

Respondent details		[Steven.J.Edwards@wwutilities.co.uk] for Wales & West Utilities			
No.	Condition number / RIIO tracking number	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
	SSC A30	SSC A 30 Regulatory Accounts	C. 7.	This cannot be introduced in retrospect. I.e. if Ofgem intend extending the retention period, it cannot say at a point the six year retention becomes eight. It would become eight in two years time as records may have already been destroyed	Please note the practical implications of the current drafting
	SSC A30	SSC A 30 Regulatory Accounts	C 9 (g)	Can the Directors' Report and Business Review be one combined report/statement?	Please can Ofgem confirm
	SSC A30	SSC A 30 Regulatory Accounts	D 11	This should have a materiality threshold ~ greater of 30.5m or 1% of turnover by item/counterparty?	Please add in Materiality
	SSC A30	SSC A 30 Regulatory Accounts	J. 31.	The word "transmission" needs to be replaced with Transportation	For the avoidance of doubt, the Licensee should prepare Regulatory Accounts for the consolidated <del>transmission</del> Transportation business for the Financial Year commencing on or after 1 April 2012 in accordance with the licence condition in force as at 31 March 2013.
	SSC A40	Regulatory instructions and Guidance	E17	The protection for legal privilege is incomplete as it needs to include the words of the documents "or give any information" See existing SSC A26(7)	Suggested wording for point 17 per existing A26(7)  Nothing in this condition shall require the Licensee to produce any documents or give any information which it could not be compelled to produce or give in evidence in civil proceedings before a court
	SSC A55	Standard Special Condition A55: Data Assurance requirements	3b	We raised our concerns over this Condition at the last licence drafting meeting. In terms of double jeopardy we pointed out that this Condition is actually dealing with data risk assessment processes not the accuracy of information as such. If this Condition remains in, it will enable Ofgem to take enforcement for breach of this <u>and</u> of the substantive condition elsewhere in Licence for the provision of information. Ofgem, at the meeting, said that there was no intention for there to be double jeopardy and this Condition would only apply when switched on, when the other Conditions will be switched off. We see it as impossible to switch the other Conditions off because they deal with the details of the information itself.	Possible removal of paragraph

	SSC D20	Standard Special Condition D20: Distributed Gas: Connections Guide and Information Strategy	Definition of "Distributed Gas"	<p>D20 says it is defined in Special Condition 1B but we cannot find it.</p> <p>"has the meaning given to it in Special Condition 1B (Restriction of revenue in respect of the Distribution Network Transportation Activity: Definitions) and the expressions "Distributed Gas Connections Guide" and "Distributed Gas Information Strategy" are to be read in accordance with that meaning. "</p> <p>Distributed Energy Connections is loosely defined in 1A</p> <p>"means a facility which is connected to the network whose purpose is to inject gas onto the network, as may be further clarified in the RIGs;</p> <p>I am not sure whether the term Distributed Energy Connections is used in the licence</p>	<p>Suggested definition from WWU: Distributed Gas means gas that is injected into the network by means of a connection to the distribution system of the licensee that is not an NTS exit point."</p> <p>We need to ensure that the RIGs definitions are consistent with the licence where required.</p>
	Definitions Special Condition 1	Missing Definitions	SC1	<p>The following is a list of definitions that have been removed and need to be re-instated:</p> <ol style="list-style-type: none"> <li>1. Domestic Credit Meter Installation</li> <li>2. Domestic Sized</li> <li>3. Pre-payment Meter Installation</li> <li>4. Subscript t</li> <li>5. Supply of Distribution Network Services (or delete reference to this in Special Conditions E and refer to supply of transportation services)</li> <li>6. Supply Point</li> <li>7. Transportation System</li> <li>8. Approved Market Price Report</li> </ol>	Insert definitions
	SC1A4	Definitions	Definition of Bank Holiday	The word "dealings" should have a capital D	Bank Holiday means a Bank Holiday within the meaning of the Banking and Financial Dealings Act 1971;
	SC1A4	Definitions	Definition of decommissioning	The In the definition of decommissioning, the Regulations are the "Pipelines (plural) Safety Regulations 1996	or (c) applying an internal lining of sufficient strength and durability to comply with Regulation 5 of the Pipelines Safety Regulations 1996,

	SC1A4	Definitions	Definition of Distribution Network Transportation charges	There is a new definition of Distribution Network Transportation Charges which, in our view, dangerously muddies the waters as to what is formula revenue and what is not. This is despite some detailed notes from WWU legal to the working group on this subject, particularly in relation to excluded services. This is because in Special Condition 1B.2, Ofgem or its drafters seem to think that Distribution Network Transportation Charges from any persons might flow into formula revenue. This, of course, cannot happen as fortunately the definition of Distribution Network Transportation Activity Revenue is still only that derived from the supply of distribution network services to gas shippers. However, the definitions are defective because the definition relating to Supply of Distribution Network Services has been removed. It is essential that that definition is reinstated this could be remedied by referring to the “supply of transportation services” which are defined in SSCA3. The definition Distribution Network Transportation Charges is frankly not necessary	The definition relating to Supply of Distribution Network Services has been removed. It is essential that that definition is reinstated. This could be remedied by referring to the “supply of transportation services” which are defined in SSCA3. The definition Distribution Network Transportation Charges is frankly not necessary
	SC1A4	Definitions	Definition of Innovation	“Ordinary Business Arrangement” is not defined	There should be a defined term for “Ordinary Business Arrangement”
	SC1A4	Definitions	Definition of Network Outputs	Correct typo as suggested. Replace “are” with “and”	means the asset health and criticality outputs that the Licensee is required to deliver in respect of the relevant Distribution Network on its Distribution Network by 31 March 2021 that has been approved as part of the price control review and funded in its opening base revenues, as measured by the Network Output Measures <del>are</del> <b>and</b> defined as the level of risk mitigation between the forecast risk profile at the end of the Price Control Period without intervention and the risk profile with intervention.
	SC1A4	Definitions	Definition of New Network Equipment	Remove the word “yet”	means in respect of the relevant Distribution Network any new asset that does not <del>yet</del> form part of the Licensee’s pipeline system or control centre for use in conjunction therewith;

	SC1A4	Definitions	Definition of Non Gas Fuel Poor Network extension Scheme and Fuel Poor Network extension scheme	The definitions are exactly the same. Is this intentional	I think we can drop the “Fuel Poor Network Extension scheme” definition as the proper reference is the Non Gas Fuel Poor Network extension scheme
	SC1A4	Definitions	Definitions of Repeat Complaints and Resolved Complaints	The words “and maybe further” should read “as maybe further”	Replace “and maybe further” with “as maybe further”
	SC1A4	Definitions	Definition of Threshold Risk score	The Regulations are the “Pipelines (plural) Safety Regulations 1996	means the threshold Risk Score agreed between the Licensee and the HSE as part of the licensee’s approved programme in respect of the relevant Distribution Network under Pipelines Safety Regulation 13;
	SC1b.4	The Principle formula	The term “N” as part of the DRS adjustment	The term N is listed but the definition is missing	Update to include a definition of N
	SC1b.7	Definition of RPIA	Definition of RPI A	Typo in the definition	means the arithmetic average of the Retail Prices Index published or determined with respect to each of the twelve months <del>from in</del> Formula Year t divided by the arithmetic average of the Retail Prices Index published or determined with respect to each of the twelve months 1 April 2009 to 31 March 2010 as derived in accordance with the following formula:
	SC1b.15	Part E: Interest adjustment for over and under recoveries of revenue	SC1b.15	Typo spotted for PRO <sub>t</sub> term in first sentence	For the purposes of Part D of this condition, the value of the interest rate adjustment <del>Per</del> PRO <sub>t</sub> for the relevant Distribution Network is to be treated as follows:
	SC1b. 19b	Part G: Treatment of charges in the event of under recovery	SC1b. 19b	Spelling error. A “U is missing from endeavours	must use best <b>endeavours</b> in setting Distribution Network Transportation Charges for the relevant Distribution Network to recover Maximum Distribution Network Transportation Activity Revenue in Formula Year t.

	SC1C.2	Special Condition 1C. Distribution Network allowed pass-through items	SC1C.2	The paragraph refers to “users”. This term is not used elsewhere. We should replace with consumers or customers	The effect of the application of the PTt term in Part B of Special Condition 1B is to ensure that the level of the Licensee’s Maximum Distribution Network Transportation Activity Revenue ) for the relevant Distribution Network derived in accordance with that condition reflects certain costs that can be passed through to <b>users</b> customers
	SC1C.4	Part A: Formula for Distribution Network allowed pass-through items (PTt)	SC1C.4	Definition of TG term. Insert “Gas”	means the adjustment in Formula Year t equal to any allowance made in respect of the relevant Distribution Network, in total, for reasonable costs incurred by a <b>gas</b> supplier pursuant to Standard Condition 7 (Provision of Information Relating to Gas Illegally Taken).
	Special Condition Tables	Special Condition Tables	Special Conditions	Please can you change “Wales + West” to Wales & West” throughout the drafting	Please can you change “ <b>Wales + West</b> ” to Wales <b>&amp;</b> West” throughout the drafting
	SC 1.D	Special condition 1D. NTS Exit Capacity Cost adjustment	1.D.6	The term NTSTVE,v,t incorrectly makes reference to Appendix 1. It should be Appendix 2.	Means the target volume of NTS Offtake (Flat) Capacity in GWh/d for offtake v within the relevant Distribution Network for Formula Year t as set out in <b>Appendix 2</b> of this condition.
	SC1E7	Part C: Adjustments arising from the customer satisfaction survey	SC1E7	Insert Actual into sentence	means the Licensee’s <b>actual</b> performance for the planned supply interruptions element
	SC E21	Part D: Adjustments arising from complaints metric performance	SC E21	17. Special Condition E.21, in the definitions of PCUDPO, PCUDPT, PRC and POF, definitions are by reference to a percentage of repeat complaints or total complaints etc. as the case may be, but does not say, in each case, particularly in relation to Ombudsman findings, what the percentage is measured against; ie, is it in the case of the Ombudsman, the total number of Ombudsman cases against all licensees, or measured against complaints we have generally, etc. Drafting needs to reflect the FP wording as it does not make sense as is.	Redraft to make clearer
	SC 1F4	Part A: Formula for calculating the Shrinkage Allowance Revenue Adjustment (SHRt)	SC 1F4 - definitions	The formula has a small “l”. Therefore the definition should also have a small “l”; not a capital	Change capital l to small i.

	SC 1F5	Part A: Formula for calculating the Shrinkage Allowance Revenue Adjustment (SHRt)	SC 1F5 - definitions	The definition of N states “means an index for t”	Please state what index?
	SC 1F9	Part C: Formula for Environmental Emissions Incentive revenue (EEl <sub>t</sub> )	SC1 F9 - definitions	There is no definition of term i or term n	Insert definitions for terms i and n.
	SC 1H	Special Condition 1H. The Network Innovation Allowance  NIA guidance document	3.6 third bullet	We think this is a typo that was not changed from the electricity document, probably more important for NTS  “A specific novel arrangement or application of existing <b>electricity</b> transmission equipment (including control and/or communications systems and/or software); “ [bold added]	“A specific novel arrangement or application of existing gas transmission equipment (including control and/or communications systems and/or software); “
	SC 1H	Special Condition 1H. The Network Innovation Allowance	3.19	We think this is a typo that was not changed from the electricity document. Also note different capitalisation compared to 3.6 above.  “Estimating the costs of delivering the Solution (at the scale being tested within the Project) through the most efficient Method currently in use on the <b>Electricity Transmission System</b> - the Base Case Cost; [bold added]	“Estimating the costs of delivering the Solution (at the scale being tested within the Project) through the most efficient Method currently in use on the Gas Transmission or Distribution System - the Base Case Cost”
	SC 1H	Special Condition 1H. The Network Innovation Allowance	3.31 Table 3.1	Revenue allowed for in the RIIO- T1 settlement An indication of the expenditure allowed for within the RIIO-T1 settlement that is likely to be saved as a result of the Project.	Change “T1” to “GD1”

	SC 1H	Special Condition 1H. The Network Innovation Allowance	4.4 third bullet	<p>It is conceivable that an innovation could be introduced in gas distribution that assists in demand shifting or demand reduction on electricity distribution networks although given the requirements on direct benefit to the customers on the network funding the work this probably also needs to be reflected in the electricity NIA guidance document. The argument for allowing it to be funded by gas customers is that all gas customers will be connected to the electricity distribution network</p> <p>“Equipment that is funded through the NIA for the purpose of reducing or shifting the electrical demand of commercial or domestic Customers will be deemed be connected to and form part of the Network Licensee’s network if it is being used to test the impact of electricity demand reduction on the Network Licensee’s network. “</p>	“Equipment on a gas distribution network that is funded through the NIA for the purpose of reducing or shifting the electrical demand of commercial or domestic Customers will be deemed be connected to and form part of the gas Network Licensee’s network if it is being used to test the impact of electricity demand reduction on an electricity distribution network. “
	SC 1H	Special Condition 1H. The Network Innovation Allowance	6.2	<p>As drafted the wording requires that a project halted on a date between 1<sup>st</sup> August and 31<sup>st</sup> March is reported on by the previous 31<sup>st</sup> July, this is impossible.</p> <p>“The Network Licensee must publish the required Project Progress Information on the Learning Portal by 31 July 2014 and each year thereafter. If a NIA Project is halted, then Project Progress Information must be published by 31 July in the Formula Year the Project is halted. This is separate to the requirement to publish an annual summary of NIA activity under paragraph 6.10. “</p>	“The Network Licensee must publish the required Project Progress Information on the Learning Portal by 31 July 2014 and each year thereafter. If a NIA Project is halted, then Project Progress Information must be published by 31 July in the Formula Year following that in which the Project is halted. This is separate to the requirement to publish an annual summary of NIA activity under paragraph 6.10. “
	SC 1H	Special Condition 1H. The Network Innovation Allowance	6.3	Reference to DNOs	Replace “DNOs” with “DN Operator” or amend definition to “DN Operator (DNO)”; however it would be better to use the more normal gas term of “GDN” and use an appropriate definition.

	SC 1H	Special Condition 1H. The Network Innovation Allowance	7.10	The Network Licensee is required to consider and enter into contractual arrangements that have the potential to provide best long term value to all Customers during, and following the completion of, the Project. This could be, for example, taking into account the level of funding provided by other Project Partners, the IPR terms agreed between the Network Licensee and Projects Partners as well as future pricing commitments (eg firm pricing for post Project products, discount arrangements etc) offered by Project Partners.	Change “Customers” to “Customers of the Licensee that has provided the NIA funding for the innovation
	SC 1H	Special Condition 1H. The Network Innovation Allowance	Definitions	The definition also refers to Electricity Transmission rather than Gas Transmission.  “Network Licensee The holder of a Gas Transporter or Electricity Transmission Licence who is regulated through the RIIO price control framework”	“Network Licensee The holder of a Gas Transporter or Gas Transmission Licence who is regulated through the RIIO price control framework”
	SC 1INIC	Special Condition 1I. The Network Innovation Competition	SC 1INIC	The regulatory treatment of Royalty income is not clear from the drafting – especially when you consider the drafting of excluded services	Please can we clarify the proposed treatment of Regulatory treatment of Royalty income
	SC 1INIC	Special Condition 1I. The Network Innovation Competition	SC 1INIC	there is nothing to say, as has been previously requested that the NIC governance documents would not contain matters more than are necessary for the reasonable operation of the NIC, as is provided for in other such documents outside the Licence.	Insert Paragraph into NIA and NIC special conditions along the line of”  The NIC governance documents will not contain matters more than are necessary for the reasonable operation of the NIC  the NIA governance documents will not contain matters more than are necessary for the reasonable operation of the NIA
	SC2A.20	Special Condition 2A. Governance of GD1 Price Control Financial Instruments	SC2A 20 – part D interpretation	Replace “This <b>condition should</b> be read and construed in conjunction with Special Condition 2B (Annual Iteration Process for the GD1 Price Control Financial Model).	This <b>condition</b> must be read and construed in conjunction with Special Condition 2B (Annual Iteration Process for the GD1 Price Control Financial Model).
	SC2B 15	Special Condition 2B. Annual Iteration Process for the GD1 Price Control Financial Model	SC2B 15	Replace “This condition <b>should</b> be read and construed in conjunction with Special Condition 2A.”	Replace “This condition <b>must</b> be read and construed in conjunction with Special Condition 2A.”



	SC 3B 3	Special Condition 3B. Determination of PCFM Variable Values for Totex Incentive Mechanism Adjustments	SC3B 3	Replace “This condition should be read and construed in conjunction with Special Conditions 2A (Governance of GD1 Price Control Financial Instruments) and 2B”	This condition <b>must</b> be read and construed in conjunction with Special Conditions 2A (Governance of GD1 Price Control Financial Instruments) and 2B.
	SC 3B	Determination of PCFM	3B.8	Has load related capex been defined anywhere? If “Actual Load Related Capex” is being carved out, then needs careful definition	Define Load related Capex
	SC 3B	Determination of PCFM	3B.11	Why no adjustments post the 2019/20 year? We think this is a drafting error and propose correct drafting	3B.11 The last Formula Year in which the Authority will make a determination pursuant to paragraph 3B.9 of this condition is Formula Year 2020/21.
	SC 3C	Specified Financial Adjustments	3C.7, 10, 20	Why no adjustment after formula year 2019/20? Subsequent adjustment may require an adjustment to allowances for the whole of RIIO GD1? 20/21 is the last year of the control. We think this is a drafting error	Please explain or correct drafting to refer to 2020/21 as the last year and not 2019/20
	SC 4A 6	Special Condition 4A. Disapplication of Relevant Special Conditions and Relevant Metering Special Conditions	SC 4A 6	The disapplication process still does not work, although it is better than what was previously drafted. The paragraph at the bottom of the clause is inconsistent because the first part of the clause says that if Ofgem serves a request for further information, the disapplication request is treated as not having been served. It therefore does not exist. The second half of the sentence says that, if, as a result of the request for information, by the time the information is provided there is then less than 18 months between the date that the further information is provided and the original disapplication date, the original disapplication date will be extended by a corresponding period, so that there is always an 18 month period from the receipt of full information to potential disapplication. This however assumes that therefore the original notice is valid because that is the only date which starts off the original 18 months. It is utterly essential that a valid notice can be served and remain in force. The first part of the phrase therefore needs to change so that the disapplication request remains valid albeit its operation is deferred as provided for in the second part of the Condition.	The first part of the phrase therefore needs to change so that the disapplication request remains valid albeit its operation is deferred as provided for in the second part of the Condition.

	SCA4 8	Special Condition 4A. Disapplication of Relevant Special Conditions and Relevant Metering Special Conditions	SC 4A 8	The drafting is better than it was but still contains an 18 month period. In effect, when combined with 4A.10 means that Ofgem has 12 months from receipt of all the information it requires under a disapplication request to consider its position. This seems inordinately long given that the purpose of Condition is to deal with dire financial circumstances. We recommend changing the 18 month period to a 12 month period	Except where the Authority otherwise consents, a disapplication following the delivery of a Disapplication Request may not have effect until a date that is no earlier than 12 months after receipt by the Authority of the Disapplication Request.
	SC4B Allocation of revenues & costs		4b1.(b)	This is new, what do Ofgem see as an example "methods report" here?	What is the methods report?
	SC4B 2	Special Condition 4B. Allocation of revenues and costs for calculations under the price control in respect of the Distribution Network	SC 4B 2	This paragraph should also refer to Para 4B 3	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 Revenue in Special Condition 1B and must conform to the principles set out in paragraphs 4B 3, 4B.4, 4B.5 and 4B.6 of this condition.
	SC 4B 6	Part B: Allocation and attribution as between principal activities	SC 4b 6 c & d	The definitions of "metering business" and "meter reading business" need to be included in special condition 1 as stated. They are currently not there	Insert definitions for Metering business and meter reading business into special condition 1.
	SC 4B 6	Part B: Allocation and attribution as between principal activities	4B.6	Are (c) and (d) repeats of themselves? Should one be the de-minimis business?	Please check if (c ) and (d) are duplicates and whether one of the points should be de-minimis?

	SC 4C	Special Condition 4C. Services treated as Excluded Services	SC 4C part A	Part A contains 3 paragraphs: 4C A4; A5 and A6. These three paragraphs describe parts B, C and D. It would seem sensible for 4,5 and 6 to cover B,C and D in that order	<p>Re-order as follows:</p> <p>4c.4. Part B of this condition sets out the General Principle that applies for the purpose of determining which of the services provided by the Licensee are to be treated as Excluded Services.</p> <p>4c. 5. Part C of this condition sets out, without limitation, certain categories of services provided by the Licensee that are to be treated as Excluded Services.</p> <p>4c.6. Part D of this condition provides for the Authority to give directions in respect of services provided by the Licensee that are to be treated as Excluded Services, and provides for the Authority to direct that any service provided by the Licensee should not be treated as Excluded Services.</p>
	SC 4G	Special Condition 4G. Methodology for Network Output Measures	SC 4G 2	There has been considerable discussion between Networks and Ofgem on the NOMs condition drafting. Please see attached PDF Appendix 1 for further background	<p>Propose the removal of the April 13 deadline as this is unachievable</p> <p>“The licensee must, together with all other DN Operators, <del>before [1 April 2013] (or such later date to which the Authority may consent in writing)</del> submit a Methodology for Network Output Measures common to all DN Operators (“the NOMs Methodology”) for approval by the Authority in accordance with part D. The NOMs Methodology must:</p>
	SC 4H	Special Condition 4H. Specification of Network Outputs	SC 4H.2	If Networks fail to deliver Outputs, this paragraph as drafted would mean networks would be in breach of Licence. Our understanding is that Output delivery is incentivised with appropriate funding incentives included in the drafting.(4h.4) We do not believe the intent is to put a network in breach of Licence. We suggest removal of this paragraph as it is not needed	Remove Sc4h.2 “Subject to paragraphs 4H.3 of this condition, by the end of the First Price Control Period the Licensee must deliver the Network Outputs in accordance with the specifications set out in the Workbook.

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**Response template for RIIIO-T1 and GD1-Stat Con consultation**