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Your Ref:
Our Ref:
Direct Dial: 020 7901 1807
Email: neill.guha@ofgem.gov.uk

Date: 11 March 2014

Dear Company Secretaries,

Notice under paragraph 10(a) of Standard Condition B15 (Regulatory Instructions and Guidance) ("SC B15") of the Electricity Transmission Licence granted to the Licensees under section 6(1) (b) of the Electricity Act 1989

Please find attached notice of the above, this will also be published on our website.

Yours sincerely,

Neill Guha
Senior Manager, Costs & Outputs

Distribution:

National Grid Electricity Transmission plc (Company Number: 02366977)

SP Transmission Limited (Company Number: SC189126)

Scottish Hydro Electric Transmission plc (Company number SC213461)

The Office of Gas and Electricity Markets

9 Millbank London SW1P 3GE Tel 020 7901 7000 Fax 020 7901 7066 www.ofgem.gov.uk **The Office of Gas and Electricity Markets**

Cornerstone, 107 West Regent Street, Glasgow, G2 2BA Tel 0141 331 2678 www.ofgem.gov.uk **The Office of Gas and Electricity Markets**

1 Caspian Point, Caspian Way, Cardiff Bay CF10 4DQ/ 1 Pentir Caspian, Ffordd Caspian, Bae Caerdydd CF10 4DQ
Tel 029 2044 4042 www.ofgem.gov.uk

To: National Grid Electricity Transmission plc
(Company Number: 02366977)

SP Transmission Limited
(Company Number: SC189126)

Scottish Hydro Electric Transmission plc
(Company number SC213461)

(the "Licensees")

Notice under paragraph 10 of Standard Condition B15 (Regulatory Instructions and Guidance) ("SC B15") of the electricity transmission licence granted to the Licensees under section 6(1)(b) of the Electricity Act 1989

The Gas and Electricity Markets Authority (the "Authority") hereby gives notice under paragraph 10 of SC B15 as follows:

1. The Authority proposes to modify the Regulatory Instructions and Guidance (the "RIGs") under SC B15. The RIGs are the primary means by which the Authority directs the Licensees to collect and provide the information to the Authority to enable it to administer the Special Conditions of the electricity transmission licence and, where not referenced in the licence, the RIIO-T1 Final Proposals¹.
2. SC B15 came into effect on 01 April 2013, the start of RIIO-T1 price control period. The Authority proposes to modify the RIGs in a direction on or after 08 April 2014 and the RIGs will have effect from 01 April 2013.
3. The modifications to the RIGs consist of new tables and revisions to existing tables. These modifications are detailed in Appendix 1 to this Notice.
4. The purpose of the proposed modifications is to provide more accurate, consistent, and complete information. The effect of the proposed modifications will be to enhance the information available to Ofgem.
5. A copy of the proposed RIGs and the associated Excel templates are included in Appendix 1 to this Notice.
 - (a) RIIO-T1 Electricity Transmission Price Control – Regulatory Instructions and Guidance: Version 1.3
 - (b) RIIO-T1 Electricity Transmission Costs and Outputs Reporting Template: Version 1.3
6. Copies of this Notice and other documents referred to in it are available on the Ofgem website (www.ofgem.gov.uk).
7. Any representations on the proposed licence modifications may be made on or before 08 April 2014 to: Neill Guha, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to neill.guha@ofgem.gov.uk.

¹ <http://www.ofgem.gov.uk/Networks/Trans/PriceControls/RIIO-T1/Pages/RIIO-T1.aspx>

8. All responses will normally be published on Ofgem's website. However, if respondents do not wish their response to be made public then they should clearly mark their response as not for publication. Ofgem prefers to receive responses in an electronic form so they can be placed easily on the Ofgem website.



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Paul Branston
Associate Partner, Costs and Outputs
Duly authorised on behalf of the Authority
11 March 2014

**Appendix 1 to the Authority's Notice dated 11 March 2014
Modification of Regulatory Instructions and Guidance**

Table	Changes Made
1.1 Income Statement	Amended heading to Operational costs incurred net of Other Operating Income.
1.3 Cash flow	Inserted two new rows for 'other' adjustments. The first is designated for 'non-cash exceptionals'. Updated guidance to reflect changes to row numbering.
1.5 Net Debt & Interest	Update allocation of debt table (L14 to N20) to include £m net for Statutory and Regulatory net debt
2.2 Totex Forecast	Inserted table D72:O76 into tab 4.1 containing a breakdown of the "Related Party Margins Disallowed". Changed the formulas in cells H9:O12 of tab 2.2 to include the relevant "Related Party Margins Disallowed Total" from the table D72:O76 in tab 4.1. Added a new tab "Previous years" for Ofgem data input and to feed data to tab 2.2. Added formulas to ab 2.2 cells H35:O38, H42:O47 and H52:O55 to fetch data frm tab "Previous years".
2.3 Totex	Table changed to published totex table
2.4 Outputs	Table changed to published output table
3.1 Opex summary - cash controllable costs	Inserted table "3.1d Net Related Party Margins Disallowed Matrix (after capitalisation of closely associated indirects and business support)" in cells B233:F245 of tab 3.1 and referenced the formulas in cells H16:H21 and H27:H29 of tab 2.2 to the relevant "Related Party Margins Disallowed" from that table. Table amended to remove enduring pension deficit payments from opex. Now recorded as memo line.
3.3 Asset management opex	"Planned Inspections & Maintenance - Other" option added.
3.6 - Business support - supplementary detail	Table and guidance updated to specify gross costs.
3.9 Exc & Demin	Sub-category - "Construction Services to 3rd parties" inserted in row above "UK Electricity Services" and sub-category "JV income" inserted 2 rows below "UK Electricity Services" sub-category. Sub-category - "Construction Services to NGIL" inserted in row below "UK Electricity Services"
4.1 Capex Summary	Added three new rows "Local Enabling (Entry)", "Local Enabling (Exit)" and "Wider Works"
4.2 LR Scheme Expenditure	Section, "Shared-Use Infrastructure (BSUE) - SPTL only" changed to "Shared-Use Infrastructure (BSHE) - SPTL only". Added columns G "Customer contribution (negative values)" and H "Net". Also populated the column H with values to sum the "Goss" and "Customer contributions". Guidance modified. Rows inserted for TPWW for in table 4.2
4.3 NLR Scheme Expenditure	Added column to show customer contributions Section "Protection, Control and Metering Schemes" retitled as, "Protection, Control, Telecoms and Metering Schemes". Column E "Lead Scheme" inserted.
5.1 System Char Activity	Added new options: "Series Reactors (#)", "Mechanically Switched Capacitors with Damping Networks (MSCDNs) (#)" and "Series Capacitors (SCs) (#)" to the section "Reactive compensation numbers". Added the option "132 kV Poles (#)" to the section "Towers