

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")

Direction under paragraph 8 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

Whereas –

1. The Licensees each hold an Electricity Transmission Licence (the "Licence") granted or treated as granted under section 6(1)(b) of the Electricity Act 1986 (the "Act") and are subject to the conditions contained in the Licence.
2. SC B15 came into effect on 1 April 2013, the start of RIIO-T1 price control period.
3. In accordance with paragraph 10 of SC B15 of the Licence the Gas and Electricity Markets Authority (the "Authority") gave notice¹ on 11 March 2016 that it proposed to modify the Regulatory Instructions and Guidance (the "RIGs").
4. 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 Licence and, where not referenced in the Licence, the RIIO-T1 Final Proposals².
5. The modified RIGs will take effect for the submission of information due in July 2016, which relates to the relevant reporting year from 1 April 2015 to 31 March 2016. The RIIO-T1 Electricity Transmission Price Control – Regulatory Instructions and Guidance: Version 3.2 document and the associated Excel and Word templates is included in the Schedule to this Direction.
6. The Authority requested that any representations on the proposed modifications to the RIGs be made on or before 11 April 2016. The Authority received three representations.
7. We have considered the representations from consultees and have made a number of alterations as set out in Appendix 1 and Appendix 2 included to this Direction.
8. In accordance with section 49A of the Act the Authority's reasons for making the modifications to the RIGs are as set out in the Notice of 11 March 2016.

¹ <https://www.ofgem.gov.uk/publications-and-updates/notice-modification-relation-riio-t1-electricity-transmission-price-control-regulatory-instructions-and-guidance-version-3-0-0>

² <http://www.ofgem.gov.uk/Networks/Trans/PriceControls/RIIO-T1/Pages/RIIO-T1.aspx>

Now therefore –

In accordance with the powers contained in paragraph 8 of SC B15 of the Licence, the Authority hereby modifies the existing RIGs in the manner specified in the attached Schedule. Licensees are required to report in accordance with these modified RIGs and reporting template for the purpose of regulatory reporting.

This document constitutes notice of the reasons for the Direction as required by section 49A of the Act.

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Min Zhu
Associate Partner, Networks
Duly authorised on behalf of the Authority
19 May 2016

Schedule to the Authority's Direction dated 19 May 2015

Regulatory Instructions and Guidance

RIIO-T1 Electricity Transmission Price Control - Regulatory Instructions and Guidance:
Version 3.2

<https://www.ofgem.gov.uk/publications-and-updates/riio-t1-electricity-transmission-price-control-regulatory-instructions-and-guidance-version-3-2>

Appendix 1 to the Authority's Direction dated 19 May 2016

Modifications to RIIO-T1 Electricity Transmission Price Control Regulatory Instructions and Guidance

Guidance version No.	Full details of the changes made since the last version	Paragraph, page or section reference
3.0.0	Version published for consultation on 11 March 2016	
3.0.1	Additional draft text incorporated into the Guidance document and an updated version published on 24 March 2016.	
	Cell references corrected.	Page 16, table 1.1
	Cell reference corrected.	Page 25, table 1.10
	Deleted " <i>Where allowances are subject to Ofgem approval, e.g. SWW projects, these should only be included following such approval.</i> " from table 2.3a guidance to reflect the agreed policy approach.	Page 30, table 2.3a
	Under "Indices", sub heading – text updated to provide further clarification on the requirement on TO's to provide relevant indice information and to compare against their RIIO-T1 business plan submission.	Page 33, table 2.7
	Under "Weightings", sub heading – text updated to confirm that TOs are not required to re-estimate the weightings and may enter the weightings as per their RIIO-T1 business plan submission.	Page 34, table 2.7
	Under " <i>RIIO-T1 Business Plan baseline excl. RPEs</i> ", sub heading – text added to clarify the requirement to provide forecast costs as per their RIIO-T1 business plan submission. Equivalent change made to final sub section with RPEs included. Formula error fixed in the RPE definition.	Pages 34-36, table 2.7
	Statement added to clarify representation of RPEs in forecasts.	Page 38, table 3.1
	Incorrect cell reference fixed.	
	New definitions added.	Page 48, table 3.2

	Incorrect cell reference fixed	Page 49, table 3.3
	Guidance modified to reflect revisions to the reporting requirements associated with expenditure on load related schemes.	Pages 75-78, table 4.2
	Guidance modified to require reporting of Protection, Control, Telecoms and Metering assets. Under "De Minimus Schemes", bullet points added to require individual reporting of lead schemes and schemes delivering <132kV lead type assets. Bullet point added to require individual reporting of schemes where actual or forecast total schemes cost > £0.5m (in current reporting year prices).	Page 81, table 4.3
	Definition related to "Related Reference" deleted.	Page 82
	Guidance modified to introduce two new definitions for the purpose of reporting faults and failures: "cardinal" and "sub cardinal" assets. A specific information request has been added to require NGET to provide a breakdown of information between 1 January 2016 and 31 March 2016 in the accompanying commentary.	pages 90-91, table 5.2
	Guidance modified to delete the sentence " <i>All other respondents are included in Stakeholder satisfaction scores</i> " to avoid any unintended confusion in the application of the 'stakeholder' term under Special Condition 3D.	Page 102, table 6.1
	Text included to clarify the requirement on licensees to monitor and report on any material changes in circumstances that may impact on the needs cases for any large scale Strategic Wider Works project under construction.	Page 111, table 6.7
	Guidance modified to align with the licence definition of the term "TPG".	Page 122, table 6.13
	Guidance has been updated to require licensees to report both the total number of customers directly connected to a substation and the number of critical customers directly connected.	Page 127, table 6.17
	Further guidance provided on how to complete the SORW trial template.	Chapter 10
	We have developed further improvements to the narrative templates for each licensee to follow	Chapter 11

	when submitting commentary to support the RIGs return.	
	Minor changes to other sections of the associated guidance to correct typographical errors and improve clarification.	

Appendix 2 to the Authority's Direction dated 19 May 2016

Modifications to RIIO-T1 Electricity Transmission Costs and Outputs Reporting Template

Reporting Pack Version No.	Full Details of the changes made since the last version	Specific Tables Changed
3.0.0	Version published for consultation on 11 March 2016	
	RPI value for financial year 2015-16 added (259.433). Title in cell C32 changed to "Financial Year Average RPI".	Universal Data
	Formulae changed in cells G68 and H68 to pick up correct values from table 4.1.	1.4
	Template modified to enable reporting of SPT's NLR uncertain costs under Special Condition 6H (and to replace the temporary fix introduced in 2014-15). Two additional rows inserted: (i) for asset replacement base allowance, and (ii) for NLR uncertain costs.	2.3a
	Timely connections input cells format changed (\$ to number 1dp)	2.5
	Corrections to formulae in cells Y234 to Y286, removed cost data reporting requirement for TPCR4 and deleted unused hidden columns.	2.7
	Changed reporting of "allowances" to require reporting as per RIIO-T1 business plan.	2.7
	Template modified to accommodate separate capex splits for RIIO-T1 business plan and for revised view. (Previously the same split was applied to both views).	2.7
	Requirement to provide a breakdown of forecast opex costs for each activity has been removed. Template modified to require each licensee to provide a high level summary for each of the current categories specific in table 2.2 only (Direct costs, CAI and Business Support). Columns Z to AF format changed to %.	3.1
	Change to formula in cell 199 of columns F, G, I, J, K, L and M.	3.1
	Added rows 49, 151 and 121: "Mitigating the visual amenity (NGET only, table 4.4)" and added formulae to columns Q:AF. This is to address the issue that there are some (minor) opex costs relating to the mechanism under Special Condition 6G.	3.1
	Heading change to cell B12: "Allocation to opex"	3.13
	Comment in cell B52 removed (out of date)	3.16
	Format of columns AM, AN, AT and AU changed to percentage where appropriate.	4.1
	Rows 66 and 73: missing formula and links to table 4.2 inserted. 'Weather related resilience' formula in row 50 and 'cable tunnel' formula in row 51 changed to pick up correct references from table 4.3.	4.1
	Rows 50, 51 and 73: formula corrected to pick up	4.1

correct values from table 4.3. Subtotals fixed in columns AI, AJ, AP and AQ.	
Non load related customer capital contributions' formula in row 73 changed to pick up correct reference in table 4.3. Cell O78 missing formula inserted.	4.1
Revised table to gather additional information on the level of expenditure associated with load related capex schemes on a rolling eight year basis (split by licence mechanism)	4.2
Cell B34, statement changed to refer to expenditure "below".	4.3
Columns C&D: Format changed from '\$' to "text". 'Note/explanation' (column I) left aligned.	4.3
New row 28: "total load related expenditure" added	4.3
Cells CG30:DK37 formatted as white non-input cells	4.3
Changes made to the SUMIF formula in cells BL10:CN16.	4.3
Correction made to the 'Rounding error' formula in row 26.	4.3
Threshold of £250k per scheme for reporting protection, control, and metering outputs individually against schemes. Added 'below threshold' subsection for reporting below threshold outputs not required to be reported against individual schemes.	4.3
Addition of three new boundaries (0, 3b and sub boundary 10)	5.3
Removal of detailed activity level breakdown in rows 17-34 (Metering, Telecommunications, protection and control). High level total in each category reinstated.	5.7
Missing formulae in columns U and V (rows 60-85) inserted.	5.8
Change for formula in row 11 to reflect the relevant term in the licence condition 3D.11. Name of worksheet amended to reflect 'stakeholder' satisfaction. Cell C10 heading amended from 'mean score' to 'score'	6.1 (Scots)
Formulae added in row 20 to derive total numbers. Formatting corrected.	6.4
Revised table inserted. Elements of the table are now auto-populated from information provided via table 4.2.	6.9
Addition of "post RIIO-T1" column in table 6.11b. Addition of row "Total TPWW expenditure (from 4.2)" in 6.11b. Formulae changes in cells C40:N44 to pick up correct values from table 4.2, and in cells N29:N39.	6.11
Addition of TEC reduction expenditure table to reflect the revised definition to the licence term TPG in special condition 6F.8	6.13
Fixed formula error in column Q "Overall substation criticality".	6.16.1
Directly connected customers split into two columns: (i) Total directly connected customers, and (ii) Critical directly connected customers	6.17
Opex allowances amended (cells Y73:AF73) in the	Allowances

'allowances' tab to reflect Ofgem's SWW determination (SHE Transmission only).	
November 2015 AIP values added in cells O92:AP103.	Allowances
Minor changes to other tables to provide clarification, typographical errors and improve the information submission	