

To:

Electricity Distribution,
Gas Distribution, Gas
Transmission, Electricity
Transmission; Network
Operators; and
Stakeholders

Date: 27 February 2024

Dear Company Secretaries and Stakeholders,

**Proposal to modify the Regulatory Instructions and Guidance (“RIGs”) and
Regulatory Reporting Pack (“RRP”) and the Price Control Financial Model
(PCFM) Guidance for RIIO-GD2, RIIO-GT2 and RIIO-ET2**

We¹ are proposing to amend the RIGs and in particular the following documents for Gas Distribution and Gas and Electricity Transmission licensees:

- RIIO-GD2 and RIIO-T2 RRP data templates
- RIIO-GD2 and RIIO-T2 RIGs documents
- RIIO-GD2 and RIIO-T2 PCFM Guidance
- RIIO-ET2 Glossary

Please find enclosed the Notices setting out our proposed changes issued pursuant to the relevant Licence Conditions for each relevant sector.

RIGs

The RIGs and RRP, are the principal means by which we collect cost, volume, allowed expenditure, obtain output delivery information from licensees, monitor performance against their RIIO-2 objectives and hold them to account.

PCFM Guidance

The PCFM Guidance provides licensees with information on how to fill in the inputs in the

¹ References to ‘the Authority’, ‘GEMA’, ‘Ofgem’, ‘we’, ‘us’ and ‘our’ are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets. Ofgem is the office of the Authority which supports GEMA.

Revenue sheets of the RRP, which feed into the PCFM and are used in setting the licensees' Allowed Revenues through the Annual Iteration Process (AIP).

As part of the enclosed Notices, we provide the following documents with proposed modifications [marked up]:

- RIIO-GD2– Regulatory Instructions and Guidance: Version 1.16;
- RIIO-GD2 PCFM Guidance: Version 1.2;
- RIIO-GD2 Regulatory Reporting template: Version 1.18;
- RIIO-GT2– Regulatory Instructions and Guidance: Version 2.3;
- RIIO-GT2 PCFM Guidance: Version 1.3;
- RIIO-GT2 Regulatory Reporting Template: Version 2.3;
- RIIO-ET2– Regulatory Instructions and Guidance: Version 1.7;
- RIIO-ET2 PCFM Guidance: Version 1.3;
- RIIO-ET2 Regulatory Reporting Template: Version 2.5;
- RIIO-ET2 Glossary Version 1.4

Proposed modifications

We are proposing several amendments to the RIGs and RRP. These include:

- Changes and corrections to the RRP pack.
- Making consequential updates to the RIGs and PCFM Guidance to clarify the existing reporting requirements of the licensee.

We set out the effect of and the reasons for these modifications below.

General updates

We have included a few updates and corrections to the RRP pack, RIGs and PCFM Guidance. The updates were identified during discussions with the relevant network companies to clarify existing reporting requirements and align them with recent changes made to the special licence conditions.

For further details on changes to the RRP, please refer to the Change Log tab at the front of the pack, and for the RIGs, please see the tracked changes within the document.

We welcome representations on our proposed modifications by 26 March 2024, and the details for responding are contained in the enclosed Notice.

Yours faithfully,

Nathan Macwhinnie

Deputy Director

Price Control Operations

Duly authorised on behalf of the Authority

Cadent Gas Limited
Northern Gas Networks Limited
Scotland Gas Networks plc
Southern Gas Networks plc
Wales & West Utilities Limited

(each one a "Licensee", and together, "the Licensees")

Notice under Part A of the Standard Special Condition A40 (Regulatory Instructions and Guidance) ("SSC A40") and part E of Special Condition 8.2 (Annual Iteration Process for the GD2 Price Control Financial Model) ("SC 8.2") of the Gas Transporter Licence (the "Licence") granted to the Licensees under section 7 of the Gas Act 1986 (the "Act").

The Gas and Electricity Markets Authority (the "Authority")² hereby gives notice under Part A of SSC A40 and Part E of SC 8.2 as follows:

Proposal to modify the Regulatory Instructions and Guidance and PCFM Guidance

1. The Authority proposes to modify the Regulatory Instructions and Guidance (the "RIGs") under SSC A40 and the PCFM Guidance under SC 8.2 of the Licence. The RIGs are the primary means by which the Authority directs the Licensees to collect and provide information to the Authority, to enable it to administer the Special Conditions of the Licence and, where not referenced in the Licence, the RIIO-GD2 Final Determinations.³ The PCFM Guidance provides licensees with information on how to fill in the inputs in the Revenue sheets of the RRP, which feed into the PCFM and are used in setting the licensees' Allowed Revenues through the Annual Iteration Process.
2. SSC A40 and Part E of SC 8.2 set out the process for issuing and modifying the RIGs and PCFM Guidance, respectively. In accordance with Part A of SSC A40 and Part E of SC 8.2, the Authority hereby gives notice to the Licensees that it proposes to modify the RIGs in the manner indicated in the documents that can be accessed on its website, published alongside this Notice.
3. The proposed modifications refer specifically to information required to be submitted to the Authority for the 2023/24 Regulatory Year in relation to:
 - RIIO-GD2– Regulatory Instructions and Guidance: Version 1.16;

²The "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports the Authority in its day to day work.

³<https://www.ofgem.gov.uk/publications-and-updates/riio-2-final-determinations-transmission-and-gas-distribution-network-companies-and-electricity-system-operator>

- RIIO-GD2 PCFM Guidance: Version 1.2; and
 - RIIO-GD2 Regulatory Reporting template: Version 1.18.
4. The proposed modifications are summarised below:
- General amendments to the templates and guidance to correct labelling, calculation and referencing errors;
 - Making consequential updates to the RIGs and PCFM Guidance to clarify the existing reporting requirements of the licensee.
5. The purpose of the proposed modifications is to correct the reporting template and clarify existing reporting requirements for the licensees. The reasons for and effect of the modifications are described in the cover letter to this Notice.
6. The Authority proposes that these modifications should take effect by 1 April 2024.
7. The Licensees must complete and return the reporting pack referred to above as part of the 2023/24 RIGs and AIP process.

Further information

8. The RIIO-2 Regulatory Reporting template and RIIO-2 Regulatory Instructions and Guidance documents published alongside this notice show the proposed modifications as incorporated.
9. Copies of this Notice and other documents referred to in it are available on the Ofgem website (www.ofgem.gov.uk).
10. Any representations on the proposed modifications must be made on or before 26 March 2024 by email to Christopher.Haworth@ofgem.gov.uk
11. Our normal practice is to publish responses on our website. We prefer to receive responses in an electronic form for publication on our website. However, if you do not wish for your response to be made public then you should clearly mark your response as “not for publication”.

Nathan Macwhinnie
Deputy Director
Price Control Operations

Duly authorised on behalf of the Authority
27 February 2024

**National Gas Transmission plc (with respect to its
gas transmission network) (the "Licensee")**

**Notice under Part A of the Standard Special Condition A40 (Regulatory
Instructions and Guidance) SSC A40 and part E of Special Condition 8.2
(Annual Iteration Process for the GT2 Price Control Financial Model) ("SC
8.2") of the Gas Transporter Licence granted to the Licensee under section
7 of the Gas Act 1986 (the "Act").**

The Gas and Electricity Markets Authority (the "Authority")⁴ hereby gives
notice under Part A of SSC A40 and Part E of SC 8.2, as follows:

Proposal to modify the Regulatory Instructions and Guidance and PCFM Guidance

1. The Authority proposes to modify the Regulatory Instructions and Guidance (the "RIGs") under SSC A40 and the PCFM Guidance under SC 8.2 of the Licence. The RIGs are the primary means by which the Authority directs the Licensee to collect and provide information to the Authority, to enable it to administer the Special Conditions of the Licence and, where not referenced in the Licence, the RIIO-GT2 Final Determinations.⁵ The PCFM Guidance provides licensees with information on how to fill in the inputs in the Revenue sheets of the RRP, which feed into the PCFM and are used in setting the licensees' Allowed Revenues through the Annual Iteration Process.
2. SSC A40 and Part E of SC 8.2 set out the process for issuing and modifying the RIGs and PCFM Guidance, respectively. In accordance with Part A of SSC A40 and Part E of SC 8.2, the Authority hereby gives notice to the Licensee that it proposes to modify the RIGs in the manner indicated in the documents that can be accessed on its website, published alongside this Notice.

⁴The "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports the Authority in its day to day work.

⁵[RIIO-2 Final Determinations for Transmission and Gas Distribution network companies and the Electricity System Operator | Ofgem](#)

3. The proposed modifications refer specifically to information required to be submitted to the Authority for the 2023/24 Regulatory Year in relation to:
 - RIIO-GT2– Regulatory Instructions and Guidance: Version 2.3;
 - RIIO-GT2 PCFM Guidance: Version 1.3; and
 - RIIO-GT2 Regulatory Reporting Template: Version 2.3.
4. The proposed modifications are:
 - General amendments to the template and guidance to correct labelling, calculation and referencing errors.
 - Updating the RIIO-GT2 Regulatory Reporting Template with new reporting requirements and simplifying existing data reporting.
5. The Authority proposes that these modifications should take effect by 1 April 2024.
6. The Licensee must complete and return the reporting pack referred to above as part of the 2023/24 RIGs and AIP process.

Further information

7. The RIIO-2 Regulatory Reporting template and RIIO-2 Regulatory Instructions and Guidance documents published alongside this notice show the proposed modifications as incorporated.
8. Copies of this Notice and other documents referred to in it are available on the Ofgem website (www.ofgem.gov.uk).
9. Any representations on the proposed modifications must be made on or before 26 March 2024 by email to Christopher.Haworth@ofgem.gov.uk
10. Our normal practice is to publish responses on our website. We prefer to receive responses in an electronic form for publication on our website. However, if you do not wish for your response to be made public then you should clearly mark your response as “not for publication”.

Nathan Macwhinnie
Deputy Director,
Price Control Operations

Duly authorised on behalf of the Authority
27 February 2024

National Grid Electricity Transmission plc
National Grid Electricity System Operator Limited
SP Transmission plc
Scottish Hydro Electric Transmission plc

(each one a "Licensee", and together, "the Licensees")

Notice under Part A of Standard Condition B15 (Regulatory Instructions and Guidance) ("SC B15") of the Electricity Transmission Licence (the "Licence") granted to the Licensees under section 6(1)(b) of the Electricity Act 1989 (the "Act").

The Gas and Electricity Markets Authority (the "Authority")⁶ hereby gives notice under Part A of SC B15 as follows:

Proposal to modify the Regulatory Instructions and Guidance

1. The Authority proposes to modify the Regulatory Instructions and Guidance (the "RIGs") in accordance with SC B15 of the Licence. The RIGs are the primary means by which the Authority directs the Licensees to collect and provide information to the Authority, to enable it to administer the Special Conditions of the Licence and, where not referenced in the Licence, the RIIO-T2 Final Determinations.⁷
2. Part A of SC B15 sets out the process for issuing and modifying the RIGs. In

⁶ The "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports the Authority in its day to day work.

⁷ [RIIO-2 Final Determinations for Transmission and Gas Distribution network companies and the Electricity System Operator | Ofgem](#)

accordance with SC B15, the Authority hereby gives notice to the Licensees that it proposes to modify the RIGs in the manner indicated in the documents that can be accessed on its website, published alongside this Notice.

3. The proposed modifications refer specifically to information required to be submitted to the Authority on or before 31 July 2024 in relation to:
 - RIIO-ET2 – Regulatory Instructions and Guidance: Version 1.7;
 - RIIO-ET2 PCFM Guidance: Version 1.3;
 - RIIO-ET2 Regulatory Reporting Template: Version 2.5; and
 - RIIO-ET2 Glossary Version 1.4
4. The proposed modifications are summarised below:
 - General amendments to the template and guidance to correct labelling, calculation and referencing errors; and
 - Updates to align the template and guidance with the Licence and Price Control Financial Instruments
5. The purpose of the proposed modifications is to collect additional information in line with our Final Determinations for RIIO-ET2 and, to update the existing reporting requirements on the Licensees, and to align the template and guidance with the latest special licence conditions and Price Control Financial Instruments.
6. The Authority proposes that these modifications should take effect by 01 April 2024.
7. The Licensees must complete and return the reporting pack referred to above as part of the 2023/24 RIGs process.

Further information

8. The RIIO-E2 RRP template and RIIO-E2 Regulatory Instructions and Guidance documents, published alongside this notice, show the proposed modifications as incorporated.
9. Copies of this Notice and other documents referred to in it are available on the Ofgem website (www.ofgem.gov.uk).
10. Any representations on the proposed modifications must be made on or before 26

March 2024 to Mark.Cassidy@ofgem.gov.uk

11. Our normal practice is to publish responses on our website. We prefer to receive responses in an electronic form for publication on our website. However, if you do not wish for your response to be made public then you should clearly mark your response as "not for publication".

Nathan Macwhinnie
Deputy Director,
Price Control Operations

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27 February 2024