

Industry update from Ofgem – 4 August 2015

Generic Entry and Exit Revenue Driver Methodology Statement (GRDM) - update: Independent Examiner Statement derogation. Our decision letter, explaining why we have given consent to National Grid Gas to update the GRDM without accompanying statements from an Independent Examiner, may be found at the following location on the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/generic-entry-and-exit-revenue-driver-methodology-update-independent-examiner-derogation>

Code modification/modification proposals with Ofgem for decision - indicative timetable. The table giving the indicative decision dates, and names of Ofgem experts, for code modification/amendment proposals that are with Ofgem for decision may be found at the following location on the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/code-modificationmodification-proposals-ofgem-decision-indicative-timetable>

Consultation on draft decision on NGGTs application under the RIIO-T1 Compressor Emissions uncertainty mechanism. We seek your views before 1 September 2015 on our minded-to position to reject NGGT's application for an additional £41m to comply with emissions legislation at compressor stations. Ofgem is of the view that National Grid has not justified the additional expenditure. Our consultation letter and supporting documents may be found at the following location on the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/consultation-draft-decision-nggts-application-under-riio-t1-compressor-emissions-uncertainty-mechanism>

Modification of National Grid Gas (NGGT) transporter licence to add two new exit points to the National Transmission System. Our decision to modify Special Condition 5G of NGGT's gas transporter licence to add two new exit points to the licence – Air Products (Teesside) and Fordoun CNG Station, may be found at the following location on the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/modification-national-grid-gas-transporter-licence-add-two-new-exit-points-national-transmission-system>

Consultation on the ex-post efficiency review on National Grid Gas NTS' (NGGT) Milford Haven pipeline project. We are seeking your views, by 18 September 2015, on the proposed findings of our ex-post efficiency review of the Milford haven pipeline project (to determine what should be counted as efficient and economic spend) and our proposal not to make any adjustment to allowed revenues (other than a small correction for spend covered elsewhere). Our consultation letter and supporting documents may be found at the following location on the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/consultation-ex-post-efficiency-review-nggt-s-milford-haven-pipeline-project>

Consultation on our minded-to position on TPCR4 cost reviews and RIIO-T1/GD1 uncertainty mechanisms for enhanced security upgrades. We seek your views on our minded-to position by 1 September 2015. Subject to the

consultation, our proposals include allowing £190.4 million of the £223.2 million costs claimed by National Grid Gas NTS (NGGT) for upgrading the physical security at sites categorised by the Government as Critical National Infrastructure (CNI) and reducing the £235.7million allowed in NGGT's RAV by £45 million. Our consultation letter may be found at the following location on the Ofgem website:

<https://www.ofgem.gov.uk/publications-and-updates/consultation-our-minded-position-tpcr4-cost-reviews-and-riio-t1gd1-uncertainty-mechanisms-enhanced-security-upgrades>

Modifications to the GT1 Price Control Financial Model (PCFM). We are proposing modifications to the GT1 PCFM that forms part of Special Condition 4A of National Grid Gas' NTS (NGGT) transporter licence, in order to update NGGT's allowed expenditure in relation to Enhanced Security Costs and to correct a drafting error. Any representations must be made on or before 28 August 2015. Our consultation notice and appendices may be found at the following location on the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/modification-notice-under-section-232-gas-act-1986>

Approval of Interconnector (UK)'s (IUK) modified access rules and charging methodology. Our decision letter approving IUK's proposed modifications may be found at the following location on the Ofgem website:

<https://www.ofgem.gov.uk/publications-and-updates/approval-interconnector-uks-modified-access-rules-and-charging-methodology>

Uniform Network Code (UNC) 0501V, UNC501AV, UNC501BV and UNC501CV: Treatment of Existing Entry Capacity Rights at Bacton. These four modifications were raised proposing different treatment of existing capacity bookings at Bacton after the split into two new entry points (Bacton UKCS and Bacton IP). Our decision to direct that modification UNC501V be made and our reasons for that, may be found at the following location on the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/uniform-network-code-unc-0501v-unc501av-unc501bv-and-unc501cv-treatment-existing-entry-capacity-rights-bacton>

Potential RIIO-T1 and GD1 mid-period review (MPR) – timetable and next steps.

RIIO Final Proposals included provision for a potential MPR during the eight year price control period. Further details of scope and timeline may be found at the following location on the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/potential-riio-t1-and-gd1-mid-period-review-timetable-and-next-steps>

Agenda of the Gas and Electricity Markets Authority – 9 July 2015. The agenda includes an item “Milford Haven pipeline project ex-post efficiency review”. The full agenda may be found at the following location on the Ofgem website:

<https://www.ofgem.gov.uk/publications-and-updates/agenda-gas-and-electricity-markets-authority-july-2015>