



Making a positive difference
for energy consumers

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: 03 June 2020

Dear Company Secretaries and stakeholders,

Direction on Gas Distribution Regulatory Instructions and Guidance for RIIO-GD1

We published a consultation on 29 April 2020 to make modifications to the Gas Distribution ("GD") Regulatory Instructions and Guidance ("RIGs"). The modifications were proposed 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.

Our modifications to RIIO-GD1 RIGs

We have decided to make the modifications we proposed in our consultation relating to changes to the customer satisfaction survey for the 2019-20 reporting year. The changes include the survey methodology and content. These changes are necessary to determine the new RIIO-GD2 incentive targets.

The Regulatory Reporting Packs have been updated to capture 2019-20 reporting data and additional formulae checks introduced to improve data reconciliation.

Detailed information on modifications made to RIIO-GD1 RIGs is contained in appendix 1 attached to this letter.

Coronavirus (COVID-19)

Covid-19 is a national emergency. Ofgem'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.

The Office of Gas and Electricity Markets

10 South Colonnade, Canary Wharf, London, E14 4PU Tel 020 7901 7000

www.ofgem.gov.uk

We have published information for energy licensees on our response to Covid-19.¹ We want the energy industry to prioritise and protect consumers' interests throughout the pandemic. As part of our response we have engaged in discussions with the licensees around how we can assist them to do that.

We will continue to work closely with those parties and review our regulatory response to Covid-19 in collaboration with them. If appropriate, we may make further changes to the reporting obligations for network companies.

We will continue to publish information on our response to Covid-19, including any changes to our regulatory approach, online.²

Extension of the deadline for submission of information

The current deadline for the submission of information for the reporting year 01 April 2019 to 31 March 2020 is 31 July 2020. We can extend the deadline by which the licensee must provide the information required in terms of the RIGs.³ We have extended the deadline by one month to 31 August 2020.

We consider that extending the deadline for submission of the RIGs information will provide the licensee with the additional flexibility required to manage its resources in the way that best protects and prioritises consumers' interests at this time.

For the avoidance of doubt, our decision to extend the deadline only applies to information required to be submitted by the licensee in terms of SSC A40 (Regulatory Instructions and Guidance). It does not extend the deadline of 31 July 2020 that applies to information required to be submitted by the licensee in accordance with any other condition of the licence.

This decision does not preclude the ability of a licensee to submit information to us in advance of the revised deadline.

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Steve McMahon
Deputy Director, Systems & Networks
03 June 2020

¹ <https://www.ofgem.gov.uk/publications-and-updates/ofgem-information-energy-licensees-coronavirus-covid-19-response>.

² <https://www.ofgem.gov.uk/coronavirus-covid-19>.

³ Paragraph 1.19 of the RIGs.

To: **Cadent Gas Limited**

(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)

(together the "Licensees")

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

Whereas –

1. The Licensees have each been granted a Gas Transporter Licence (the "Licence") under section 7 of the Gas Act 1986 (the "Act") and are subject to the conditions contained in the Licence.
2. In accordance with paragraph 10 of SSC A40 of the Licence, the Authority⁴ gave notice on 29 April 2020⁵ that it proposed to modify the RIIO-GD1 Regulatory Instructions and Guidance (the "RIGs"). The aim of the RIGs is to enable the Authority to collect the information necessary to enable it to administer the Special Conditions of the Licence and, where not referenced in the Licence, the RIIO-GD1 Final Proposals.
3. The Authority requested that any representations on the proposed modifications be made on or before 27 May 2020. The Authority received representations from all the Licensees. We have considered these representations and our response to them are set out in Appendix 1 to this Direction.
4. The Schedule to this Direction provides a link to the following documents, which incorporate all the modifications, including those made in light of consultation responses:
 - a. RIIO-GD1 Gas Distribution Price Control – Regulatory Instructions and Guidance: Version 7.0;
 - b. RIIO-GD1 Gas Distribution Reporting Pack: Version 7.0 templates.

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 modifications will take effect on 03 June 2020.

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/notice-proposing-modifications-regulatory-instructions-and-guidance-rigs-riio-gd1-version-70>.

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

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

Schedule to the Authority's Direction dated 03 June 2020

RIIO-GD1 Regulatory Instructions and Guidance

A copy of the RIIO-GD1 Gas Distribution Price Control – Regulatory Instructions and Guidance: Version 7.0 and RIIO-GD1 Gas Distribution Regulatory Reporting Template: Version 7.0 can be found on our website at:

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

Appendix 1 to the Authority's Decision dated 03 June 2020

Modification of RIIO-GD1 Regulatory Instructions and Guidance - Summary of consultation responses

Raised by	Area	Respondent Comments	Ofgem Comments
Cadent & SGN	Regulatory Reporting Template Table 7.6 (Business Carbon Footprint)	The latest DEFRA conversion factor for natural gas not reflected in Table 7.6	Changes made in all relevant tables
SGN	Regulatory Reporting Template Table 2.2 (Totex Cost Summary)	Row 145 of Totex Cost Summary not linked to the latest Retail Price Index data	Changes made to the applicable cells in the Totex Cost Summary sheet
Cadent	Regulatory Reporting Template Table 3.13 (Streetworks)	Additional check formulae in Row 243 to cover Opex, Repex and Capex data to improve data reconciliation	Changes made to the applicable row in the Streetworks sheet