

To: **Cadent Gas Limited**

(Company Number: 10080864)

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")

Direction under paragraph 8 of Standard Special Condition A40 (Regulatory Instructions and Guidance) ("SSC A40") of the Gas Transporter Licence granted to the Licensees under section 7 of the Gas Act 1986

Whereas –

1. The Licensees have each been granted a Gas Transporter Licence (the "Licence") under section 7 of the Gas Act 1986 (the "Act") and are subject to the conditions contained in the Licence.
2. SSC A40 came into effect on 1 April 2013, at the start of RIIO-GD1 price control period, and the Authority proposed to issue the RIGs with effect from 1 April 2013.
3. The aim of the RIGs is to enable the Authority to collect the information to enable it to administer the Special Conditions of the Licence and, where not referenced in the Licence, the RIIO-GD1 Final Proposals.
4. In accordance with paragraph 10 of SSC A40 of the Licence, the Gas and Electricity Markets Authority (the "Authority") gave notice on 23 March 2017 that it proposed to modify the Regulatory Instructions and Guidance (the "RIGs").
5. The Authority requested that any representations on the proposed RIGs be made on or before 21 April 2017. The Authority received representations from three of the Gas Distribution Network companies. We considered the representations and made changes as set out in Appendix 1 included with this Direction.
6. The effect of the modification will be to improve the transparency and accuracy of the reporting by the Licensees under the RIGs.
7. A copy of this modified version of the 'RIIO-GD1 Gas Distribution Price Control – Regulatory Instructions and Guidance: Version 4.0' is included in the Schedule to this Direction.

Now therefore –

In accordance with the powers contained in paragraph 8 of SSC A40 of the Licence, the Authority hereby modifies the RIGs in the manner specified in the attached Schedule.

This modification will take effect on 5 May 2017.

This document constitutes notice of the reasons for the Direction as required by section 38A of the Act.

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Steven McMahon, Associate Partner RIIO Networks
Duly authorised on behalf of the Authority

5 May 2017

Schedule to the Authority's Direction dated 5 May 2017

Regulatory Instructions and Guidance

A copy of the RIIO-GD1 Gas Distribution Price Control – Regulatory Instructions and Guidance: Version 4.0, RIIO-GD1 Gas Distribution Regulatory Reporting Template: Version 4.0 and RIIO-GD1 Gas Distribution Revenue Reporting Pack Template: Version 4.0 can be found on our website at:

<https://www.ofgem.gov.uk/gas/distribution-networks/gb-gas-distribution-network>

Appendix 1 to the Authority's Decision dated 5 May 2017

Modification of Regulatory Instructions and Guidance - Summary of Representations to the [Consultation](#) from the Gas Distribution Network companies

Raised By	Area	GDN Comment	Comments
SGN	Revenue Pack	Input error within Input Tab, Cell ref H20 – currently has 3.10%, this should actually be 3.00%	Actioned
SGN	Revenue Pack	Need to ensure that all references to NTS Offtake Zone include Stranraer, in particular: a. Input Tab = Rows 69-85, b. Licence condition Tab = Row 44, c. NTS Charges Tab = Row 33	To be reflected in 16/17 template which is specific for SGN. Specific SGN 16/17 Revenue RRP will be sent to SGN post consultation decision
SGN	Revenue Pack	Once the above tabs mentioned in a to c have been adjusted to take account of Stranraer, then formulas in the Ex tab on rows 87 & 109 will need to be updated to ensure the correct totals are flowing through from the input tab	To be reflected in 16/17 template which is specific for SGN. Specific SGN 16/17 Revenue RRP will be sent to SGN post consultation decision
NGGD	Revenue Pack	GRPIFc Row 20: This should read 2013 at 3.1%, 2014 at 3.1% and 2015 at 3.0% however the draft template had noted 3.1% for all three years. Cell H20 should be amended to 3.0% from 3.1%	Actioned
NGGD	Revenue Pack	RBt Row 56: The drop down does not have yes/no as options. Had to copy and paste this from a previous template as a work around. Drop down function needs carrying through.	Actioned
NGGD	Revenue Pack	NTSMAEv,t Row 69 There were not enough lines here to fit all offtake points for East of England. Although the final template should come with this section completed, just wanted to point this out. A point re template integrity. Might be worth setting the number of rows in this section at maximum for any network (which will be EE).	Tab "input", number of rows in the "NTSMAEv,t" section set at maximum for any network

SGN	RIGs	RIGS – page 41 templates 3.4 & 3.6 Business Support – still refers that these tables removed for 2014/15 RIGS – change to 2016/17 RIGS	Change made
SGN	RRP	Proposed new 2.1 table – showing adjustment for efficient level of fines and penalties –currently a yellow cell for input – this can be linked into 3.13 streetworks tab row 250	Please populate table 2.1 as is (i.e. for all 8 years rather than 3.13)
SGN	RRP	3.15 SIU - states still under development – when are we likely to finalise – this was placeholder before we knew what was happening on the reopener	We do not propose to change the table at this time, but are considering this in the future. At this stage we expect them to continue to complete table 3.15 as they are currently doing.
SGN	RIGs	Tab 4.3 LTS – inserted the word “incurred” for workload – further clarification needed – do we mean the actual workload completed in the financial year or for the life of the project?	Changed to incurred actual workload in the RIGs document.
SGN	RRP	Tab 2.3 (service transfers) – formula missing – needs to include non domestic transfer from tab 5.2c Cell K84, Cell F34 (service relays) – formula missing needs to include Non Domestic relays from tab 5.2d cell I43	Change made
SGN	RRP	Tab 7.1 cell B47(MP) and B48 (LP) totals – the formulae do not include other network GiBevents (CI, SI,DI ranging from cells B28 to G36) – this issue was also seen in previous RRP	Agreed Formula updated
SGN	RRP	Would also welcome further explanation on how NOMS are likely to feed into template 7.3 – is it output from the risk model will be copy/paste into here, or will there be a template?	Same table as agreed in NOMs methodology included in RIGs

NGN	RRP	7.1 Safety Outputs - The description of "Other Network GIB events" has changed from: "Other Network GIB events (any % LEL level including events reportable under RIDDOR) from spun/cast iron fracture or DI corrosion of mains of..." to "Other Network GIB events (but not up to the reportable limits) for spun/cast iron fracture or DI corrosion of mains of..." Should the section contained in the brackets read "but not above the reportable limits?"	Agreed wording changed
NGN	RRP	7.1 Safety Outputs - There is an issue with formulae in the "Total Network events by pressure tier" totals. They include the LP and MP iron mains events from the RIDDOR reportable part (the first table) and not the Non-RIDDOR reportable part (second table). Our understanding is that totals should include everything.	Agreed Formula updated
NGN	RRP	Tab 2.7 should be included in the RRP pack	Change made
NGN	RRP	Tab 7.7 Environmental Other - The Broad Measure information within 7.7 could be linked directly from table 7.8	This has been linked
NGGD	RRP	Tab 1.4 - Cell C43 on table 1.4 needs to equal cell H46 on table 2.1	Updated to be equivalent to other sectors
NGGD	RRP	Tab 1.6 - Row references in RIGs don't match the template. Is there a proposed redesign of table 1.6 that has not yet been incorporated into the table pack?	Actioned - corrected row references
NGGD	RRP	Do we need to populate this table with the historical periods i.e. pre 15_16, so columns E-G. Greyout historic cells and Ofgem to pre-populate?	This table will need to be populated with the historical periods i.e. pre 15_16, so columns E-G and therefore they will remain yellow input cells
NGGD	RRP	Tab 2.5 Current year actuals cells greyed out - cell references E68, E91, E112 & E113. Change the cells to yellow input	Change made
NGGD	RIGs	Tab 3.10 - Last statement of RIGs not quite right, should read tables C and D.	Change made
NGGD	RRP	Tab 3.12 - Cell C9 has label 'Sc". Change to LDZ1	Change made

NGGD	RRP	Tab 3.13 - Line 23 'Average number of permits / project' boxes Q23 and L23 do not reflect the average they just total up the numbers which is a sum and is this misleading. Should be Line 23 averages.	Change made
NGGD	RRP	Tab 3.13 - Line 24 'Average length of street works / project' should be an automated field. Make line 24 to divide length decommissioned by number of projects.	Change made
NGGD	RRP	Tab 3.13 - Line 25 'Number of repairs within the TMA boundary / year' – this should be based on number of reported repairs rather than the number of individual repairs carried out to better reflect the permits granted. Line 25 change to reference reported repairs.	Change made
NGGD	RRP	Tab 3.2 - Formula error in cell w90. Cell W90 should read =SUM(W60:W89) rather than =SUM(W60:W86)	Change made
NGGD	RRP	<p>Tab 3.5 - We can only populate the gas distribution section for the relevant GDN.</p> <p>Numbers will reconcile to table 3.1 as per the instructions on the table. Transmission and non-regulated sections will be left blank. Table 3.5 is removed from the pack; on the basis that the information we provide on table 3.5 is readily available on table 3.1, as per the reconciliation point already outlined.</p>	Tab 3.5 Business Support has been removed from the RRP as information is already being captured in tab 3.1
NGGD	RRP	Tab 7.8 - The numbers of bio-gas projects expected in our East of England network exceeds the number of rows currently available in the table. Increase the number of rows to cater for 25 projects.	Change made