



Making a positive difference
for energy consumers

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

Email: Kiran.Turner@ofgem.gov.uk

Date: 14 March 2018

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 paragraph 10 of Part C of Standard Special Condition A40 (Regulatory Instructions and Guidance) ("SSC A40") of the Gas Transporter Licence, regarding our proposed changes.

These modifications are largely made for the purpose of clarifying the existing reporting requirements. However, the modifications do also introduce new elements following a pilot in 2017 of the Strategic Performance Overview (SPO).

If we implement these changes, they will take effect in April 2018¹. For the avoidance of doubt, this means that the data submitted in July 2018 (in respect of the 2017/18 reporting year) would use the RIGs as modified.

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

Yours faithfully,

Steven McMahon
Associate Partner RIIO Networks
14 March 2018

¹ We propose to modify the RIGs in a direction during April 2018.

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

Proposal to modify the Regulatory Instructions and Guidance

1. The Licensee is the holder of a 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 Proposals².
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, revisions to existing tables and updates to the RIGs guidance document, including the requirement for a Strategic Performance Overview (SPO). The purpose of the proposed modifications is to require the Licensee to provide more accurate, consistent and complete information to the Authority, so as to enhance the quality and accuracy of the information available to the Authority.
5. The proposed modifications refer specifically to information that is required to be submitted to the Authority on or before 31 July 2018. These modifications are to the following documents:
 - the RIIO-T1 Gas Transmission Price Control – Regulatory Instructions and Guidance: Version 5.1
 - the RIIO-T1 Gas Transmission Reporting template: Version 5.1
 - the RIIO-T1 Gas Transmission Revenue Return Pack: Version 5.1
6. The main modifications are summarised as follows:
 - A) The RIIO-T1 Gas Transmission Price Control – Regulatory Instructions and Guidance: Version 5.1:
 - i. revisions to Section 11 to include the requirements for the SPO;
 - ii. updated guidance on Physical Security Capex (Table 4.8);

¹ 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.

² <https://www.ofgem.gov.uk/publications-and-updates/riio-t1-final-proposals-national-grid-electricity-transmission-and-national-grid-gas-%E2%80%93-overview>

- iii. additional changes to reflect modifications to the RIIO-T1 Gas Transmission Reporting template: Version 5.1;
- iv. updated guidance on how to report costs with more than one driver for the Gas constraints & TSS (Table 6.4).

B) The RIIO-T1 Gas Transmission Reporting template: Version 5.1:

- i. the deletion of three tables: Business Support – allocation (Table 3.5), Demand Forecasting (DF) data (Table 7.9) and DF adjustment (Table 7.10). These tables are either no longer required for the Annual Iteration Process, or the data is already reported elsewhere.
- ii. revisions to Asset health projects (Table 4.2a) to understand the capex spend for projects. This includes planned and sanctioned projects that have an estimated cost of completion over £10m.
- iii. formulae revisions to the Gas constraints & TSS (Table 6.4) to resolve a duplication reporting issue, which created a difference of £580k in 2016/17. This was not a submission error.
- iv. the inclusion of additional condition and risk tables to Table 6.6 in line with the Network Output Measures (NOMs) requirements.
- v. revisions to Tables 4.2, 4.6 and 5.8 to include data for all years of the RIIO-GT1 price control, to capture the Licensee’s views on current forecast levels.

Further revisions are set out in the ‘Changes’ tab.

Further information

- 7. Appendix 1 to this Notice provides a link to the following documents, which show the full set of proposed modifications as incorporated:
 - (a) the RIIO-T1 Gas Transmission Price Control – Regulatory Instructions and Guidance: Version 5.1
 - (b) the RIIO-T1 Gas Transmission Reporting template: Version 5.1
 - (c) the RIIO-T1 Gas Transmission Revenue Return Pack: Version 5.1
- 11. Copies of this Notice and other documents referred to in it are available on the Ofgem website (www.ofgem.gov.uk).
- 12. Any representations on the proposed modifications must be made on or before 11 April 2018 to Kiran Turner by email to Kiran.Turner@ofgem.gov.uk or Ofgem, 3rd Floor, 9 Millbank, London, SW1P 3GE.
- 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**

14 March 2018

Appendix 1: Regulatory Instructions and Guidance incorporating proposed modifications

A copy of the proposed the RIIO-T1 Gas Transmission Price Control – Regulatory Instructions and Guidance: Version 5.1, the proposed RIIO-T1 Gas Transmission Reporting template: Version 5.1 and the proposed RIIO-T1 Gas Transmission Revenue Return Pack: Version 5.1 can be found on our website at:

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