

CROSS SECTOR	
REFERENCE NUMBER:	CATEGORY: Addition
LICENCE CONDITION NUMBER: <i>(if relevant):</i>	SpC 9.18 in respect of ET Licence SpC 9.8 in respect of GT Licence
TITLE:	Tax Reconciliation Assurance Statement
RELEVANT LICENCE CONSULTATION QUESTIONS <i>(if any):</i>	
RELEVANT ISSUES LOG:	
POLICY ISSUES	
	<ul style="list-style-type: none"> We are yet to be provided with an example of the Tax Reconciliation template and therefore cannot comment on the structure, content and reasonableness of this reconciliation. The PCFM Guidance is yet to be published. Our understanding is that some of the guidance required to complete the tax reconciliation may be included within this document (consistent with the intended combination of the PCFM and RFPR). We are also yet to have sight of the Regulatory Instructions and Guidance which is referred to within the licence drafting implying the inclusion of information required for completion of the Tax Reconciliation Assurance Statement. Therefore, we cannot comment in full on the Tax Reconciliation Assurance Statement until these documents are available for review. The consultation document indicates that the PCFM Guidance is not expected to be published until Q1 2021 and the Regulatory Instructions and Guidance in December 2020, which is significantly too late. We would welcome sight of both Guidance documents as soon as possible and in any event no later than the date of publication of the statutory consultation on the licence modifications giving effect to the Final Determinations
DRAFTING ISSUES	
<ul style="list-style-type: none"> ET 9.18.2(b) ET 9.18.3 	<p>These comments are made in relation to NGET:-</p> <ul style="list-style-type: none"> 9.18.2(b) - It is not clear why the language in the GT Licence (SpC 9.8.2(b)) is different from the ET Licence (SpC 9.18.2(b)). 9.18.3 - When completing the Assurance statement we understand that the Licensee will replace the words '[the preceding Regulatory year]' with the actual Regulatory year to which the tax reconciliation template relates. For

<ul style="list-style-type: none"> • ET 9.18.3(b)(ii) • ET 9.18.3(c) 	<p>example, for the Regulatory year ended 31 March 2023 (where the statement will be submitted by 31 July 2023) the preceding Regulatory year will be 31 March 2022.</p> <ul style="list-style-type: none"> • 9.18.3 (b)(ii) - This paragraph should also reference the Licensee's most recently submitted SAO certificate for clarity. • 9.18.3 (c) – The paragraph references the Regulatory Instructions and Guidance and should potentially reference the PCFM Guidance should the document include additional instruction. We note that the equivalent paragraph in the Gas Transporter Licence (paragraph 9.8.6 (c)) refers solely to the Price Control Financial Model Guidance as a source of reference. <ul style="list-style-type: none"> ▪ – The wording in paragraph 9.18.5 is different to the wording of paragraph 9.18.3, 'certify that for the preceding Regulatory Year, in their opinion' vs 'certify that for the Regulatory Year [<i>preceding Regulatory Year</i>], in their opinion'. We recommend that the wording of these two paragraphs is consistent. ▪ (b)ii - This paragraph should also reference the Licensee's most recently submitted SAO certificate for clarity.
<ul style="list-style-type: none"> • GT 9.8.2(b) • GT 9.8.2(c) • GT 9.8.4 • GT 9.8.4(b)(ii) • GT 9.8.5 • GT 9.8.6 • GT 9.8.6 (b)(ii) 	<p>These comments are made in relation to NGG:</p> <ul style="list-style-type: none"> • 9.8.2 (b) – the word 'in' appears unnecessary. It is also not clear why the language in the GT Licence (SpC 9.8.2(b)) is different from the ET Licence (SpC 9.18.2(b)). • 9.8.2 (c) – The numbering is incorrect based on the numbering as presented in the drafting, the reference to paragraph 9.8.3 should be updated to 9.8.4, the reference to paragraph 9.8.4 should be updated to 9.8.5 and the reference to paragraph 9.8.5 should be updated to 9.8.6. However, we would query why the paragraph that starts "In accordance with the requirements..." has been numbered as this is part of paragraph 9.8.3. • 9.8.4 – When completing the Assurance statement we understand that the Licensee will replace the words '[the preceding Regulatory year]' with the actual Regulatory year to which the tax reconciliation template relates. For example, for the Regulatory year ended 31 March 2023 (where the statement will be submitted by 31 July 2023) the preceding Regulatory year will be 31 March 2022. • 9.8.4(b)ii – This paragraph should also reference the Licensee's most recently submitted SAO certificate for clarity. • 9.8.5 – The reference to paragraph 9.8.5 should be updated to paragraph 9.8.6. • 9.8.6 - When completing the Assurance statement we understand that the Licensee will replace the words '[the preceding Regulatory year]' with the actual Regulatory year to which the tax reconciliation template relates. For example, for the Regulatory year ended 31 March 2023 (where the statement will be submitted by 31 July 2023) the preceding Regulatory year will be 31 March 2022. • 9.8.6. (b)ii – This paragraph should also reference the Licensee's most recently submitted SAO certificate for clarity.

<ul style="list-style-type: none"> • GT 9.8.6(c) • GT 9.8.6(c) • GT 9.8.6(c) 	<ul style="list-style-type: none"> • 9.8.6 (c) – The reference to paragraph XX should be in square brackets whilst this reference is unknown. • 9.8.6 (c) - The paragraph references the Price Control Finance Model Guidance and should potentially reference the Regulatory Instructions and Guidance should the document include additional instruction. We note that the equivalent paragraph in the Electricity Transmission Licence (paragraph 9.18.3 (c)) refers solely to the Regulatory Instructions and Guidance as a source of reference. • 9.8.6 (c) - The word Guidance is duplicated at the end of the sentence. • The stand alone square bracket at the end of the sentence should be deleted.
FINANCE ISSUES	
SUPPORTING INFORMATION	
OFGEM ENGAGEMENT:	