

Industry update from Ofgem – up to date as of 4 September 2018

Minutes and presentations from the 26th and 27th BEIS-Ofgem European Stakeholder Group meeting for Gas

On 4 September 2018 we published the minutes from 26th and 27th BEIS-Ofgem European Stakeholder Group meeting for Gas. We have also published some of the updates given by presenters at this meeting.

<https://www.ofgem.gov.uk/publications-and-updates/minutes-and-presentations-26th-beis-ofgem-european-stakeholder-group-meeting-gas>

<https://www.ofgem.gov.uk/publications-and-updates/minutes-and-presentations-27th-beis-ofgem-european-stakeholder-group-meeting-gas>

Network Innovation Competition – Changes to Project Direction for Low Carbon Gas Preheating (LCGP)

On 30 August 2018, we published a change to NGN’s project direction for the LCGP NIC. The changes relate to a deadline extension for certain technical reasons.

<https://www.ofgem.gov.uk/publications-and-updates/network-innovation-competition-changes-project-direction-low-carbon-gas-preheating-lcgp>

RIIO-GT1 Price Control Financial Model following the modifications to implement PARCA arrangements and the funding decision on the Fleetwood entry point

On 10 July 2018, we published a Statutory Consultation on the modifications needed to the RIIO-GT1 Price Control Financial Model (PCFM) to implement two decisions:

- The introduction of Planning and Advanced Reservation of Capacity Agreements (PARCAs).
- The reduction of £277.5 million from NGGT revenue allowances for investments at the Fleetwood entry point, which did not take place and are not expected to be needed over the remainder of the current control period.

We have now consulted and decided to proceed with the proposed modifications

<https://www.ofgem.gov.uk/publications-and-updates/riio-gt1-price-control-financial-model-following-modifications-implement-parca-arrangements-and-funding-decision-fleetwood-entry-point>

Consultation on RIIO-1 price control reopeners (May 2018)

We have consulted on our initial views on six reopeners, which closed on 29 August 2018. The shorter consultation period is driven by the licence requirement to determine any relevant adjustments to the licensee’s allowed expenditure by the end of September and the time we need to take into account responses to consultation, engage with interested stakeholders and revise our analysis, if necessary.

<https://www.ofgem.gov.uk/publications-and-updates/consultation-riio-1-price-control-reopeners-may-2018>

Direction to modify the GD1 Price Control Financial Model with respect to SGN's Voluntary Return

Following the Notice which Ofgem issued on 27 July 2018, under Part B of Special Condition 2A of the Gas Transporter Licence, Ofgem has issued a Direction to modify the GD1 Price Control Financial Model ("PCFM"). The proposed modifications concern SGN voluntarily returning £50m in Repex allowances.

This is the version of the model we will use for the Annual Iteration Process (AIP) which will take place by the 30 November 2018.

<https://www.ofgem.gov.uk/publications-and-updates/direction-modify-gd1-price-control-financial-model-respect-sgns-voluntary-return>

Greenhouse Gas Emissions Incentive: Licence and Regulatory Instructions inconsistencies

On 24 August we published our decision to reconcile the Greenhouse Gas (GHG) Emissions Incentive payments that National Grid Gas (NGG) has made due to the inclusion of station vent emissions. However, we do not intend to reconcile the payments NGG has made due its use of an incorrect carbon reference price. The attached letter explains our decision.

<https://www.ofgem.gov.uk/publications-and-updates/greenhouse-gas-emissions-incentive-licence-and-regulatory-instructions-inconsistencies>