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26 June 2017.

Dear Steven,

**Open letter: National Grid Electricity Transmission's deferral of £480m of RIIO-T1 allowances**

Thank you for the opportunity to respond to the above open letter. This is a non-confidential response on behalf of the Centrica Group, excluding Centrica Storage.

We welcome engagement on National Grid's proposed deferment of investment. There are a number of areas, where further information would aid understanding, which could be included in the statutory consultation. These are:

- **Deferred Activity:** it would be useful to know what has been deferred - the purpose(s) and the *specific* deliverables for which the investment was originally permitted could be provided and whether the investment originally permitted will be deferred in entirety could be clarified.
- **Impact on allowed revenue:** full details of the supporting calculations would also be useful - the impacts of 'fast' and 'slow' money on allowed revenue, and timing of impacts, could be separately detailed. It would be helpful to clarify whether there is any impact on the revenue that National Grid has already signaled it would be returning through the IQI sharing mechanism<sup>1</sup>.
- **RIIO Process:** it should be explained how this fits within the formal RIIO process – in particular, whether the need for this investment was investigated during the RIIO-T1 Mid Period Review (MPR) or falls within the scope of the MPR Parallel Work. Additionally, it is of interest to understand how the details of this deferral will be taken into account if investment for the same activities is requested as a part of the RIIO-T2 price control.

We hope you find these comments helpful. Please do not hesitate to contact me if you have any questions.

Yours sincerely,

Andy Manning  
Director - Network Regulation, Forecasting and Settlements

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<sup>1</sup> 5 year forecast tables (19<sup>th</sup> April) Table 40 – Row 11