

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

Email: [james.santos-mansur@ofgem.gov.uk](mailto:james.santos-mansur@ofgem.gov.uk)

Date: 09 March 2020

Dear Company Secretary and stakeholders,

**Proposal to make modifications to the RIIO-GT1 Gas Transmission Price Control - Regulatory Instructions and Guidance**

We propose to make changes to the RIIO-GT1 Gas Transmission Price Control - Regulatory Instructions and Guidance ("RIGs") and enclose herein Notice of the proposed changes. The Notice is issued in accordance with paragraph 10(a) of Part C of Standard Special Condition A40 (Regulatory Instructions and Guidance) ("SSC A40") of the Gas Transporter Licence.

The proposed modifications to the RIGs are:

RIIO-GT1 Regulatory Instructions and Guidance Version 7.1

- i. At Chapter 2: General Instructions for completing data template worksheet, two new paragraphs, 2.6 and 2.7, have been inserted under "Accounting Policies". The new paragraphs are required to reflect changes to the International Financial Reporting Standards relating to the treatment of lease assets, liabilities, and costs.

RIIO-GT1 Regulatory Reporting Template Version 7.1

- ii. Line added to capture Closely Associated Indirect Costs for the System Operator in the 'Previous years' and 'Totex forecast' tabs.
- iii. Annual administrative updates required to reflect the current regulatory year, including highlighting input fields and changing date ranges.

RIIO-GT1 Revenue Return Pack Version 7.1

- iv. Annual administrative updates required to reflect the current regulatory year, including to the GT1 Revenue RRP on the Inputs sheet; updates to the actual RPI, RPI growth forecast, and Average Specified Rate.

We welcome comments on the proposed modifications. Information on how you can respond to the modifications is contained in the Notice. If implemented the proposed changes will take effect from 06 April 2020. That will mean that data submitted in July 2020 (in respect of the 2020/21 reporting year) will comply with the modified RIGs.

Yours faithfully,

**Steven McMahon**  
**Deputy Director, Network Price Controls**  
**09 March 2020**

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

**Notice under paragraph 10(a) of Standard Special Condition A40 (Regulatory Instructions and Guidance) ("SSC A40") of the Gas Transporter Licence**

The Gas and Electricity Markets Authority (the "Authority"<sup>1</sup>) hereby gives notice in accordance with paragraph 10(a) of SSC A40:

***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.
3. The proposed modifications make changes to the following documents:
  - RIIO-GT1 Regulatory Instructions and Guidance Version 7.1
  - RIIO-GT1 Regulatory Reporting Template Version 7.1
  - RIIO-GT1 Revenue Return Pack Version 7.1
4. The proposed modifications relate to information that the Licensee is required to submit to the Authority on or before 31 July 2020. The purpose of the proposed modifications is to improve the quality of the information that the Licensee is required to provide the Authority.
5. The full text of the proposed modifications is set out in the documents provided in the hyperlink at [Appendix 1](#) to this Notice. A summary of the proposed modifications is provided below:

RIIO-GT1 Regulatory Instructions and Guidance Version 7.1

- i. At Chapter 2: General Instructions for completing data template worksheet, a new paragraph 2.6 has been inserted under "Accounting Policies". The new paragraph is required to reflect changes to the International Financial Reporting Standards relating to the treatment of lease assets, liabilities and costs.

RIIO-GT1 Regulatory Reporting Template Version 7.1

- ii. Line added to capture Closely Associated Indirect Costs for the System Operator in the 'Previous years' and 'Totex forecast' tabs.
- iii. Annual administrative updates required to reflect the current regulatory year, including highlighting input fields and changing date ranges.

RIIO-GT1 Revenue Return Pack Version 7.1

- iv. Annual administrative updates required to reflect the current regulatory year, including to the GT1 Revenue RRP on the Inputs sheet; updates to the actual RPI, RPI growth forecast, and Average Specified Rate.

***Further information***

6. Copies of this Notice and the documents referred to in it are available on Ofgem's website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)).

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<sup>1</sup> 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.

7. Representations in response to the proposed modifications must be made to the Authority within 28 days of the date of this notice. Representations should be sent to James Santos-Mansur, Ofgem, Systems & Networks, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to [james.santos-mansur@ofgem.gov.uk](mailto:james.santos-mansur@ofgem.gov.uk).
8. We would prefer to receive responses in an electronic form so that they can be easily published easily on our website. If you do not wish your response to be published, please clearly mark it as not for publication.
9. If the proposed modifications are implemented they will take effect from 06 April 2020.

**Steven McMahon,  
Deputy Director, Network Price Controls  
Duly authorised on behalf of the Authority  
09 March 2020**

#### **Appendix 1:Regulatory Instructions and Guidance incorporating proposed modifications**

The full text of the proposed modifications to the RIIO-GT1 Regulatory Instructions and Guidance Version 7.1; the RIIO-GT1 Regulatory Reporting\_Template Version 7.1; and the RIIO-GT1 Revenue Return Pack Version 7.1 can be viewed on our website at:

<https://www.ofgem.gov.uk/publications-and-updates/notice-proposing-modifications-regulatory-instructions-and-guidance-rigs-riio-gt1-version-71>