

To:
The Gas Transmission Network Operator,
the Gas System Planner and interested
Stakeholders

Date: 21 February 2025

Dear Company Secretaries and Stakeholders,

Proposal to modify the Regulatory Instructions and Guidance (“RIGs”), the Regulatory Reporting Pack (“RRP”) Guidance and the Price Control Financial Model (“PCFM”) Guidance for RIIO-GT2¹

Based on the experience of the first three years of the RIIO-GT2 price control, we² have reviewed the reporting requirements and engaged with National Gas Transmission (NGT) to seek views on further improvements to the functionality of the RRP and to improve the supporting RIGs and the PCFM Guidance.

We are proposing to amend the RIGs and in particular the following documents for the Gas Transmission (GT) licensee:

- RIIO-GT2 RIGs document
- RIIO-GT2 RRP Data template
- RIIO-GT2 PCFM Guidance

Please find enclosed the Notice setting out our proposed changes issued pursuant to the Gas Transporter Licence Part A, Special Condition A40 (Regulatory Instructions and Guidance).

We propose that if we implement these changes, they will take effect in April 2025³. For the avoidance of doubt, this means that the data to be submitted in July 2025 (in respect of the 2024-25 reporting year) should comply with the RIGs as modified in accordance with our published Decision Notice.

RIGs

The RIGs and RRP, are the principal means by which we collect cost, volume, allowed expenditure, and output delivery information from licensees, to monitor performance against their RIIO-GT2 objectives and hold them to account.

As part of the enclosed Notice, we provide the following documents with proposed modifications:

- RIIO-GT2 – Regulatory Instructions and Guidance: Version 2.4
- RIIO-GT2 – Regulatory Reporting Template: Version 2.4

¹ This is the second gas transmission price control using the Revenue = Incentives + Innovation + Outputs (RIIO) price control model.

² 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.

³ We propose to modify the RIGs in a direction on or after 31 March 2025.

Proposed Modifications

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

- changes and corrections to the RRP pack, and
- making consequential updates to the RIGs to clarify the existing reporting requirements of the licensee.

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

PCFM Guidance

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 (AIP).

As part of the enclosed notice, we provide the document below with proposed modifications

- RIIO-GT2 PCFM Guidance: Version 1.4

General updates

We have included updates and minor corrections to the RRP pack, RIGs and PCFM Guidance. The updates were identified during discussions with NGT to clarify existing reporting requirements.

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

We welcome representations on our proposed modifications on or before Friday 21 March 2025, and the details for responding are contained in the enclosed Notice.

Yours faithfully,

Nathan Macwhinnie

**Deputy Director
Price Control Operations**

TO: 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 (the "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 Guidance (RIGs) and the Price Control Financial Model (PCFM) Guidance

1. The Authority proposes to modify the RIGs under SSC A40 and the PCFM Guidance under SC 8.2 of the Licence.
2. 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 Part A of SSC A40 sets out the process for issuing and modifying the RIGs.
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. Part E of SC 8.2 sets out the process for issuing and modifying the PCFM Guidance.
4. 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.
5. The proposed modifications refer specifically to information required to be submitted to the Authority for the 2024/25 Regulatory Year in relation to:
 - RIIO-GT2– Regulatory Instructions and Guidance: Version 2.4;
 - RIIO-GT2 Regulatory Reporting Template: Version 2.4.
 - RIIO-GT2 PCFM Guidance: Version 1.4
6. 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.

⁴ 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.

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

- Updates to tabs 2.1 Revenue Interface, 4.2 SO PCFM Input Summary and 4.12 SO ORA to ensure correct formulae and alter price bases to avoid unnecessary deflation and inflation of values.
7. The Authority proposes that these modifications should take effect in April 2025.
 8. The Licensee must complete and return the reporting pack referred to above as part of the 2024/25 RIGs and AIP process.

Further information

9. The RIIO-2 RRP template, RIIO-2 RIGs and PCFM Guidance documents, published alongside this notice, show the proposed modifications as incorporated.
10. Copies of this Notice and other documents referred to in it are available on the Ofgem website (www.ofgem.gov.uk).
11. Any representations on the proposed modifications must be made on or before 21 March 2024 by email to Daniel.Kyei@ofgem.gov.uk
12. 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
21 February 2025