

To: National Grid Gas plc (the "Licensee") (with respect to its gas transmission network) (Company Number: 02006000)

Direction under paragraph 8 of Standard Special Condition A40 (Regulatory Instructions and Guidance) ("SSC A40") of the Gas Transporter Licence (the "Licence") granted to the Licensees under section 7 of the Gas Act 1986 (the "Act")

Whereas –

1. The Licensee has been granted a Licence under section 7 of the Act and is subject to the conditions contained in the Licence.
2. SSC A40 came into effect on 1 April 2013, the start of RIIO-T1 price control period.
3. In accordance with paragraph 10 of SSC A40 the Gas and Electricity Markets Authority (the "Authority") gave notice¹ on 21 March 2017 that it proposed to modify the Regulatory Instructions and Guidance (the "RIGs").
4. The RIGs are the primary means by which the Authority directs the Licensee to collect and provide the information to the Authority to enable it (the Authority) to administer the Special Conditions of the Licence and, where not referenced in the Licence, the RIIO-T1 Final Proposals².
5. The modified RIGs will take effect for the submission of information due in July 2017, which relates to the relevant reporting year from 1 April 2016 to 31 March 2017. The RIIO-T1 Gas Transmission Price Control – Regulatory Instructions and Guidance: Version 4.1 document and the associated Excel and Word templates are included in the Schedule to this Direction.
6. The Authority requested that any representations on the proposed RIGS be made on or before 21 April 2017. The Authority received one representation. We have considered the representation from the consultee and made changes as set out in Appendix 1 and Appendix 2 included with this Direction.

Now therefore –

In accordance with the powers contained in paragraph 8 of SSC A40 of the Licence, the Authority hereby modifies the RIGs in the manner specified in the attached Schedule. The Licensee is required to report in accordance with these modified RIGs and reporting template for the purpose of regulatory reporting.

This document constitutes notice of the reasons for the Direction as required by section 38A of the Act.

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Steve McMahon
Associate Partner RIIO Networks
Duly authorised on behalf of the Authority

¹ https://www.ofgem.gov.uk/system/files/docs/2017/03/rigs_notice_march_2017_gt.pdf

² <https://www.ofgem.gov.uk/publications-and-updates/riio-t1-final-proposals-national-grid-electricity-transmission-and-national-grid-gas---overview>

2 May 2017

Schedule to the Authority's Direction dated 2 May 2017

Regulatory Instructions and Guidance

RIIO-T1 Gas Transmission – Regulatory Instructions and Guidance: Version 4.2

RIIO-T1 Gas Transmission Reporting Template: Version 4.2

Appendix 1 to the Authority's Direction dated 2 May 2017

Modifications to RIIO-T1 Gas Transmission Regulatory Instructions and Guidance

Guidance version No.	Full details of the changes made since the last version	Paragraph, page or section reference
4.1	Version published for consultation on 21 March 2017	
4.2	Updated second paragraph on Table 2.2 guidance "Forecast allowances are auto-populated from the table 2.3." to remove erroneous reference to Table 2.3a.	Table 2.2 (P.29)
4.2	Removed below sentences which referred to incorrect tables: "Uncertainty mechanism allowances data should be input in the yellow shaded cells to reflect the latest view of what outputs have been and are expected to be delivered, as per table 2.3b"; "As prior years are potentially impacted by future outputs prior year inputs can be made for prior years as well as the current year and future years."	Table 2.3 (P.17)
4.2	Updated wording for this table to ensure consistency with RIIO-ET1 RIGs.	Table 2.4 (P.17)
4.2	Removed below wording as cells linked to other tables so input guidance not needed. - 'Data should be input as required in the yellow shaded cells.' - 'Data should be input in the price base of the reporting year'	Table 2.4 (P.17)
4.2	Guidance reverted to previous year's version for Table 4.2.	Table 4.2 (P.54)
4.2	Text added to clarify VFM costs only required for sites where funding has not been received.	Table 4.8 (P.62)
4.2	Corrected to clarify data should be 'No. of hours' rather than 'No. of days'.	Table 5.3 (P.79)
4.2	Text added to clarify how phase information should be reported. "The current status (indicate which phase the project is currently in; Phase 1, Phase 2, Phase 3 or Terminated). Any additional relevant information regarding the phases should be provided in the commentary."	Table 6.3 (75)

Appendix 2 to the Authority's Direction dated 2 May 2017

Modifications to RIIO-T1 Gas Transmission Reporting Template

Reporting Pack Version No.	Full Details of the changes made since the last version	Specific Tables Changed
4.1	Version published for consultation on 21 March 2017	
4.2	Green and purple cells changed to light grey. Added table names.	1.4 & 1.5
4.2	All cells now light grey.	2.1
4.2	Tab "1.5 Net debt & tax clawback" - Changes made: - Added Row 19 "H: Other Financial Exposure". - New Row 20: Changed to "Total Net Debt Per Statutory Accounts" and amended formula so it includes other financial exposure in the sum. - New Row 22: Changed to "Conversion to Regulatory (RIIO 1) Definition of Net Debt". - New Row 33: Changed to "Total Net Debt per RIIO 1 Definition". - Labels A-O updated for Net Debt Profile table and Other Financial Exposure table. - Net Interest Calculation table realigned. - New Row 103: Changed to "net interest per statutory accounts". - New Row 105: Changed to "Conversion to Regulatory (RIIO 1) Definition of Net Interest". - New Row 120: Changed to "Net Interest Per Regulatory (RIIO 1) Definition". - New Row 123 & 124: Added "RIIO 1" to the descriptions.	1.5 Net debt & tax clawback
4.2	Removed reference "ETO" in cell A36	1.6 Disposals
4.2	Row N38 - N53 is now formatted to 'general' allowing for description & row O38 - O53 now formatted to 'date'	1.6 Disposals
4.2	Added "other" column (column E) to sheet 1.4 to cover items in regulatory accounts that are neither TO nor SO expenditure but that must be accounted for during reconciliation. Inserted a new row (20) "Other expenditure incurred" to accommodate the new data item.	1.4_Rec_to_Reg_Accs
4.2	Renamed 'Adjustment for IAS19 pension accrual' to ' Adjustment for IAS 19 pension accrual (including post cut off deficit payment) ' throughout table. Additional rows 52 & 66 added for this adjustment.	2.2
4.2	Amended formula in D20:G20 to IF(G\$8=\$F\$5,'3.1 Opex Summary'!\$H54+3.1 Opex Summary'!\$H55,"Enter Value")	2.2
4.2	Removed formula from H20 to K20 as NGGT does not forecast for items outside Totex such as (Pension costs).	2.2
4.2	Rows 51-64 added for the SO capex UM	2.3
4.2	Updated missing formulae to link with table 2.2 SO section IAS19 adj (row 39)	2.4
4.2	Updated e6:H6 to 'Actuals'. I6:I6 changed to 'RIIO-T1 forecast'	2.4
4.2	c12:j12 format change to white	2.5
4.2	Added row 55 for 'pension deficit payments relating to post cut off data service'	3.1
4.2	Updated vell G7 to '2017'	3.12
4.2	Moved cell check formula from k62 to L62	4.1
4.2	Reverted to previous years version of Table 4.2.	4.2
4.2	Changed references from 'Bacton ASEP (BA)' to 'Bacton IP (BI)' and 'Bacton UKCS (BU)'	5.2
4.2	Changed references from 'Bacton ASEP (BA)' to 'Bacton IP (BI)' and 'Bacton UKCS (BU)'	5.4
4.2	Deleted column for 2016 reporting year	5.8
4.2	Formula '=SUM(D39:D41)' etc. added in row 42	6.2
4.2	Changed cells M8 and M22 from 'Actual delivery date' to 'Capacity start date'	6.3
4.2	Changed reference reporting year from 2016 to 2017 on the cells below: 6.6_Cond_&_risk_entry_points: cells I21 / E197 / I197 6.6_Cond_&_risk_exit_points: cells I21 / E133 / I133 6.6_Cond_&_risk_comps: cells I21 / E201 / I201 6.6_Cond_&_risk_pipelines: cells I21 / E109 / I109 6.6_Cond_&_risk_multijunction: cells I21 / E141 / I141	6.6 tables (x5)
4.2	Corrected units of measurement for category 19 'Fire & gas detection': Exit: should be "number of systems" Compressor: should be "number of systems" Multijunction: should be "number of systems"	6.6
4.2	Corrected units of measurement for category 20 'Fire suppression': Entry: "number of systems"	6.6
4.2	Removed rows relating to 1/4/17 values	7.7
4.2	Removed rows relating to 1/4/17 values	7.9
4.2	Removed rows relating to 1/4/17 values	7.10
4.2	Changed k25:k26 to 0 decimal places	7.9
4.2	Added formulae in cells c22 and e22 to sum totals from rows 10:21	7.12