

To: Cadent Gas Limited, Northern
Gas Networks Limited, Scotland
Gas Networks plc, Southern Gas
Networks plc, Wales & West
Utilities Limited, Network
operators, interested
stakeholders

Email: Daniel.Kyei@ofgem.gov.uk

Date: 29 April 2020

Dear Company Secretaries and stakeholders,

Proposal to modify Gas Distribution Regulatory Instructions and Guidance for RIIO-GD1

We propose to make modifications to the Gas Distribution ("GD") Regulatory Instructions and Guidance ("RIGs"). Please find enclosed a Notice relating to our proposed changes, issued pursuant to paragraph 10 of Standard Special Condition A40 (Regulatory Instructions and Guidance) ("SSC A40") of the Gas Transporter Licence.

These proposed modifications are made for the purpose of collecting additional information, clarifying the existing reporting requirements on the licensees and providing greater insight into the performance under RIIO-GD1.

Background

In May 2019, the Sector Specific Methodology Decision¹ ("SSMD") set out a number of changes that will be applied to the customer satisfaction survey incentive for RIIO-GD2. The changes included the survey methodology and content. To apply these changes, it was necessary to conduct a trial of the new RIIO-GD2 survey questions and methodology to determine the targets.

In October 2019, we consulted on our approach to manage the trial and subsequent change in the data received under the RIIO-GD1 incentive for the 2019-20 reporting year². All of the survey responses agreed with our consultation proposals and we are implementing them unchanged.

Please note that the consultation does not include the proposed changes to interruptions definitions and reporting that were previously circulated to Gas Distribution Networks in

¹ https://www.ofgem.gov.uk/system/files/docs/2019/05/rriio-2_sector_specific_methodology_decision_-_gd.pdf.

² <https://www.ofgem.gov.uk/publications-and-updates/open-letter-consultation-customer-satisfaction-incentive-rriio-gd1-and-rriio-gd2-trial-period>.

March. We are no longer intending to implement these for 2020-21 an email with more details will be sent out to Gas Distribution Networks shortly.

Coronavirus (COVID-19)

Covid-19 is a national emergency. The Authority's over-arching objective at this time is protecting consumers, particularly those that are vulnerable, and maintaining Britain's electricity and gas supply. We are working closely with the government, licensees, consumer organisations and wider stakeholders to ensure that the energy industry responds effectively.

We will continue to work closely with those parties and review our regulatory response to Covid-19 in collaboration with them. This includes the deadline for reporting the reporting year 1 April 2019 to 31 March 2020, which we are proposing to extend by one month to 31 August 2020. Extending the deadline for submission of the RIGs information will provide the Licensees with the additional flexibility required to manage their resources in the way that best protects and prioritises consumers' interests at this time. If appropriate, we may make further changes to the reporting obligations for network companies in line with prevailing circumstances. We expect to confirm these arrangements in our RIGs Direction following our consideration of consultation responses.

We will continue to publish information on our response to Covid-19, including any changes to our regulatory approach, online³.

Timeline

Unless otherwise stated in the RIGs, we propose that if we implement the changes, that they will take effect in June 2020. For the avoidance of doubt, this means that the data submitted in respect of the 2019/20 reporting year would use the RIGs as modified.

We welcome comments on our proposed modifications, and the details for responding are contained in the enclosed Notice.

Yours faithfully,

Steven McMahon
Deputy Director, Systems & Networks
29 April 2020

Cadent Gas Limited

³ <https://www.ofgem.gov.uk/coronavirus-covid-19>

(Company Number: 10080864)
Northern Gas Networks Limited
(Company Number: 05167070)
Scotland Gas Networks plc
(Company Number: SC264065)
Southern Gas Networks plc
(Company Number: 05167021)
Wales & West Utilities Limited
(Company Number: 05046791)

Notice under paragraph 10 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")

The Gas and Electricity Markets Authority (the "Authority"⁴) hereby gives notice under paragraph 10 of SSC A40 as follows:

Proposal to modify the Regulatory Instructions and Guidance

1. The Authority proposes to modify the Regulatory Instructions and Guidance (the "RIGs") under SSC A40 of the Licence. The RIGs are the primary means by which the Authority directs the Licensees to collect and provide information to the Authority, to enable it to administer the Special Conditions of the Licence and, where not referenced in the Licence, the RIIO-GD1 Final Proposals⁵.
2. SSC A40 sets out the process for issuing and modifying the RIGs. In accordance with paragraph 10 of SSC A40, the Authority hereby gives notice to the Licensees that it proposes to modify the RIGs in the manner indicated in the documents that can be accessed via the hyperlinks in Appendix 1 to this Notice.
3. The proposed modifications to the RIGs consist of revisions to existing tables and guidance. These modifications are being proposed for the purpose of clarifying the existing reporting requirements or formalising requirements that have been identified through previous reporting periods.
4. The proposed modifications refer specifically to information required to be submitted to the Authority on or before 31 August 2020 in the following areas:
 - the Regulatory Reporting Pack excel template,
 - the Regulatory Instructions and Guidance document, which supports the Regulatory Reporting Pack template,
 - Revenue Reporting Pack excel template.

Appendix 1 to this Notice provides a link to these documents, which show the proposed modifications as incorporated.

5. The main modifications are summarised briefly below:
 - [Regulatory Instructions and Guidance](#)

⁴ 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.

⁵ <https://www.ofgem.gov.uk/publications-and-updates/riio-gd1-final-proposals-%E2%80%93-overview>

- i. General amendments to correct minor grammatical errors.
- ii. Additional guidance provided on chapter 2 'Accounting policies' on the new accounting standard for leases.
- iii. Changes made in Appendix 5 'Customer satisfaction survey definitions and detailed reporting requirements' relating to 2019-20 reporting year.

- Regulatory Reporting Packs

Update made to Universal data Table on Retail Prices Index to reflect the latest data

6. The Licensees will populate and/or return the reporting packs as part of the 2019-20 RIGs process.

Further information

7. Copies of this Notice and other documents referred to in it are available on the Ofgem website (www.ofgem.gov.uk).
8. Any representations on the proposed modifications must be made on or before 27 May 2020 to Daniel Kyei at Ofgem, 4th Floor, 10 South Colonnade, Canary Wharf London E14 4PU, or by email to Daniel.Kyei@ofgem.gov.uk.
9. All responses will normally be published on our website. However, if you do not wish your response to be made public then you should clearly mark your response as not for publication. We prefer to receive responses in an electronic form so that they can be published easily on our website.

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Steven McMahon
Deputy Director Systems & Networks
Duly authorised on behalf of the Authority

29 April 2020

Appendix 1: Regulatory Instructions and Guidance incorporating proposed modifications

A copy of the following documents can be found on our website at the link provided below:

The Office of Gas and Electricity Markets
10 South Colonnade, Canary Wharf, London, E14 4PU Tel 020 7901 7000
www.ofgem.gov.uk

- RIIO-GD1 Gas Distribution Price Control – Regulatory Instructions and Guidance: Version 7.0;
- RIIO-GD1 Gas Distribution Regulatory Reporting Pack Template: Version 7.0;
- RIIO-GD1 Gas Distribution Revenue Reporting Pack Template: Version 7.0.

<https://www.ofgem.gov.uk/publications-and-updates/notice-proposing-modifications-regulatory-instructions-and-guidance-rigs-riio-gd1-version-70>