

**National Grid Gas plc (the "Licensee")
(with respect to its gas transmission
network)** (Company Number: 02006000)

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Date: 07 May 2019

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

Whereas –

1. The Licensee has been granted a Licence under section 7 of the Act and is subject to the conditions contained in the Licence.
2. In accordance with paragraph 10(a) of SSC A40 the Gas and Electricity Markets Authority (the "Authority") gave notice¹ on 13 March 2019 that it proposed to modify the RIIO-T1 Gas Transmission Price Control Regulatory Instructions and Guidance (the "RIGs and other associated documents").
3. The RIGs are the primary means by which the Authority directs the Licensee 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.
4. The Authority requested that any representations to the proposed modifications be made on or before 11 April 2019. The Authority received one response. In accordance with paragraph 10(b) of SSC A40, we have considered this response and made changes as set out in Appendices 1 and 2 to this Direction. The version number for the RIGs and associated documents has been updated to reflect the modifications. The modifications to the RIGs Reporting Pack Template are also noted in the "changes log" tab of the pack.
5. The modified RIGs will take effect for the submission of information due in July 2019, which relates to the relevant reporting year from 1 April 2018 to 31 March 2019.
6. The suite of modifications refer to information and templates required to be submitted to the Authority on or before 31 July 2019 in the following areas:
 - the RIIO-T1 Gas Transmission Price Control – Regulatory Instructions and Guidance: Version 6.2
 - the RIIO-T1 Gas Transmission Reporting template: Version 6.2
 - the RIIO-T1 Gas Transmission Reporting Return Pack: Version 6.2

¹ <https://www.ofgem.gov.uk/publications-and-updates/notice-proposing-modifications-regulatory-instructions-and-guidance-rigs-riio-qt1-version-61>

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

- the RIIO Regulatory Financial Performance Reporting – Regulatory Instructions and Guidance
- the RIIO Regulatory Financial Performance Reporting - Template

Now therefore –

Pursuant to paragraph 8 of SSC A40 of the Licence, the Authority hereby modifies the RIGs in the manner specified in the attached Schedule.

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

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Steven McMahon
Deputy Director, Network Price Controls, Systems & Networks
Duly authorised on behalf of the Authority
7 May 2019

Schedule to the Authority's Direction dated 7 May 2019

RIO-T1 Gas Transmission Price Control – Regulatory Instructions and Guidance are available on the Authority's website at:

<https://www.ofgem.gov.uk/publications-and-updates/direction-modify-gas-transmission-regulatory-instructions-and-guidance-rigs-rio-t1>

Appendix 1 to the Authority's Direction dated 7 May 2019

Modifications to RIIO-T1 Gas Transmission Price Control – Regulatory Instructions and Guidance

Guidance version No.	Full details of the changes made since the last version	Paragraph, page or section reference
6.1	Version published for consultation 13 March 2019	
6.2	Text added: SO Closely Associated Indirects Operational IT and Telecoms IT equipment which is used exclusively in the management of network assets, but which does not form part of those network assets	3.1
6.2	Section removed and clarification that there is no requirement to populate this tab.	3.5
6.2	Text added to "Purpose and use by Ofgem": The worksheet has been updated to reflect PARCA requirements, including efficient expenditure and receipts required for the PARCA revenue calculation in the PCFM. Text added to "Guidance on completing this worksheet": <ul style="list-style-type: none">• Relevant annual amounts of efficient expenditure on release of Funded Incremental Obligated Entry or Exit Capacity, and PARCA termination amounts recovered by NGGT.	6.3

Appendix 2 to the Authority's Direction dated 7 May 2019

Modifications to RIIO-T1 Gas Transmission Price Control – Regulatory Reporting Template

Reporting Pack Version Number	Full details of the changes made since the last version	Specific Tables Changed
6.1	Version published for consultation on 13 March 2019	
6.1	At top of 1.5 add "[Reported in RFPR, not required for 2018-19 reporting]"	1.5
6.1	At top of 1.4 add "[Reported in RFPR, not required for 2018-19 reporting]"	1.4
6.1	Operating Margins Availability, Utilisation Cost and Utilisation Volumes greyed out.	7.1
6.1	Clarify treatment of Information Technology (IT) costs between the Closely Associated Indirects (CAI) category and Business Support (BS). Rows added to provide 'RIG's adjustment'.	3.1, 3.4, 3.6
6.1	Table added to allow restatement of ASEP based on static CV of 39.	6.5
6.2	Addition of PARCA termination reporting from revenue reporting pack to reflect PCFM change	2.5, 6.3
6.2	Further clarity of treatment of Information Technology (IT) costs between the Closely Associated Indirects (CAI) category and Business Support (BS). - 3.1a: SO Business Support / CAI sections need to be added for CAI (IS opex) adj.; the same adj lines will need to be replicated across 3.1b and 3.1c - 3.4 / 3.6: remove T3.4 row 22 and T3.6 row 19 (Operational IT & Telecoms RIG's Adjustment lines) as the adjustments for each forms of control are already provided in T3.1	3.1, 3.4, 3.6
6.2	Physical Capacity of NTS Connectees - Various format changes made: • Row 9 – changed to white, cell E9 + S9 left blank • column L (2019) – changed to yellow • columns V/Y/AB/AE/AH linked with columns G to K (hence auto-populated cells in grey cell format) • formula columns for original submitted v restated numbers (columns W/Z/AC/AF/AI) added to provide comparison stats (hence formulated cells in grey cell format) • 5 x new rows added for Directs & Other (row 280 onwards)	6.5
6.2	UM - GSO capex - Actuals for uncertain capex for the GSO linked to table 4.1. Linked cells D48:I48 to 4.1 I55:N55	2.2
6.2	UM - GSO opex - In year actuals for uncertain opex for the GSO linked to table 3.1. Linked cell I49 to 3.1 H95	2.2
6.2	RIGs reporting year header linked with 'Universal data'!C21 - linked cells A3 to "='Universal data'!C21" to reflect reporting year as 18/19 across all 5 tabs	6.6 (x5)
6.2	Reported Actuals and Forecasts - 2017 and 2018 Reported Actuals and Forecasts sections populated	Previous Years tab
6.2	2018-19 RPI value updated	Universal data

6.2	LR - Baseline - Entry section - 5 new rows inserted NLR - Baseline - IED - IPPC - 3 new rows inserted	4.2
6.2	Cells J10 and J13 changes to yellow (input cells)	6.1
6.2	New section inserted (5 lines for input, 1 line for summing the section) from row 151 downwards, Project Type 1 description as "IED - MCP" and cell F156 as "Total IED - MCP (baseline)	4.2