

GT SECTOR	
<b>REFERENCE NUMBER:</b>	<b>CATEGORY:</b>
<b>LICENCE CONDITION NUMBER:</b> <i>(if relevant):</i>	SpC 3.13
<b>TITLE:</b>	Asset Health - Non Lead Assets Price Control Deliverable
<b>RELEVANT LICENCE CONSULTATION QUESTIONS</b> <i>(if any):</i>	
<b>RELEVANT ISSUES LOG:</b>	
<b>POLICY ISSUES</b>	
<ul style="list-style-type: none"> <li>Part A</li> <li>Part C</li> </ul>	<p>*Please see our associated Draft Determination responses on PCDs and Asset Health; 4. National Grid Gas Transmission Response to RIIO-2 Draft Determination: Gas Transmission Sector Annex, Q1 and 5. National Grid Gas Transmission Response to RIIO-2 Draft Determination: NGGT Annex, Q11, Q25.</p> <ul style="list-style-type: none"> <li>The formula logic of this condition is not clear and maybe unnecessary in Part A. NLAA<sub>t</sub> is defined as the sum of allowances in Appendix 1. NLAR<sub>t</sub> is defined as the value that may be directed by the authority. Part D does not state that NLAR<sub>t</sub> will be directed but that it will set out amendments to Appendix 1.</li> <li>Part C refers to the assessment of outputs being specified in the PCD Reporting Requirements and Methodology Document, however this document in its current draft form does not give specifics to the Asset Health non-lead PCDs. It is not clear how we will be measured or what the consequence of non-delivery. For post review, further discussion is required; recommend a bilateral to agree timelines, level of data required for a decision and if this is achievable.</li> <li>We are working under the assumption of 4 areas for the non-lead PCD (Site Lighting, Cabs, Pipe Supports, and Pits) for Asset Health.</li> <li>Given points outlined in the PCD Reporting Requirements and Methodology Document it would be beneficial for all PCD licence conditions to state whether they are Mechanistic or Evaluative?</li> </ul>

<ul style="list-style-type: none"> <li>• General</li> <li>• Appendix 1</li> </ul>	<ul style="list-style-type: none"> <li>• The approach to setting a potential value of NLART if this PCD is considered mechanistic is not clear. The PCD Reporting Requirements and Methodology Document refers to licence formula. The formula in this condition then refers to the PCD Reporting Requirements and Methodology Document. This does not make it clear how we will be measured.</li> <li>• It is not clear how the necessary adjustment during the period on AH PCDs will be considered or applied.</li> <li>• How final determination will be translated into Appendix 1 is not clear. The current draft does not even represent the DD proposals which would provide understanding of how this appendix would work.</li> </ul>
<b>DRAFTING ISSUES</b>	
<ul style="list-style-type: none"> <li>• 3.13.2(b)</li> <li>• 3.13.3</li> <li>• Headings</li> <li>• 3.13.7</li> <li>• 3.13.8</li> <li>• 3.13.9 (as written)</li> </ul>	<ul style="list-style-type: none"> <li>• Should state “provide for an assessment of the Price Control Deliverable” for consistency with other PCD conditions.</li> <li>• Replace “explains” with “sets out”</li> <li>• Headings should be framed as statements not questions. Part B heading should read “what the licensee is funded to deliver” and part D heading should read “Authority process in making a direction”</li> <li>• Should cross refer to 3.13.6</li> <li>• This provision should be 3.13.7(c) (and 3.13.9 renumbered accordingly)</li> <li>• Should read “A direction under paragraph 3.13.7 will set out the value of the NLART term and the Regulatory Years to which those values relate” for consistency with other PCDs</li> </ul>
<b>FINANCE ISSUES</b>	
<b>SUPPORTING INFORMATION</b>	
<b>OFGEM ENGAGEMENT:</b>	