

## **Industry update from Ofgem – as of 31 March 2022**

### **UNC790: Introduction of a Transmission Services Entry Flow Charge**

UNC modification proposal 0790 proposed to revise how the Entry Capacity Reference Price is calculated, and apply an additional flow based entry charge payable in respect of gas flows at System Entry Points. On 25 March 2022, we decided to reject this modification to the UNC.

URL: <https://www.ofgem.gov.uk/publications/unc790-introduction-transmission-services-entry-flow-charge>

### **Decision for changes to Ofgem’s Enforcement Guidelines and Sectoral Penalty Statement**

On 9 June 2021, we published a consultation seeking views from stakeholders on the revised versions of our Enforcement Guidelines and Statement of Policy with respect to Financial Penalties and Consumer Redress. We sought views to help us to ensure that our enforcement processes are relevant and adaptable in an innovative and evolving energy market.

Having carefully considered the responses to the consultation, we announced on 23 March 2022 our decision to implement the changes proposed in our consultation. We attach our decision below, and updated versions of the Enforcement Guidelines and Statement of Policy with respect to Financial Penalties and Consumer Redress can be found on the [Enforcement Guidelines Page](#) and the [Statement of Policy with respect to Financial Penalties and Consumer Redress page](#).

URL: <https://www.ofgem.gov.uk/publications/decision-changes-ofgems-enforcement-guidelines-and-sectoral-penalty-statement>

### **Decision on new guidance documents for gas or electricity licence applicants**

In February, as part of our action plan, we consulted on our approach to strengthening our regulatory regime for supplier financial resilience so that risks are not passed on inappropriately to consumers.

As we published below on 17 March 2022, we are proceeding with changes to the licence application guidance that are of particular relevance to applicants for a supply or shipping licence. Notably, we will enact changes to aspects of the guidance which clarify the scope of relevant persons to be disclosed in an application, how we assess an applicant’s experience and capability to manage financial risks, and that enhance our risk assessment criteria (these link to point 7 of the December action plan).

This updated version of the guidance seeks to provide additional clarity on the types of information that are required to demonstrate suitability to hold a licence.

URL: <https://www.ofgem.gov.uk/publications/decision-new-guidance-document-gas-or-electricity-licence-applicants>

### **Direction to distribute funding for the Strategic Innovation Fund**

The Strategic Innovation Fund (SIF) is a funding mechanism for the Electricity System Operator, Electricity Transmission, Gas Transmission and Gas Distribution sectors. The SIF aims to find and fund ambitious, innovative projects with the potential to accelerate the transition to net zero. These projects should help shape the future of the gas and electricity networks and succeed commercially where possible.

Following publication of our SIF Funding Decision on 1 March 2022, we directed on 15 March 2022 the distribution of SIF Funding by National Grid Electricity System Operator and National Grid Gas Transmission.

We are directing the distribution of funds to gas and electricity network companies for the 40 round 1 Discovery Phase Projects that we decided to award funding to, and to cover UKRI's costs operating the SIF in 2021/22 and 2022/23.

URL: <https://www.ofgem.gov.uk/publications/direction-distribute-funding-strategic-innovation-fund>

Our round 1 call for proposals under the SIF, in Autumn 2021, focused on four Innovation Challenge areas: Whole system integration; Data and digitalisation; Heat; and Zero-emission transport. Further information about the projects can be found at the links below:

URL: <https://www.ofgem.gov.uk/publications/strategic-innovation-fund-discovery-projects-approved-funding>

URL: <https://www.ofgem.gov.uk/publications/energy-networks-launch-40-new-innovation-projects-help-great-britain-accelerate-transition-net-zero>

### **Consultation on our minded-to decision to fund detailed design studies for a Hydrogen Village Trial**

We are consulting on our minded-to decision to fund detailed design studies on delivering a hydrogen heated village by 2025. We would like views from people with an interest in the gas distribution network and other public stakeholders so please send any responses to Cara Yates on 0207 901 7158 or email [cara.yates@ofgem.gov.uk](mailto:cara.yates@ofgem.gov.uk) by 11 April 2022.

URL: <https://www.ofgem.gov.uk/publications/consultation-our-minded-decision-fund-detailed-design-studies-hydrogen-village-trial>

### **Direction to make modifications to the Regulatory Instructions and Guidance for RIIO-GT2 (version 1.13)**

This direction, published 1 March 2022, sets out the modifications we have made to our draft RIIO-GT2 Regulatory Instructions and Guidance (RIGs) and associated Regulatory Reporting Pack template based on the consultation we published on 14 December 2021. These are documents for the gas transmission network company to use when preparing its RIIO-GT2 annual reporting submission.

URL: <https://www.ofgem.gov.uk/publications/direction-make-modifications-regulatory-instructions-and-guidance-riio-gt2-version-113>

### **MARCH 2022 UPDATE: Code modification/modification proposals with Ofgem for decision – Expected publication dates timetable**

URL: <https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>