

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. In accordance with paragraph 10 of SSC A40 of the Licence, the Authority¹ gave notice on 13 March 2019² that it proposed to modify the RIIO-GD1 Regulatory Instructions and Guidance (the "RIGs"). The aim of the RIGs is to enable the Authority to collect the information necessary to enable it to administer the Special Conditions of the Licence and, where not referenced in the Licence, the RIIO-GD1 Final Proposals.
3. The Authority requested that any representations on the proposed modifications be made on or before 11 April 2019. The Authority received representations from all the Licensees. We have considered these representations and our response to them are set out in Appendix 1 to this Direction.
4. The Schedule to this Direction provides a link to the following documents, which incorporate all the modifications, including those made in light of consultation responses:

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/notice-proposing-modifications-regulatory-instructions-and-guidance-rigs-riio-gd1-version-60>

- a. RIIO-GD1 Gas Distribution Price Control – Regulatory Instructions and Guidance: Version 6.0;
- b. RIIO-GD1 Gas Distribution Reporting Pack: Version 6.0 template

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.

The modifications will take effect on 30 April 2019.

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

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Steve McMahon
Deputy Director, RIIO Electricity Distribution and Cross Sector Policy
Duly authorised on behalf of the Authority
30 April 2019

Schedule to the Authority's Direction dated 30 April 2019

RIIO-GD1 Regulatory Instructions and Guidance

A copy of the RIIO-GD1 Gas Distribution Price Control – Regulatory Instructions and Guidance: Version 6.0 and RIIO-GD1 Gas Distribution Regulatory Reporting Template: Version 6.0 can be found on our website at:

<https://www.ofgem.gov.uk/publications-and-updates/direction-make-modifications-regulatory-instructions-and-guidance-rigs-riio-gd1-version-60>

Appendix 1 to the Authority's Decision dated 30 April 2019

Modification of RIIO-GD1 Regulatory Instructions and Guidance - Summary of consultation responses

Raised by	Area	Respondent Comments	Ofgem Comments
All GDNs	Regulatory Reporting Template Multiple tables	Current year not updated and not correctly aligned to pick up with linked cells.	Changes made in all relevant tables
NGN	Regulatory Reporting Template Table 3.1 Shrinkage	Rows 13, 39 linking incorrectly to wrong current year. Rows 25, 30, 51 and 56 missing formulae.	Changes made
NGN	Regulatory Reporting Template Table 7.1 Safety Outputs	Service pipes and non pipe-specific items are in a different order on the RIDDOR and non-RIDDOR sections.	Change made
NGN	Regulatory Reporting Template Table 7.3 Asset Health & Criticality	Row 5 – Change current position from April 2018 to 31st March 2019. Row 28 – Change RIIO-GD1 start date from April 2013 to 1st April 2013.	Changes made

		<p>Row 51 – Change Without Intervention date from March 2021 to 31st March 2021.</p> <p>Row 75 – Change With Intervention from March 2021 to 31st March 2021.</p>	
Cadent	Regulatory Reporting Template Table 3.13 Streetworks	<p>Previous consultations requested for Streetworks Table to be reviewed as the data requirement in the current table is extremely complex.</p> <p>The proposed revisions have been circulated to Ofgem and GDNs and would appreciate a view from Ofgem on whether it will adopt the revised template or a modified version of it.</p>	We do not propose to change the table at this time, but are considering this in the future.
Cadent	Regulatory Reporting Template Reporting of the new Cast-Iron Sealing Robot (CISBOT) innovation workstream	<p>Existing RIGs tables and associated definitions does not appear to have an appropriate category to report this activity as part of the RRP submission, as it is neither repair nor replacement and it doesn't meet the RIGs definitions associated with replacement activities. Therefore, we propose a new category for RRP to accommodate this new approach to reducing risk:</p> <ul style="list-style-type: none"> Inclusion of a separate remediation record - either as its own tab in the data tables or included as a separate line item in an existing table. In either scenario we would be aiming to claim remediation length (not mains replacement length) Inclusion in the monetised risk model as a further contribution to reduce monetised risk. We understand that it could be reasonably easy to include in the model and that this can be agreed between GDNs for consistency. 	<p>Where CISBOT (Cast Iron Sealing Robot) is being used as a means of joint refurbishment, it should be reported under the Repex category that relates to the parent iron main, e.g. Table 5.2c (Repex other mains) within Repex Tier 3.</p> <p>Cost and workload figures, along with any other figures that have been reported in the RRP, relating to the use of CISBOT should also be provided separately, in tabular format, in the supplementary commentary.</p> <p>Cost figures should be provided in £m to 3dp, and workload figures should include the following metrics:</p> <ul style="list-style-type: none"> Total length of iron mains that has undergone CISBOT intervention. Each diameter shall be reported separately. Total number of joints that have been refurbished using CISBOT. Each diameter shall be reported separately.

			<p>The supplementary commentary should provide a clear narrative to justify the use of CISBOT in place of mains replacement, including the assumed extension to asset life, and identify where all CISBOT costs and workload figures (and any other CISBOT-related figures) have been reported in the RRP. The narrative should also detail any interaction with NOMS reporting.</p> <p>We will consider how this can be reported within RRP in the future.</p>
Cadent	Regulatory Reporting Template Universal Data Table	Change company name from NGGD to Cadent.	Change made
Cadent	Regulatory Reporting Template Table 2.2 Totax summary	<p>Row 145 formula is picking up the wrong year inflation figure from the 'Universal Data' Table.</p> <p>Row 136 formula is picking up the wrong Retail Price Index (RPI) from the 'Universal Data' Tab.</p>	Changes made
Cadent	Regulatory Reporting Template Table 2.3 Workload summary	<p>Cell F15 ('number of holders removed') formula is linking to the previous year cell.</p> <p>Remove incorrect year quoted in cell A7 ('current year RRP submission')</p>	Changes made

Cadent	Regulatory Reporting Template Table 2.7 Performance snapshot	Change formulae on the following cells all in column D (24,25,29,30,32,36,37 & 38) which are not correctly aligned to correct year.	Changes made
Cadent	Regulatory Reporting Template Table 5.1 Repex Summary	Change fomula in cells G61 'Planned permanent isolation' and G62 'Permanent isolation on Failure' to include associated costs and workload.	Changes made
Cadent	Regulatory Reporting Template Table 7.2 Reliability Outputs	New description wording below should be made clearer: Number and duration of non-contractual interruptions – That the data completed under this section should exclude major incidents. Major incidents - Should indicate that the table is standalone.	Changes made
Cadent	Regulatory Reporting Template Table 7.4 PREs, Reports & Repairs	Delete title of the sheet which is repeated in column C.	Change made

Cadent	Regulatory Reporting Template 7.7 Environment other	Amend description provided in cell G14 to capture the correct linked cell.	Change made
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