

Industry update from Ofgem – up to date as of 31 July 2020

RIIO-2 Draft Determinations for Transmission, Gas Distribution and Electricity System Operator

On 9 July 2020, we published our consultation on the draft determinations for the RIIO-2 price control period, following our consultation and decision announcement on the RIIO-2 Framework in July 2018, and the publication of our sector-specific methodology in May 2019. Ofgem has set out its proposals for a five-year investment programme of £25bn, running from 1 April 2021 to 31 March 2026, and is currently inviting representations and views from industry as part of the RIIO consultation process. The consultation closes on 4 September 2020 so please send all responses by this date to RIIO2@ofgem.gov.uk.

URL: <https://www.ofgem.gov.uk/publications-and-updates/riio-2-draft-determinations-transmission-gas-distribution-and-electricity-system-operator>

Decision on National Grid Gas plc's proposal for Saltholme Power Station to be excluded from the Relevant Points

Following the letter and report received on 5 March 2020 from NGG proposing that Saltholme Power Station (DC) Exit Point be excluded from the definition of 'relevant points', we have decided to approve this proposal in accordance with our obligations under Article 18(4) of Gas Regulation (EC) No. 715/2009. Exclusion from the definition of 'relevant points' means that the Exit Point is exempt from having information on technical and contractual matters made public on a regular basis. We recognise that Saltholme Power Station is connected to a single final customer, and as outlined in paragraph 25 of Gas Regulation (EC) No. 715/2009, confidentiality requirements for commercially sensitive information are particularly relevant where Exit Points are connected to a single industrial final customer.

We therefore approved the proposal to exclude Saltholme Power Station (DC) Exit Point from the definition of 'relevant points'. The link to our decision is below.

URL: <https://www.ofgem.gov.uk/publications-and-updates/decision-national-grid-gas-plcs-proposal-saltholme-power-station-be-excluded-relevant-points-definition>

Modification of National Grid Gas plc (NTS) Gas Transporter Licence to add a new National Transmission System (NTS) exit point

We have decided to modify Part F of Special Condition 5G (Determination of Incremental Obligated Exit Capacity volumes and the appropriate revenue drivers to apply and the creation of Zero Licence Baseline Capacity Exit Points) of National Grid Gas plc's (NTS) Gas Transporter Licence, to add 'Saltholme Power Station' as a new NTS exit point to Table 8: Licence Baseline Exit Capacity. Our statutory consultation on this modification was published on 12 June 2020, and closed on 10 July 2020, to which we received one non-confidential response from National Grid Gas plc (NGG). This decision will take effect from 12 September 2020.

URL: <https://www.ofgem.gov.uk/publications-and-updates/modification-national-grid-gas-plc-nts-gas-transporter-licence-add-new-national-transmission-system-nts-exit-point>

Uniform Network Code 730 'COVID-19 Capacity Retention Process': Urgency Application

Following receipt of an urgency application for modification proposal UNC730 'COVID-19 Capacity Retention Process', we decided on 7 July 2020 to not grant urgency status, and the proposal should instead follow the normal modification procedure, including workgroup development. We assessed the request against the urgency criteria set out in Ofgem's published guidance, but do not consider that urgent procedures would have been appropriate in this instance. Our decision on urgency should not

be treated as any indication of our view on the merits of UNC730, and we will continue to work with industry and consumers to tackle the challenges presented by COVID-19.

URL: <https://www.ofgem.gov.uk/publications-and-updates/unc730-decision-urgency>

Decision to approve Rebased Network Replacement Outputs and to modify Special Condition 7E of the Gas Transporter Licence held by National Grid Gas plc

On 6 March 2020, we published a consultation on a proposal to approve National Grid Gas plc's Rebased Network Replacement Outputs and a statutory consultation on modifying the contents of Table 1: Network Replacement Outputs in Special Condition 7E (Specification of Networks Replacement) of its Gas Transporter Licence.

We received two responses to the consultation. Following consideration of those responses, we have decided to approve NGGT's Rebased Network Replacement Outputs and to modify Special Condition 7E in the manner set out in the consultation. These licence changes will take effect from 10 September 2020.

URL: <https://www.ofgem.gov.uk/publications-and-updates/decision-approve-rebased-network-replacement-outputs-and-modify-special-condition-7e-gas-transporter-licence-held-national-grid-gas-plc>

Uniform Network Code 728/A/B/C/D 'Introduction of a Conditional Discount for Avoiding Inefficient Bypass of the NTS': Urgency Application and Notice of IA

On 9 June 2020, the Joint Office of Gas Transporters received a request from National Grid Gas Transmission that Uniform Network Code modification proposal UNC728 'Increasing the Storage Transmission Capacity Charge Discount to 80%' should be treated as 'urgent' and proceed under a timetable approved by Ofgem. Four alternative proposals (UNC 728A/B/C/D) were submitted to the Joint Office on the same day.

We assessed the request against the urgency criteria set out in Ofgem's published guidance, and we have decided to grant urgent status for UNC728/A/B/C/D. In reaching our decision on urgency we have made no assessment of the substance of the proposed modification, including the recommended implementation date, and nothing in this letter in any way fetters the discretion of the Authority in respect to UNC728/A/B/C/D.

URL: <https://www.ofgem.gov.uk/publications-and-updates/unc728abcd-introduction-conditional-discount-avoiding-inefficient-bypass-nts-urgency-application>

On 16 July 2020, we also published a notice of Impact Assessment on UNC728/A/B/C/D, to consider the wider issues associated with UNC728/A/B/C/D. We will seek to complete our IA and make a decision as soon as possible to ensure industry can have as much certainty as possible. In deciding to carry out an IA we have made no assessment of the merits of the proposals and nothing in this letter in any way fetters the discretion of the Authority in respect of UNC728A/B/C/D.

URL: <https://www.ofgem.gov.uk/publications-and-updates/uniform-network-code-728abcd-urgent-introduction-conditional-discount-avoiding-inefficient-bypass-nts>