

## Industry update from Ofgem – up to date as of 5 December 2018

### Summary of recent modifications to the GT1 Price Control Financial Model 2018

On 22 November 2018 we published an up-to-date schedule of modifications made to the GT1 Price Control Financial Model (PCFM). [This page](#) lists all modifications between the publication of the 2016 Annual Iteration Process (AIP) on 30 November 2016 and the publication of the PCFM for use in AIP 2018.

### Decision on the Stakeholder Engagement Incentive 2017-18: Transmission and Gas Distribution

On 23 November 2018 we published our decision on the gas and electricity Transmission Operators and Gas Distribution Network Operators Stakeholder Engagement Incentive for 2017-18.

Under RIIO-T1 and GD1, the TOs and GDNs are incentivised to become more outward facing and responsive to the needs of their stakeholders. The key aim of the Stakeholder Engagement Incentive is to encourage the network companies to identify and engage with their stakeholders and use this to inform how they run and plan their businesses. The incentive is designed to financially reward companies where their engagement leads to high quality outcomes. The incentive provides for an annual reward to the TOs and GDNs. The allocation of this reward is based on an assessment of the network company's activities by a panel of independent experts, chaired by Ofgem. Panel scores & Ofgem decision on financial rewards for the TOs and GDNs are available [here](#).

### NIS Regulations 2018: Ofgem guidance for Operators of Essential Services (OES)

The EU Directive on security of network and information systems (2016/1148) (NIS Directive) was transposed into UK law as The Network and Information Systems Regulations 2018 (NIS Regulations) and came into force on 10 May 2018 for the water, health, transportation, digital and energy sectors. The NIS Regulations impose new duties on Operators of Essential Services (OES) and give relevant Competent Authorities (CAs) new powers and responsibilities to ensure OES are meeting those duties. Ofgem have been designated in the NIS Regulations as a joint Competent Authority with the Department for Business, Energy and Industrial Strategy (BEIS), for the Downstream Gas and Electricity sectors in Great Britain. On 30 November we published our [guidance for the Downstream Gas and Electricity sectors in Great Britain](#) which helps OES to understand their new duties and sets out Ofgem's initial approach to the implementation of the NIS Regulations. The guidance is the first in a developing strategy.

### RIIO-GT1 Financial Model following the Annual Iteration Process 2018

On 30<sup>th</sup> November we published the [GT1 Price Control Financial Model \(PCFM\)](#) following the completion of the Annual Iteration Process (AIP) in November 2018. The variable values have been updated to reflect the AIP and the model has calculated the latest value for the modification of base revenue (MOD) term for Regulatory Year 2019/20.

Separate [Directions to National Grid Gas](#) containing the revisions to variable values have been published alongside this model and are available from the related links section.