

**To: National Grid Electricity Transmission plc (Company number: 02366977)
SP Transmission plc (Company number: SC189126)
Scottish Hydro Electric Transmission plc (Company number: SC213461)**

Direction under paragraph 8 of Standard Condition B15 (Regulatory Instructions and Guidance) ("SC B15") of the Electricity Transmission Licence granted to the Licensees under section 6(1)(b) of the Electricity Act 1989

Whereas –

1. Each of the companies to whom this Direction is addressed (together the "licensees") is the holder of an Electricity Transmission Licence (the "Licence") granted or treated as granted under section 6(1)(b) of the Electricity Act 1986 (the "Act").
2. In accordance with paragraph 10 of SC B15 the Gas and Electricity Markets Authority (the "Authority"¹) gave Notice² on 8 March 2019 (the "Notice") that it proposed to make changes to the regulatory instructions and guidance ("RIGs"). The Notice required any representations on the proposals to be made on or before 5 April 2019.³
3. This decision relates to the Regulatory Financial Performance Reporting (RFPR), to the RIGs. Prior to the consultation period closing the Authority received 11 responses relating to the RFPR. All non-confidential responses are published on our website and can be found in the link in Appendix 1. Our response to the comments relating to the RFPR is set out in Appendix 2.
4. Appendix 2 to this Direction also provides a link to the following documents, which incorporate changes made in light of consultation responses:
 - (a) RIIO Regulatory Financial Performance Reporting – Regulatory Instructions and Guidance; and
 - (b) RIIO Regulatory Financial Performance Reporting – Template.
5. The introduction of the RFPR took effect on 1 April 2019. Data submitted in respect of the 2018-19 reporting years should use the RFPR as introduced.

Now therefore –

6. In accordance with the powers contained in paragraph 8 of SC B15 of the Licence, the Authority hereby modifies the existing RIGs with the introduction of the RFPR in the form specified in the documents that can be accessed via the hyperlink in Appendix 2. Licensees are required to report in accordance with the RFPR for the purpose of regulatory reporting.
7. This document constitutes notice of the reasons for the Direction as required by section 49A of the Act.

¹ The "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports the Authority in its day to day work.

² <https://www.ofgem.gov.uk/publications-and-updates/notice-proposing-modifications-regulatory-instructions-and-guidance-rigs-riio-et1-version-61>

³ For RIIO-GD1 and RIIO-GT1 RIGs modifications, responses were required on or before 11 April 2019.



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Steven McMahon
Deputy Director RIIO Electricity Distribution and Cross Sector Policy
Duly authorised on behalf of the Authority
30 April 2019

Appendix 1: Stakeholder representations

On 8 March 2019, we published our Notice proposing modifications to the RIIO-ED1 and RIIO-ET1 RIGs. Responses to this Notice can be found here:

<https://www.ofgem.gov.uk/publications-and-updates/notice-proposing-modifications-regulatory-instructions-and-guidance-rigs-riio-ed1-version-50>

<https://www.ofgem.gov.uk/publications-and-updates/notice-proposing-modifications-regulatory-instructions-and-guidance-rigs-riio-et1-version-61>

On 13 March 2019, we published our Notice proposing modifications to the RIIO-GD1 and RIIO-GT1 RIGs. Responses to this Notice can be found here:

<https://www.ofgem.gov.uk/publications-and-updates/notice-proposing-modifications-regulatory-instructions-and-guidance-rigs-riio-gd1-version-60>

<https://www.ofgem.gov.uk/publications-and-updates/notice-proposing-modifications-regulatory-instructions-and-guidance-rigs-riio-gt1-version-61>

Appendix 2: Response to representations and the RIIO Regulatory Financial Performance Reporting

Our response to stakeholder representations and reasons for any differences between the proposed RIGs in the Notice and those in this Direction are in the issues log found in the link below. The RIIO Regulatory Financial Performance Reporting are also available on the Authority's website at:

<https://www.ofgem.gov.uk/publications-and-updates/direction-introduce-regulatory-financial-performance-reporting-rfpr>