

CROSS SECTOR	
REFERENCE NUMBER:	CATEGORY: Amendment
LICENCE CONDITION NUMBER: (if relevant):	SpC 9.7
TITLE:	Directly Remunerated Services
RELEVANT LICENCE CONSULTATION QUESTIONS (if any):	
RELEVANT ISSUES LOG:	
POLICY ISSUES	
	In relation to NGG, by virtue of a direction issued by Ofgem on 31 <sup>st</sup> March 2017 NGG and the GDNs treat services in relation to the Central Data Service Provider (CDSP) as Excluded Services from 1 <sup>st</sup> April 2017. This is not captured as a DRS in GT 9.7. and we would like to better understand the rationale for this approach. Please could Ofgem confirm the position. Is it because Special Condition 6.3 treats CDSP costs excluding UK Link Gemini Costs as pass through?
DRAFTING ISSUES	
<ul style="list-style-type: none"> <li>Definitions</li> <li>9.7.4</li> <li>ET 9.7.7</li> <li>ET9.7.8(a)</li> <li>ET 9.7.10</li> </ul>	<p><b>General</b></p> <ul style="list-style-type: none"> <li>DRS is defined differently in the definitions annex for ET and GT (and twice differently for GT). We suggest the shorter GT definition approach is adopted with the definition referencing Special Condition 9.7.</li> <li>9.7.4 suggests removing DRS from Allowed Revenue when it has already been removed in 2.1.6. It is unclear what the intent is of this paragraph.</li> </ul> <p><b><u>The following comments are made in relation to the NGET licence</u></b></p> <ul style="list-style-type: none"> <li>This should cross refer to paragraph 9.7.8</li> <li>The term “Network Charges” should refer to “Transmission Network Charges” being the defined term.</li> <li>This paragraph in the licence states that certain connection activities should be included in DRS however it carves out connections covered by Network Charges (and therefore included in SpC 2.1). If our response to Consultation</li> </ul>

<ul style="list-style-type: none"> <li>ET 9.7.10(f)</li> <li>GT 9.7.10</li> <li>GT 9.7.10</li> </ul>	<p>Question 16 (to exclude all connection income from allowed revenue) is adopted through the action of 2.1.6 then there will be no connection charges remunerated through that Special Condition. To make it clear that all connections are treated in RIIO-T2 as DRS, the definition in 9.7.10(a) should be clarified by removing the statement in parenthesis</p> <ul style="list-style-type: none"> <li>This paragraph should cross refer to Special Condition 7.11 (RIIO NIC close out). We also note that this provision refers to the Strategic Innovation Fund; we have not yet seen this condition.</li> </ul> <p><b><u>The following comments are made in relation to NGG Licence</u></b></p> <ul style="list-style-type: none"> <li>DRS 2: replace “Excluded Services” at the end and replace with “Directly Remunerated Services”.</li> <li>As DRS 5,8,10,11,12,13 and 14 are not applicable to the GT licence we suggest that they are removed from the NGGT licence.</li> </ul>
<b>FINANCE ISSUES</b>	
<b>SUPPORTING INFORMATION</b>	
<b>OFGEM ENGAGEMENT:</b>	