

## **Industry update from Ofgem – up to date as of 6 December 2017**

### ***Ofgem publishes 2017 annual iteration process for energy network price controls***

On 30 November, we published the 2017 annual iteration process (AIP) for energy network companies under our Revenue = Incentives+Innovation+Outputs (RIIO) price controls. The AIP updates base revenues across Ofgem’s four price controls (for electricity distribution, gas distribution, electricity transmission, and gas transmission) for the next regulatory year (2018/19). Further information can be found at the following URL:

<https://www.ofgem.gov.uk/publications-and-updates/ofgem-publishes-2017-annual-iteration-process-energy-network-price-controls>

### ***Generic Entry and Exit Revenue Driver Methodology Statement (GRDM): Derogation from the requirement to provide an Independent Examiner Statement and the requirement to consult on the proposed change***

On 5 December 2017 we published a letter (and accompanying consent/direction) derogating National Grid Gas from certain requirements when reviewing its GRDM. The letter explains why we have given consent to National Grid Gas to review the GRDM without consulting or providing statements from an Independent Examiner.

<https://www.ofgem.gov.uk/publications-and-updates/generic-entry-and-exit-revenue-driver-methodology-statement-grdm-derogation-requirement-provide-independent-examiner-statement-and-requirement-consult-proposed-changes>

### ***Statutory consultation on a proposal to modify the gas transporter licence following decisions on proposals relating to the implementation of Regulation (EU) 2017/460 (“TAR NC”) in GB***

On 1 December 2017 we published a statutory consultation on our proposals to modify the gas transporter licence following our previous decisions on whether the Ofgem or National Grid carry out tasks required under TAR NC. The consultation closes on 4 January 2018.

<https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-proposal-modify-gas-transporter-licence-following-decisions-proposals-relating-implementation-regulation-eu-2017460-tar-nc-gb>

### ***RIIO-2 Framework Review Workshops***

We held a series of workshops regarding the RIIO-2 framework review in London between 18 October 2017 and 1 November 2017. The workshops covered a range topics including delivering what customers need, simplifying price controls and long term value for money. Presentation material from the five workshops can be found at the following URL:

<https://www.ofgem.gov.uk/publications-and-updates/riio-2-framework-review-workshops>

### ***Introduction of RIIO Accounts – further consultation on licence modification***

On 8 November 2017 we launched a consultation on our proposal to introduce a requirement for licenced network operators (NWOs) to prepare and publish RIIO accounts for regulatory year 2017-

2018. The aim of RIIO Accounts is to provide a step change in the quality of reported financial performance by NWOs. The consultation closed on 6<sup>th</sup> December and is awaiting decision.

<https://www.ofgem.gov.uk/publications-and-updates/introduction-riio-accounts-further-consultation-licence-modification>

***Open letter: unidentified gas allocation***

On 9 November 2017 we published a letter that provides background to and an update on issues relating to unidentified gas (UIG), and invited interested parties to a UIG meeting on 13<sup>th</sup> November to address them.

<https://www.ofgem.gov.uk/publications-and-updates/open-letter-unidentified-gas-allocation>

***UNC625: Extension of 4 months to 10 months to transfer non-mandatory sites from Class 1***

On 24 November 2017 we published our decision approving the implementation of UNC625. We concluded that implementing the modification proposal would better facilitate the achievement of the relevant objectives of the UNC.

<https://www.ofgem.gov.uk/publications-and-updates/unc625-extension-4-months-10-months-transfer-non-mandatory-sites-class-1>

***2017 Network Innovation Competitions Brochure***

On 30 November 2017 we published our funding decisions for this year's Electricity and Gas Network Innovation Competition. For gas, we awarded £6.3 million to SGN to develop advanced robotics to automate and improve the utility excavation process. We also awarded £8.9 million to Cadent, NGN, SGN and Wales & West Utilities to provide safety evidence on whether the GB gas distribution networks are suitable to transport 100% hydrogen.

<https://www.ofgem.gov.uk/publications-and-updates/2017-network-innovation-competitions-brochure>