

Industry update from Ofgem – Up to date as of 30 August 2016

RIIO-GT1 Financial Model for the Annual Iteration Process November 2016. On 23rd August 2016, Ofgem published the GT1 Price Control Financial Model (PCFM) for the Annual Iteration Process (AIP) that will take place by the 30 November 2016. The document can be found at the following location on the Ofgem website:

<https://www.ofgem.gov.uk/publications-and-updates/riio-gt1-financial-model-annual-iteration-process-november-2016>. The direction making the relevant modifications to the Gas Transmission licence can be found here: <https://www.ofgem.gov.uk/publications-and-updates/direction-modify-gt1-pcfm-use-aip-2016>

Minutes and presentations from the 22nd DECC-Ofgem European Stakeholder Group for Gas (June meeting). On 22nd August 2016 we published Minutes and presentations from the 22nd DECC-Ofgem European Stakeholder Group for Gas, which took place on 21 June 2016. We intend to hold another meeting on 21st September and invitations will follow shortly. The documents may be found at the following location on the Ofgem website:

<https://www.ofgem.gov.uk/publications-and-updates/minutes-and-presentations-22nd-decc-ofgem-european-stakeholder-group-gas>

Consultation on the mid-period review of RIIO-T1. On 18th August 2016 Ofgem opened a consultation on our decision to launch an Mid-Period Review for the RIIO-T1 price control focusing on three areas, all of which relate to National Grid's outputs (both gas and electricity transmission). We are seeking views on our proposals for changes to outputs and allowances in each of these areas. The deadline for responses to this consultation is Thursday 6 October 2016. We will publish our decision on the MPR in November or December after we have considered responses to this consultation. We intend to implement any changes to allowances through modifying the licence, including the Price Control Financial Model (PCFM) in 2017 so that revenue changes can take effect from 1 April 2018. The documents may be found at the following location on the Ofgem website:

<https://www.ofgem.gov.uk/publications-and-updates/consultation-mid-period-review-riio-t1>. A press release is available here: <https://www.ofgem.gov.uk/publications-and-updates/ofgem-proposes-reductions-national-grid-s-spending-allowances-its-energy-transmission-price-controls>

Consultation on the implementation of the CMA's code governance remedies. Expected September 2016. Ofgem have announced their intention to consult on the proposal to implement the CMA's recommendations on code governance in full. The CMA report found that some aspects of the code governance regime gave rise to an adverse effect on competition. More information can be found at the following location on the Ofgem website:

<https://www.ofgem.gov.uk/publications-and-updates/consultation-implementation-cma-s-code-governance-remedies>. More information on the CMA's remedies can be found here:

<https://www.ofgem.gov.uk/publications-and-updates/ofgem-working-deliver-more-competitive-fairer-energy-market-all-consumers>

Notice under Section 23(2) of proposed modification to National Grid Gas' transporter licence. On 4th August 2016. Ofgem published their proposal to modify special condition 2C in National Grid Gas' transporter licence. More information can be found at the following location on the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/notice-under-section-232-proposed-modification-national-grid-gas-transporter-licence>.

2016 National Report to the European Commission. On 3rd August 2016 Ofgem published the 2016 National Report to the EC, which covers developments in the GB energy markets, the regulation and performance of the markets along the themes of Network Regulation, Promoting Competition, and Security of Supply. and compliance with the Electricity and Gas Directives. More information can be found at the following location on the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/2016-national-report-european-commission>.