

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

**SP Transmission plc**  
(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 notice<sup>1</sup> on 14 March 2017 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 Proposals<sup>2</sup>.
5. The modified RIGs will take effect for the submission of information due in July 2017, which relates to the relevant reporting year from 1 April 2016 to 31 March 2017. The RIIO-T1 Electricity Transmission Price Control – Regulatory Instructions and Guidance: Version 4.1 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 2017. 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. The modifications to the RIGs Reporting Pack Templates are noted in the "changes log" tab of each pack. Modifications to the Regulatory Instructions and Guidance are shown in red underlined font.
8. The amendments to the RIGs will take effect on and from 1 April 2017. Data submitted in respect of the 2016-17 reporting year should use the RIGs as modified.

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<sup>1</sup> <https://www.ofgem.gov.uk/publications-and-updates/notice-proposing-modifications-regulatory-instructions-and-guidance-rigs-riio-et1-version-4-0>

<sup>2</sup> <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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**Steven McMahon**  
**Associate Partner, RIIO Networks**  
**Duly authorised on behalf of the Authority**  
**28 April 2017**

## **Schedule to the Authority's Direction dated 28 April 2017**

RIIO-T1 RIGs Version 4.1 are available on the Authority's website at:

<https://www.ofgem.gov.uk/publications-and-updates/direction-modify-regulatory-instructions-and-guidance-rigs-riio-et1>

## Appendix 1 to the Authority's Direction dated 28 April 2017

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

Guidance version No.	Full details of the changes made since the last version	Paragraph, page or section reference (in the tracked changed version)
4.0.0	Version published for consultation on 14 March 2017	
4.0.1	Colour coding previously used to highlight proposed changes to the template have been removed and the established colour coding adopted throughout.	General
4.0.1	The text " <i>or not applicable to the TO</i> " has been reinstated to avoid any unintended confusion.	Page 7, table 1.9
4.0.1	Reference to "Cost and Volumes Reporting Pack", changed to "Cost and Outputs Reporting Pack".	Pages 18 & 19, table 1.4
4.0.1	Title changed to "Net Debt and Tax Clawback"	Page 19, table 1.5
4.0.1	Title changed to "Disposals"	Page 22, table 1.6
4.0.1	Deleted text: ' <i>TO's should input their high level forecast for opex and non operational capex over the price control period as positive values broken down by the headings on the table.</i> ' as this table will be auto populated for 2016/17 RRP.	Page 31, table 2.2
4.0.1	Deleted text: ' <i>Data should be input as required in the yellow shaded cells.</i> ' as this table will be auto populated for 2016/17 RRP.	Page 33, table 2.4
4.0.1	Deleted text: ' <i>Data should be input as required in the yellow shaded cells.</i> ' as this table will be auto populated for 2016/17 RRP.	Page 34, table 2.5
4.0.1	Inserted text " <i>The RPIs should be reported as a Year-on-Year (YoY) change, with 2011 as the base year (1.00). Year 2012 will therefore be 1.048 (or similar) etc. see calculations below.</i> " to reflect the agreed policy position.	Page 35, table 2.7
4.0.1	Inserted text to acknowledge NGET's current position that it does not have the capability to provide forecast information at the level of detail requested across all data items. Available forecast information will therefore be provided by NGET on a discretionary basis by 31 July 2017.	Page 41, table 3.1 and Page 51, table 3.3
4.0.1	Additional text provided to reflect the modified intent of rows 30 and 36 and columns CA to CJ. Text amended to clarify	Page 76 & 77, table 4.1

	that appropriate adjustments should be made to the values reported in row 35 (Strategic Wider Works (construction only) to remove the pre-construction element that is automatically linked from Table 4.2.	
4.0.1	Under "Wider Works", sub heading – text added to clarify the requirements associated with the provision of SWW forecast allowance and Baseline Wider Works allowances.	Page 78, table 4.1
4.0.1	Guidance modified to reflect that the "rounding error" is absorbed within table 4.2a scheme data and hence it is already within formula term "4.2a i,t". The "Rounding error" line has therefore been removed and the formula is now: "4.1i,t = 4.2 summaryi,t = 4.2ai,t + 4.2bi,t + 4.2ci,t + De Minimisj,t"	Page 80, table 4.2
4.0.1	Amendments to the text to reflect the methodology that NGET has applied for the last two years to populate 'Scheme Status' information and the basis on which category 'flags' have been assigned.	Page 81, table 4.2
4.0.1	Guidance modified to provide further clarity on the process to apply when an 'end year' date is not available.	Page 81, table 4.2
	Amendment to the final condition set out in the text describing the De minimis schemes from "all future years' forecast annual expenditure <£0.5m" to "- all future years' forecast annual expenditure <£0.5m AND total RIIO-T1 expenditure < £0.5m"  This will ensure all schemes with meaningful RIIO-T1 spend will be shown individually. It avoids an unintended consequence as we get further into the RIIO-T1 period that schemes with little or no future forecast (i.e. completed) being absorbed into the De minimis even though there may have been material spend in earlier years (and before the "last prior year" on which the annual De minimis condition is applied).	Page 85, table 4.2
4.0.1	The text " <i>Any other capex interventions should be reported under 'Tower Steelwork Replacement'</i> " has been corrected to read ' <i>Tower Steelwork Refurbishment</i> '.	Page 94, table 4.3.3
4.0.1	Under "Section 3", sub heading – text amended to reflect the actual titles utilised in table 4.3.2.	Page 93, table 4.3.2
4.0.1	The original definition of 'Faults' has been reinstated to avoid any unintended data challenges.	Page 105, table 5.2

4.0.1	Guidance modified to acknowledge NGET's position that it is not currently able to provide a continuous yearly forecast of boundary capability for the required eight-year view.	Page 107, table 5.3
4.0.1	Guidance modified to confirm the calculation of 'TPG' and 'TPRG' (and equivalent for demand) terms are to be calculated in current reporting year prices, which will make it consistent with the price base used in Table 4.2.	Page 138, table 6.13
4.0.1	Minor changes to other sections of the associated guidance to correct typographical errors and improve clarification.	
Narrative template	<p>We have developed further minor changes to the narrative templates for each Licensee to follow when submitting commentary to support the RIGs return.</p> <p>One particular development was the introduction of summary tables to enhance the quality, consistency and the clarity of the information available to the Authority. Template tables were provided for tables 2.3a, 2.3b and 4.1.</p> <p>The tables are intended to encourage alternative representations of financial and output information and to support each licensee in communicating performance from a number of different perspectives to aid our understanding. Specifically, it will provide information which will enable the Authority to relate outputs to the cost of delivering them and to effectively monitor the impact of movements on the agreed outputs and associated costs over time.</p> <p>We note respondents' concerns relating to the data assurance process associated with populating these numerical tables. To mitigate these risks we have developed a separate worksheet within the main RRP workbook entitled "Commentary" and have imported the relevant summary table templates (and removed from the narrative template document). This will allow auto-population of the necessary data where possible, provide a better audit trail to data sources and reduce the risk of error and inconsistency associated with the data provision.</p>	

## Appendix 2 to the Authority's Direction dated 28 April 2017

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

Reporting Pack Version No.	Full Details of the changes made since the last version	Specific Tables Changed
4.0.0	Version published for consultation on 14 March 2017	
4.0.1	Colour coding previously used to highlight proposed changes to the template have been removed and the established colour coding adopted throughout.	General
4.0.1	RPI value for financial year 2016-17 added (264.992). Title in cell C46 changed to "Financial Year Average RPI".	Universal Data
4.0.1	Inserted table names (row 5)	1.4 / 1.5 / 1.6
4.0.1	Added "other" column (column E) to sheet 1.4 to cover items in regulatory accounts that are neither TO nor SO expenditure but that must be accounted for during reconciliation. Inserted a new row (20) "Other expenditure incurred" to accommodate the new data item. Changed reference in cell B46 from "Cost and Volumes Reporting Pack" to "Cost and Outputs Reporting Pack".	1.4
4.0.1	Modified the label in the disposals row (14) to enable zero values to be inserted in this row and allow a single standard template to be applied across all of the RIIO sectors. The disposals value is only to be included where disposals are not classed as an exceptional item.	1.4
4.0.1	Changes made: <ul style="list-style-type: none"> <li>- Added Row 19 "H: Other Financial Exposure".</li> <li>- New Row 20: Changed to "Total Net Debt Per Statutory Accounts" and amended formula so it includes other financial exposure in the sum.</li> <li>- New Row 22: Changed to: "Conversion to Regulatory (RIIO 1) Definition of Net Debt".</li> <li>- New Row 33: Changed to "Total Net Debt per RIIO 1 Definition".</li> <li>- Labels A-O updated for Net Debt Profile table and Other Financial Exposure table.</li> <li>- Net Interest Calculation table realigned.</li> <li>- New Row 103: Changed to "net interest per statutory accounts".</li> <li>- New Row 105: Changed to "Conversion to Regulatory (RIIO 1) Definition of Net Interest".</li> <li>- New Row 120: Changed to "Net Interest Per Regulatory (RIIO 1) Definition".</li> <li>- New Row 123 &amp; 124: Added "RIIO 1" to the descriptions.</li> </ul>	1.5
4.0.1	Formula error fixed in cells F9 to M12 to auto populate the numbers from table 2.2	2.1
4.0.1	Template modified to correctly apply the title "Adjustment for IAS 19 pension accrual (including post cut off deficit payment)" to mirror its applicability in rows 29, 47 & 55 for '2009/10 prices' & row 73 & 81	2.2

	for 'Allowances'. Corrections to the formula in rows 21 and 29 to accurately reflect the data items in table 3.1.	
	Formulae changed in cells E21 to L29 and cells E29 to L29 to pick up correct values from table 3.1.	2.2
4.0.1	Formula in row 67 corrected to resolve error of double counting.	2.3.a
4.0.1	Due to interactions with the allowance calculations under table 2.3a, the table data range has been extended to cover an additional two years (three years for underground cables). This is applicable to NGET only.	2.3a
4.0.1	Amendments to the titles of Row 16 and 17: "Sole-Use Infrastructure (VSUE) - SPT only" and "Shared-Use Infrastructure (VSHE) - SPT only". These changes mirror the intent of changes to table 4.1 and ensure that the values continue to illustrate the indicative additional allowances under special condition 6F.	2.3a
4.0.1	Cells D18, and F18 to M18 changed to yellow input cells and formatting corrected. Check formula in cell I154 fixed and other check cells in row 154 deleted (check is only required for current reporting year). Addition of 100 rows to enable data entry of projects.	3.13
4.0.1	BC10 heading has been changed from "2017" to "cumulative 2017". New column BD added to report on % difference between the level of over/under-spend relative to current view of 2017 allowances. Further amendments made to achieve consistency with RIGs page 77: (i) addition of a column (GB) to enable cumulative cost forecast reported in RRP15 for the period 2013/14 to 2016/17 to be populated and for £m and % difference comparison to be made (columns BJ to BO); and (ii) Addition of new columns BQ, BR and BS to allow population of previous years forecast allowance figures for the current reporting year, to-date cumulative and full RIIO-T1 period. Additional columns BT to BY to enable £m and % difference comparison to be made. Re-ordering of some headings in row 10 to adopt the presentation: '2017', 'cumulative 2017' and 'RIIO-T1'.	4.1
4.0.1	Additional columns CA to CJ to enable licensees to provide a one-off illustration of the baseline allowance for RIIO-T1, and improve transparency of a more granular level of allowance than is currently included under the 'Allowances' spreadsheet.	4.1
4.0.1	Formula in cell J59 corrected; now linked to cell P20 in table 4.4.	4.1
4.0.1	Formulae in range G35 to N35 corrected; references to columns V to AC accurately reflect the data item in table 4.2.	4.1
4.0.1	Columns S to Y, AB to AH and ranges BC23:BD24, BC30:BD30 and BC35:BD35: missing formula inserted. Formatting changes made where appropriate.	4.1
4.0.1	Missing "SUM" formula inserted in columns AJ to AQ and BF to BG where appropriate.	4.1
4.0.1	New formula in row 35 (G35 to N35) to remove the manually entered pre-construction SWW in row 30	4.1



	from the total SWW data automatically linked into row 35 from table 4.2.	
4.0.1	Addition of row entitled "Baseline Wider Works (6I)" (row 36) to enable the reporting of cost and allowance information for schemes stated in Special Condition 6I.	4.1
4.0.1	Addition of rows to mirror Table 4.1 intent and the introduction of "Baseline Wider Works (6I)". New rows 30, 57, 87, 481, 508 and 535.	4.2
4.0.1	Ranges AN34 to AN52, AN61 to BA448, AP34 to BJ53 and BJ34 to AN52; formatting changed to one decimal place and without dollar currency (where appropriate)	4.2
4.0.1	Addition of rows to mirror Table 4.1 intent for SPT. New rows 19, 21, 45, 47, 75/6, 469/70, 495/6 and 521/2 to reflect the distinction between "Sole-Use Infrastructure (BSUE) - SPT only" and "Sole-Use Infrastructure (VSUE) - SPT only" and "Shared-Use Infrastructure (BSHE) - SPT only" and "Shared-Use Infrastructure (VSHE) - SPT only".	4.2
4.0.1	Formula removed from cells DB10 to DE31 and DG10 to DG 31; now white. DF10 to DF31 is unchanged (summation of MW/MVA/km/# from the various scemes in the same category).	4.2
4.0.1	Cell N26 changed to yellow input cell.	4.3
4.0.1	References fixed in cell formulae contained in Column E (tables 15A to 21A).	4.3.1
4.0.1	Formula error fixed in cells B12 to AK20 to correctly link 'Volumes' in section A1 to source data in section C1 and E1, 'Expenditure' in section B1 to source data in C1 and E1, 'Volumes' in section B1 to D1 and F1 and 'Expenditure' in section B1 to D1 and F1.	4.3.3
4.0.1	Table D1, heading changed from "Expenditure" to "Expenditure (Estimated Replacement Cost, £m)". Auto population applied in cells AC41 to AK49 of table D2 and cells AC70 to AK78 of table F1. For example, the value of cell AC70 is derived from the volume information in cell T70 (table F1) multiplied by the RIIO-T1 value in cell J83 (table E2).	4.3.3
4.0.1	Formatting changed where appropriate.	4.5
4.0.1	The formula changed J8 to Q8 to address missing prefix '\$' for cell F5.	4.8
4.0.1	Formula in cells E44 and F44 removed and formatting changed to yellow input cell to enable cells to be populated in accordance with corresponding RIGs definition of "other".	5.1
4.0.1	Addition of new row (49) entitled "Reactor Others" to avoid potential confusion between narrative and table.	5.1
4.0.1	Formatting changed in rows 22 to 29.	5.2
4.0.1	Missing formulas inserted for 'total failures' in rows 11 to 18.	5.2
4.0.1	Cell B180 amended to " <i>Total sub-cardinal asset faults</i> ", cell E180 to " <i>Total sub-cardinal asset failures</i> " and cells B179 and E179 changed to "Other sub-cardinal assets" to make it consistent with the RIGs.	5.2
4.0.1	Deleted cell B7 "Gone Green (latest FES published)" to reflect the agreed policy position and to be consistent with tables 4.1 and 4.2.	5.3

4.0.1	Formatting changes to Underground Cable, OHL Conductor & OHL fittings to three decimal places.	5.6 & 5.7
4.0.1	Removed '\$' formatting where appropriate.	5.6 & 5.7
4.0.1	Formula error corrected in Row 17, e.g. cell E17 now states =(E11*E15).	6.1
4.0.1	Formula changes applicable to the first three years of RIIO-T1 to accurately reflect the licence.	6.1
4.0.1	Quartile figures (rows 18 to 21) are no longer required and have been removed.	6.1
4.0.1	Corrections to the heading in columns I and J, rows 8 and 27.	6.1
4.0.1	"Photovoltaic" included as a named generation type (row 19).	6.4
4.0.1	Addition of two further summary tables (5a and 5b) to capture cost and allowance information on agreed SWW projects.	6.7
4.0.1	Removed duplication of the four year look-ahead forecast in cells M30 to U85 (applicable to SHE Transmission only).	6.9
4.0.1	Formula errors corrected in ranges C41 to L41, C42 to L42 and C44 to L44 . Removed '\$' formatting where appropriate.	6.11b
4.0.1	Updates made to the dropdown lists to make them consistent with the relevant fields.	6.16.1 & 2
4.0.1	Updated Finance Checks.	Checks and Balances
4.0.1	Corrections to some formula to accurately reflect the data items in table 2.4.	Graphs
4.0.1	Inserted new tab entitled "commentary" to reflect developments to the narrative template. (SPT and SHE Transmission should modify the summary template applicable to table 4.1 accordingly).	Commentary
4.0.1	Minor changes to other Reporting pack tables to provide clarification, typographical errors and improve the information submission	
4.0.1	We have populated various standard inputs (orange "fixed value" cells) for 2016-17 in the R5 input page.  <ul style="list-style-type: none"> <li>- RPI Indices</li> <li>- GRPIFc 2016 row</li> <li>- Average specified rate</li> <li>- Corporation Tax Rate</li> </ul>	Revenue Reporting excel template