

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 the Gas and Electricity Markets Authority (the "Authority") gave notice¹ on 19 February 2018 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 2018, which relates to the relevant reporting year from 1 April 2017 to 31 March 2018. The RIIO-T1 Electricity Transmission Price Control – Regulatory Instructions and Guidance: Version 5.3 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 19 March 2018. The Authority received three representations.
7. We have considered the representations from consultees and have made a small 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 RIGs are shown in underlined font.
8. The modifications to the RIGs will take effect on and from 1 April 2018. Data submitted in respect of the 2017-18 reporting year should use the RIGs as modified.

¹ <https://www.ofgem.gov.uk/publications-and-updates/notice-proposing-modifications-regulatory-instructions-and-guidance-rigs-riio-et1-version-51>

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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Steven McMahon
Associate Partner, RIIIO Networks, Electricity
Duly authorised on behalf of the Authority
28 March 2018

Schedule to the Authority's Direction dated 28 March 2018

RIIO-T1 RIGs Version 5.3 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-version-53>

Appendix 1 to the Authority's Direction dated 28 March 2018

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)
5.1	Version published for consultation on 19 February 2018	
5.2	In light of further information from the licensees on the existing internal process in analysing the Electricity Ten Year Statement (published in November) Network Option Assessment (NOA, published in January) and finalising data for tables 5.3 and 5.4, we have decided to keep the requirement to populate the tables as part of the formal RRP process (i.e. submission by the end of July). The requirement to provide supporting commentary for these tables has therefore been reinstated.	General
5.2	<p>We have reinstated the text that was erroneously removed from the draft RIGs document regarding forecast boundary capability information (except reference to "by 31 July 2017").</p> <p>NGET, in its role as System Operator (SO), makes annual recommendations about preferred investment options to reinforce the National Electricity Transmission System (NETS) and meet the future transfer requirements. There are three stages in this process.</p> <ul style="list-style-type: none"> (i) Establishing the future energy scenarios of electricity (historically Gone Green). (ii) Evaluating the capability of the NETS to transmit power. The evaluation about the future transmission requirements and the current transfer capability of the NETS is published in the annual Electricity Ten Year Statement (EYTS). (iii) The Network Options Assessment (NOA) process. This builds upon the future capacity requirements described in EYTS and presents the network investment recommendations that will meet these requirements. 	Table 5.3, page 102

	<p>NGET has confirmed that it does not undertake boundary capability studies on a TO-best view scenario. Hence, NGET cannot provide a TO-best view forecast on boundary capability. We note NGET's intention to continue to provide a forecast based on latest intelligence, e.g. based on the latest NOA view.</p> <p>Any differences between the published view (NOA) and TO-best view (reported in table 4.2) must be further explained in the supporting commentary.</p>	
5.2	Introduction of separate definitions applicable to pre-construction and construction activity associated with strategic wider works projects. This is primarily applicable to rows 30 and 35 in table 4.1, but also to the data submitted under tables 4.2, 6.7 and 6.8.	Table 4.1, page 72
5.2	Removal of the "Fittings only" definition to improve the clarity of intervention reporting.	Table 5.6, page 106
5.2	We have developed further minor changes to the RIGs document to provide clarification, typographical errors and improve the information submission.	

Appendix 2 to the Authority's Direction dated 28 March 2018

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
5.1.0	Version published for consultation on 19 February 2018	
5.2	To note: the average RPI value for financial year 2017-18 (274.056) is a provisional value and will be replaced and confirmed with each licensee once the finalised the RPI is available.	Universal Data
5.2	This table has been reinstated to the template to avoid re-numbering of the '3-series' tables. The table will remain deliberately blank.	3.5
5.2	Cells O88 and P88 now have check formulas in line with that in cell N88.	4.1
5.2	Cells AV11:AY11 changed title from 'Forecast' to 'Actual'. Formula in cell O85 corrected to '=SUM(G85:K85)". Formatting changed in range G86:N87 (removed \$). Check cells included in cells 'Ranges (AJ88 to AQ88), (BI88 to BK88), (BS88 to BU88)	4.1
5.2	Columns DC, DD and DF rows 10 to 31 coloured yellow (input columns). Output totals in column DF "Output" rows 10 to 31 deleted.	4.2
5.2	Column O, cell 67 onward: amended the drop-down formula list to register the agreed "status" categories.	4.2
5.2	Construction definition (cell D684) amended to describe the principles to be applied in the identifying 'construction' activities. Pre-construction definition (cell D683) amended to reflect the principles to be applied in identifying 'pre-construction' activities.	4.2
5.2	Corrected errors in formulae in section B1 Cell range AD12:AL20 and changed headings in sections B1, F1, B2, B3, D2, D3, F2, and F3.	4.3.3
5.2	Seven additional rows added and formatting of VfM columns changed from \$.	4.8
5.2	Addition of two transmission boundaries applicable to SHE Transmission's area within the drop-down list: "Boundary 1a North West" and "Boundary 2a Peterhead".	5.3
5.2	Formula adjustments to account for the expanded boundary list in T5.3.	5.4 / 6.7 / 6.8
5.2	Minor changes to other Reporting pack tables to provide clarification, typographical errors and improve the information submission	