

To: National Grid Gas plc (with respect to its gas transmission network), Network operators, interested stakeholders

Email: Daniel.Newby@ofgem.gov.uk

Date: 21 March 2017

Dear Company Secretary and stakeholders,

## **Proposal to make modifications to the Regulatory Instructions and Guidance**

We propose to make changes to the Gas Transmission Regulatory Instructions and Guidance (RIGs). Please find enclosed a Notice, issued pursuant to Part C of Standard Special Condition A40 (Regulatory Instructions and Guidance) ("SSC A40") of the Gas Transporter Licence, regarding our proposed changes.

If we implement these changes, they will take effect in April 2017<sup>1</sup>. For the avoidance of doubt, this means that the data submitted in July 2017 (in respect of the 2016/17 reporting year) would use the RIGs as modified.

In addition to the proposed modifications detailed in the Notice attached to this letter, we set out below our intention with respect to the consideration of potential future changes to the annual reporting process.

## **Way forward**

We will continue to review all opportunities to improve both the efficiency and effectiveness of the annual reporting process across all four energy sectors. Short term this may include scope for further improvements that can be made within the boundaries of existing data systems architecture and in a manner consistent with the proposals set out today. Longer term this may extend to more fundamental changes to the way we collect, process and present data on regulated network companies' performance, moving towards the goal of a more automated and user-friendly system and process.

We are aware that companies are actively considering improvements to their own systems which could support this. Accordingly, for both short and longer term changes, we will work closely with network companies to consider any changes before they are introduced. This may include pilot reporting schemes and/or other initiatives that could be taken forward on a partnership basis. We will provide further details on such opportunities as our plans develop.

We welcome comments on our proposed modifications, and the details for responding are contained in the enclosed Notice.

Yours faithfully,

**Steven McMahon**  
**Associate Partner RIIIO Networks**  
**21 March 2017**

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<sup>1</sup> We propose to modify the RIGs in a direction on or after 27 April 2017.

To: **National Grid Gas plc (the "Licensee") (with respect to its gas transmission network)** (Company Number: 02006000)

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

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

***Proposal to modify the Regulatory Instructions and Guidance***

1. National Grid Gas plc (the "Licensee") is the holder of the Gas Transporter Licence (the "Licence") granted or treated as granted under section 7 of the Gas Act 1986.
2. The Authority proposes to modify the Regulatory Instructions and Guidance (the "RIGs") under SSC A40 of the licence. The RIGs are the primary means by which the Authority directs the Licensee to collect and provide information to the Authority, to enable it to administer the Special conditions of the licence and, where not referenced in the licence, the RIIO-GT1 Final Proposals<sup>2</sup>.
3. SSC A40 sets out the process for issuing and modifying the RIGs. In accordance with paragraph 10 of SSC A40, the Authority hereby gives notice to the Licensee that it proposes to modify the RIGs in the manner indicated in the documents that can be accessed via the hyperlink in Appendix 1 to this Notice.
4. The proposed modifications to the RIGs consist of new tables and revisions to existing tables. The purpose of the proposed modifications is to require the Licensee to provide more accurate, consistent and complete information to the Authority, such as to enhance the quality and the accuracy of the information available to the Authority.
5. The proposed modifications refer specifically to information required to be submitted to the Authority on or before 31 July 2017 in the following areas:
  - the Regulatory Reporting excel template for National Grid Gas (NGG)
  - the guidance document supporting the Regulatory Reporting template, and
  - the Revenue Regulatory Reporting excel template for NGG
6. The main modifications are briefly summarised below. More detail is set out in the RIIO-GT1 Gas Transmission Regulatory Reporting Template: Version 4.1 ('Changes' tab). The main modifications are:
  - i. revisions to some of the existing tables in various sections of the Regulatory Reporting template to include data for all prior years of the RIIO-GT1 price control and capture the Licensee's views on current forecast levels.
  - ii. deletion of nine finance tables in section one of the Regulatory Reporting template. This section has been streamlined to remove tables that are no longer required for the Annual Iteration Process.

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<sup>1</sup> 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.

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

- iii. addition of two new tables in the Regulatory Reporting template to gather information on greenhouse gas emissions venting data (Table 7.12) and gas incremental capacity (Table 6.3), which will replace the older tables previously used to capture this data.
  - iv. revisions to the Business Carbon Footprint (Table 6.2) and Customer Satisfaction (Table 6.1) output tables, to include scope-by-scope emissions and remove customer satisfaction quartile data.
  - v. revisions to the Project Listing table (Table 4.2) to show forecast project expenditure.
  - vi. formulae revisions to the totex forecast table (Table 2.2) to reflect additional row categories in other tables, such as Quarry & Loss capex in forecast allowance and Xoserve opex moving within SO (System Operator) Direct Opex.
  - vii. revisions to existing tables in the Revenue Regulatory Reporting excel template to clarify existing reporting requirements and to reflect broader changes to the licence.
7. The Licensee will populate these as part of the 2016-17 RIGs process.

**Further information**

8. Appendix 1 to this Notice provides a link to the following documents, which show the proposed modifications as incorporated:
- (a) RIIO-GT1 Gas Transmission Price Control – Regulatory Instructions and Guidance: Version 4.1
  - (b) RIIO-GT1 Gas Transmission Regulatory Reporting Template: Version 4.1
  - (c) RIIO-GT1 Gas Transmission Revenue Reporting Pack Template: Version 4.1
10. The 'changes' tab in RIIO-GT1 Gas Transmission Regulatory Reporting Template: Version 4.1 provides details of the various proposed modifications.
11. Copies of this Notice and other documents referred to in it are available on the Ofgem website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)).
12. Any representations on the proposed modifications must be made on or before 21 April 2017 to Daniel Newby at Ofgem, 3rd Floor, 9 Millbank, London, SW1P 3GE, or by email to [Daniel.Newby@ofgem.gov.uk](mailto:Daniel.Newby@ofgem.gov.uk).
13. All responses will normally be published on our website. However, if you do not wish your response to be made public then you should clearly mark your 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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**Steven McMahon, Associate Partner RIIO Networks**  
**Duly authorised on behalf of the Authority**

**21 March 2017**

## **Appendix 1: Regulatory Instructions and Guidance incorporating proposed modifications**

A copy of the proposed RIIIO-GT1 Gas Transmission Price Control – Regulatory Instructions and Guidance: Version 4.1, proposed RIIIO-GT1 Gas Transmission Regulatory Reporting Template: Version 4.1 and proposed RIIIO-GT1 Gas Transmission Revenue Reporting Pack Template: Version 4.1 can be found on our website at:

<https://www.ofgem.gov.uk/electricity/transmission-networks/network-price-controls/riio-t1-price-control>