

Industry update from Ofgem – up to date as of 2 July 2019

Compressor Emissions Compliance Strategy Guidance

On 6 June 2019 we published a guidance document that aims to provide greater transparency and certainty to Ofgem and the ERs on NGGT's proposed approach to compressor emissions compliance over the RIIO-2 price control period, and in the subsequent price control periods.

URL:

https://www.ofgem.gov.uk/system/files/docs/2019/06/compressor_emissions_compliance_guidance.pdf

Decision on new Applications Regulations and guidance document

To implement our final proposals on new supplier licensing requirements, as part of our Supplier Licensing Review, we have made new Gas and Electricity Applications Regulations (Statutory Instruments). On 18 June 2019 we published our final decision on the new Regulations and associated guidance document. The new Regulations include changes to the licence application process for all licence types (exc. offshore transmission licences and smart meter communication licence), including extensions, restrictions and modifications of area.

URL: <https://www.ofgem.gov.uk/publications-and-updates/decision-new-applications-regulations-and-guidance-document>

Decision on proposed modifications to BBL Company's Access Rules and decision not to apply certain articles of CAM in relation to the Implicit Allocation Mechanism

On 20 March 2019, BBL Company (BBL) proposed modifications to its Access Rules to the Authority for approval, pursuant to Standard Licence Condition (SLC) 11A of the Gas Interconnector Licence (the Licence). On 21 June 2019 we approved BBL's proposal. In our letter we also set out our decision not to apply Articles 8, 9, 10, 19 and 37 of Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on Capacity Allocation Mechanisms in gas transmission systems (CAM) in relation to the Implicit Allocation Mechanism.

URL: <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-bbl-companys-access-rules-and-decision-not-apply-certain-articles-cam-relation-implicit-allocation-mechanism>

Ofgem data: Upcoming release calendar

On 27 June 2019 we updated the upcoming release calendar the upcoming publication dates for our performance indicators and data on retail energy markets, wholesale energy markets, customer service and energy networks. The timetable covers release dates for the period: 1 July Gas – distribution.

URL: <https://www.ofgem.gov.uk/publications-and-updates/ofgem-data-upcoming-release-calendar>

Consumer Impact Report Financial Year 2018-19

On 28 June 2019 we published the Consumer Impact Report that assesses the benefits that some of Ofgem's regulatory decisions, taken in the financial year April 2018 to March 2019, are expected to provide or, in the case of compliance and enforcement actions and switching trials, have provided to

consumers. Where possible, we have quantified the benefits of the decisions we made in 2018-19. Based on our calculations, the decisions covered in the report are expected to result in estimated direct benefits of £2,555 million. These benefits are uncertain and will be realised over a long time period (up to 50 years). Ofgem spent £97 million delivering these benefits. This gives a ratio of direct benefits to costs of 26, meaning we expect every £1 we spent to deliver direct benefits of £26 to consumers.

URL: https://www.ofgem.gov.uk/system/files/docs/2019/06/20190626_consumer_impact_report.pdf

RIO-2 tools for cost assessment consultation

On 28 June 2019 we launched a public consultation on the cost assessment tools and techniques we intend to apply in setting the RIO-2 price controls for the gas distribution and gas and electricity transmission networks. This consultation discusses econometric benchmarking techniques (including regression analysis) and so is primarily relevant to gas distribution networks. It also discusses non-econometric analysis tools that we typically apply in the transmission sector, our assessment of business support costs, ongoing efficiency and real prices effects. We will consult further on our cost assessment tools through RIO-2 working groups. The consultation closes on 23 August 2019, please send all responses to RIO2@ofgem.gov.uk.

URL: https://www.ofgem.gov.uk/system/files/docs/2019/06/maindocument_rio-2_tools_for_cost_assessment.pdf