

GT SECTOR	
REFERENCE NUMBER:	CATEGORY:
LICENCE CONDITION NUMBER: <i>(if relevant):</i>	SpC 3.14
TITLE:	Redundant Assets Price Control Deliverable
RELEVANT LICENCE CONSULTATION QUESTIONS <i>(if any):</i>	
RELEVANT ISSUES LOG:	3.14 Redundant assets issues log
POLICY ISSUES	
<ul style="list-style-type: none"> 3.14.6 Appendix 1 	<ul style="list-style-type: none"> Definition of Output and Equivalent Delivery is key for this licence condition. We know that the redundant asset base can change within period, and if new redundant assets are identified within the RIIO-2 period it is in the interests of consumers to address the assets that pose most risk first. The ability to do this should be set out clearly within the licence condition. In principle, we believe that listing all these projects separately on a site by site basis is unnecessary and represents input rather than output based regulation. We would propose “address identified redundant assets on the gas transmission network in RIIO-2” as an appropriate output description. This would avoid an onerous definition of Equivalent Delivery in the context of this condition. If Ofgem is of the view that listing sub-deliverables is necessary then we would suggest that only the large projects should be listed on the face of the licence We do not believe that customer disconnections should be included in the list of projects as they are customer driven and therefore subject to change. They are also confidential. This point was raised in the issues log and Ofgem has responded that these can be redacted in a published version of the licence, and that adjustments can be made at closeout for any sites that subsequently don’t require decommissioning. If these projects are to be included in the licence, we believe it would be simpler to list “disconnections at customers sites – x”.
DRAFTING ISSUES	
<ul style="list-style-type: none"> 3.14.3 Headings 3.14.7 	<ul style="list-style-type: none"> Replace “explains” with “sets out” for consistency with other PCD conditions. Headings should be framed as a statement and not a question. Part B heading should read “What the licensee is funded to deliver” and Part D heading should read “Authority process for making a direction”.

<ul style="list-style-type: none"> • 3.14.8 • 3.14.9 (as written) • Appendix 1 • Definitions 	<ul style="list-style-type: none"> • 3.14.7 should cross refer to 3.14.6. • This provision should be 3.14.7(c) (and 3.14.9 renumbered accordingly) • Should read “A direction under paragraph 3.14.7 will set out the value of the RAR term and the Regulatory Years to which those values relate” for consistency with other PCDs • We suggest the following amendments to avoid use of the term “rationalisation” as discussed at working groups <ul style="list-style-type: none"> ○ Site F suggest amend to “Hatton – decommissioning of 2 pig traps and associated assets” ○ Site O suggest amend to “Bishop Auckland – decommission valve and pipe spur” <p>We propose definitions as follows</p> <ul style="list-style-type: none"> • Redundant <i>Means, in relation to any equipment or fixed assets, equipment or fixed assets which are no longer utilised (now or in the foreseeable future) by the licensee for the transportation business.</i> • Pipethrough <i>Means the process of the removal of mainline valve and any bypass arrangement and associated assets replacing with a section of line pipe.</i> • Decommissioning <i>Means decommissioning as defined within the licensee’s policies and procedures.</i>
FINANCE ISSUES	
<ul style="list-style-type: none"> • Appendix 1 	<ul style="list-style-type: none"> • Not all projects in the table in appendix 1 of the license condition have allowances against them. Allowance figures are missing, when all projects should have allowances. Redundant Assets £55.88m vs £71.29m proposed Baseline in DD. Allowances are missing from sites G, H, P, Q, AB, AC, AE, BY, • Projects Site BZ – CD relate to Emissions driven Compressor Decommissioning. Allowances total £11.08m in license drafting, but £9.14m awarded in DD. • Error identified for site BW we believe this to be to the wrong decimal place and this should be £0.11m.
SUPPORTING INFORMATION	
OFGEM ENGAGEMENT:	