

Industry update from Ofgem – as of 23 March 2021

Final publication of the following RIIO-2 Associated Documents

Alongside our RIIO-2 licence statutory consultation, we consulted 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 have received views on the following associated document drafts and have taken into consideration comments within the final publication of the following associated documents in March:

Exit Capacity Planning Guidance: <https://www.ofgem.gov.uk/publications-and-updates/exit-capacity-planning-guidance>

Gas Transmission Project Assessment Process (GTPAP) PCD Guidance and Application Requirements Decision: <https://www.ofgem.gov.uk/publications-and-updates/gas-transmission-project-assessment-process-gtpap-pcd-guidance-and-application-requirements-decision>

RIIO-2 NIA Governance Document: <https://www.ofgem.gov.uk/publications-and-updates/riio-2-nia-governance-document-0>

RIIO-2 Environmental Reporting Guidance: <https://www.ofgem.gov.uk/publications-and-updates/riio-2-environmental-reporting-guidance>

These documents and their content are in line with our Final Determinations.

UNC730V 'COVID-19 Capacity Retention Process'

On 19 March 2021, we published our decision that modification proposal UNC730V 'COVID-19 Capacity Retention Process' should not be made. The decision letter is provided at the link below.

URL: <https://www.ofgem.gov.uk/publications-and-updates/unc730v-covid-19-capacity-retention-process>

UNC738 'Incremental NTS Entry Capacity Surrender'

On 19 March 2021, we published our decision that modification proposal UNC738 'Incremental NTS Entry Capacity Surrender' should not be made. The decision letter is provided at the link below.

URL: <https://www.ofgem.gov.uk/publications-and-updates/unc738-incremental-nts-entry-capacity-surrender>

Notice proposing modifications to the RIGs Regulatory Financial Performance Reporting (RFPR) for RIIO-1, the RIGs revenue RRP for RIIO-ED1 and RIGs Revenue RRP for RIIO-GD1

We propose to make modifications to the following:

- RIIO-1 Regulatory Financial Performance Reporting – Regulatory Instructions and Guidance ("RFPR RIGs");
- RIIO-ED1 Revenue Reporting Pack template and Annex C Revenue of RIGs; and
- RIIO-GD1 Revenue Reporting Pack template.

These proposed modifications are largely made for the purpose of clarifying the existing reporting requirements on the Licensees and to collect additional information. This notice fulfils our obligation

under the relevant Licence Conditions for the relevant sector. Please let us know, by 14 April 2021, if you have any comments on the proposed modifications by contacting charalampos.andreadis@ofgem.gov.uk.

URL: <https://www.ofgem.gov.uk/publications-and-updates/notice-proposing-modifications-rigs-regulatory-financial-performance-reporting-rfpr-riio-1-rigs-revenue-rrp-riio-ed1-and-rigs-revenue-rrp-riio-gd1>

On 12 March 2021, we also published our **notice proposing modifications to the Regulatory Instructions and Guidance (RIGs) for RIIO-GT1**. We propose to make changes to the Gas Transmission RIGs. These modifications are made for the purpose of clarifying the existing reporting requirements. This notice fulfils our obligations under Part C of Standard Licence Condition A40 (Regulatory Instructions and Guidance).

Please let us know, by close of business on 9 April 2021, if you have any comments on the proposals by contacting Jon.Sharvill@ofgem.gov.uk.

URL: <https://www.ofgem.gov.uk/publications-and-updates/notice-proposing-modifications-regulatory-instructions-and-guidance-rigs-riio-gt1-version-81>

Certification arrangements in Great Britain following amendments to the ownership unbundling provisions of the Gas Act 1986 and the Electricity Act 1989: End of the transition period

The government recently made some changes to the ownership unbundling provisions of the Electricity Act 1989 and Gas Act 1986, as a result of the UK leaving the European Union on 31 January 2020 at 11:00pm, namely:

- Removing the requirement for the Authority to send a preliminary decision to the European Commission (“**EC**”);
- Change the timescales in which the Authority has to make its decision. With the removal of the need to send a preliminary decision to the EC, the Authority now has four months in which to make its final decision;
- Place an obligation on the Authority to notify the Secretary of State where a person from outside the United Kingdom controls an applicant for certification; this notification was previously only required where the applicant was controlled by a person from outside the European Economic Area (“**EEA**”); and
- Removes the requirement on the Authority to notify the EC when a TSO is designated.

This updated document, published 17 March 2021, sets out information on our intended approach to processing applications for certification and undertaking reviews of certification following those changes.

URL: <https://www.ofgem.gov.uk/publications-and-updates/certification-arrangements-great-britain-following-amendments-ownership-unbundling-provisions-gas-act-1986-and-electricity-act-1989-end-transition-period>

RIIO-GT1 Annual Report 2019-20

This report, published on 11 March 2021, gives an overview of National Grid Gas Transmission’s (NGGT) output delivery and financial performance over RIIO-GT1. It summarises NGGT’s performance to date, since the start of the RIIO-GT1 price control in April 2013, and forecasts for the remainder of RIIO-GT1 which will come to an end in March 2021. All financial values are in 2019-20 prices unless otherwise stated.

URL: <https://www.ofgem.gov.uk/publications-and-updates/riio-gt1-annual-report-2019-20>

Article 28(2) TAR NC consultation with the non-UK regulatory authorities of all directly connected countries or territories, the Utility Regulator of Northern Ireland and the relevant stakeholders

Article 28 of the Tariff Network Code (“**TAR NC**”) requires that Ofgem must consult every tariff period with the non-UK regulatory authorities of all directly connected countries or territories, the Utility Regulator of Northern Ireland (“**Uregni**”) and the relevant stakeholders on the following items:

- a) The level of multipliers;
- b) If applicable, the level of seasonal factors and how these are calculated;
- c) The levels of any discounts at entry points from LNG facilities and at entry points from and exit points to infrastructure developed with the purpose of ending the isolation of Great Britain or Northern Ireland, or other countries or territories, in respect of their gas transmission systems and the level of any discounts for standard capacity products for interruptible capacity.

The GB gas transmission charging arrangements are set out in Section Y (Charging Methodology) of the UNC. Given the open governance framework in GB, we would expect UNC signatories wishing to amend any of the above items to raise such UNC code modification proposals via the usual industry-led process. We note that Ofgem can only directly modify the UNC in limited circumstances.

We invite responses from interested parties on the items mentioned in Article 28(1) TAR NC and set out above. The consultation shall be open for four weeks. The letter below was published on 5 March 2021, and responses to this consultation must be sent to Gas.TransmissionResponse@ofgem.gov.uk by 6 April 2021.

URL: <https://www.ofgem.gov.uk/publications-and-updates/article-282-tar-nc-consultation-non-uk-regulatory-authorities-all-directly-connected-countries-or-territories-utility-regulator-northern-ireland-and-relevant-stakeholders>