

National Grid Electricity Transmission Plc,  
Scottish Hydro Electric Transmission Plc,  
SP Transmission Limited,  
National Grid Gas Plc,  
Cadent Gas Limited,  
Northern Gas Networks Limited,  
Scotland Gas Networks plc,  
Southern Gas Networks plc,  
Wales & West Utilities Limited

Direct Dial: 020 901 7000

Email: Anna.Kulhavy@ofgem.gov.uk

Date: 02/03/2021

Dear Network Companies,

**Direction under Part B of Special Condition 9.1 (Annual Environmental Report) to issue the Environmental Reporting Guidance**

1. Each of the companies to whom this direction is addressed is the holder of a licence granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 or section 7 of the Gas Act 1989.
2. In accordance with paragraph 9.1.10 of Special Condition 9.1 (Annual Environmental Report), on 17 December 2020 the Gas and Electricity Markets Authority ("the Authority")<sup>1</sup> published on its website the text of the proposed Environmental Reporting Guidance and stated that representations must be made on or before 29 January.
3. We received 14 responses, which we have carefully considered. We have placed all non-confidential responses on our website: <https://www.ofgem.gov.uk/publications-and-updates/rrio-2-environmental-report-guidance-document>
4. We have made a number of changes to the proposed text as a result of the consultation responses, with our reasons set out in an issues log. A copy of the issue log, the full text of the Environmental Reporting Guidance, as well as a tracked change version compared with that published on 17 December 2020 can be found here: <https://www.ofgem.gov.uk/publications-and-updates/rrio-2-environmental-reporting-guidance>
5. The reason for this direction is to give effect to our decision in Final Determinations<sup>2</sup> that licensees prepare an Annual Environmental Report in accordance with the Environmental Reporting Guidance, as required by Part A of Special Condition 9.1.
6. This direction is our notice of reasons for the purposes of section 49A of the Electricity Act 1989 and section 38A of the Gas Act 1986.

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

<sup>2</sup> Section 4 Quality of service – setting outputs for RIIIO-2,  
[https://www.ofgem.gov.uk/system/files/docs/2020/12/final\\_determinations\\_-\\_core\\_document.pdf](https://www.ofgem.gov.uk/system/files/docs/2020/12/final_determinations_-_core_document.pdf)

7. Now the Authority pursuant to the provisions of Special Condition 1.1 (Interpretation and definitions) and Special Condition 9.1 hereby directs that the Environmental Reporting Guidance is issued and will have effect from 1 April 2021.

For more information regarding this Direction you should contact Anna Kulhavy,  
[Anna.Kulhavy@ofgem.gov.uk](mailto:Anna.Kulhavy@ofgem.gov.uk)

**Min Zhu**

Deputy Director, ET Sector, Systems & Networks

**Michael Wagner**

Deputy Director, Gas Sector, Systems & Networks

Signed on behalf of the Authority and authorised for that purpose by the Authority