

Industry update from Ofgem – as of 04 January 2021

UNC748 Prospective Removal of Entry Capacity Revenue from Capacity Neutrality Arrangements: Decision

On 23 December 2020, we decided to approve UNC748 'Prospective Removal of Entry Capacity Revenue from Capacity Neutrality Arrangements'. The letter published below sets out this decision.

URL: <https://www.ofgem.gov.uk/publications-and-updates/unc748-prospective-removal-entry-capacity-revenue-capacity-neutrality-arrangements-decision>

On the same day, the Authority also published an **Open letter to National Grid Gas Transmission on Transmission Services Revenue Recovery Charges**, setting out our views on Transmission Services Revenue Recovery Charges. This letter is available at the link below.

URL: <https://www.ofgem.gov.uk/publications-and-updates/open-letter-national-grid-gas-transmission-transmission-services-revenue-recovery-charges>

Amended Decision: South Hook LNG Terminal Company Ltd's application for exemption from regulated third party access for additional capacity

On 9 October 2018, South Hook LNG Terminal Company Ltd submitted to us an application for additional capacity of ~5.3 billion cubic meters per year to be exempted from regulated Third Party Access (rTPA) for at least 25 years. Ofgem published its decision on 11 May 2020.

In accordance with Article 39(9) of the Directive, the Commission may decide to require the relevant regulatory authority to amend or withdraw their decision to grant an exemption. On 8 December 2020, Ofgem received a decision from the Commission. The Commission decided that the exemption should be granted provided that additional conditions are added to the terms of the decision. The letter published below on 18 December 2020 sets out Ofgem's amended decision.

URL: <https://www.ofgem.gov.uk/publications-and-updates/amended-decision-south-hook-lng-terminal-company-ltd-s-application-exemption-regulated-third-party-access-additional-capacity>

UNC727 Increasing the Storage Transmission Capacity Charge Discount to 80%: Decision

On 18 December 2020, we decided to approve UNC727 'Increasing the Storage Transmission Capacity Charge Discount to 80%'. The letter published below sets out this decision.

URL: <https://www.ofgem.gov.uk/publications-and-updates/unc727-increasing-storage-transmission-capacity-charge-discount-80-decision>

RIIO-2 consultation on Associated Documents

Alongside our RIIO-2 formal Licence Drafting Consultation, we are consulting on proposed drafts of a number of Associated Documents. These are documents created under the licence conditions that supplement those conditions and are subordinate to them.

These documents are working drafts and the content is in line with our Final Determinations. We will ensure that all comments received will be appropriately reflected within the final versions. The associated documents are provided at the links below:

RIIO-2 Environmental Report Guidance Document: <https://www.ofgem.gov.uk/publications-and-updates/riio-2-environmental-report-guidance-document>

Re-opener Guidance and Application Requirements document:

<https://www.ofgem.gov.uk/publications-and-updates/re-opener-guidance-and-application-requirements-document>

Vulnerability and Carbon Monoxide Allowance (VCMA) Governance Document:

<https://www.ofgem.gov.uk/publications-and-updates/vulnerability-and-carbon-monoxide-allowance-vcma-governance-document>

Price Control Deliverable Reporting Requirements and Methodology Document:

<https://www.ofgem.gov.uk/publications-and-updates/price-control-deliverable-reporting-requirements-and-methodology-document>

Fuel Poor Network Extension Scheme (FPNES) Governance Document:

<https://www.ofgem.gov.uk/publications-and-updates/fuel-poor-network-extension-scheme-fpnes-governance-document>

Exit Capacity Enhanced Obligations Guidance Document: <https://www.ofgem.gov.uk/publications-and-updates/exit-capacity-enhanced-obligations-guidance-document>

The links above outline each guidance document being consulted on, and areas where we would like specific feedback in respect of each document. The contact details for providing responses are also listed at each link, and please send responses to any of these consultations before or on 29 January 2021.

Statutory consultation on amendments to the gas Guaranteed Standards of Performance Statutory Instrument

The decision on amendments to gas transporter GSOPs was published in December 2020 as part of the Final Determinations for the RIIO-GD2 price control. This consultation invites views on the draft Statutory Instrument (SI) required to implement the policy decisions. This consultation is also seeking views on adjustments to four of the prescribed payment caps associated with GSOPs.

We would welcome any views on our position by 5pm on 29 January 2021. Please e-mail responses to cara.yates@ofgem.gov.uk.

URL: <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-amendments-gas-guaranteed-standards-performance-statutory-instrument>

Statutory consultation for RIIO-2 Transmission, Gas Distribution and Electricity System Operator licences

This statutory consultation sets out the proposed changes to the licence conditions required to implement the RIIO-2 price control settlement for the transmission companies, gas distribution networks and the electricity system operator. The licence consultation notices, reasons and effects, price control financial instruments, issue logs, and relevant licence conditions were published on 17 December 2020 at the link below.

The closing date for the statutory consultation is 19 January 2021, and please send responses before or on this date to Eilidh Alexander, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to Eilidh.alexander@ofgem.gov.uk.

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

Forward work programme 2021/22 consultation

On 15 December 2020, we published the consultation document below, which outlines a draft forward work programme in 2021/22 for Ofgem, setting out our proposed activities for continuing to build a greener, fairer energy system for consumers. We welcome your views on how our proposed activities in 2021/22 will help us best achieve our principal objective to 'protect the interests of existing and future consumers'.

Please respond to this consultation by emailing your response to FWP@Ofgem.gov.uk by noon, Friday, 19 February. Unless you ask us not to, we will publish all responses on our website. A final version of our 2021/22 forward work programme will be published by 31 March 2021.

URL: <https://www.ofgem.gov.uk/publications-and-updates/forward-work-programme-202122-consultation>

RIIO-2 Final Determinations for Transmission and Gas Distribution network companies and the Electricity System Operator

RIIO is our approach to ensuring the monopoly companies who own and operate our gas and electricity networks have enough revenue to run an efficient network that delivers what customers need. RIIO stands for Revenues = Incentives + Innovation + Outputs.

We introduced RIIO-1 for the gas distribution and gas and electricity transmission price controls in 2013. These are due to finish in March 2021. We consulted on our draft determinations for the next price control (RIIO-2) in July 2020. The consultation closed on 4 September 2020. Our decisions, having taken account of all consultation responses, are set out in the Final Determinations below, published on 8 December 2020. These determinations have been followed by the ongoing statutory consultation on licence modifications, including the Price Control Financial Instruments (set out above).

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

Decision not to modify licences held by Transmission Owners, Electricity System Operator, and Gas Distribution Networks in extraordinary circumstances due to COVID-19

On 23 September 2020, we published our Statutory Consultation setting out our proposal to modify licences held by Transmission Owners, the Electricity System Operator, and Gas Distribution Networks in extraordinary circumstances due to COVID-19.

This letter below, published on 7 December 2020, sets out a summary of the responses to our Statutory Consultation and our rationale for our decision not to proceed with our proposal.

URL: <https://www.ofgem.gov.uk/publications-and-updates/decision-not-modify-licences-held-transmission-owners-electricity-system-operator-and-gas-distribution-networks-extraordinary-circumstances-due-covid-19>