

To: National Grid Gas plc (with respect to its gas distribution networks)

(Company Number: 02006000)

Northern Gas Networks Limited

(Company Number: 05167070)

Scotland Gas Networks plc

(Company Number: SC264065)

Southern Gas Networks plc

(Company Number: 05167021)

Wales & West Utilities Limited

(Company Number: 05046791)

(together the "Licensees" and each the "Licensee")

Notice under paragraph 10 of Standard Special Condition A40 (Regulatory Instructions and Guidance) ("SSC A40") of the Gas Transporter Licence ("Licence") granted to the Licensees under section 7 of the Gas Act 1986

The Gas and Electricity Markets Authority (the "Authority"¹) hereby gives notice under paragraph 10 of SSC A40 as follows:

1. The Authority proposes to modify the Regulatory Instructions and Guidance (the "RIGs") under SSC A40. The RIGs are the primary means by which the Authority directs the Licensee to collect and provide the information to the Authority to enable it to administer the Special Conditions of the Licence and, where not referenced in the Licence, the RIIO-GD1 Final Proposals.²
2. SSC A40 came into effect on 1 April 2013, at the start of the RIIO-GD1 price control period. Subject to any representations, the Authority proposes to modify the RIGs in a direction to be issued on or after 3 June 2016 and the RIGs will take effect for the submission of information due in July 2015 which relates to the 2015-16 reporting year.
3. The proposed modifications to the RIGs consist of new tables and revisions to existing tables. These modifications are detailed in Appendix 2 to this Notice.
4. The purpose of the proposed modifications is to require the Licensees to provide more accurate, consistent and complete information to the Authority. The effect of the proposed modifications will be to enhance the information available to Ofgem.
5. Links to the RIGs, with the proposed changes incorporated, together with the associated Excel templates are included in Appendix 1 to this Notice ie.
 - (a) RIIO-GD1 Gas Distribution Price Control – Regulatory Instructions and Guidance: Version 3.0
 - (b) RIIO-GD1 Gas Distribution Costs and Outputs Reporting Template: Version 3.0

¹ The "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports the Authority in its day to day work.

² [RIIO-GD1: Final Proposals - Ofgem reference 168/12](#)

(c) RIIO-GD1 Gas Distribution Revenue Reporting Template: Version 3.0

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 modifications to the RIGs must be made on or before 27 May 2016 to: Mick Watson, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to mick.watson@ofgem.gov.uk.
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. We prefer to receive responses in an electronic form so that they can be published easily on our website.



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Paul Branston
Associate Partner, RIIO Networks
Duly authorised on behalf of the Authority
27 April 2016

Appendix 1 to the Authority's Notice dated 27 April 2016

Proposed Regulatory Instructions and Guidance

[RIIO-GD1 Gas Distribution RIGs Version 3.0](#)

[RIIO-GD1 Gas Distribution Costs and Outputs Reporting Template version3.0](#)

[RIIO-GD1 Gas Distribution Revenue Return Template version 3.0](#)

Appendix 2 to the Authority's Notice dated 27 April 2016

Proposed modifications of the Regulatory Instructions and Guidance

Table	Issue	Proposed resolution	Ofgem response
2.3	Confirmation / update of governor intervention workload splits as per SQs	Ofgem to define what they are asking for	Formula in cell E25 table 2.3 updated and links to table 4.5 Governor(Replacement) cells (\$I\$10:\$I\$14) - forecasts should align with the same criteria ie district governors for specific categories as stated in table 4.5 cells C10:E14
2.6	Environmental Outputs – the revised targets have not been updated on this tab	Ofgem asked to revise for 2015/16 reporting	Ofgem to update individual GDN templates for re-based opening balances for Shrinkage and Leakage
5.2/5.3	Other REPEX services / Planned services replaced reporting, PE services being claimed within totals.	NGN to separately resolve their issue in respect of 5.2 with Ofgem.	NGN in discussion with Ofgem
	NGN appear to have some PE services in the job count in table 5.2,	In respect of table 5.3 current reporting practice is not aligned to RIGs however were GDNs to not report PE replacements in table 5.3 they would not be reported anywhere. This would mean no visibility of essential safety related work that is undertaken.	on table 5.3, the original category "other services relaid (not associated with mains replacement" is now split into metallic and non-metallic and created a sub-total on row 17 to exclude the non-metallic which now links to cell E34 on table 2.3
	All GDNs have some PE services in table 5.3	A solution would be to split the condition services line in 5.3 between PE and metallic and amend the link to the forecast table accordingly.	
	These tables (5.2 & 5.3) feed into forecast table.		workload forecast table updated for changes re: 5.3
7.2	Interruption minutes include risers – it would be good if there was more visibility of riser jobs because they vary significantly between Networks and should be visible.	For both planned and unplanned risers to be shown as a separate line within respective totals. This is a minimum possible resolution to this issue. SGN have suggested an alternative solution in the past. NOTE: these comments were made prior to Thursday's t'con between Mick and GDNs about interruptions and do not take that work into account.	Interruptions tab has been changed to report risers separately.
7.6	BCF – Shrinkage to Tonnes CO2 formula needs to be put in, Ofgem requested GDNs suggest one.	A formula was put forwards by NCGD last year – which assumed a typical gas composition. NGN have argued for Network specific values to be used saying this would align BCF table with other reporting they do. Other GDNs have argued for a national 'typical' value because it is better for inter-network comparison and works between years also.	Changes proposed to RRP sheet 7.6 Addition of headings and input cells to following locations of sheet Cell I7 - Heading Cell containing text "Assumed CV MJ/m3" Cell I8 -Input cell with provisional input "39.60" Cell I10 - Heading Cell containing text "Assumed proportion of methane in natural gas" Cell I11 - Input cell with provisional input "0.8197" Cell I13 - Heading Cell containing text "Assumed density of Methane kg/m3" Cell I14 -Input cell with provisional input "0.656" Cell I16 - Heading Cell containing text "Assumed Global Warming Potential of Methane (tCO2e)" Cell I17 - Input cell with provisional input "25" Cell I19 - Heading Cell containing text "Assumed proportion of Carbon Dioxide in natural gas" Cell I20 - Input cell with provisional input "0.024" Cell I22- Heading Cell containing text "Assumed density of Carbon Dioxide kg/m3" Cell I23 -Input cell with provisional input "1.98" Cell I25 - Heading Cell containing text "Relevant DEFRA emission potential for natural gas kg/kWh" Cell I26 -Input cell with provisional input "0.184450" Change to Cell G29 which shall contain $=('3.12 \text{ Shrinkage}'!G16*3600/'7.6 \text{ Business Carbon Footprint}'!I8*'7.6 \text{ Business Carbon Footprint}'!I11*'7.6 \text{ Business Carbon Footprint}'!I14*'7.6 \text{ Business Carbon Footprint}'!I17)+('3.12 \text{ Shrinkage}'!G16*3600/'7.6 \text{ Business Carbon Footprint}'!I8*'7.6 \text{ Business Carbon Footprint}'!I20*'7.6 \text{ Business Carbon Footprint}'!I23*1)+('3.12 \text{ Shrinkage}'!G17+3.12 \text{ Shrinkage}'!G18)*'7.6 \text{ Business Carbon Footprint}'!I26*1000)$ National values to be used. provisional inputs outlined above will be used for the assumed national values until further notice.

Table	Issue	Proposed resolution	Ofgem response
7.1	NGN reporting more RIDDOR GIBs due to different RIGs interpretation than other GDNs.	Ofgem to clarify RIGs.	
	NGN report all jobs where gas readings mean they were considered for RIDDOR reporting (it doesn't just depend on readings).		
	Other GDNs only report jobs that actually were RIDDOR reported.		
7.1	RIDDOR GIBs should be a sub-set of overall GIBs not exclusive	Those GDNs (incl NGGD) who report as exclusive to change to report as a sub-set.	
7.1	Non-network GIBs (two Network owners report as per reportable non-network GIBs other two as all non-network GIBs)	Not resolved as to which way to 'go'	Do not use this data for the Annual Reporting .
		Need to question Ofgem about what they use for as this for as this will inform way to report. Then change RIGs so it is clearer what is wanted.	
7.4	ECV non-leaking emergency job reports to call centre - reported as 'other' non-gas.	NGGD and NGN happy to report ECV non-leaking jobs as other non-gas	- RIGs updated - ECV now included/specified under 'Other'
	They should not go in 1 hr or 2 hr standard because they don't fit those criteria and if they don't go in other they'd not be reported at all. However RIGs don't explicitly say this is what should happen.	No response from SGN and WWU as to whether they can / wish to do this.	
7.4	Two network owners report median time to repair only including jobs over 28 days, two network owners report for all jobs. RIGs suggest median time to repair should be just those over 28 days	Ofgem to amend RIGs to clarify position	Ofgem confirm it is jobs over 28 days - - RRP - cell H21 also updated to clarify >28 days
n/a	Deadline for publishing results		Updated publication date for GDNs and Ofgem publishing GDN tables (2.2-2.6) and annual report from 30 September to 31 July for GDNs and 31 August for Ofgem.
2.4 & 7.1	Inconsistency in repair risk reporting	Ensure GDNs are reporting in the same way in both 2.4 and 7.1 (B100) (to the same decimal place).	The number in tab 7.1 should be 106. It should be reported to 2dp. For example (3,546,888 should be reported as 3.55). This same number is linked to tab 2.4 as this is a summary of the safety data from tab 7.1. A 106 has been added in 2.4 to make this clear. We also need to see companies methodologies on their repair risk calculations to ensure as much consistency over reporting as possible (though we understand the methodologies themselves will vary). We need to ensure that what is reported going forward is consistent with what is in the consultation we will be publishing in a couple of months time.
3.13	Streetworks - chargeable permits (variations)	split permit variations between chargeable and non-chargeable	Updated the streetworks table to include further analysis on permit variations: - rows 17 & 18 - further analysis of permit variations volumes split into chargeable and non-chargeable - rows 30 & 31 - further analysis of costs - split into total costs for permits granted and chargeable variations - rows 34 & 35 - formula inserted to calculate net average costs for permis granted and chargeable variations

Table	Issue	Proposed resolution	Ofgem response
2.3 & 5.8	decommissioned mains - amend formula (currently workload being misallocated between T1-3 and Other) and link to new summary table on 5.8	amend formulae across all categories to link to new summary table on 5.8	formulae updated on table 2.3 and new summary table set up on table 5.8
3.12	inconsistency in leakage models being used across the GDNs and the requirement to restate opening baseline when a revised leakage model is used	shrinkage model - same model to be used by all GDNs in reporting year; GDNs must restate prior years and baseline each year	updated the RIGs (word doc instructions) to state that all GDNs need to use a consistent shrinkage model for same year reporting and restate opening baseline
7.3	Jan Bagworth has now come back and confirmed this will be greyed out in the final file and clarified in the RIGs	Grey out table and issue a note to say this table is WIP	following the submission of the draft NOMs methodology on 31 March 2016 The GDNs and Ofgem are finalising the reporting format and will complete a standalone report for 2015/16 which will be incorporated in to the RIGs for 2016/17.
7.1	there is a comment in the workbook saying 'Any concentration level at any location in the building. Data to include all GIB instances including those reportable under RIDDOR'. Whereas in the RIGs it says 'The data in this table applies to GIBs of any level of gas concentration but not up to reportable limits, ie it excludes those GIB events which are reported in the table above'. These contradict each other.		Amended cells A27 and A37 to reflect wording in the RIGs, consistent with prior years
6.3	Changes to decimal placing:- <ul style="list-style-type: none"> • 14/15 was all to 3DP • 15/16 varied/inconsistent DP's • C9: means that it appears to '0.0' when it's in fact '0.046' 	15/16 Needs to be consistent. Preference would be all to 3 DP's, with the exception of Cells C15, C25, C35, C45 which don't need any decimal places.	Changes made as proposed
6.4	Changes to decimal placing 14/15 <ul style="list-style-type: none"> • Column D - 2 DP • Columns E:G - 3 DP • Columns H:K - 2DP • Columns L:M - 3DP • Column N - 0 DP • Columns O:P - 2 DP 15/16 - All 3 DP's	14/15 formatting preferable.	Changes made as proposed
6.5	14/15 0 DP 15/16 Cells C24:E27 3 DP's	0 DP preferable	Changes made as proposed
2.3	Number of Gas Holders Removed for 2016 should link to tab 3.9 cell F28		Changed link in table 2.3 cell E15 to link to table 3.9 cell F28 (was linking to E28)
2.5	Unplanned Interruptions total for 2016 looks at a blank cell on tab 7.2 following the changes to the tab. Should point to cell B40 of tab 7.2		Updated link on table 2.5 cell D16 to link to table 7.2 cell B40 (table 7.2 was revised)
2.5	Section relating to duration of Interruptions hasn't been updated and still reflects the 14/15 report. The section for 2015 links to tab 7.2 instead of the section for 2016.		Updated cells on table 2.5 re: 2015 cells C39:C40 to link to 2015 data and 2016 cells D39:D40 to link to table 7.2
2.5	Section relating to Capacity Utilisation hasn't been updated and still reflects the 14/15 report. The section for 2015 links to tab 7.2 instead of the section for 2016.		Updated cells D121:D126 on table 2.5 - links hadn't been updated for 2016.

Table	Issue	Proposed resolution	Ofgem response
3.9	Cells D9 and D14 should read 2016.		updated cells D9 and D14 to link to cell A3 (to ensure auto updates every year)
4.4	Remove section in cells J20:N23		deleted random table/content cells J20:N23
5.3	The total in row 16 does not include row 15 in the sum		updated formula in cells C16:J16 to include row 15
7.2	the changes in 7.2 Reliability Outputs, will need to be reflected in the RIGS		RIGs have been updated.
7.3	clarification that we do not need to complete 7.3 Asset health & Criticality	Grey out table and issue a note to say this table is WIP	following the submission of the draft NOMs methodology on 31 March 2016 The GDNs and Ofgem are finalising the reporting format and will complete a standalone report for 2015/16 which will be incorporated in to the RIGs for 2016/17.
3.3	formula missing from cells H13:J20		formula updated on table 3.3 cells H13:j20
4.3	more than 10 rows needed to list projects (at least 20)		no more than 10 rows used in each category for all GDNs last year. Left as is. Contact Ofgem if additional rows need to be inserted at a later date.
7.2	format 'date' cells in C49:C56		formatted 'date' cells in C49:C56 table 7.2
4.4	Previously NGGD informed Ofgem that there were erroneous cells in table 4.4, reference J20 to N23. Ofgem removed them from final 2014/15 RRP tables. They have reappeared and should be removed	This need to be removed	changes made
6.6	The RIGs guidance for Table 6.6 is incorrect. MEAV pulls data from Tables 6.1, 6.2, 6.3 and 5.4. There is no data summarised from Table 6.4.	Remove reference to table 6.4	changes made
3.3	Formula missing in cell H13	It should be: =IF(ISERROR(+D13/\$D\$30),"",+D13/\$D\$30)	changes made
2.2	No formulas in column D to retrieve 15/16 actuals cost - these are still mapped to column C	Realign formulas to point correctly to column D - 2016	changes made
2.5	Formula in D15 incorrect because table 7.2 has been u	Should point to cell B40 in table 7.2	changes made
2.5	Formulas missing in cells D39 and D40 because table 7.	Should point to cell C21 (Planned minutes) & cell C40 (unplanned minutes) on table 7.2	changes made
3.13, 4.8, 5.7, 6.4, 7.10	Title needs correcting - it state "Scotland 2013/14"		changes made
4.8	In the Opex costs section, Scottish sites are listed in the yellow cells with associated costs. This data needs to be removed.	The draft tables we received was a version of past Scotland Network RRP tables, presumably this will not be the case in respect of the tables we will receive to fill out	changes made
Index	Version submission details and additional information submitted (located in the lower half) needs be amended for 15/16 submission		changes made
3.3	Row 24 has a new line "Capex" in the draft tables - last year this was not on the table. As the new capex line is in a yellow cell it's probably just a line left in by another GDN but can Ofgem confirm this?	There is no reference to this in the RIGs therefore presume as being in the yellow cell it's been left by another GDN therefore can be removed.	changes made
3.13	The link on page 39 of the RIGs document does not work - "Ofgem reference 189/11"	Correct the link to point to reference document.	changes made
3.3	Ofgem template has no % formula's set up for the non price controlled activities row (see columns H-J)		Agree - now amended
3.13	streetworks - incorrect wording	Descriptions in cell B186 incorrect	changes made

Table	Issue	Proposed resolution	Ofgem response
3.7	Formatting issues	Grey total cells are formatted to 3 decimal places - The RIGS state "Unless otherwise indicated in the guidance document or templates, actual financial values should be provided in £ million to a minimum of three decimal places, and displayed at one decimal place." - I've left the yellow inputs at one decimal place but the Ofgem grey totals cells show to 3 decimal places	changes made
3.3		Cell H30 not formatted to %	changes made
6.3		The grey formula cells are formatted to show 3 decimal places rather than one DP as per the RIGs	changes made
7.4		The grey cells within the actioned repairs section are reporting to zero decimal places. Apart EOE and London which report to between 1 - 2 decimal places.	changes made
3.3		Ofgem template has no % formula's set up for the non price controlled activities row (see columns H-J)	changes made
6.5		When special pasted values cells C24 to E27 from Table 6.5 V1 to Ofgem template, the figures got rounded to whole numbers whereas figures should be to 3 decimal places.	reverted to 0 dpcs following informal review
3.12a		Cell C15 and C16 have a "£" sign in 3.12a V1 whereas "£" disappears when figures are copied to Ofgem Template.	changes made
3.12a		There is no link on the Master Template Index tab for Table 3.12a	changes made
7.6		The 'Total' for Section 1, Transport is formatted to show 2 decimal places which is different to all other Totals	changes made
7.4		In the Actioned Repairs section, the column "No. of External Reports (escapes)" for E of E and London some of the figures have been rounded up and some haven't. For NW and WM they have all been rounded up.	changes made
6.2		Distribution Mains Population section - all yellow cells are to 3 decimal places for all the networks but totals are to 1 decimal place.	changes made
7.3		All networks have a mixture of figures at 1, 2 or 3 decimal place(s) as well as whole numbers.	changes made
7.11	Cell C9 is at 2 decimal places but the total is at 1 decimal place for all networks..	changes made	

Table	Issue	Proposed resolution	Ofgem response
3.14	Formatting issues	EofE at 3 decimal places, Lo at 2 decimal places and NW & WM at 1 decimal place.	changes made
7.7		Cells F10-F19 - check cell format. V1 file is whole numbers but template 2 decimal places Cells F25 and F27 - cell format is number rather than %. Cells F26 and F28 is at 2 decimal places in V1 file but whole number in template	changes made
5.6		Cells G11 - G13 template is whole numbers, should be 3 decimal places	changes made
5.6		Cells F11 to G13 showing as 0 dp. should be 3dp in draft tables	changes made
4.7		Inserted extra lines for "Projects over £>0.5m section as there was only space to input data for 10 projects All Gross Exp to 3 decimal places, but 1 decimal place in template	changes made
4.5		Gross and Contribution all at 3 decimal places, template at 1 decimal place	changes made
4.3		Gross Exp and Contribution at 3 decimal places, template at 1 decimal place Inserted 1 extra line for "Distribution network embedded gas entry points" as only had lines for 10 projects. Updated formula to include this line in total Gross Exp, Contribution and Net Expenditure figures	changes made Re number of lines for projects: no more than 10 projects were listed in any activity for any NGGD GDN last year. Can add rows (on this table) if required (and with Ofgem's permission)
4.2		Cells D10 to G14 at 3 decimal places in V1 but at 1 decimal place in template	changes made
7.2		The date field, line 40, column C for E of E and NW is incorrectly formatted. The date for E of E should be 14/10/14 and the date for NW should be 19/02/15	changes made
1.1		Cell I30 (profit on disposals) not rounded at all in Ofgem template (as is linked to table 1.6) - has knock on impact on cells I38 (operating profit before finance costs and tax), I48 (Profit before tax), I58 (profit for regulatory financial year) and I72 (transfer to reserves) - grey cells	changes made
3.13		EofE Cells L-N18, R-T 27, Q35 - formatting issue LO - M-N27, R-S 27, M110, O116 - formatting issue	changes made
1.13		Hyperlink from index page of template does not work	changes made
7.4		Hyperlink from index page of template does not work for London	changes made