



Regulatory Instructions and Guidance modifications

Northern Powergrid's response to Ofgem's proposal to make modifications to the Regulatory Instructions and Guidance

KEY POINTS

- We are pleased to note that Ofgem has incorporated the majority of our previous suggestions on the Regulatory Instructions and Guidance (RIGs) or offered reasons as to why decisions have been deferred to next year.
- The attached template includes those items we recommend Ofgem revisits ahead of finalising the RIGs. Our comments are offered in order to address noted errors, inconsistencies with the distribution licence or where we think Ofgem has misinterpreted some of the drafting revisions previously submitted.
- Importantly we also offer a suggested deletion of a “stated intent” written into the RIGs for the innovative solutions section of annex J to remove a conflict with the findings of the Competition and Markets Authority (CMA) in the Northern Powergrid price control appeal.
- We would like to draw your attention to the following items in particular, which may inform future work to develop the RIGs as well as changes that can be made immediately:
 - We encourage Ofgem to remain minded to review the outcomes of the DPCR5 Close-Out Methodologies (on items such as material changes) and to review and update the RIGs if necessary, through a future consultation process, to ensure consistency for the RIIO-ED1 period.
 - The Competition and Markets Authority (CMA) Final Determination in the Northern Powergrid Appeal noted that “We assume that the effect of our Order will be that ..., where appropriate, any future changes to GEMA’s DPCR5 Regulatory Instructions and Guidance (RIGs) will be implemented to be consistent with our determination.” At a minimum the conclusions of the CMA on the smart grids ground of appeal strongly steer Ofgem to delete the statement in the innovative solutions section of annex J that the reported information will be “used to inform on potential savings and costs during the RIIO-ED2 price control period”. Ofgem should also take into account the findings of the CMA during any more substantive review in future of reporting on innovative solutions.