

## **Industry update from Ofgem – as of 01 March 2021**

### **Update on RIIO-2 Associated Documents**

Alongside our RIIO-2 licence statutory consultation, we are consulting on proposed drafts for a number of Associated Documents. These are documents created under the licence conditions that supplement those conditions and are subordinate to them.

We would like your views on the proposed drafts:

*Revision of the RIIO-1 NIA Guidance Documents – additional requirements for RIIO-2 CNIA:*  
<https://www.ofgem.gov.uk/publications-and-updates/riio-1-nia-guidance-documents-revision-additional-requirements-riio-2-cnia>

*Net Zero and Re-Opener UIOLI Allowance Governance Document:*  
<https://www.ofgem.gov.uk/publications-and-updates/net-zero-and-re-opener-uioli-allowance-governance-document>

*Net Zero Pre-construction and Small Net Zero Projects Re-opener:*  
<https://www.ofgem.gov.uk/publications-and-updates/net-zero-pre-construction-and-small-net-zero-projects-re-opener>

These documents are working drafts and the content is in line with our Final Determinations. We will ensure that all comments received will be appropriately reflected within the final versions, which will take effect from 1 April 2021. The contact details for sharing responses are listed at each individual link, and the closing date for the consultations of all three Associated Documents above is 16 March 2021.

We have also received views on a number of other Associated Document drafts and have taken into consideration comments within the **final publication of the following Associated Documents** on 26 February 2021:

*Re-opener Guidance and Application Requirements document:*  
<https://www.ofgem.gov.uk/publications-and-updates/re-opener-guidance-and-application-requirements-document-0>

*Vulnerability and Carbon Monoxide Allowance (VCMA) Governance Document:*  
<https://www.ofgem.gov.uk/publications-and-updates/vulnerability-and-carbon-monoxide-allowance-vcma-governance-document-0>

*Fuel Poor Network Extension Scheme (FPNES) Governance Document:*  
<https://www.ofgem.gov.uk/publications-and-updates/fuel-poor-network-extension-scheme-fpnes-governance-document-0>

*Price Control Deliverable Reporting Requirements and Methodology Document: Version 1:*  
<https://www.ofgem.gov.uk/publications-and-updates/price-control-deliverable-reporting-requirements-and-methodology-document-version-1>

On 26 February 2021, we also published our **decision on the principles of use for RIIO-2 Associated Documents**. We have received views on our principles of use for Associated Documents and we have taken on board representations and suggestions and reflected them in our decision on the principles of use, published at the link below:

URL: <https://www.ofgem.gov.uk/publications-and-updates/decision-principles-use-riio-2-associated-documents>

### **Network Innovation Competition: Funding Direction for National Grid Gas (Transmission)**

The direction in this letter, published on 23 February 2021, sets out the amount that National Grid Gas plc (Transmission) can recover from its customers in relation to the NIC.

URL: <https://www.ofgem.gov.uk/publications-and-updates/network-innovation-competition-funding-direction-national-grid-gas-transmission-1>

### **Consultation on issuing the Network Asset Risk Workbooks and Network Asset Risk Metric Handbook**

We are consulting on our intention to issue the Network Asset Risk Workbooks (NARW) and Network Asset Risk Metric (NARM) Handbook. At present we are only consulting on the NARW for Transmission sectors. We will consult on the issuing of the NARW for Gas Distribution licensees at a later date.

We would like views from people with an interest in NARM, in particular from licensees and network customers. We also welcome responses from other stakeholders and the public. This consultation closes on 18 March 2021, and please send your responses to this consultation, including any attachments, to [Leyun.Kong@ofgem.gov.uk](mailto:Leyun.Kong@ofgem.gov.uk).

URL: <https://www.ofgem.gov.uk/publications-and-updates/consultation-issuing-network-asset-risk-workbooks-and-network-asset-risk-metric-handbook>

### **Amended Project direction: H100 Fife SGN**

The direction in this letter, published on 9 February 2021, confirms our decision on the outcome of Condition 2 of the 2020 Project Direction and sets the amended conditions of funding for SGN's Innovation Competition project, H100 Fife.

URL: <https://www.ofgem.gov.uk/publications-and-updates/amended-project-direction-h100-fife-sgn>

### **UNC753 Removal of Pricing Disincentives for Secondary Trading of Fixed Price NTS System Entry Capacity: Urgency Application**

On 29 January 2021, the Joint Office of Gas Transporters received a request from Total Gas and Power Limited that Uniform Network Code modification UNC753 'Removal of Pricing Disincentives for Secondary Trading of Fixed Price NTS System Entry Capacity' should be treated as 'urgent' and proceed under a timetable approved by Ofgem. After considering the justification provided by the Proposer for this request, we have decided not to grant urgent status for UNC753.

We set out our reasons in our letter below, published on 9 February 2021.

URL: <https://www.ofgem.gov.uk/publications-and-updates/unc753-removal-pricing-disincentives-secondary-trading-fixed-price-nts-system-entry-capacity-urgency-application>

### **Decision on the proposed modifications to the RIIO-2 Transmission, Gas Distribution and Electricity System Operator licences**

On 17 December 2020, we published a statutory consultation on proposed changes to the licence conditions required to implement the RIIO-2 price control settlement for the transmission companies, gas distribution networks and the electricity system operator.

We received fourteen responses to the statutory consultation. Following careful consideration of these responses, we have decided to implement the licence modifications as set out in the notices that we have published. The licence modifications will come into effect on 1 April 2021.

URL: <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licences>

**Implementing the Capacity Constraint Management incentive as part of the National Grid Gas plc Gas Transporter Licence for RIIO-GT2**

This letter, published on 3 February 2021, sets out that we will promptly review the Entry Capacity and Exit Capacity Constraint Management included as part of the final RIIO-GT2 licence text for National Grid Gas Transmission, in light of changes to the operation of the gas charging regime from October 2020 following the introduction of UNC modification 678A.

URL: <https://www.ofgem.gov.uk/publications-and-updates/implementing-capacity-constraint-management-incentive-part-national-grid-gas-plc-gas-transporter-licence-riio-gt2>