

To Distribution Network Operators (DNOs),
Gas Distribution Networks (GDNs),
Transmission Owners (TOs),
the Electricity System Operator (ESO),
Energy supply companies,
gas shippers and other interested stakeholders.



Making a positive difference
for energy consumers

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All,

Decision on principles of use for RIIO-2 Associated Documents

1. On 30 September 2020 the Gas and Electricity Markets Authority ("the Authority")¹ published on its website the RIIO-2 Informal Licence Drafting Consultation², where we consulted on the RIIO-2 principles of use for Associated Documents (Questions 4 and 5).
2. In our consultation we described Associated Documents as documents that are created under the licence conditions that supplement those conditions and are subordinate to them. They are important for licensees subject to the RIIO-2 price controls as they provide information, requirements and guidance that are not proportionate for inclusion in the licence conditions.
3. We received 11 responses, to these questions, which we have carefully considered. Our response to these comments is set out in the issues log which can be found on our website.³

We have made one change to the principles in light of responses, to make principle 8 clearer.

4. Otherwise, we are adopting the principles as consulted on. These are reflected in the final text of the modifications to licences directed on 3rd February 2021 [footnote link] and the Associated Documents we are developing for RIIO2; the first finalised versions of which are being published today alongside this decision.
5. The Associated Document principles are:

¹ The terms "the Authority", "we" and "us" are used interchangeably in this document.

² https://www.ofgem.gov.uk/system/files/docs/2020/09/riio-2_informal_licence_drafting_consultation.pdf

³ <https://www.ofgem.gov.uk/publications-and-updates/price-control-deliverable-reporting-requirements-and-methodology-document-version-1>

- i. Associated Documents must have a logical title, giving the reader a sense of what it will contain and use relevant words from the licence condition in the title.
- ii. The licence must set out whether the licensee is required to comply with an Associated Document, use best or reasonable endeavours to comply with it or simply to have regard to it. The Associated Document may also contain other useful information that the licensee doesn't have to comply with.
- iii. The licence must set out the circumstances in which the licensee has to comply with or have regard to the Associated Document, either by setting this out in a standalone paragraph or where this is very clear from the nature of the Associated Document.
- iv. The relevant licence condition must set out clearly what the Associated Document will encompass.
- v. Associated Documents should only be used where more detail and explanation is required, beyond that in the relevant licence condition.
- vi. There should be a clear division between Associated Documents such that they do not cover the same ground.
- vii. The relevant licence condition must set out the change control process that applies to the relevant Associated Document.
- viii. There is no need for the licence to state that "the licensee does not need to comply with [the AD] until it has been issued", as that is inherent in the process of issuing Associated Documents.
- ix. Obligations on licensees must be drafted clearly whether in the licence condition or the Associated Document, so licensees can be sure what is expected of them.
- x. Associated Documents must be published in a timely fashion bearing in mind the specifics of the Associated Document and the obligations in question.

6. For more information on this decision you should contact Kelvin Hui (Kelvin.Hui@Ofgem.gov.uk).

Min Zhu

Deputy Director, ET Sector, Systems & Networks

On behalf of the Authority and authorised for that purpose by the Authority