

## Industry update from Ofgem – up to date as of 24 February 2017

**Uniform Network Code UNC596: Implementing CGR3 decisions on Significant Code Reviews and self-governance.** On 31 January 2017 we approved UNC Mod 0596 which implements our decisions in respect of:

- code self-governance and
- the revised significant code review process;

both of which result from phase 3 of our Code Governance Review. More information can be found at the following URL: <https://www.ofgem.gov.uk/publications-and-updates/uniform-network-code-unc596-implementing-cgr3-decisions-significant-code-reviews-and-self-governance>

### **Gas Network Innovation Competition**

**Funding Direction 2016.** On 3 February 2017 we provided a funding direction setting out the amounts for the System Operator to include in its allowed revenues for 2017/18 and the amounts it will transfer to the companies implementing successful projects. More information can be found at the following URL: <https://www.ofgem.gov.uk/publications-and-updates/gas-network-innovation-competition-funding-direction-2016>

#### ***Project Direction for Future Billing Methodology***

On 3 February 2017 we published the conditions of funding for National Grid Gas Distribution's Network Innovation Competition project – Future Billing Methodology. More information can be found at the following URL: <https://www.ofgem.gov.uk/publications-and-updates/network-innovation-competition-project-direction-future-billing-methodology>

#### ***Project Direction for HyDeploy***

On 3 February 2017 we published the conditions of funding for National Grid Gas Distribution's Network Innovation Competition project – HyDeploy. More information can be found at the following URL: <https://www.ofgem.gov.uk/publications-and-updates/network-innovation-competition-project-direction-hydeploy>

#### ***Upcoming deadline to submit for initial screening for the 2017 Gas Network Innovation Competition (NIC)***

On 3 February 2017 we published the deadline for this year's Initial Screening Process for the 2017 NIC. More information can be found at the following URL: <https://www.ofgem.gov.uk/publications-and-updates/upcoming-deadline-submit-initial-screening-2017-gas-network-innovation-competition-nic>

### ***Regulatory Sandbox: calling for expressions of interest***

On 6 February 2017 we invited EOIs for a potential regulatory sandbox. The regulatory sandbox will allow innovators to trial business propositions that will benefit consumers without incurring all of the usual regulatory requirements. More information can be found at the following URL: <https://www.ofgem.gov.uk/publications-and-updates/regulatory-sandbox-calling-expressions-interest>

**Decision on proposed modifications to Interconnector (UK)'s Charging Methodology and Access Rules.** On 7 February 2017 we published a decision not to approve IUK's charging methodology and access rules. The decision was made on the basis that we are not satisfied that the proposed modifications meet the relevant charging methodology objectives and access rules objectives, as required under IUK's licence (predominantly CAM compliance). More information can be found at the following URL: <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-interconnector-uk-s-charging-methodology-and-access-rules>

**Open letter on the European Union Network Code on harmonised transmission tariff structures for gas (TAR NC).** On 21 February 2017 we published an open letter outlining our policy view on the GB gas transmission charging regime in light of the forthcoming EU TAR NC. More information can be found at the following URL: <https://www.ofgem.gov.uk/publications-and-updates/open-letter-european-union-network-code-harmonised-transmission-tariff-structures-gas-tar-nc>

**Amendments to the ownership unbundling requirements of the Gas Act 1986 and the Electricity Act 1989.** On 23 February 2017 we co-issued an open letter with BEIS providing notice of a forthcoming amendment to the GB legislation, that is required to be made by the Commission, that implements unbundling requirements. The letter explains what this means for currently certified GB TSOs. BEIS are offering to discuss the amendment with interested stakeholders. More information can be found at the following URL: <https://www.ofgem.gov.uk/publications-and-updates/amendments-ownership-unbundling-requirements-gas-act-1986-and-electricity-act-1989>

**Mid-period review decision.** On 24 February 2017 we published a mid-period review (MPR) decision to reduce National Grid's allowances across gas and electricity by £185 million. Notably, we have decided to remove National Grid Gas Transmission's Avonmouth pipelines output and £168.8 million in funding, as the pipelines are no longer required. More information can be found at the following URL: <https://www.ofgem.gov.uk/publications-and-updates/mid-period-review-decision>

See also press release: <https://www.ofgem.gov.uk/publications-and-updates/ofgem-reduces-national-grid-s-spending-allowances-its-transmission-price-controls>

See also MPR parallel work consultation: <https://www.ofgem.gov.uk/publications-and-updates/consultation-mid-period-review-parallel-work>

**RIIO gas transmission annual report 2015-16.** On 24 February 2017 we published a report summarising the performance of the National Grid Gas Transmission (NGGT) against its price control up to and including the third year of RIIO-T1 which runs from 2013 to 2021. More information can be found at the following URL: <https://www.ofgem.gov.uk/publications-and-updates/riio-gas-transmission-annual-report-2015-16>