

Cadent Gas
Northern Gas Networks
Southern Gas Networks
Wales and West Utilities
National Grid Gas Transmission
National Grid Electricity Transmission
Scottish Hydro Electric Transmission plc
Scottish Power Transmission



Making a positive difference
for energy consumers

Email: Mohamed.khalif@ofgem.gov.uk

Joseph.slater@ofgem.gov.uk

Date: 29/03/2021

Dear Network Companies,

Direction under Part B of Special Condition 3.5 (Net Zero and Re-opener Development Fund use it or lose it allowance) to issue the Net Zero and Re-opener Development Fund Governance Document

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 3.5.9 of Special Condition 3.5 (Net Zero and Re-opener Development Fund use it or lose it allowance) on 16 February 2021 the Gas and Electricity Markets Authority ("the Authority")¹ published on its website the text of the proposed Net Zero and Re-opener Development Fund Governance Document and stated that representations must be made on or before 16 March 2021.
3. We received 10 responses, which we have carefully considered. We have placed all non-confidential responses on our [website](#). Our response to these comments is set out in the issues log, which can be found alongside this publication.

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

4. We have made a number of changes to the proposed text as a result of consultation responses and to provide further clarity for reasons set out in the issues log. The full text of the Net Zero and Re-opener Development Fund Governance Document, as well as a tracked change version compared with that published on 16 February 2021, can be found [here](#).
5. The reason for this direction is to give effect to our decision in Final Determinations² to issue a Governance document which set outs the arrangements for the Net Zero and Re-opener Development use it or lose it allowance, as required by Part B of Special Condition 3.5.
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.
7. Now the Authority pursuant to the provisions of Special Condition 1.1 (Interpretation and definitions) and Special Condition 3.5 hereby directs that the Net Zero and Re-opener Development Fund Governance Document is issued and will have effect from 1 April 2021.

For more information regarding this Direction you should contact Mohamed Khalif (Mohamed.khalif@ofgem.gov.uk) or Joseph Slater (joseph.slater@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

² https://www.ofgem.gov.uk/system/files/docs/2020/12/final_determinations_-_core_document.pdf