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Dear Mick,

Response to consultation on Regulatory Instructions and Guidance: Version 2.0

We welcome the opportunity to comment upon your consultation on the RIIO-GD1 Regulatory Instructions and Guidance (RIGs).

We are encouraged that you have adopted many of the points that GDNs jointly and severally have made to Ofgem and we would like to take this opportunity to say that we believe that the process you lead to develop the RIGs has been effective.

There are a small number of items that we believe could be improved further. In this response we have focused on four areas that need to be resolved in respect of 2014/15 reporting.

Table 1.6 Disposals

Table 1.6 has been changed to include more detail than was provided last year. One of the changes that you are requesting is information on the purchase cost of land.

We are going to have difficulty populating the cost fields (cells C28 to C46) because in most cases we do not have the required information. This is because sites were purchased many years ago by pre-predecessor organisations and appropriate records are not available to us.

Without the costs being available we cannot fill in the depreciation cells (D28 to D46). Furthermore land is not usually depreciated in accounts in the way that for example a piece of office equipment, which may wear out or become obsolete is.

Table 3.8 Maintenance Costs

The cells in which the list of activities against which costs are to be reported used to be coloured yellow, which meant that GDNs were allowed to over-wright the descriptions or add additional ones. Now these cells are white indicating that GDNs are not permitted to make changes.

We understand that this may help you to compare GDNs because the same descriptors will be used by all companies however it will cause us difficulties because we don't collect costs in line with some of the categories that you have listed. This means that if we have to fill in the table as it stands we

will have to try to fit costs into the lines as best we can and there is the potential that this will distort the cost split and introduce a new issue into inter GDN comparison.

It is our belief that we should be able to edit the lines as we did previously.

Table 4.4 Reinforcement

Perhaps you could investigate the extra cells that have appeared on the data table that seem to refer to connections activity (columns J to N rows 6 to 23), which are not referred to in the supporting text. It is possible that these cells should not be present.

Table 7.6 Business Carbon Footprint

Previously we have discussed the formula in cell G29 with you and with other GDNs. We will continue to provide assistance to help resolve the issue.

In addition to the tables listed above there are a number of tables that we think could be improved in the future. After we have submitted our 2014/15 RRP we would like to discuss with you the opportunities for making further improvements to reports or where reporting by different GDNs may be subject to difference. Areas we would like to discuss further include:

- Table 3.12a Theft of Gas (ensuring consistency between GDNs)
- Table 3.13 Streetworks (approach & level of detail)
- Table 7.3 Network Output Measures (potential extensive modification)
- Table 7.4 Reports and Repairs (ensuring consistency between GDNs)

I would like to take this opportunity to mention the highly effective process that Ofgem operated last year to resolve queries and correct errors that were identified during the time when GDNs were filling in the data tables. We would appreciate it if Ofgem could operate a similar process this year. National Grid Gas Distribution will work with Ofgem and other GDNs to help to make the process as effective as possible.

We are happy for this consultation response to be published in its entirety.

Please do not hesitate to contact me if you would like to discuss anything further.

Yours sincerely,

By Email

Jonathan Dennett
Regulatory Reporting Manager