



Making a positive difference
for energy consumers



RIIO-GD1 Annual Report Supplement

2015-16

RIIO-GD1 Supplement

This supplementary document summarises the performance of the gas distribution network companies (GDNs) in the third year of the RIIO-GD1 price control.

RIIO-GD1 uses the RIIO (Revenue = Incentives + Innovation + Outputs) price control model.

Under the RIIO framework, GDNs are encouraged to deliver their outputs in a cost-effective manner, using innovation and efficiency improvements to deliver savings compared to their spending allowances. GDNs are allowed to retain a part of any savings achieved, with the rest being passed on to consumers.

For more information on GDNs performance and expenditure refer to the 2015-16 RIIO-GD1 annual report.

Industry Customer

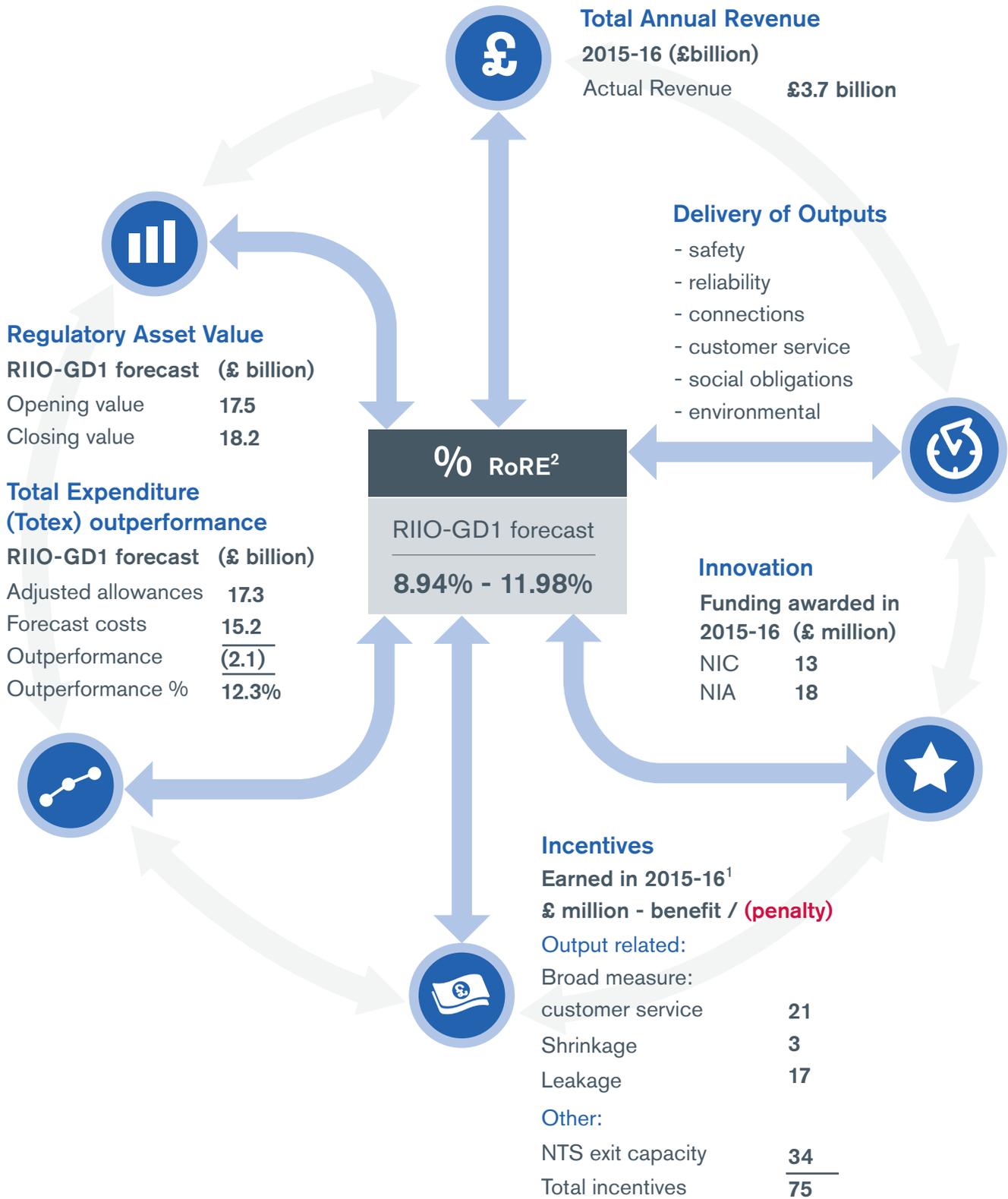


Key

- green ✓ Companies have successfully achieved an annual output or are on-target to meet the eight-year output commitment
- Some companies are at risk of failing the eight-year output commitment
- red ✗ Some companies have failed to achieve an annual output or we forecast that an eight-year output commitment will fail
- Output under review

Industry

Network company

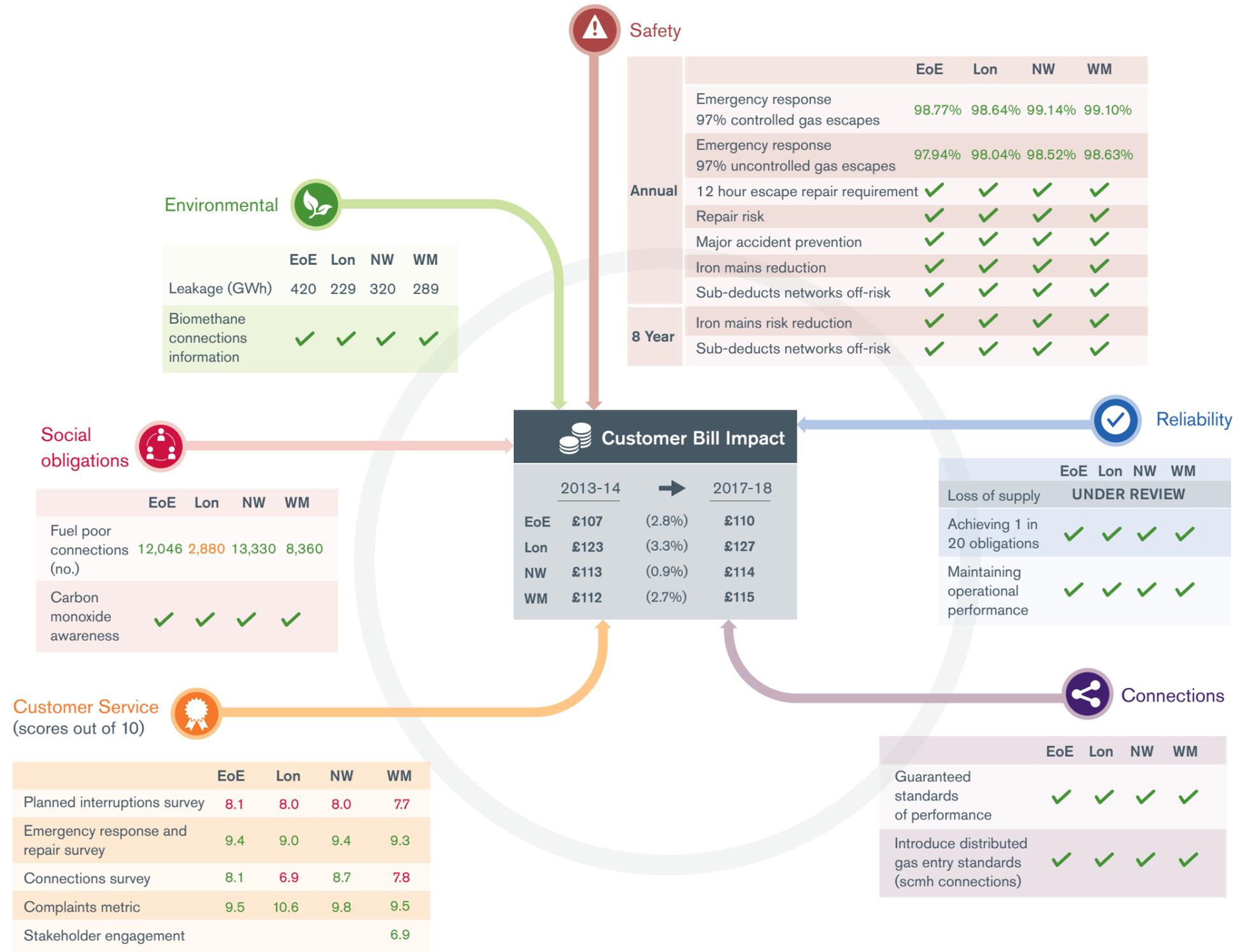


¹ earned in 2015-16 but due to the two year lag this will impact annual revenue in 2017-18

² Return on Regulatory Equity

National Grid Gas Distribution

Customer



Key

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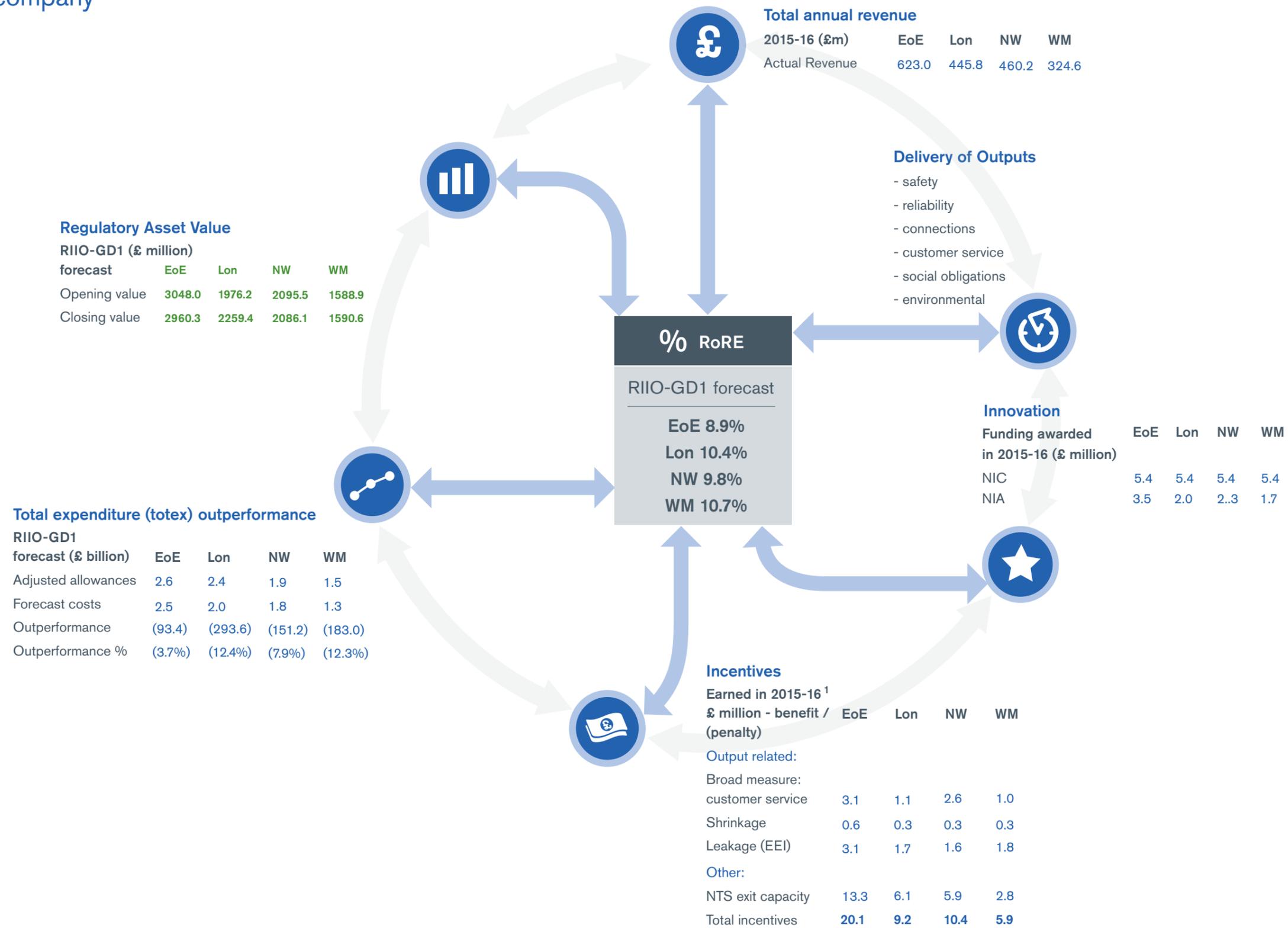
red ✗ Failed to achieve an annual output or forecast that an eight-year output commitment will fail

amber ■ The eight-year output commitment is at risk of failing

■ Output under review

National Grid Gas Distribution

Network company



¹ earned in 2015-16 but due to the two year lag this will impact annual revenue in 2017-18

Northern Gas Ltd

Customer

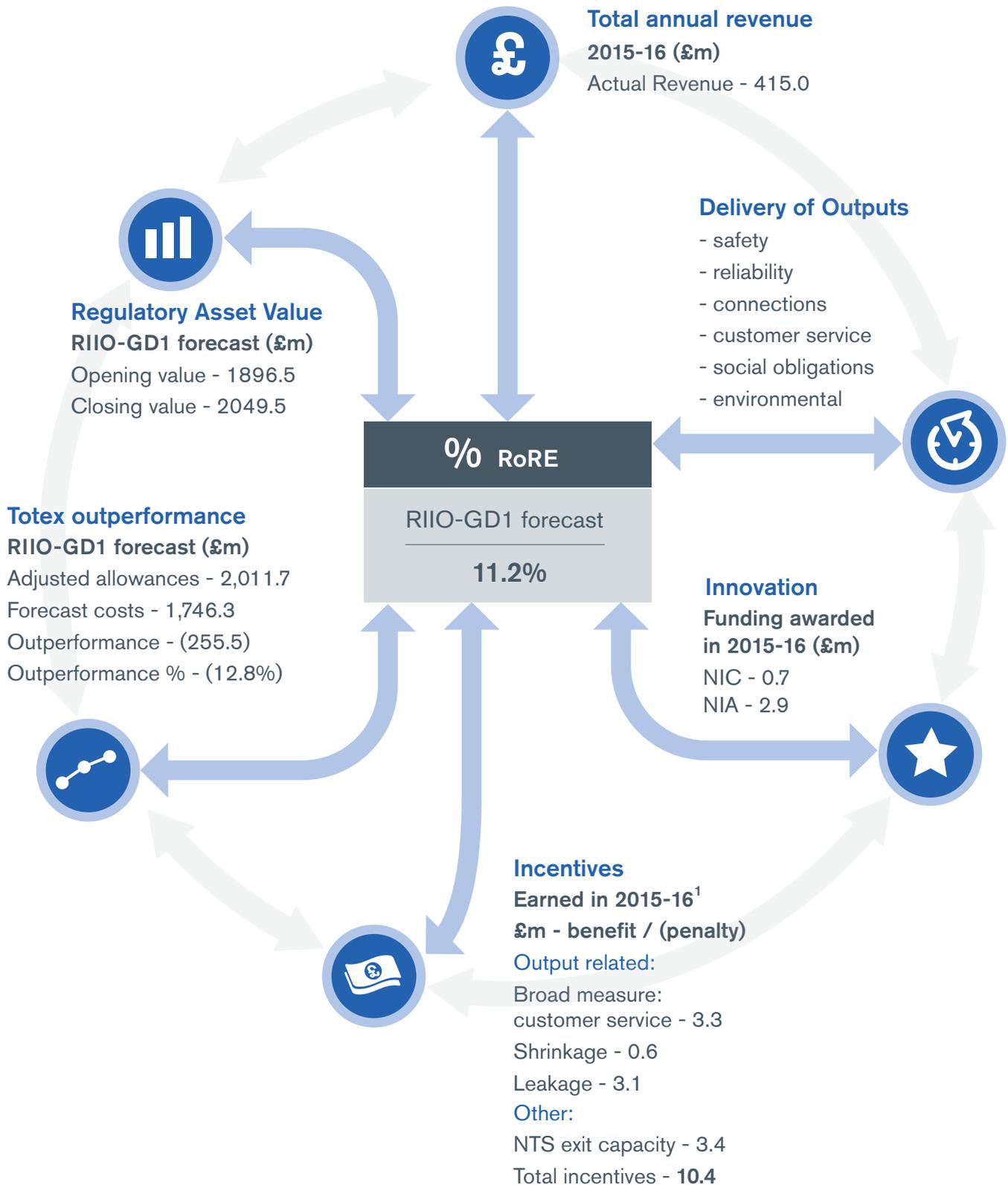


Key

- green ✓ Successfully achieved an annual output or are on-target to meet the eight-year output commitment
- orange ■ The eight-year output commitment is at risk of failing
- red ✗ Failed to achieve an annual output or forecast that an eight-year output commitment will fail
- grey ■ Output under review

Northern Gas Ltd

Network company



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SGN

Customer

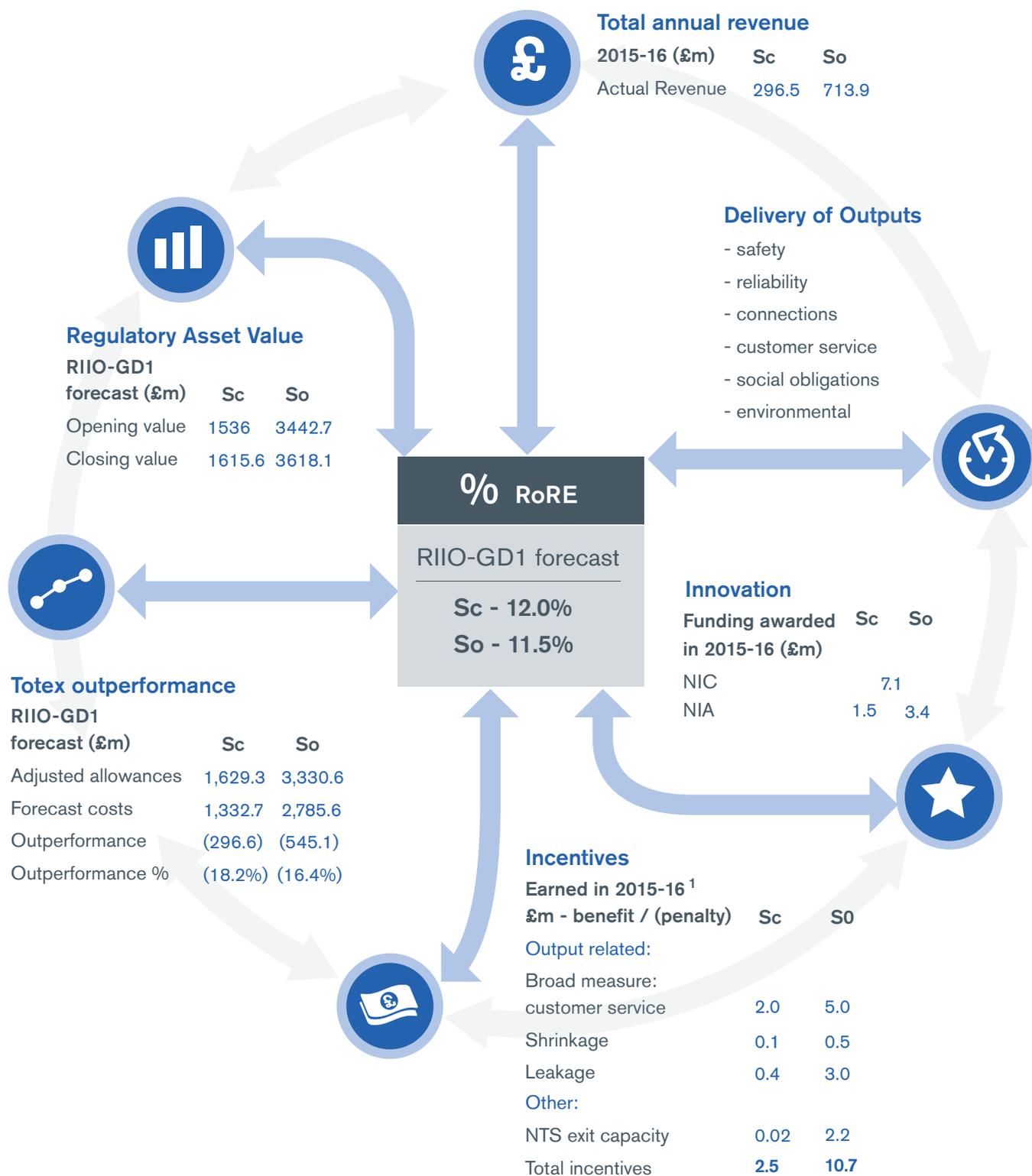


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SGN

Network company



¹ earned in 2015-16 but due to the 2 year lag this will impact annual revenue in 2017-18

Wales and West Utilities

Customer

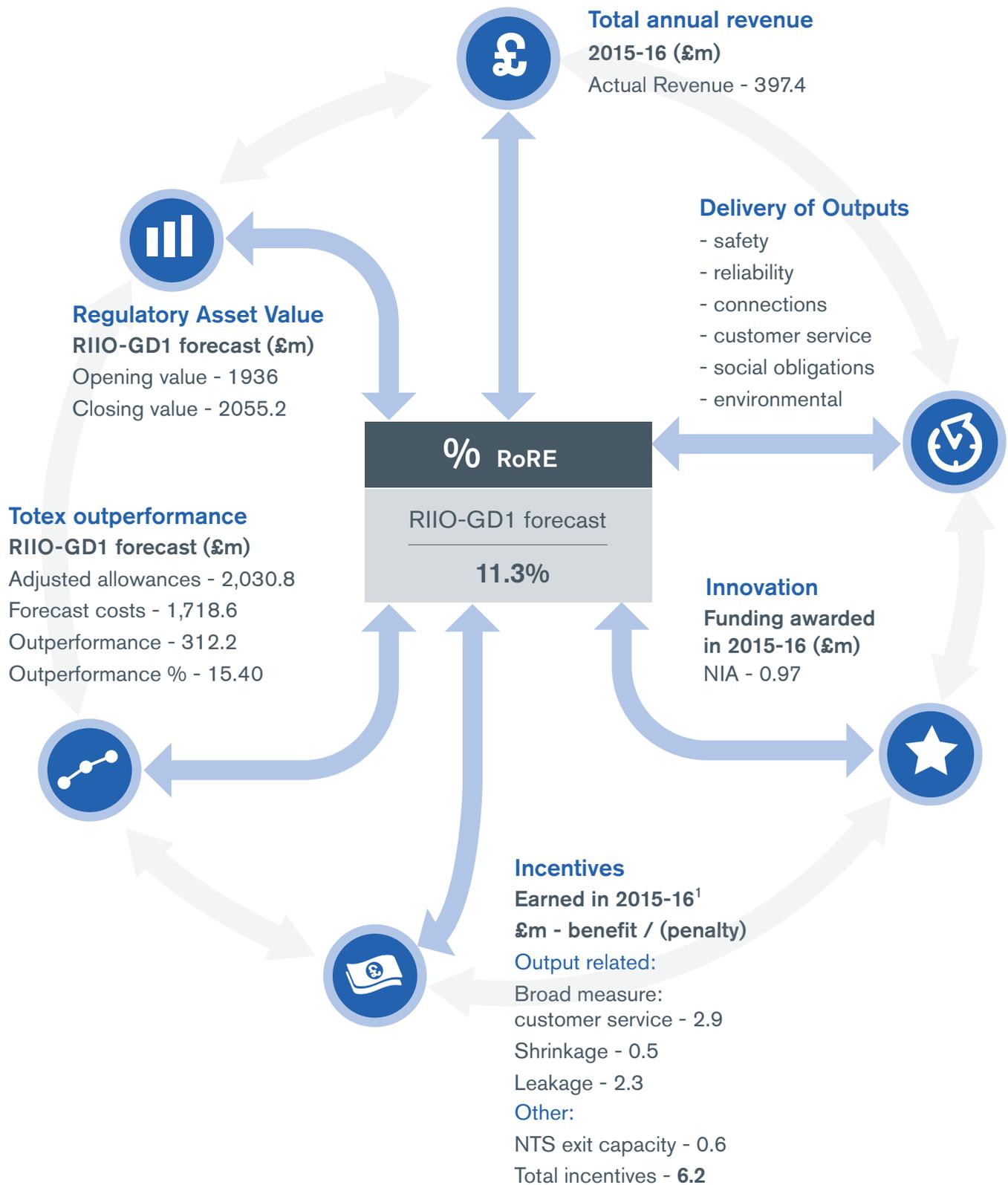


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Wales and West Utilities

Network company



¹ earned in 2015-16 but due to the 2 year lag this will impact annual revenue in 2017-18

Outputs

Annual output commitment

Primary output	Deliverable	Incentive	Unit	EoE	Lon	NW	WM	NGN	Sc	So	WWU
Connections	Guaranteed standards performance	n/a		✓	✓	✓	✓	✓	✓	✓	✓
Environmental	Shrinkage	↔	GWh	✓	✓	✓	✓	✓	✓	✓	✓
Safety (emergency response)	97% controlled gas escapes	n/a	%	98.77	98.64	99.14	99.10	99.96	99.61	99.20	99.60
	97% uncontrolled gas escaped	n/a	%	97.94	98.04	98.52	98.63	99.76	98.65	98.27	98.59
Safety (management of repairs)	GS(M)R 12 hour escape repair equipment	n/a		✓	✓	✓	✓	✓	✓	✓	✓
	Management of repairs (Repair risk)	n/a		✓	✓	✓	✓	✓	✓	✓	✓
Safety (major accident hazard prevention)	GS(M)R Safety case acceptance by HSE	n/a		✓	✓	✓	✓	✓	✓	✓	✓
	COMAH safety report reviewed by HSE	n/a		✓	✓	✓	✓	✓	✓	✓	✓
Customer service	Planned interruptions survey	↔	↑ scores out of 10 ↓	8.07	7.96	7.97	7.73	8.86	8.88	8.65	8.72
	Emergency response and repair survey	↔		9.38	9.03	9.26	9.2	9.4	9.3	9.2	9.4
	Connections survey	↔		8.13	6.88	7.83	7.9	9.0	8.4	8.3	9.0
	Stakeholder engagement	↓		6.9	6.9	6.9	6.9	6.8	5.75	5.75	6.05
	Complaints metric	↑		9.46	10.59	10.1	9.9	2.7	8.8	9.6	6.9

Key

green ✓ Successfully achieved an annual output or are on-target to meet the eight-year output commitment

red ✗ Failed to achieve an annual output or are forecasting to fail their eight-year output commitment

↑ Incentive benefit only

↓ Incentive penalty only

↔ incentive benefit and penalty

Outputs

RIO-GD1 eight year output commitment

Primary output	Deliverable	Incentive	Unit	EoE	Lon	NW	WM	NGN	Sc	So	WWU
Connections	Introduce distributed gas entry standards	n/a	scmh connections	✓	✓	✓	✓	✓	✓	✓	✓
Social obligation	Fuel poor connections ²	n/a	number	12,046	2,880	13,330	8,360	14,577	17,143	10,393	12,590
	Carbon monoxide awareness	n/a		✓	✓	✓	✓	✓	✓	✓	✓
Environmental	Shrinkage (leakage)	↔	GWh	420	229	320	276	360	196	526	363
	Provide biomethane connections information	n/a		✓	✓	✓	✓	✓	✓	✓	✓
Reliability (loss of supply)	Duration of planned supply interruptions	n/a		This area is under review - refer to chapter 3 Outputs, 'Reliability'							
	Duration of unplanned supply interruptions	n/a									
	Number of planned supply interruptions	n/a									
	Number of unplanned supply interruptions	n/a									
Reliability (network capacity)	Achieving 1 in 20 obligation ³	↔		✓	✓	✓	✓	✓	✓	✓	✓
Reliability (network reliability)	Maintaining operational performance	n/a		✓	✓	✓	✓	✓	✓	✓	✓
Safety (mains replacement)	Iron mains risk reduction (based on MPRS)	n/a		✓	✓	✓	✓	✓	✓	✓	✓
	Sub-deducts networks off-risk	n/a		✓	✓	✓	✓	✓	✓	✓	✓

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↔ Incentive benefit and penalty