leakage Model” to be consistent with rest of Condition.	means the LDZ actual leakage volume, as derived from the application of The Shrinkage and Leakage Model maintained by the licensee under Part D below
13	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.7	This para states that Ofgem will determine the rolling incentive amounts by reference to the Final Proposals document published in December. We consider that this rolling incentive mechanism should be set out in detail, and well in advance of December, so as to have time to consider along with the rest of the draft Licence prior to FP. In addition, we consider that the mechanism should be unambiguous and set out in a similar manner to the annual incentive mechanisms so as to provide certainty of treatment, in line with best regulatory practice, and should therefore not be subject to Ofgem interpretation and determination in 8 years time. This could be done through either the Licence terms or the Financial Model.	
14			25.7	It is unclear whether the term “incentive amounts” refers to revenues or volumes and so needs clarifying within the more general clarification of the rolling incentive mechanism	

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				as a whole.	
15	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.8	Delete “as” before “approved” on second line. Insert a comma before “as” on the third line.	
16	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.10	Insert commas after “must” on the first line, “Year” on the first line and “Authority” on the second line.	
17	GDC 25	Special Condition [x]. Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	63/25.10	The significance of the statement “... together with any new information obtained by the licensee with respect to leakage rates, including data derived from leakage tests.” needs clarifying; this would imply that a change to the leakage rates would not constitute a change to the leakage model. Is this Ofgem’s intention?	
18	GDC 25	Special Condition [x]. Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	63/25.11	Not sure if this is grammatically correct...	Subject to the provision of reasonable prior notice by the Authority, the licensee must allow the Authority, or a duly authorised representative of it, such access to the licensee’s staff, records, and facilities as the Authority may reasonably require for the purpose of enabling it to establish to the Authority’s reasonable satisfaction that:
19	GDC25	[x] Revenue adjustments for performance in	25.11	Delete the comma after “records” on the third line.	

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		respect of gas shrinkage and environmental emissions		Insert a coma after “require” on the fourth line.	
20	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.12	Insert commas after “where” and “that” on the second line.	
21	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.13	As to the title “the” should be capitalised to be consistent with the title of Part D. Delete the comma after “must” on the first line.	
22	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.14	Delete “The SLM Review” on the first line and replace with “The licensee”. The Review itself it not capable of consulting anyone. Should this include consultation with DN operators also?	
23	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.15	Delete “it proposed to” and replace with “the licensee proposes to”. Insert a comma after “licensee” on the fourth line. What is meant by “incentive properties”? Can this be better described? As with our comments under para 25.1, we suggest that insert “Maximum Distribution Network” before “Environmental Emissions Incentive”.	

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				After “Incentive” on the sixth line insert a comma.	
24	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.16	Delete the comma after “must” on the second line. As to the reference to para 25.7, this should instead be para 25.17.	
25	GDC 25	Special Condition [x]. Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	64/25.16(b)	Should refer to paragraph 25.17, rather than 25.7	(b) within 28 days after the close of that consultation make publicly available and submit to the Authority a report in accordance with paragraph 25.17.
26	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.17	Delete “That report” and replace with “The report submitted by the licensee under paragraph 25.16”. Sub-para (b) should refer to para 25.15 not 25.5. Sub-para (c) should also refer to DN Operators in order to be consistent with para 25.16(a). Sub-para (g) should also refer to DN Operators in order to be consistent with para 25.16(a).	
27	GDC 25	Special Condition [x]. Revenue adjustments for performance	64/25.17(b)	Should refer to paragraph 25.15, rather than 25.5	the revised allowed shrinkage and allowed leakage volumes proposed pursuant to paragraph 25.15

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		in respect of gas shrinkage and environmental emissions			
28	GDC 25	Special Condition [x]. Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	64/25.17(c)	To be consistent with paragraph 25.16(a), this should include representations from other DN Operators.	(c) the representations (if any) that were made to the licensee by other DN Operators, gas shippers or other interested parties and not withdrawn;
29	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.18	Insert a comma after “expert” on the third line and after “DN Operators” on line five.	
30	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.19	This paragraph is generally not clear. Who will this information be provided to? What types of information would need to be provided? In what regard do DN Operators need to comply with para 25.18?	
31	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.20	Delete “The report” and replace with “The report submitted by the licensee under paragraph 25.16”. The reference to 25.11 should be 25.9. Delete “their” on the fourth line and replace with “his” as the expert is singular.	

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				<p>What is meant by “incentive properties”? Can this be better described?</p> <p>As with our comments under para 25.1, we suggest that insert “Maximum Distribution Network” before “Environmental Emissions Incentive”.</p>	
32	GDC 25	Special Condition [x]. Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	65/25.20	Should refer to paragraph 25.9, rather than 25.11	The report must include the independent expert’s opinion on the extent to which the proposed modifications to The Shrinkage and Leakage Model would better achieve the objectives set out in paragraph 25.9...
33	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.21	Insert a comma after “Model” on the second line.	
34	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.22	<p>The reference to 25.11 should be 25.9.</p> <p>As to sub-para (b):</p> <ul style="list-style-type: none"> - insert commas after “condition” on line 2 and “report” on line 3; - Can Ofgem please clarify whether a revision directed under this paragraph is deemed to amend the appendices to avoid the licence mod procedure? 	
35	GDC 25	Special Condition [x]. Revenue adjustments for performance	65/25.22	Should refer to paragraph 25.9, rather than 25.11	Where the Authority considers that a modification set out in such a report would, as compared with the existing provisions of The Shrinkage and Leakage Model and any alternative modifications set out in the report, better achieve the objectives

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		in respect of gas shrinkage and environmental emissions			set out in paragraph 25.9...
36	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.23	Insert commas after “may” and “time” on line 1. Insert a comma after “event” on line 3.	
37	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.28	After “submitted” on the first line insert “to the Authority”. Delete “the 31 July deadline will apply to each SLSM Report to be submitted thereafter” and replace with “subsequent SLSM Reports must be submitted to the Authority not later than 31 July once in every two Formula Years thereafter”.	
38	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.29	“report” on the first line should be capitalised.	
39	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.30	As to sub-para (b), “gasleakage” should not be one word.	
40	GDC 25	Special Condition [x]. Revenue	66/25.30	Typo – missing space in gas leakage	(b) the licensee’s assessment of the suitability of the use of Smart Metering Data as an alternative to the use of The Shrinkage and Leakage Model to

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		adjustments for performance in respect of gas shrinkage and environmental emissions			calculate the levels of gas shrinkage and gas leakage with respect to each LDZ that it operates;
41	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.31	At to sub-para (d), insert “its” before “best”.	
42	GDC25	[x] Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	25.33	As to the definition of “The Shrinkage and Leakage Model”: - the paragraph beginning “The Processes” should be changed to “These Processes” and then moved up to join the above paragraph. No space is required. - also delete “referred to in the above definition” as these words are not required; - delete the full stop at the end of the definition and insert “; and”.	
43	GDC 25	Special Condition [x]. Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	67/25.33(d)	Refers to “actual gas shrinkage volume <u>term</u> ”, which does not exist in the Condition. The actual gas shrinkage volume would be used to calculate the actual shrinkage costs, which is used within Part A.	
44	GDC 25	Special Condition [x]. Revenue adjustments for	68/Appendix 1	Consistency in titles	Shrinkage Volume (GWh)

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		performance in respect of gas shrinkage and environmental emissions			
45	GDC 25	Special Condition [x]. Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	68/Appendix 2	Consistency in titles	Appendix 2: LDZ allowed leakage volume (the LB term) for the period beginning on 1 April 2013 and ending on 31 March 2021
46	GDC 25	Special Condition [x]. Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	68/Appendix 3	Consistency in titles	Appendix 3: Environmental emissions factor (the CC term) for the period beginning on 1 April 2013 and ending on 31 March 2021
47	GDC 25	Special Condition [x]. Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	Part C – Formula for Environmental Emissions Incentive revenue (EEI)	We consider that Option 2 in conjunction with a two year lag to provide predictability of revenue adjustments should be applied. We favour Option 2 because the reward for any outperformance associated with specific investment would be recovered nearer the time of investment, and, in recovering the full enduring performance within RIIO GD1, it eliminates the potentially large instability in prices associated with the end of period true-up associated with Option 1 being recovered in a single year in RIIO GD2.	

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48	GDC 25	Special Condition [x]. Revenue adjustments for performance in respect of gas shrinkage and environmental emissions	Application of rolling incentive mechanism to Shrinkage	We support the application of the rolling incentive mechanism to Shrinkage in addition to the Environmental Emissions Incentive.	
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GDC26 (PCC4) Annual Interaction Process for the GD1 Price Control Financial Model

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1			General	<p>There is currently no reference in this condition to the 14 day notice period before 30th November GEMA Direction. Does the notification apply to each of the individual PCFM values?</p> <p>Given the short (14 day) notice period, it would be useful to have a timetable in the Finance Handbook to provide a guide for the annual process/timings from RRP 31 July to Direction on 30 November.</p>	
2	GDC26 (PCC4)	[x]. Annual Iteration Process for the GD1 Price Control Financial Model	26.1	<p>We suggest that these definitions are moved to GDC19. In any event, the other price control conditions have the introduction first, and then the definitions, rather than the definitions as the first paragraph.</p> <p>As to “PCFM”, previously commented “Special Condition” should be amended to “Price Control Conditions”.</p>	
3	GDC26 (PCC4)	[x]. Annual Iteration Process for the GD1 Price Control Financial Model	26.2	<p>We suggest a comma is inserted after “Process” and “t-1” on the second line.</p>	
4	GDC26 (PCC4)	[x]. Annual Iteration Process for the GD1 Price Control Financial Model	26.5	<p>The reference to “iteration process” should be changed to “Annual Iteration Process”.</p>	

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5	GDC26 (PCC4)	Annul Iteration Process for the GD1 PCFM	26.5	Will this be the PCFM from the last Annual Iteration (as published) updated for any major or minor functionality issues with the Model? If any functional changes to the Model between the last Annual Iteration and the latest Annual Iteration result in changes to previously determined MOD, will the impact of these be included in MODt (i.e. the next annual iteration)? Will previous versions of the PCFM be retained on the Authority website?	
6	GDC26 (PCC4)	[x]. Annual Iteration Process for the GD1 Price Control Financial Model	26.6	Please capitalise “the” on the first line. As to the reference to “price control adjustments”, the usual description is just “adjustments”. Please clarify. This list should match up with the list in Chapter 2 of the handbook. Chapter 2 of the handbook is not currently accurate as it includes system operator provisions. Paragraph needs to include all adjustments that are part of the RIIO price control.	
7	GDC26 (PCC4)	Annul Iteration Process for the GD1 PCFM	26.6	The Licence Model should be updated so that the Licence Conditions referred to in this paragraph are cross referenced in the Variable Values table in the Model. The IP version of the Financial Model does not include all Licence Condition references and in many cases, the Transmission Licence Conditions are referenced as well as ‘GD equivalents’. The use of ‘GD equivalents’ does not clarify which GD Licence Conditions are being referred to.	
8	GDC26 (PCC4)	Annul Iteration Process for the GD1 PCFM	26.6	Suggests that the impact of changes in incentives and pass-through costs vs. allowances will be calculated outside of the model via other licence terms – can you clarify this? If calculated outside the model, will the model include the updated values for these	

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				(i.e. added to the MOD to determined revised based revenues?)	
9	GDC26 (PCC4)	Annul Iteration Process for the GD1 PCFM	26.6	Under a scenario where base totex allowances are revised following FP, what is the process for updating and issuing the PCFM?	
10	GDC26 (PCC4)	[x]. Annual Iteration Process for the GD1 Price Control Financial Model	26.7	“the” should be capitalised.	
11	GDC26 (PCC4)	[x]. Annual Iteration Process for the GD1 Price Control Financial Model	26.8	“the” should be capitalised.	
12	GDC26 (PCC4)	Annul Iteration Process for the GD1 PCFM	26.9	The paragraph does not suggest any 14 days notice period for the MODt determination?	
13	GDC26 (PCC4)	[x]. Annual Iteration Process for the GD1 Price Control Financial Model	26.10	Insert a comma after “paragraph”.	
14	GDC26 (PCC4)	Annul Iteration Process for the GD1 PCFM	26.10	Should MODt not be held at zero until determined rather than MODt-1 from the previous year?	
15	GDC26 (PCC4)	[x]. Annual Iteration Process for the GD1 Price Control Financial Model	26.11	We propose that it would be better to move the definitions to GDC19? Rather than full stops after each definition please insert semi-colons. As to “GD1 Price Control Financial Methodologies”: - delete “presented in a coherent and	

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				consistent manner”; and - delete the full stop after sub-para (b) and replace with “; and”.	
16	GDC26 (PCC4)	[x]. Annual Iteration Process for the GD1 Price Control Financial Model	26.12	Delete “is” and replace with “shall constitute”.	

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GDC27 (PCC3) Specified Financial Adjustments

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	GDC27 (PCC3)	[x]. Specified financial adjustments	General	As with previous conditions “time value of money” has been defined in the Handbook. The time value of money formula and definition in the Handbook does not look right, we think it should be $(1+X)^Y-1$, not X^Y . There also needs to be a reference to where this is defined in the Handbook in 27.19 and 27.24	
2	GDC27 (PCC3)	[x]. Specified financial adjustments	27.2	As previously commented, we suggest that these definitions be inserted in GDC19. As to “Formula Year t”, please remove the full stop and insert “; and” at the end of this definition. As to “PCFM Variable Value”, rather than “Special Condition” suggest “Price Control Condition”.	
3	GDC27 (PCC3)	[x]. Specified financial adjustments	27.3	Suggest capitalise “base” in accordance with our comments under para 20.5. Delete “appropriately” as covered by “appropriate adjustments”. As to sub-para (a), “established deficits” has been de-capitalised. Is this term different to the defined term in para 27.30? The reference to “ET1” should be changed to “GD1”.	
4	GDC27 (PCC3)	Specified Financial Adjustments	27.3	Reference to ETI Financial Handbook?	

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5	GDC27 (PCC3)	[x]. Specified financial adjustments	27.4	Delete the comma on the third line.	
6	GDC27 (PCC3)	[x]. Specified financial adjustments	27.5	As to sub-para (a), “pension scheme Established Deficit” should be defined rather than just “Established Deficit”. As to sub-para (b), “pension scheme administration” should be defined.	
7	GDC27 (PCC3)	[x]. Specified financial adjustments	27.6	Insert a comma after “t-1” on the second line. As to sub-para (a), we are unsure how this is directly linked to the handbook. A valuation is mentioned in paragraph 3.13 of the handbook, is this what is intended? This is generally unclear how it is linked with the handbook. As to sub-para (b), we can not see in the handbook where a review is provided for efficiency. We can see a reasonableness review under para 3.13 but not efficiency. Please clarify this position by reference to the handbook. As to sub-para (c), again there does not seem to be any reference in the handbook to provide for a review of the level of payments. Please clarify how this is linked to the handbook.	
8	GDC27 (PCC3)	[x]. Specified financial adjustments	27.8	Insert a comma after “t-1” on the second line. See comments under paragraph 27.6 on the timing issues. We suggest that this provision is expressly linked to paragraphs 3.31 and 3.34 of the handbook.	
9	GDC27 (PCC3)	[x]. Specified financial	27.9	See our comments on paragraph 27.7, which also apply here.	

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		adjustments			
10	GDC27 (PCC3)	[x]. Specified financial adjustments	27.13	This paragraph accords with paragraph 4.5 of the handbook, however, the language used is inconsistent in that the reference is to “all formula years” and thus presuming more than 1 year yet then this zero amount only applies as at 1 April 2013. Please clarify.	
11	GDC27 (PCC3)	[x]. Specified financial adjustments	27.18	Delete “the same” on the forth line.	
12	GDC27 (PCC3)	Specified Financial Adjustments	27.18	27.27 – 14 day notice period suggested. Is this sufficient and how does this reconcile to a 28 day period given for modifications to the PCFM?	
13	GDC27 (PCC3)	[x]. Specified financial adjustments	27.25	Please note the timing issues as discussed above will also be relevant here.	
14	GDC27 (PCC3)	[x]. Specified financial adjustments	27.27	Rather than 14 days suggest 28 days as consistent with the other RIIO conditions.	
15	GDC27 (PCC3)	[x]. Specified financial adjustments	27.30	<p>Please correctly punctuate this definitions list.</p> <p>As to the definition of “Established Deficit”: - as to Chapter 3, it is not clear to us where this term is given its meaning. Is this intended to be a reference to para 3.15 of the handbook? Can this be clarified by an express reference to a paragraph number of the Chapter; - “Has” should not be capitalised.</p> <p>As to the definition of “Pension Protection Fund”: - as to Chapter 3, it is not clear to us where this term is given its meaning. Can this be clarified by an express reference to a paragraph number of the Chapter;</p>	

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				- "Has" should not be capitalised.	
16	GDC27 (PCC3)	[x]. Specified financial adjustments	27.31	We do not think it is appropriate to provide for further explanation or elaboration of the definitions to be set out in the methodologies. We do not accept this provision until we have seen a draft copy of the methodologies in order to more fully understand what Ofgem is proposing to provide.	

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GDC28 Arrangements for the recovery of uncertain costs

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1		[x]. Arrangements for the recovery of uncertain costs	General	<p>We agree with the principles of the condition to ensure the recovery of uncertain costs. Prior to final proposals we anticipate developments in the treatment of these uncertain costs and may require amendments to reflect the adjustment mechanism agreed before FP.</p> <p>Elements that may need to be amended are:</p> <p>Specified Street works Costs – Condition will need to reflect a decision on the proposed lane rental revenue driver mechanism proposed by National Grid and include guidance on how permit scheme cost assessment will be undertaken.</p> <p>Enhanced Physical Site Security – Will need to reflect that costs will be assessed as part of CPNI VFM2 audit process to determine the efficient level of cost allowance.</p> <p>Smart Metering Roll-Out Costs – Possible to determine revenue drivers for certain elements of these uncertain costs, therefore condition may need to be amended to reflect GDN proposals.</p> <p>Large Load Connection Costs – Definition to be agreed with GDNs</p> <p>Multiple Occupancy Buildings (MOBs) - Within our response to Initial Proposals, we have outlined our support for a volume driver to be</p>	

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				applied to medium rise multiple occupancy buildings (MOBs) and have provided proposed licence drafting below to support this	
2	GDC28	Arrangement for the Recovery of uncertain costs	General Point	<p>The Licence Condition is not clear about how revenue allowances from spend on uncertainty categories will be included and calculated in the Model.</p> <p>The conditions suggests these will be included as variable values, however will the model take into account costs already incurred vs. costs anticipated in the future.</p> <p>For costs already incurred, a certain portion would naturally be funded via the TIM mechanism, therefore the model needs to fund the remainder of efficiently incurred costs (Variable Value or Variant Allowance?).</p> <p>For costs anticipated, will these be included in the model as variant allowances or does this depend on the individual uncertainty category. These aspects should be made clearer in the condition in the form of a table.</p>	
3	GDC28	[x]. Arrangements for the recovery of uncertain costs	28.1	There is scope for confusion between “Relevant Costs” and “relevant cost category”. We suggest that this is resolved by changing “relevant cost category” to “uncertain costs category”, which also picks up the title of the condition.	
4	GDC28	[x]. Arrangements for the recovery of uncertain costs	28.2	<p>“IAE” term should be defined.</p> <p>As to the reference to “MOD”, rather than “calculated” suggest “derived” in accordance with GDC20.</p> <p>The title of GDC20 is incorrect; the correct title is “Restriction of revenue in respect of the Distribution Network Transportation Activity”.</p>	

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				We suggest insert before “Activity” on line 9 “Transportation”.	
5	GDC28	[x]. Arrangements for the recovery of uncertain costs	28.3	We note that Part D (rather than Part E) of GDC47 has now been struck out. Further, the definition of “Total Allowed Totex” has also been deleted in GDC47. Thus please confirm how this IAE term will constitute an element of Totex under that condition.	
6	GDC28	[x]. Arrangements for the recovery of uncertain costs	28.6	Delete “the” on line 4 and replace with “that”.	
7	GDC28	[x]. Arrangements for the recovery of uncertain costs	28.9	As to the reference to “Special Conditions”, we suggest the deletion of this term and the insertion of “Price Control Conditions”.	
8	GDC28	[x]. Arrangements for the recovery of uncertain costs	28.10	Whilst “Average Annual Base Revenue” is set out in Appendix 2, it does not appear to be a defined term and therefore query need to capitalise. “Price Control Period” should be capitalised.	
9	GDC28		28.10	The current wording could be taken to mean that the material amount is only the amount of cost which is excess of 1% whereas we think it should mean (to be consistent with current Licence) all the cost, so long as it is in total greater than 1%. Changing the words “the amount” to “an amount” would we think clarify this.	
10	GDC28	[x]. Arrangements for the recovery of uncertain costs	28.11	As to the reference to “Special Conditions”, again suggest that this is replaced with “Price Control Conditions”.	

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11	GDC28	[x]. Arrangements for the recovery of uncertain costs	28.13	Insert “paragraph” before “28.10”.	
12	GDC28	[x]. Arrangements for the recovery of uncertain costs	28.14	After “window” on the third line insert “as set out in paragraph 28.12,”. Also insert a comma after “such application” on the third line. The reference to 28.11 and 28.12 should be 28.9 and 28.10.	
13	GDC28	Arrangements for the recovery of uncertain costs	28.15	If any category of UM does not reach the threshold (c£8m per DN), there is no provision for claiming UM spend. Surely we must be able to claim at the end of RIIO1?	
14	GDC28	[x]. Arrangements for the recovery of uncertain costs	28.18	This paragraph should be made expressly subject to paragraph 28.19. This para refers to “consultation with the licensees”, which is in contrast to GTC28.18 which provides “after consulting the licensee”. Will consultation occur with licensees other than NGG? After “considers,” insert “in the circumstances”.	
15	GDC28	[x]. Arrangements for the recovery of uncertain costs	28.19	Delete “gas” on line 4. After “determination” on line six insert “and direction”.	
16	GDC28	[x]. Arrangements for the recovery of uncertain costs	28.21	Note previous comments on “Special Conditions” and suggest replace with “Price Control Conditions”.	
17	GDC28	[x].	28.23	Insert a comma after “2013”.	

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		Arrangements for the recovery of uncertain costs		The abbreviation should be capitalised i.e. “the Scheme”. All references to the “scheme” should then be capitalised.	
18	GDC28	[x]. Arrangements for the recovery of uncertain costs	28.24	Delete the reference to “gas”.	
19	GDC28	[x]. Arrangements for the recovery of uncertain costs	28.27	The reference to “Special Conditions” should be changed to “Price Control Conditions”.	
20	GDC28	Arrangements for the recovery of uncertain costs	28.27	Ofgem can cease the fuel poor scheme at any time. We should have a clause that allows recovery of costs on ongoing projects up to the point of the cessation.	
21	GDC28	[x]. Arrangements for the recovery of uncertain costs	28.29	Standard Special Condition A15 refers to “Agency” as opposed to “Central Agent Costs”. This should be rectified. Insert commas after “may” and “2013” on the first line. Insert “A” before “15” on line 5 and also insert the title of this condition.	
22	GDC28	[x]. Arrangements for the recovery of uncertain costs	28.30	Delete the reference to “gas”.	
23	GDC28	[x]. Arrangements for the recovery of uncertain costs	28.33	Insert “of” after “level” on the first line. Insert a comma after “Value” on line three. Insert a comma after “given” on line four.	

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				<p>Replace “Special Conditions” with “Price Control Conditions”.</p> <p>Insert the title of A15.</p>	
24	GDC28	[x]. Arrangements for the recovery of uncertain costs	28.36	<p>Please correct the punctuation of all definitions i.e. insert semi colons at the end rather than full stops as they are a list.</p> <p>Please also put list in alphabetical order i.e. move “Central Agent Costs” up and move “Relevant Costs” down the order.</p> <p>As to the reference to “Relevant Costs” in each of the definitions (as opposed to the defined term in this paragraph), this should just be to “costs” otherwise the definition is circular. These definitions are to identify the cost categories, not whether particular costs within them are “relevant”. Para 28.9 then filters costs to determine whether “Relevant Costs”.</p> <p>As to the definition of “Efficiency Incentive Rate”, delete “, and” and replace with “as”.</p> <p>As to “Enhanced Physical Site Security Costs”, as to sub-para (b): - insert “of” before “State”; - does “gas facility” have the meaning provided in section 85(4) of the Act?</p> <p>As to “Fuel Poor Network Extensions Scheme”, delete the reference to “gas”.</p>	
25	GDC28	[x]. Arrangements for the recovery of uncertain costs	28.37	<p>We do not think it is appropriate to provide for further explanation or elaboration of the definitions in para 28.36 to be set out in the RIGS. We need to see a draft copy of the RIGS in order to more fully understand what Ofgem is proposing to provide</p>	

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Proposed Legal Drafting for Medium Rise Multiple Occupancy Buildings Expenditure

GDC [#]

Chapter/Condition XX: Medium Rise Multiple Occupancy Buildings Expenditure

Introduction

1. The purposes of this condition are:
 - (a) to specify the basis upon which the licensee's levels of allowed expenditure on MRMOB (together 'Repex') are to be determined; and
 - (b) to determine any appropriate revisions to the PCFM Variable Values relating to Repex allowed expenditure ('RE' values) and the Formula Years to which those revised RE values relate for use in the Annual Iteration Process for the GD1 Price Control Financial Model as described in [GDC26] Price Control Condition 4 (Annual Iteration Process for the GD1 Price Control Financial Model).

2. For the purposes of this condition:

'Formula Year t' means the Formula Year in which the value for the term [MOD] calculated through the Annual Iteration Process, is used in the formula set out in Part [•] of Price Control Condition [•] and references to Formula Years t-1 and t-2 are to be construed accordingly.

'PCFM Variable Value' means the value contained in the [PCFM Variable Values Table] for the licensee, set out in the [GD1 Price Control Financial Model]:

- (a) which is capable of being revised by a direction of the Authority following a determination under condition [#]; and
- (b) whose revision does not constitute a modification of the GD1 Price Control Financial Model for the purposes of Price Control Condition [GDC 57] (Governance of GD1 Price Control Financial Instruments).

3. The RE value relating to a Formula Year represents the total amount of allowed expenditure (in 2009/10 prices) for all Repex for that Formula Year and RE values as at 1 April 2013 reflect forecast levels of Repex at the outset of the price control period.

Part A: Application of the mechanisms in this condition

4. The application of the mechanisms set out in this condition provides for:

- (a) the determination of allowed expenditure amounts for Repex for particular Formula Years which reflect actual levels of Repex expenditure in the Formula Years concerned; and

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- (b) the determination and direction of revised RE values so that, as a consequence of the Annual Iteration Process, the value of the term MOD as calculated for Formula Year t for the purposes of Price Control Condition [•] (Restriction of Distribution Network Transportation Activity Charges) will result in an adjustment to the licensee’s base revenue (whether upwards or downwards) in a manner that:
- (i) reflects allowed expenditure amounts determined under Part B of this condition; and
- (ii) takes account of allowed expenditure for Repex for the purposes of the Totex Incentive Mechanism Adjustment as set out in Part [•] of [GDC 47] Price Control Condition 2 ([Totex Incentive Mechanism adjustments]) and in accordance with the methodology set out in Chapter [•] of the GD1 Price Control Financial Handbook.

Part B: Determination of allowed expenditure for Repex and determination of revisions to RE values

5. Subject to paragraph 6, a revised RE value shall be determined for each Formula Year t-2 in accordance with the formula set out in paragraph 7.
6. The first Formula Year for which a revised RE value shall be determined is Formula Year 2013/14.
7. The formula referred to in paragraph 5 is:

$$RE_{t-2} = (NMRMOB_{t-2} \times UC_{t-2}) \text{ where:}$$

UC_{t-2} means the unit cost per Supply Point in a MRMOB in respect of Formula Year t-2 for the Distribution Network as set out in Appendix 1.

$NMRMOB_{t-2}$ means the number of Risk Reduced Supply Points in a MRMOB in respect of Formula Year t-2 for the Distribution Network.

Note: expressions that occur in the definitions (set out in the right-hand column) of the above algebraic terms have the meanings given to them in Part D below.

8. The Authority shall, by 30 November in each Formula Year t-1, issue a direction in accordance with the provisions of Part C of this condition, specifying the revised RE value for Formula Year t-2 as calculated in accordance with the formula set out in paragraph 7.

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9. The Authority may revise the RE value in relation to a Formula Year earlier than Formula Year t-2 (an 'earlier Formula Year'), notwithstanding that the RE value concerned may have been previously revised [under paragraph 8], provided that:
- (a) the revision is necessary to reflect a review by the Authority of the values of the term NMRMOB relating to the earlier Formula Year to correct errors in relation to those values;
 - (b) the revised RE value for the earlier Formula Year is calculated in accordance with the formula set out in paragraph 7, but substituting the earlier Formula Year for each year designation 't-2' in the formula; and
 - (c) the revised RE value for the earlier Formula Year is specified in a direction issued in accordance with the provisions of Part C of this condition.

Part C: Procedure for direction of revised RE values by the Authority

10. Any revised RE values determined by the Authority in accordance with Part B of this condition will be directed by the Authority by 30 November in each Formula Year t-1.
11. Before issuing any direction under paragraph 10, the Authority will give notice to the licensee of all of the RE values that it proposes to direct.
12. The notice referred to in paragraph 11 must:
- (a) state that any revised RE values have been determined in accordance with Part B of this condition; and
 - (b) specify the period (which must not be less than 28 days from the date of the notice) within which the licensee may make any representations or objections concerning the determination of any revised RE values.
13. The Authority shall have due regard to any representations or objections duly received under paragraph 12, and give reasons for its decisions in relation to them.
14. Where the Authority directs any revised RE values for earlier Formula Years under paragraph 9 in Part B of this condition, the effect of using those revised RE values in the Annual Iteration Process for the GD1 Price Control Financial Model will, subject to a carrying value adjustment, be reflected in the calculation of the term MOD for Formula Year t and, for the avoidance of doubt, it shall not have any retrospective effect on a previously directed value of the term MOD.

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15. If the Authority has not determined a relevant adjustment proposed in a Notice given to the Authority by a licensee under Part A within four months of the close of the appropriate application window, and that Notice has not been withdrawn, the licensee may give Notice to the Authority that the relevant adjustment proposed in its notice shall take effect from the adjustment date for all relevant purposes under the Price Control Conditions.

Part D: Interpretation

16. For the purposes of this condition only:

Asset Health Index means [#].

MR means a medium rise building or part of a building that consists of more than two floors, but not exceeding five floors.

For the avoidance of doubt:

- at ground level, is the ground floor;
- 1 storey's height above ground, is the first floor;
- 2 storeys' height above ground, is the second floor;
- 3 storeys' height above ground, is the third floor;
- 4 storeys' height above ground, is the fourth floor; and
- 5 storeys' height above ground, is the fifth floor.

MOB means a building or a part of a building that consists of one or more units of living accommodation not consisting of a self-contained flat or flats.

MRMOB means a MR MOB;

Risk Reduced means, in relation to any service riser, lateral pipes or services:

- (a) removing the riser, lateral and associated services at risk from physical operation;
- (b) inserting a new polyethylene pipe for which the

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existing pipe or service acts merely as a guide;

- (c) applying an internal lining of sufficient strength and durability to comply with Regulation 5 of the Pipeline Safety Regulations 1996; or
- (d) any other means of rendering the existing riser, lateral and associated service safe as agreed with Health and Safety Executive.

Supply Point

has the meaning set out in Section G, paragraph 1.1.1(a) of the Uniform Network Code – Transportation Principal Document.

Appendix 1: Distribution Network specific matrix costs (£ per supply point, at 2009/10 levels) for MR MOB

	Specific cost per supply point (£/supply point)							
	t=1	t=2	t=3	t=4	t=5	t=6	t=7	t=8
EOE	1480	1500	1510	1530	1550	1560	1580	1590
NL	1790	1810	1820	1840	1860	1880	1900	1920
NW	1480	1500	1510	1530	1550	1560	1580	1590
WM	1480	1500	1510	1530	1550	1560	1580	1590

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GTC/GDC30 Allocation of revenues and costs for calculations under the price control in respect of the Distribution Network

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	GTC/GDC30	[x]. Allocation of revenues and costs for calculations under the price control in respect of the Distribution Network	30.1	We suggest the following amendments to this condition, “This condition sets out how the licensee must allocate revenues and costs for the purposes of calculating its Maximum Distribution Network Transportation Activity Revenue in accordance with the provisions set out in GDC 20 Special Condition [x] (Restriction of revenue in respect of the Distribution Network Transportation Activity).”	
2	GTC/GDC30	[x]. Allocation of revenues and costs for calculations under the price control in respect of the Distribution Network	30.2	This introduction does not refer to the provision of the methods report under Part E. Please include. Insert a comma after “statement” on the first line and “Authority” on the second line.	
3	GTC/GDC30	[x]. Allocation of revenues and costs for calculations under the price control in respect of the Distribution Network	30.3	We suggest the following amendments, “Unless the Authority otherwise directs in writing, any allocation or attribution of revenues, costs, assets, and liabilities performed by the licensee in order to calculate any of the values referred to in the Maximum Distribution Network Transportation Activity, as calculated in accordance with the provisions set out in GDC 20 Special Condition [x] (Restriction of revenue in respect of the Distribution Network Transportation Activity), must conform to the principles set out in paragraphs 30.4, 30.5 and 30.6.”	
4	GTC/GDC30	[x]. Allocation of revenues and	30.7	“Transportation and Metering Business” should be reworded as “Transportation Business and	

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		costs for calculations under the price control in respect of the Distribution Network		<p>the Metering Business” to reflect defined terms in Standard Special Condition A3.</p> <p>As noted, this paragraph needs to be updated to include cross references.</p> <p>As to sub-para (c), will this term be defined in GDC19?</p> <p>As to sub-para (d), delete “activity” in order to be consistent with the definition in para 30.14.</p> <p>As to sub-para (f), please capitalise “metering business” and “meter reading business”.</p> <p>As to sub-para (g), please insert the correct title of GDC31.</p>	
5	GTC/GDC30	x]. Allocation of revenues and costs for calculations under the price control in respect of the Distribution Network	30.7 (g)	Item 30.7(g) is redundant, as excluded services are part of either item (a) NTS TO activity or (b) DN transportation activity.	
6	GTC/GDC30	[x]. Allocation of revenues and costs for calculations under the price control in respect of the Distribution Network	30.8	Insert commas before “in a form” and “that sets”.	
7	GTC/GDC30	[x]. Allocation of revenues and costs for calculations	30.12	Insert commas after “licensee” on line 2, “above” on line 3 and “statement” on line 4.	

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		under the price control in respect of the Distribution Network			
8	GTC/GDC30	[x]. Allocation of revenues and costs for calculations under the price control in respect of the Distribution Network	30.13	<p>Delete “a” on the second line and replace with “each”.</p> <p>As to sub-para (a):</p> <ul style="list-style-type: none"> - insert commas after both mentions of “which”; - insert “or any direction made by the Authority under paragraph 30.12” after “statement”. 	
9	GTC/GDC30	[x]. Allocation of revenues and costs for calculations under the price control in respect of the Distribution Network	30.14	<p>As to sub-para (b):</p> <p>“states the results of those procedures” does not seem clear. Please clarify.</p> <ul style="list-style-type: none"> - the second sentence (beginning “To the extent”...) would appear to be more appropriate as a new paragraph 30.15. - the correct title of STSPC 36 is “Restriction on Activity and Financial Ring Fencing”. <p>Please punctuate the definitions as a list.</p> <p>As to “LNG Storage Business”, the definition of this terms is inserting in StSpC A3 of NGG’s licence in respect of the NTS by Special Condition C1A: It does not therefore appear in StSpC A3 of DN Operators’ licences.</p> <p>The same point applies in relation to the definition of “supply of storage services”. While this does not appear to be used in this condition, (it should be “Supply of LNG Storage Services”) that definition is to be found in StSpC A3 for the licence in respect of the NTS only, by virtue of Special Condition C1 (which inserts it into Standard Special Condition A3 in</p>	

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				the NTS licence only. It does not therefore appear in StSpC A3 of DN Operators' licences..	
10	GTC/GDC30	x]. Allocation of revenues and costs for calculations under the price control in respect of the Distribution Network	30.14(b)	<p>The last phrase of 30.14(b), "To the extent that the licensee earns revenues or incurs costs in the provision of de minimis activities under Standard Special Condition A36 (Restriction of activity and financial ring-fencing), the licensee must report on those revenues and costs in accordance with this condition", should be a separate clause. e.g. 30.15.</p> <p>It should also refer to 'other activities'.</p>	30.15 To the extent that the licensee earns revenues or incurs costs in the provision of de minimis activities <u>or other activities to which the Authority has given its consent</u> under Standard Special Condition A36 (Restriction of activity and financial ring-fencing), the licensee must report on those revenues and costs in accordance with this condition"

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ETC/GTC/GDC31 Services treated as Excluded Services

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	GDC31	[x]. Services treated as Excluded Services	7.47	Our consented activities are ones that would otherwise be classified as de minimis activities and NGGD consider they should not come within scope of excluded services.	
2	GDC31	[x]. Services treated as Excluded Services	7.48	NGGD agree with the comment that theoretically, excluded services don't need to be individually listed in the gas licences. However, NGGD believe that listing the principal excluded services provides clarity for non-lawyers and also provides certainty around borderline services such as user pays or services for the benefit of a specific shipper.	
3	GDC31	[x]. Services treated as Excluded Services	31.1	Suggest insert "certain" before "services" on the first line. Rather than using "Special Conditions", we are suggesting that a defined term be set out in GDC19 in relation to "Price Control Conditions", and then detail each of the relevant price control conditions.	
4	GDC31	[x]. Services treated as Excluded Services	31.2	The reference to paragraph 31.12 should be to paragraph 31.10. Please correct.	
5	GDC31	[x]. Services treated as Excluded Services	31.3	Delete "are" on the second line and replace with "such revenue is". After "Revenue" on line 3 insert "as defined in". This is consistent with GTC31.3. Insert the title of GDC20. Then delete "formula" on line 3.	

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6	GDC31	[x]. Services treated as Excluded Services	31.3	Clause 31.3 is not quite properly drafted	31.3 Excluded Services are services provided by the licensee <u>as part of its transportation business</u> , for which revenue is derived, but are excluded from the Maximum Distribution Network Transportation Activity Revenue [GDC20] formula.
7	GDC31	[x]. Services treated as Excluded Services	31.5	The reference to “Part C” should be “Part D”. After “Part C” insert “of this condition” in order to be consistent with paragraph 31.4. After “service” on the third line insert “provided by the licensee”.	
8	GDC31	[x]. Services treated as Excluded Services	31.6	The reference to “Part D” should be “Part C”. After “Part D” insert “of this condition” in order to be consistent with paragraph 31.4.	
9	GDC31	[x]. Services treated as Excluded Services	31.8	As to sub-para (a), insert “Distribution Network Transportation Charges” in accordance with” at the start of this sub-para.	
10	GDC31	[x]. Services treated as Excluded Services	31.9	We would prefer the deletion of this paragraph. We do not think it is appropriate to provide further elaboration or explanation in the RIGS, should either be on face of licence or in specific consent.	
11	GDC31	[x]. Services treated as Excluded Services	31.10	Please punctuate charges as a list. As to “ES1”, “(but only to the extent that the service is not already remunerated under one of the charges mentioned at paragraph 31.8)” should be deleted as this is the “General Principle” and thus does not need to be expressly included and also because it has not been included in any of ES2 through ES7 and thus would be inconsistent to include here. As to “ES4”, delete “of the Gas Transporter Licence” and replace with “of the licence”.	

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				<p>As to “ES5”:</p> <ul style="list-style-type: none"> - “uniform network code” should be defined as “Network Code” in accordance with the definition set out in Standard Special Condition A3 of the licence; and - also insert “Standard” before “Special Condition as it is a Standard Special Condition rather than Special Condition; - delete “of the Gas Transporter Licence” and replace with “of the licence”. <p>As to “ES7”, sub-para (b) should read “is not made available by the licensee as a normal part of the activities of its Distribution Network Transportation Activity or its Metering Business”.</p>	
12	GDC31	[x]. Services treated as Excluded Services	31.12	<p>The reference to paragraph 31.9 would appear to be a reference to paragraph 31.11. Please correct.</p> <p>“Direction” should not be capitalised.</p>	

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GTC/GDC32 Restriction of charges for tariff capped metering activities

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	GTC/GDC32	[x]. Restriction of charges for Tariff-Capped Metering Activities	32.2	<p>“Tariff-Capped Metering Activities” should be defined in GDC19.</p> <p>Insert commas after “Activity” on the third line and “year” on the third line.</p>	
3	GTC/GDC32	[x]. Restriction of charges for Tariff-Capped Metering Activities	32.4	<p>Also punctuate the charges as a list.</p> <p>Suggest move the definitions of “Domestic Credit Meter Installation”, “Prepayment Meter Installation” and “Daily Metered Supply Meter Points” need to be provided as in present condition – are they to be defined GDC19?</p>	
4	GTC/GDC32	[x]. Restriction of charges for Tariff-Capped Metering Activities	32.5	<p>The definition of RPI should be consistent with the definition in GDC20.7</p> <p>Also insert a full stop at the end of this paragraph.</p>	
5	GTC/GDC32	[x]. Restriction of charges for Tariff-Capped Metering Activities	32.6	[As to the reference to paragraph 1A of Standard Special Condition NOP, A43 as moved.]	

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GDC47 (PCC2) Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	GDC47 (PCC2)	[x]. Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments	47.1	“Totex Incentive Mechanism” should be defined.	
2	GDC47 (PCC2)	[x]. Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments	47.2	We suggest that these definitions are moved to GDC19. As to “Formula Year t”, delete the full stop and insert “; and” at the end of this definition. As to “PCFM Variable Value”, rather than “Special Condition” we suggest “Price Control Condition”, which will in turn be defined in GDC19.	
3	GDC47 (PCC2)	[x]. Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments	47.3	As to sub-para (a): - this should expressly refer to “Part C” of GDC 20; - insert the title of GDC20; - GDC20.6 uses “derived” rather than “calculated”; - we suggest capitalise “base” in accordance with our comments under para 20.5. As to sub-para (b), “RAV” is used in the legacy conditions also and thus suggest a definition be provided in GDC19. Delete “appropriately” as covered by “appropriate adjustments”.	

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				Chapter 6 of the Handbook has not been completed and therefore we will not be able to finalise our comments on this condition until provided with that Chapter.	
4	GDC47 (PCC2)	Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments	47.5	Which Licence Condition will determine the impact of any over or under spends on pass-through costs?	
5	GDC47 (PCC2)	Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments	47.5	Will the impact of performance against incentives on revenues be included in the PCFM?	
6	GDC47 (PCC2)	Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments	47.5	As the TIM only produced a revised totex figures based on original allowances plus the customer share of any over/under spend, how will the PCFM reflect the funding for additional spend on uncertainty mechanisms – will these be included in the model in the form of ‘variant allowances’ and how would the fact that a certain portion of uncertainty spend will be funded through the TIM be incorporated into the workings?	
7	GDC47 (PCC2)	Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments	47.8	Wording should be made clearer where it refers to ‘PCFM Variable Values which relate to the licensee’s allowed totex expenditure are specified in other conditions....’ Not clear what this means.	
8	GDC47 (PCC2)	[x]. Determination	47.8	Rather than using “special conditions”, please use “Price Control Conditions”, as will be	

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		of PCFM Variable Values for Totex Incentive Mechanism Adjustments		defined in GDC19. We would like to review Chapter 6 of the Handbook once it is available.	
9	GDC47 (PCC2)	[x]. Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments	47.9	Please correct the typo in the title. As to the terms used in sub-paras (a) through (f), no guidance has been provided to date on what these terms will mean, within the Financial Handbook or within this Condition, so definitions should be provided please As to sub-paras (c) and (e), insert “expenditure” after “opex” and “capex” respectively.	
10	GDC47 (PCC2)	[x]. Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments	47.10	We would like more information on this para to be set out in the Handbook i.e. in relation to payments made by customers in respect of infrastructure.	
11	GDC47 (PCC2)	Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments	47.11	We would prefer that actual costs will be in line with the RRP; otherwise Ofgem will provide a reconciliation of their determination to RRP?	
12	GDC47 (PCC2)	[x]. Determination of PCFM Variable Values for Totex Incentive	47.11	Chapter 6 of the Handbook has not been completed and therefore we will not be able to finalise our comments on this condition until provided with that Chapter. More generally, having regard to the definitions	

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		Mechanism Adjustments		in para 47.9, we suggest that “values” is inserted after each term i.e. “revised ALC values, AOC values...”.	
13	GDC47 (PCC2)	Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments	47.12	We suggest this be reworded. The first adjustment will take place in 15/16 relating to actual spend in 13/14 which will be communicated on 14/15.	
14	GDC47 (PCC2)	[x]. Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments	47.13	“Price Control Cost Information” should be defined. Suggest specific reference to GDC 74 More generally, having regard to the definitions in para 47.9, we suggest that “values” is inserted after each term i.e. “ALC values, AOC values...”.	
15	GDC47 (PCC2)	[x]. Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments	47.14	More generally, having regard to the definitions in para 47.9, we suggest that “values” is inserted after each term i.e. “ALC values, ARC values...”	
16	GDC47 (PCC2)	[x]. Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments	47.15	More generally, having regard to the definitions in para 47.9, we suggest that “values” is inserted after each term i.e. “ALC values, AOC values...”.	
17	GDC47 (PCC2)	Determination of PCFM Variable Values for Totex	47.16	In what format will the direction be made available?	

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		Incentive Mechanism Adjustments			
18	GDC47 (PCC2)	[x]. Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments	47.17	More generally, having regard to the definitions in para 47.9, we suggest that “values” is inserted after each term i.e. “ALC values, AOC values...”. As to sub-para (b), suggest this period is 28 days.	
19	GDC47 (PCC2)	Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments	47.18	What format should any objections or representations from licensees be delivered to the Authority and similarly, in what format will any determinations and subsequent responses to representations/objections be delivered by the Authority?	
20	GDC47 (PCC2)	[x]. Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments	47.19	More generally, having regard to the definitions in para 47.9, we suggest that “values” is inserted after each term i.e. “ALC values, AOC values...”.	
21	GDC47 (PCC2)	Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments	47.19	Should the Authority consider an absolute final date in year t-1 after which a value for MOD _t cannot be implemented in year t. The draft conditions and the Financial Handbook currently suggest this is 30 th November in year t-1; however is this ‘set in stone’? If this is currently open to debate, the Authority should consider a further date after 30 th November after which MOD for year t cannot be implemented if not communicated by this date.	
22	GDC47 (PCC2)	[x]. Determination	47.20	Please punctuate the list of definitions as a list i.e. use semi-colons.	

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		of PCFM Variable Values for Totex Incentive Mechanism Adjustments		As to “Totex”, we need to review Chapter 6 of the Handbook	
23	GDC47 (PCC2)	[x]. Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments	47.21	We do not think it is appropriate to provide for further explanation or elaboration of the definitions to be set out in the methodologies. We cannot agree to this condition until we have seen a draft copy of the methodologies in order to more fully understand what Ofgem is proposing to provide	
24	GDC47 (PCC2)	Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments	Appendix 1	Incomplete.	

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GDC48 Discretionary reward scheme revenue amounts

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	GDC48	Discretionary reward scheme revenue amounts	General	Currently there is nothing that says how DRS is allocated for individual networks so at present we make the decision to allocate it by supply points.	Suggest that this point be formalised for RIIO and on the existing price control we still have 3 years to allocate.
2	GDC48	Discretionary reward scheme revenue amounts	General	The structure of this condition seems to be back-to-front with the detailed terms defined prior to the main term, DRS. It would be better re-structured as for other conditions.	
3	GDC48	Discretionary reward scheme revenue amounts	48.2 (a)	Should say (italicised words added) “ the discretionary reward amount (as represented by the DRSWt term) for <i>2013/14 and 2014/15 relating to awards in each of Formula Years 4 and 5...</i> ”	
4	GDC48	Discretionary reward scheme revenue amounts	48.2	Delete “For that purpose,” and the capitalise “this”. As to sub-para (a), delete “as to which,”. As to sub-para (b): - insert a comma after “Period”; and - delete “as to which,”.	
5	GDC48	Discretionary reward scheme revenue amounts	48.2	Delete “For that purpose,” and the capitalise “this”. As to sub-para (a), delete “as to which,”. As to sub-para (b): - insert a comma after “Period”; and - delete “as to which,”.	
6	GDC48	Discretionary reward scheme revenue amounts	48.3	Comments on inflation and timing adjustment as for our 21.13 comment.	

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7	GDC48	Discretionary reward scheme revenue amounts	48.4	<p>As to “DRA”:</p> <ul style="list-style-type: none"> - insert a comma after “2011/12” on line four; - insert “Formula Year” after “(ii)” on line six in order to be consistent with line 4; - insert a comma after “2012/13” on line six - should there be a comma before “in respect of” on line 7? - delete the full stop and replace with a semi colon. <p>As to “It-1”, delete the full stop and replace with “; and”.</p> <p>“Average Specified Rate” should be defined in GDC19.</p>	
8	GDC48	Discretionary reward scheme revenue amounts	48.6	DRSt is defined in 48.5. In the definition of DRSt therefore the words “as may be determined by the Authority etc.” should be deleted.	
9		Discretionary reward scheme revenue amounts	48.6	DRSWt is defined in 48.3. In the definition of DRSWt therefore the words “as may be determined by the Authority etc.” should be deleted.	
10	GDC48	Discretionary reward scheme revenue amounts	48.6	<p>As to “DRS”:</p> <ul style="list-style-type: none"> - insert the title of GDC20; - insert a comma after “X”; - insert a comma after “Scheme”; and - delete the full stop and replace with a semi colon. <p>As to “DRSW”:</p> <ul style="list-style-type: none"> - insert the title of GDC20; - insert a comma after “X”; - capitalise “discretionary reward scheme” - insert a comma after “2012/13”; - delete the full stop and replace with “; and”. <p>As to “DRSX”:</p> <ul style="list-style-type: none"> - insert the title of GDC20; 	

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				- insert a comma after “X”; - insert a comma after “Period”.	
11	GDC48	Discretionary reward scheme revenue amounts	Page 71, para 48.9	(a) states “.....will be rewarded by way of a positive revenue adjustment in recognition of the licensee’s “adoption of best practice” in reducing.....” but the existing DRS Guidance says “through the promotion of best practice”	Suggest a slight change to this wording “in recognition of the licensee of promoting best practice” but there is only 1 year left to go, so may not be worth changing
12	GDC48	Discretionary reward scheme revenue amounts	Page 71, Para 48.9	(b) we would like DRS to be recognised by network not licensee – at the moment the Panel expect NGG to do more (as we have 4 networks) but we do not get rewarded for 4 networks, only as one licensee as if it is the same size as the others	Suggest that the definition of DRSXt and/or para (b) recognises that licensees will be awarded on a per network basis (not licensee basis).
13	GDC48	Discretionary reward scheme revenue amounts	48.9	As to the reference in sub-para (b) to “Price Control Arrangements”, please clarify meaning: should this be “under the Price Control Conditions” for consistency of language? This is also referred to in para 48.2, although not capitalised.	

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GDC57 (PCC5) Governance of GD1 Price control financial instruments

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	GDC57 (PCC5)	Governance of GD1 PCFM	General Point	Is the effect of this condition that no adjustment to the model which has a significant effect on DNs/Shippers/consumers can be processed? What if Ofgem and the DNs agree that such a change should be made?	n/a
2	GDC57 (PCC5)	[x]. Governance of GD1 Price Control Financial Instruments	57.1	After “Instruments” on the third line insert “, namely”. “GD1 Price Control Financial Instruments” is not a defined term. Please clarify.	
3	GDC57 (PCC5)	[x]. Governance of GD1 Price Control Financial Instruments	57.4	Suggest that this definition is moved to GDC19.	
4	GDC57 (PCC5)	[x]. Governance of GD1 Price Control Financial Instruments	57.5	As to the use of “significant impact”, we have previously suggested that criteria be inserted as to what would constitute a significant impact. Is the intention that significant impact be assessed against effect on revenue? This would imply a threshold for effect to be significant. However, if para 5.14 is amended so that all the licensee has to do is “state” that it reasonably considers the impact to be significant, significance is largely determined by the licensee, not Ofgem. Can Ofgem please clarify this point please As to sub-para (b), is it relevant to refer to gas transporter licensee?]	

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5	GDC57 (PCC5)	[x]. Governance of GD1 Price Control Financial Instruments	57.7	Can Ofgem please clarify what is meant by and what would be considered a “manifest error”	
6	GDC57 (PCC5)	[x]. Governance of GD1 Price Control Financial Instruments	57.8	After “to” on the second line insert “make”. Change “represent” to “representations”. Delete “in fact”. After “impact” insert “on any of the persons listed in paragraph 57.5”.	
7	GDC57 (PCC5)	[x]. Governance of GD1 Price Control Financial Instruments	57.9	Rather than 57.10 to 57.13, should this be 57.10 to 57.14?	
8	GDC57 (PCC5)	Governance of GD1 PCFM	57.10 (d)	This should cross reference to the 14 day notice period for MODt adjustment determinations	
9	GDC57 (PCC5)	[x]. Governance of GD1 Price Control Financial Instruments	57.13	Rather than 5.10 and 5.12, this should be 57.10 and 57.12.	
10	GDC57 (PCC5)	Governance of GD1 PCFM	57.14	If the Authority determines that a modification is likely to have significant impact as per paragraphs 57.5 or 57.6 (a), what is the process to be followed for updating the PCFM? The Licence Condition does not elaborate on this.	
11	GDC57 (PCC5)	[x]. Governance of GD1 Price Control Financial Instruments	57.14	Suggest amending first line to read, “If the licensee states... in order to provide ability for licensee, subject to a reasonableness test, to ensure that no changes with a significant impact on it can be imposed.	

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				<p>Insert “proposed” before “modification”.</p> <p>Delete “in fact”.</p> <p>It is not clear who will make this assessment that the licensee has reasonably stated/demonstrated that a significant impact will arise.</p>	
12	GDC57 (PCC5)	Governance of GD1 PCFM	57.14	Who is the final arbiter of this? i.e. whether the adjustment has a significant impact?	
13	GDC57 (PCC5)	[x]. Governance of GD1 Price Control Financial Instruments	57.15	Insert a comma after “Handbook”.	
14	GDC57 (PCC5)	[x]. Governance of GD1 Price Control Financial Instruments	57.16	Insert a comma after “Handbook”.	
15	GDC57 (PCC5)	[x]. Governance of GD1 Price Control Financial Instruments	57.20	<p>We suggest that these definitions are set out in GDC19 rather than set out both in this condition and condition GDC26.</p> <p>Otherwise, please punctuate the list of definitions.</p> <p>As to “Annual Iteration Process”, insert the title of GDC26.</p> <p>As to “GD1 Price Control Financial Handbook”: - after “was” on the first line insert “first”; - after “as” on the second bottom line insert “that document is”.</p> <p>As to “GD1 Price Control Financial Methodologies”:</p>	

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				<ul style="list-style-type: none"> - delete “presented in a coherent and consistent manner”; - delete the full stop after sub-para (b) and replace with a comma; - after “as” on the second bottom line insert “those methodologies are”. <p>As to “GD1 Price Control Financial Model”, correct the typo.</p> <p>As to “GD1 Price Control Financial Model”, after “as” on the second bottom line insert “that model is”.</p>	
16	GDC57 (PCC5)	Governance of GD1 PCFM	57.18	Paragraph suggests the Model which determined MODt will have a file reference which refers to t-1; can Ofgem please confirm this? For example, should the model which determines the MOD for 2015/15 not have a file reference which includes ‘2015/16’ in the file names rather than ‘2014/15’, or is the intension that the file name refers to the formula year in which the MODt adjustment is determined i.e. t-1?	
17	GDC57 (PCC5)	Governance of GD1 PCFM	57.18	Any notice period given to licensees to review PCFM which contains MODt e.g. 28 days?	

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GDC64 Legacy Price Control Adjustments

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	GDC64	[x]. Legacy price control adjustments	64.2	<p>We suggest that these definitions are included in GDC19.</p> <p>As to the definition of “PCFM Variable Value”, “Special Condition” should be replaced with “Price Control Condition”.</p>	
2	GDC64	[x]. Legacy price control adjustments	64.3	<p>Delete “means” and replace with “will have the effect”.</p> <p>Delete “calculated” and replace with “derived” to be consistent with GDC20.</p> <p>Suggest capitalise “base” on the sixth which is consistent with our comments on para 20.4.</p> <p>We suggest that the definition of “Regulatory Asset Value” be set out in GDC19 as it is used in different price control conditions.</p> <p>Delete the semi colon at the end of sub-para (b).</p> <p>As to the reference to “price control periods prior to Formula Year 2013/14”, we would suggest that instead the actual years are inserted. Alternatively, the reference should be to “Formula Years”.</p>	
3	GDC64	[x]. Legacy price control adjustments	64.6	<p>Should this instead read, “Except where the Authority makes a determination under this Part A, the LAR values and LRAV values for all Formula Years shall be zero as at 1 April 2013”?</p>	
4	GDC64	[x]. Legacy	64.7	<p>Insert “of this condition” after “64.9”.</p>	

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		price control adjustments		As to sub-para (a), insert “values” after “LAR”.	
5	GDC64	[x]. Legacy price control adjustments	64.9	We do not understand this paragraph. Can Ofgem please clarify	
6	GDC64	Legacy Price Control Adjustments	64.10	We think that CNI spend should be included and support the need for the enhanced physical site security mechanism. We consider that NGGD has sites that have achieved VFM1 status during GDPDR1 prior to August 2012, so it would be appropriate to include funding for these sites at the start of the RIIO-GD1 price control period and true up at the first reopener in April 2016 when the sites will have received VFM2 status.	
7	GDC64	[x]. Legacy price control adjustments	64.10	<p>Insert a colon after “Where”.</p> <p>As to “PAR”: - delete “legacy period” and then insert after “expenditure” “in the legacy period”. This ensures consistency with “TAR”; - delete the words “true-ups for” as these words are unnecessary, unless “true-up” is to be defined in the Handbook, in which case a reference to where this definition is to be placed should be inserted in this condition; and - “pension scheme” will need to be defined in the Handbook.</p> <p>As to “TAR”: - delete “driven by” and replace with “in respect of; and - “gearing levels and corporate debt interest” will need to be defined in the Handbook.</p> <p>As to “FAR”: - delete “legacy period” and then insert after “activity” “in the legacy period”. This ensures consistency with “TAR”;</p>	

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				<p>- either “close-out” should be deleted as unnecessary, or “close-out” will need to be defined in the Handbook, in which case a reference to where this definition is to be placed should be inserted in this condition;</p> <p>- “non gas fuel network extension scheme activity” needs to be defined.</p> <p>As to “CAR”:</p> <p>- delete “legacy period” and then insert after “incentive” “in the legacy period”. This ensures consistency with “TAR”;</p> <p>- either “close-out” should be deleted as unnecessary, or “close-out” will need to be defined in the Handbook, in which case a reference to where this definition is to be placed should be inserted in this condition;</p> <p>- “Capex rolling incentive” will need to be defined.</p> <p>As to “MAR”:</p> <p>- delete “legacy period” and then insert after “arrangements” “in the legacy period”. This ensures consistency with “TAR”;</p> <p>- either “close-out” should be deleted as unnecessary, or “close-out” will need to be defined in the Handbook, in which case a reference to where this definition is to be placed should be inserted in this condition;</p> <p>- “mains and services replacement expenditure arrangements”.</p> <p>“legacy period” will also need to be defined.</p>	
8	GDC64	[x]. Legacy price control adjustments	64.11	<p>Insert “revised” after “The” on the first line.</p> <p>Insert a colon after “Where”.</p> <p>As to FRAV, delete “legacy period” and then insert after “activity” “in the legacy period”. Same comment on “close-out” as provided</p>	

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				<p>above.</p> <p>As to CRAV, delete “legacy period” and then insert after “incentive” “in the legacy period”. Same comment on “close-out” as provided above.</p> <p>As to MRAV, delete “legacy period” and then insert after “arrangements” “in the legacy period”. Same comment on “close-out” as provided above.</p>	
9	GDC64	[x]. Legacy price control adjustments	64.12	We note that “time value of money” has been defined in the Handbook, so there needs to be a reference in this condition to where this is defined in the Handbook	
10	GDC64	[x]. Legacy price control adjustments	64.13	After “LAR” insert “values”.	
11	GDC64	[x]. Legacy price control adjustments	64.14	The version of the Handbook that we have provides for legacy adjustments to be determined in accordance with Chapter 10, which has not been completed. We will therefore need to review this Chapter once ready to finalise our comments on this paragraph.	
12	GDC64	Legacy Price Control Adjustments	64.14	Refers to chapter 10 of financial handbook which still needs to be drafted.	
13	GDC64	Legacy Price Control Adjustments	64.15	We agreed with Ofgem that capex roller claw back could be deducted equally over the 8 years – where is this reflected?	
14	GDC64	Legacy Price Control Adjustments	64.16	In what format will the direction be made available? Paragraph refers to Part C; however ‘Part C’ in the current draft of condition has been crossed out (based on updated version received post initial proposals).	
15	GDC64	[x]. Legacy price control	64.17	After “LAR” insert “values”.	

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		adjustments			
16	GDC64	Legacy Price Control Adjustments	64.17	Paragraph refers to 64.8?	
17	GDC64	Legacy Price Control Adjustments	64.17	<p>If the Annual Iteration Process must be completed by 30th November and licensees will receive no less than 14 days notice of any determination in relation to amounts for legacy adjustments, should the Authority not direct the determination at least 14 days before 30th November or the completion of the Annual Iteration for year t (if later than 30th November)?</p> <p>Should not licensees get at least 14 days to review the direction as well as any initial notice? Has the 14 day notice period been determined in reference to a licence condition/statute? How does this 14 day notice period cross reference to the 28 day notice period in GDC57 (paragraph 57.10 (d))?</p>	
18	GDC64	[x]. Legacy price control adjustments	64.19	<p>After both references to “LAR” insert “values.”</p> <p>Rather than 14 days, suggest 28 days for consistency of drafting.</p>	
19	GDC64	[x]. Legacy price control adjustments	64.21	After “LAR” insert “values”.	
20	GDC64	Legacy Price Control Adjustments	64.18 – 64.33	Why have Parts C to F been crossed out. Is this because these will be included in the Financial Handbook?	
21	GDC64	Legacy Price Control Adjustments	64.21	If MOD _t is not determined by 30 th November in year t-1, will MOD _t be communicated as soon as practicable thereafter or will the next MOD to be communicated relate to t+1 (which will capture any previously unreported MOD _t values)?	

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GTC/GDC71 Regulatory Accounts

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	GTC/GDC71	Regulatory Accounts [GTC/GDC 71]	General	NGGD agree with the general intent of the condition, although the drafting requires further work. NGGD do not agree with moving the cross-subsidy audit requirement into this condition from its previous home in the cross-subsidy condition, where it best sits.	
2	GTC/GDC71	Regulatory Accounts [GTC/GDC 71]	General	References applicable to the NTS licence (particularly LNG storage) or the D licence (metering) should be omitted by the general text and specific T or D references “pasted in” to the general text in the same manner as they are at present in NTS SpC C1 and DN StSpC D11. “affiliate” and “related undertaking” are defined terms and thus should be capitalised throughout this condition. All references to “appropriate auditor” should be capitalised as this is a defined term.	
3	GTC/GDC71	Regulatory Accounts [GTC/GDC 71]	1	Will “financial years” have the same meaning as currently provided in Standard Special Condition A3? If so, it will need to be capitalised. As to sub-para (a), we would suggest that a definition is included of “Regulatory Accounts”.	

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				<p>As to the reference to “within the meaning of Part B”, as this does not appear to set out a meaning of that term which is complete, it would be better to insert the wording “and prepared in accordance with Part C”.</p> <p>As to sub-para (b), after “Part B” insert “below” to be consistent.</p>	
4	GTC/GDC71	Regulatory Accounts [GTC/GDC 71]	2	<p>As to sub-para (a): - this should refer to “GDC19”. Note also, the title of GDC19 according to the table of contents is “Restriction of revenue in respect of the Distribution Network Transportation Activity: Definitions”; - we have not been provided with GDC19 and thus will need to review this condition to comment here;</p> <p>As to sub-para (b), “metering business” should be capitalised as it is a defined term.</p> <p>As to sub-para (c), “meter reading business” should be capitalised as it is a defined term.</p>	
5	GTC/GDC71	Regulatory Accounts [GTC/GDC 71]	3	The existing licence refers to the Companies Act <u>2006</u> .	
6	GTC/GDC71	Regulatory Accounts [GTC/GDC 71]	5	See previous comment under para 1 on “financial year”.	
7	GTC/GDC71	Regulatory Accounts [GTC/GDC 71]	9	“Corporate Governance Statement”, “Director’s Report” and “Business Review” should be defined as they are in Standard Special Condition A30.	
8	GTC/GDC71	Regulatory Accounts [GTC/GDC 71]	11	<p>Insert a comma after “Accounts” on the second line.</p> <p>Insert a comma before “in respect of” on the second line.</p>	

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				<p>Insert a comma after “above” on the third line.</p> <p>Insert “that” before “shows” on the third line.</p> <p>“ultimate controller” should also be capitalised as it is a defined term in the licence.</p>	
9	GTC/GDC71	Regulatory Accounts [GTC/GDC 71]	19	As to sub-para (c), this should refer to 19(b) rather than 20(b).	
10	GTC/GDC71	Regulatory Accounts [GTC/GDC 71]	21	Insert titles of conditions to comply with usual drafting practice.	
11	GTC/GDC71	Regulatory Accounts [GTC/GDC 71]	26	References to LNG storage should be removed (see below)	
12	GTC/GDC71	Regulatory Accounts [GTC/GDC 71]	29	Please ensure capitalisation of defined terms.	
13	GTC/GDC71	Regulatory Accounts [GTC/GDC 71]	30	<p>Reference to “Combined Code of Corporate Governance” should be change to “UK Corporate Governance Code”.</p> <p>“Financial Services Authority” should be defined.</p>	
14	GTC/GDC71	Regulatory Accounts [GTC/GDC 71]	33	<p>As to the definition of “LNG Storage Business”, “LNG Storage Facilities”, “Supply of LNG Storage Services” and “LNG import or export facility”, they are all defined in the NTS licence. These definitions are NTS licence specific and there is no need for these provisions to be set out in the GD licence.</p> <p>We suggest, as at present, the references to LNG storage etc are omitted and “pasted in” to the condition in the NTS licence only as is done at present e.g. by NTS Special Condition 1..</p>	

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ETC/GTC/GDC74 Regulatory Instructions and Guidance

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	ETC/GTC/GDC74	Regulatory Instructions and Guidance	Consultation: Pg 99, Table 7.4	In order to improve the regulatory reporting process it would be useful if GDC 74 also encompassed the reporting required under current Licence Condition D10 (Guaranteed Standards of Performance and Licence Conditions).	
2	ETC/GTC/GDC74	Regulatory Instructions and Guidance	Consultation: Pg 109, Para 8.6	The RIGs content does not include reference to the process by which the RIGs will be updated either by Ofgem or by the NWO.	
3	ETC/GTC/GDC74	Regulatory Instructions and Guidance	Consultation: Pg 110, Para 8.9	We believe there is an opportunity to review and classify regulatory data into: <ul style="list-style-type: none"> - Data that is required under legislation/regulation - Information that relates to key RIIO-GD1 output measures and performance (i.e. benchmarking data) - Information that may still be required but does not fall into either of the above two categories - Information that potentially is no longer required, e.g. duplicated data 	
4	ETC/GTC/GDC74	Regulatory Instructions and Guidance	Consultation: Appendix 3, Pg 129	Confirmation is required as to what reports Appendix 3 is replacing. For example, Revenue Reporting, Cost Reporting, Quality of Service, Connections Industry Review etc.	
5	ETC/GTC/GDC74	Regulatory Instructions and	Consultation: Appendix 3, Pg 129	It would be useful for Ofgem to provide further information on how each of these potential	

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		Guidance		reporting areas are going to be used by Ofgem.	
6	ETC/GTC/GDC74	Regulatory Instructions and Guidance	Consultation: Appendix 3, Pg 129 – 130	Connections and Fuel Poor Data is set out twice (under Connections and Capex)	
7	ETC/GTC/GDC74	Regulatory Instructions and Guidance	Consultation: Appendix 3, Pg 129	No reference is made to reporting Guaranteed Standards and Licence Standards that are non-connections related.	
8	ETC/GTC/GDC74	Regulatory Instructions and Guidance	General	The clause numbering throughout this paragraph is incorrect, all references to 76 should be replaced with 74. All references to “affiliate” and “related undertaking” should be capitalised as these are defined terms.	
9	ETC/GTC/GDC74	Regulatory Instructions and Guidance	76.2	After “information” on the second line insert “to the Authority”. Delete “and the Final Proposals”. The licence conditions should cover the entire area, no need to refer to Final Proposals. As to the reference to “Special Conditions”, we suggest that this term be replaced by “Price Control Conditions” and that a definition be provided in GDC19 that expressly sets out the relevant price control conditions.	
10	ETC/GTC/GDC74	Regulatory Instructions and Guidance	76.4	After “paragraph 76.3” insert a comma.	
11	ETC/GTC/GDC74	Regulatory Instructions and Guidance	76.5	As to sub-para (g), correct typo by inserting “frequency” after “or the”. As to sub-para (i), need to provide for RIGS to allow for nomination of an examiner. This should be inserted through a new sub-paragraph as follows, “(g) requirements as to the circumstances in which the Authority may	

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				appoint an Examiner to examine the recording of Specified Information by the licensee”. As to sub-para (j), how will the obligation work in practice, can Ofgem provide an example?	
12	ETC/GTC/GDC74	Regulatory Instructions and Guidance	76.9	As to sub-para (a)(iii), after “representations” insert “in response to”.	
13	ETC/GTC/GDC74	Regulatory Instructions and Guidance	76.10	After “satisfied” insert “by actions taken by the Authority”.	
14	ETC/GTC/GDC74	Regulatory Instructions and Guidance	76.11	After “such information” insert “(or level of detail)”.	
15	ETC/GTC/GDC74	Regulatory Instructions and Guidance	76.14	Suggest delete “act in accordance” and replace with “comply”	
16	ETC/GTC/GDC74	Regulatory Instructions and Guidance	76.15	Drafting convention dictates that we should include title of each condition.	
17	ETC/GTC/GDC74	Regulatory Instructions and Guidance	76.17	Definition of “Final Proposals” should be deleted as implementation of Final Proposals should be solely through licence conditions. Also insert “; and” after the definition of “Examiner”.	
18	ETC/GTC/GDC74	Regulatory Instructions and Guidance	Supporting Document 3: General Comment	The Licence Condition does not state that the RIGs will specify which information is to be subject to publication by the Authority (See current condition A40 final para under Part E para 12.)	
19	ETC/GTC/GDC74	Regulatory Instructions and Guidance	Supporting Document 3: Pg 20, para (g)	“manner in which, or the with which” – the word “the” needs to be removed.	

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ETC/GTC/GDC76 Data Assurance Requirements

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	ETC/GTC/GDC76	Data Assurance	General	NGGD are concerned that there is no real restriction on the definition of data when the thrust seems to be accurate reporting of data which has a price control implication, such as length of abandoned mains. NGGD should like to see the definition of data restricted to that used in the calculation of maximum allowed revenues.	
2	ETC/GTC/GDC76	Data Assurance	General	We will need to review a copy of the DAG in order to fully understand this condition and in particular, what will be the relevant Data and what will be the requirements of the "Risk Assessment" and "Internal Audit Function", we can then agree to this condition	
3	ETC/GTC/GDC76	Data Assurance	Consultation: Pg 101, Para 7.31	The chapter number is not provided as to where further information can be found.	
4	ETC/GTC/GDC76	Data Assurance	76.2	As to sub-para (a), the definition of "Data Assurance Direction" i.e. a direction <u>by the Authority</u> does not work with this paragraph which states "issued by the Authority". Thus suggest deletion of "issued by the Authority" in this sub-para.	
5	ETC/GTC/GDC76	Data Assurance	76.3	As to sub-para (a), we need a definition of "Data Assurance Guidance", which could be achieved by inserting the words "being the document having the scope and contents set out in Part C of this condition" before "as if". As to sub-para (b):	

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				<p>- suggest delete “to the Authority” as the definition of “Data” stated “means information submitted to the Authority”;</p> <p>- we suggest that this paragraph is made subject to paragraph 76.4 for consistency and clarity;</p> <p>As to sub-para (c), we would suggest that this obligation be weakened by instead providing a “reasonable endeavours” obligation as opposed to a “best endeavours” obligation.</p> <p>As to sub-para (d), “authority” should be capitalised.</p> <p>As to sub-para (e):</p> <p>- “activities” should be capitalised in the paragraph in accordance with the definition of “Data Assurance Activity”;</p> <p>- the references to “year” should be to “Formula Year”.</p>	
6	ETC/GTC/GDC76	Data Assurance	Supporting Document 3: Pg 23, Part A(d), 76.3	The Licence Condition does not make it clear what the definition of an “independent review” is; and also that “Internal audit functions” assumes that this only relates to regulatory reports.	
7	ETC/GTC/GDC76	Data Assurance	76.4	This should refer to “accuracy and reliability” to track the wording of para 74.5(b) of the RIGS condition.	
8	ETC/GTC/GDC76	Data Assurance	76.7	As to sub-para (b), after “representations” insert “or objections” to be consistent with sub-para(a)(iii).	
9	ETC/GTC/GDC76	Data Assurance	76.8	Since the DAG was also defined in paragraph 76.3, suggest delete this paragraph.	
10	ETC/GTC/GDC76	Data Assurance	76.10	As to sub-para (f), the reference to “Data Assurance programme”, should this be “Data Assurance Activity”?	
11	ETC/GTC/GDC76	Data Assurance	76.12	How will an assessment be made of “the	

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				impact on consumers of the potential errors”? Is this part of a “Risk Assessment”?	
12	ETC/GTC/GDC76	Data Assurance	76.13	Convention dictates the inclusion of titles when referring to conditions. As to the reference to Standard Licence Condition 24, this needs to be replaced by a reference to Standard Special Condition A26 as SLC24 is switched off in the NTS and DN licences.	
13	ETC/GTC/GDC76	Data Assurance	76.17	The reference to 76.15 should be to 76.16.	
14	ETC/GTC/GDC76	Data Assurance	76.19	Please punctuate the definitions as a list i.e. through the inclusion of semi-colons.	
15	ETC/GTC/GDC76	Data Assurance	Consultation: Pg 101, Para 7.33	National Grid are in support of the proposed trial period but further thought needs to be given to the process to ensure that Networks are not subject to duplicate efforts and the trial is applicable to only that data that is required under the RIIO period.	

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GDC83 Distributed Gas: Connections Guide and Information strategy

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	GDC83	Standard Special [x]. Distributed Gas: Connections Guide and Information Strategy	General	One key area that seems to have been omitted is any requirement to consult with our customers on the form and/or content of the connection guide.	In order to address this point, a requirement could be placed on licensees to review the document with customers on an annual basis and demonstrate how their feedback has been reflected in any revision.
2	GDC83	Standard Special [x]. Distributed Gas: Connections Guide and Information Strategy	General	Timescales need to be consistent and reasonable, so we request symmetry between the timescales for the connection guide and the information strategy.	
3	GDC83	Standard Special [x]. Distributed Gas: Connections Guide and Information Strategy	General	We consider that 3 months to produce both documents is achievable, working on our own, but that as we will have obligations to coordinate with other licensees, additional time should be allowed. This is because in order to encourage investment in this area we need strong clear, quality communications. This is likely to be more of an issue first time round, so if the drafting set 3 months as a minimum, but had the actual time to be defined in the direction, that would give appropriate flexibility. Ofgem could then use the Notice period to gather views on appropriate timescales which they could then include in the final direction.	
4	GDC83	Standard	General	The conditions should be clear on timescales	

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		Special [x]. Distributed Gas: Connections Guide and Information Strategy		that are within our control, and should therefore relate to timescales to submit the connection guide or DGIS to Ofgem for approval, and set out the timescales for which Ofgem will approve (or not veto) the documents. The drafting is currently unclear on this at present and different for the guide and the strategy documents. Timescales would also need to be reviewed if there were new obligatory consultation steps.	
5	GDC83	Standard Special [x]. Distributed Gas: Connections Guide and Information Strategy	P29/para 83(b)	Why introduce the term “Gas DN Operators” at this point? “Licensees” is used elsewhere.	“... typically operated by licensees in respect of such connections”
6	GDC83		P30/para 83(b) following	Ofgem need to define the process by which the Authority approves / does not veto the revised Guide. We would prefer the non-veto option	Add a new sub-paragraph 83.4A “Where the licensees revise the Guide and submit it to the Authority and the Authority does not veto the revisions within [28] days it shall be deemed to have approved the revised Guide.”
7	GDC83	Distributed Gas: Connections Guide and Information Strategy GDC83	83.1	As to sub-para (a): - delete “available to the public” and replace with “publically available”. - insert a comma after “Network” on line 5.	
8	GDC83	Distributed Gas: Connections Guide and Information Strategy GDC83	83.2	After “must” on the second line insert “use its best endeavours to”. This is because an absolute obligation is not appropriate as it would make compliance dependent on others. Delete “such other licensees as are also subject to a direction under this condition (“relevant licensees”)” and replace with “other DN Operators”. This is because the licensees in question are DN Operators and therefore the	

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				<p>defined term should be used.</p> <p>As to sub-para (a), delete “for the purposes of this condition” and replace with “made by the Authority under this paragraph”.</p>	
9	GDC83	Distributed Gas: Connections Guide and Information Strategy GDC83	83.3	<p>As to sub-para (b), delete the reference to “Gas” as this is not needed having regard to the definition of “DN Operators”.</p> <p>As to sub-para (c), what does this mean? Should it be, “details of the arrangements and opportunities that a person seeking connection may have for obtaining particular services from competing services providers”?</p> <p>As to sub-para (d), delete “injection,” and insert after “connections”, “and the injection of gas into the pipe-line systems of DN Operators”.</p>	
10	GDC83	Distributed Gas: Connections Guide and Information Strategy GDC83	83.4	<p>As to the reference to “relevant licensees”, having regard to comment under para 83.2, this should be “other DN Operators”.</p> <p>As to sub-para (b):</p> <ul style="list-style-type: none"> - insert commas after “and” on the first line and “appropriate” on the second line; - the full reference to the “Guide” should be inserted as it has not been abbreviated. 	
11	GDC83	Distributed Gas: Connections Guide and Information Strategy GDC83	83.5	<p>Delete “all existing and potential users of its Distribution Network” as this is unclear: replace with “both parties whose facilities are connected to the pipe-line system to which this licence relates and parties who may potentially seek to connect their facilities to the pipe-line system to which this licence relates”.</p>	
12	GDC83	Distributed Gas: Connections Guide and Information	83.6	<p>Delete “In particular” and capitalise “the”.</p> <p>As to the reference to “users”, is this the right terminology? Users are shippers; a connecting</p>	

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		Strategy GDC83		party will not use the network. Suggest delete “all such users” and insert “the parties referred to in paragraph 83.5”.	
13	GDC83	Distributed Gas: Connections Guide and Information Strategy GDC83	83.7	This period seems very short	
14	GDC83		P30/para 83.8	Ofgem should commit to providing a reasonable period for implementation of the strategy, following their approval of it.	Add to the end of the sub-paragraph 83.8 “... provided that the date allows a reasonable period for implementation after such approval”
15	GDC83	Distributed Gas: Connections Guide and Information Strategy GDC83	83.9	Delete “a year” and replace with “in each Formula Year”.	
16	GDC83	Distributed Gas: Connections Guide and Information Strategy GDC83	83.10	“Information Strategy” should be set out in full as that term has not been abbreviated. “Approval” should not be capitalised. After “period” insert “of time”.	
17	GDC83		P30/para 83.10	We also need to define the process by which the Authority approves / does not veto the revised Information Strategy. We would prefer the non-veto option	Revise 83.10 as follows “Where the licensee revises the Information Strategy and submits it to the Authority and the Authority does not veto the revisions within [28] days it shall be deemed to have approved the revised Information Strategy.”
18	GDC83	Distributed Gas: Connections Guide and Information Strategy GDC83	83.11	General point that all references to “Notice” should not be capitalised in these conditions.	
19	GDC83	Distributed Gas: Connections Guide and	83.13	Suggest deletion of this paragraph.	

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		Information Strategy GDC83			
20	GDC83		P31/para 83.13	Delete this sub-paragraph as it adds nothing (as noted by Ofgem).	Deleted
21	GDC83	Distributed Gas: Connections Guide and Information Strategy GDC83	83.14	Note again the abbreviation in the title of “Guide” and “Strategy”. These should be set out in full as the abbreviated term not defined above.	

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GTC/GDC93 Change of Financial Year

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	GTC/GDC93	SSC: A29 Change of Financial Year		NGGD are content with the deletion of this condition and agree that it has been superseded	

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GTC/GDC95 Termination of Shipping Arrangements

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	GTC/GDC95	Termination of Shipping Arrangements	2(c)	Delete “of” on the first line.	

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GTC/GDC112 Application of Section C (Transportation Services Obligations)

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	GDC112	Application of Section C (Transportation Services Obligations)	1(b)	Delete the comma after “this licence” and move the full stop.	

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(FHB) Financial Handbook and Finance Model

Respondent details		National Grid Gas Distribution			
No.	Condition number / RIIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	1.1	Reference TO and SO should be removed	
2	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	1.2	What about uncertainty mechanisms, incentives and output adjustments. How will these be calculated and included in revenue?	
3	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	1.6	Typo in second line	
4	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	1.10	What is the process and applicable timescales where a licensee has issues around the MoD calculation/determination i.e. format of dialogues/timescales/cut-off etc?	
5	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	1.17	Useful to have more clarity about the process and expectations in the event that the value for MOD _t is not received by 30 th November in t-1, particularly if the value of MoD is received after charges for the following year t have been published (usually December in year t-1)	
6	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	1.17	If Mod _t is late being calculated we use MOD _{t-1} . But one may be negative and the other positive. Wouldn't it be better to use zero?	
7	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	1.19	We would expect the log of modifications to the PCFM to be published. Can Ofgem confirm this will be the case?	
8	RIIO-GD1 Finance Handbook	GD1 Price Control Financial	1.19	Are Ofgem planning to remove any functionality from the model following FPs e.g. financial statements (to calculate ratios)? In	

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		Handbook		some cases, removal of potentially misleading data is desirable to avoid data being misconstrued and incorrect conclusions being reached.	
9	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	1.21	Will Ofgem maintain a change log to record changes from previous versions of the PCFM? If so, will this log be published for licensees and stakeholders to see?	
10	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	1.21	Ofgem should keep archived, the final PCFM from each year	
11	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	1.25	Will the PCFM Working Group be sector specific or a single Group across sectors?	
12	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	1.29	We would expect Licensees to have the flexibility to send representatives in the event that a working group member from that licensee is unable to attend a working group meeting. Can you confirm this will be the case and if so, add additional narrative in this paragraph to this effect.	
13	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	1.31	We would expect minutes to be taken during meetings which are then circulated to members within a short defined timescale after the meeting. Can you confirm and add some wording to this effect in the paragraph.	
14	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	1.31	Any minutes / decisions from the meetings should be circulated to all licensees.	
15	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	2.5	Under Allowed Totex expenditure adjustments we have Uncertain costs (site security and flood/erosion protection) what about other uncertain costs – street works, smart etc. Presume that IAE will cover these other uncertain costs as detailed in GDC28 and as	

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				per the 'input' sheet in the Licence Model?	
16	RIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	2.5	Some GDPCR1 Legacy items seem to be missing, e.g. CNI spend and GDPCR1 street works costs. Are these captured in the capex incentive scheme (Licence term 'CAR')?	
17	RIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	2.5	Some capital contributions are included in totex but the IP and GDC31 suggests these are excluded services – can Ofgem please clarify?	
18	RIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	2.5	Can Ofgem please confirm what is covered by the Licence term 'RE'? Does the term include changes to expenditure levels arising from updates to CBA analysis occurring during RIO-GD1 or does it only cover updates to allowances arising from changes to the risk threshold on above tier 2 mains. This is not clear in GDC 22.	
19	RIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	2.5	Item 10 relating to the licence term 'RE' should be referenced to GDC22 not GDC39.	
20	RIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	2.5	The Licence Model (PCFM Variable Values Table in the Input sheet) does not include a row for the licence term 'IRO' relating to the innovation roll out mechanism.	
21	RIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	2.5	Can Ofgem confirm whether the row 'Tax trigger adjustment' in the PCFM Variable Values Table in the licence model will cover the licence terms 'TTE' and 'TGIE' or will 'TGIE' be included in tax claw back row?	
22	RIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	2.7	Typo in second line. Narrative in bracket should refer to numbers 6 to 19.	
23	RIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	2.8	Narrative in brackets should refer to numbers 11 to 13	

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24	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	2.10	Section referring to 'cost of debt'; cost of debt impacts interest/tax allowance (ref paragraph 4.4)/financial statement, not only RAV return.	
25	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	2.10	Section referring to 'actual expenditure'; Can Ofgem confirm this will be a direct link to the submitted RRP's or where RRP reported figures have been adjusted, detailed supporting files will be provided to trace submitted figures to the figures included in the PCFM.	
26	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	2.11	Ofgem should provide a full list of potential automatic adjustments for completeness and transparency.	
27	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	2.12	Typo in second line	
28	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	3.21	It would be useful to include a brief worked example here or 'demo' as it is not clear which years are impacted by the various valuations. While this is clearer when viewed from a Licence Model perspective, the handbook should have the same level of clarity.	
29	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	4.2	Paragraph 4.2 refers to sub-paragraphs 5.1(a) and (b) and sub-paragraph 5.1(c). It should refer to paragraphs 4.1(a) and (b) and 4.1 (c)	
30	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	4.5	Paragraph 4.50 refers to paragraphs 5.39 and paragraph 5.41(iii). It should refer to paragraphs 4.46 and 4.48(iii).	
31	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	4.10	The derivation and application of tax losses should be in line with the IP Licence Model i.e. tax losses are applied against first available taxable profits. Paragraph 4.10 suggests that the negative tax allowance will be the tax loss	

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				and will be applied against a future tax allowance. These alternate methodologies may not produce the same result especially if corporation tax rates change.	
32	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	4.10	<p>This paragraph states that where there is a loss, instead of a negative allowance being given “the price control treatment is to model a zero allowance and to record what would have been the negative allowance as a ‘regulatory tax loss’ figure, to be deducted from any tax liability allowances which would otherwise be allocated to the year concerned or to later years.”</p> <p>This would seem to imply that the negative allowance would be calculated using the tax rate applicable to the period in which the loss arose and this negative allowance would reduce the positive allowance when it arises.</p> <p>This is not our understanding of the methodology in the licence Model. We believe the paragraph should say “the price control treatment is to model a zero allowance and to record the tax loss arising in the period as a “regulatory tax loss” figure, to be deducted from the taxable profits before the tax is calculated for any tax liability allowances which would otherwise be allocated to the year concerned or to later years.”</p>	
33	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	4.18	Typo in 0.33 per cent	
34	RIIO-GD1 Finance Handbook		4.19	This states explicitly that the amount (for any change to tax) is only the amount which is in excess of the threshold. Surely the point of the threshold is to limit changes to material	

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				<p>changes but to then consider the whole change.</p> <p>We do not think this change to the introduction of a 'dead band' has previously been consulted on and seems to have no clear regulatory purpose and be different from the current treatment for IAEs, and so should be deleted.</p> <p>Ofgem's introduction of a dead band would seem to undermine the concept of a materiality threshold since if the tax change is £5.1m with a £5m dead band then the Ofgem and GDN work in considering the change is for the sake of just £0.1m potential change to revenue, which is hardly material.</p>	
35	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	4.24	Why wait until 30 September for the Type A trigger event notification? Aren't these known by 31 March?	
36	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	4.26	Paragraph 4.26 refers to paragraph 5.20. It should refer to paragraph 4.25 and not 5.20	
37	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	4.27	Can we adjust t-2 after 30 Nov in t-1?	
38	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	4.36	The paragraph says that the 'final quantification and adjustment for any type B trigger event will be deemed to have occurred when the licensee and HMRC conclude the agreement of the licensee's tax liabilities for the relevant Formula Year.' Can Ofgem please include an example here to understand when MOD would be impacted.	
39	RIIO-GD1 Finance Handbook	GD1 Price Control	4.39	State the timing of this PCFM – must be between Oct 31 and 30 Nov?	

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		Financial Handbook			
40	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	4.54	Paragraph 4.54 refers paragraph 5.41(ii) and paragraph 5.41(i). It should refer to paragraphs 4.48(ii) and 4.48(i)	
41	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	4.55-4.56	Paragraphs 4.55 and 4.56 refer to paragraph 5.47. They should refer to paragraph 4.54	
42	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	4.64	Paragraph 4.64 refers to paragraph 5.45. It should refer to paragraph 4.56	
43	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	5.8	Footnote number 16 refers to paragraph 6.11 however chapter 6 yet to be drafted.	
44	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	5.8	Step 3 referred to in the paragraph should say the following..... '10 year government-issued bonds from the following data series: Yield from British Government securities, 10 year inflation zero coupon - series reference IUDMIZC	
45	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	5.8	The first paragraph in step 4 should finish as follows....'using the following formula: $COD = (1 + i_{Boxx}) / (1 + \pi)$	
46	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	Section 3 (Pensions).	Almost all elements of these proposals are affected by the Deficit Allocation Methodology, which has yet to be developed and agreed. Depending on what is agreed we would anticipate that the corresponding text in this document would be likely to change as a result.	
47		GD1 Price Control	Section 5	This section should be made more consistent with the Transmission equivalents.	

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		Financial Handbook			
48	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	Chapter 6	We would expected this chapter once drafted to make reference to changes in the tax allowance arising from actual reported levels of expenditure or additional allowed expenditure as distinct from tax trigger or tax claw back events referred to in chapter 4 of the handbook.	
49	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	Section 6 (Totex Incentive Mechanism – financial adjustment methodology)	When is a first draft of this section likely to be available?	
50	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	Section 7 (Uncertain Costs)	When is a first draft of this section likely to be available?	
51	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	Section 8 (Mains and Services Replacement – allowed expenditure financial adjustments)	Why a separate section on repex only? Potentially opex and capex allowances could change too (e.g. due to revenue drivers).	
52	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	Section 9 (Innovation Role Out Mechanism)	When is a first draft of this section likely to be available?	
53	RIIO-GD1 Finance Handbook	GD1 Price Control Financial Handbook	Section 10 (Legacy Price control adjustments)	When is a first draft of this section likely to be available? GDC 64 'Legacy Price Control Adjustments' paragraph 64.14 refers to chapter 10 of the handbook for determining the value of these adjustments. We would therefore need to review a complete draft of chapter 10 before commenting fully on GDC64.	