

**IN THE MATTER OF APPEALS UNDER SECTION 23B GAS ACT 1986 AND
SECTION 11C ELECTRICITY ACT 1989**

BETWEEN

**CADENT GAS LIMITED (“Cadent”)
NATIONAL GRID ELECTRICITY TRANSMISSION PLC (“NGET”)
NATIONAL GRID GAS PLC (“NGG”)
NORTHERN GAS NETWORKS LIMITED (“NGN”)
SOUTHERN GAS NETWORKS PLC AND SCOTLAND GAS NETWORKS PLC (“SGN”)
SCOTTISH HYDRO ELECTRIC TRANSMISSION PLC (“SHET”)
SP TRANSMISSION PLC (“SPT”)
WALES & WEST UTILITIES LIMITED (“WWU”)**

Appellants

and

GAS AND ELECTRICITY MARKETS AUTHORITY (“GEMA”)

Respondent

ORDER OF THE CMA

UPON the applications brought by the appellants on 3 March 2021 for permission to appeal GEMA’s decision of 3 February 2021 to modify the conditions under the appellants’ respective licences to give effect to the RII0-GD2 price control determination (the ‘**Decision**’) being granted

AND UPON the grant of permission to appeal on 31 March 2021 being conditional upon grounds of appeal common to more than one appellant being considered together

AND UPON the CMA deciding on 21 April 2021 to extend the period for determination of the appeal until 30 October 2021 pursuant to section 11G(4)(a) of the Electricity Act 1989 and section 23F(4)(a) of the Gas Act 1986

AND UPON the CMA granting permission to NGN to withdraw sub-grounds 4A(i) and 4(B) of Ground 4 of its notice of appeal on 26 May 2021

AND UPON the CMA considering the grounds of appeal and the representations and submissions of the parties

AND UPON the CMA issuing its determination in these proceedings on 28 October 2021 (the '**Final Determination**')

IT IS ORDERED THAT:

1. For the purposes of this Order, capitalised terms not otherwise defined have the meanings given in the Final Determination.

Joined Ground A (cost of equity)

2. The appeal in respect of Joined Ground A (cost of equity) is dismissed.

Joined Ground B (outperformance wedge)

3. The appeal in respect of Joined Ground B (outperformance wedge) is allowed.
4. The CMA quashes GEMA's decision to introduce the outperformance wedge and associated backstop.
5. The CMA substitutes the figures and text within Cadent, NGET, NGG, NGN, SGN, SHET, SPT and WWU's licences and price control financial instruments with those set out in Annexes B, C, and D to this Order, as applicable.

Joined Ground C (ongoing efficiency)

6. The appeal in respect of Joined Ground C (ongoing efficiency) is allowed in part.
7. The CMA quashes GEMA's decision to increase the annual ongoing efficiency challenge by 0.2% to reflect an 'innovation uplift'.
8. For SPT, the CMA substitutes the figures and text within SPT's licences and price control financial instruments with those set out in Annex E to this Order.
9. The CMA further directs that GEMA shall:
 - (a) make all necessary changes to SPT's Network Asset Risk Workbook to remove the innovation uplift, with the result that:
 - (i) The ongoing efficiency challenge applied to opex reduces from 1.25% to 1.05%;
 - (ii) The ongoing efficiency challenge applied to capex and repex reduces from 1.15% to 0.95%.
 - (b) make any further consequential changes required to reflect the outcome of the CMA final determination to remove the innovation uplift for SPT.

10. For NGN, SGN and WWU, the CMA substitutes the figures and text within the relevant appellants' licences and price control financial instruments with those set out in Annex F to this Order.
11. The CMA further directs that GEMA shall:
 - (a) make the necessary consequential changes to Appendix 2 of Special Condition 3.13 'Commercial Fleet price control deliverable (OTCt) the commercial fleet PCD' for NGN, SGN and WWU.
 - (b) make the necessary consequential changes to Appendix 1 of Special Condition 3.16 'Tier 2A mains and services replacement volume driver (REt)' for SGN Scotland and SGN Southern only.
 - (c) make any further consequential changes required to reflect the outcome of the CMA final determination to remove the innovation uplift for NGN, SGN and WWU.
12. For Cadent, the CMA directs that GEMA shall:
 - (a) amend the annual ongoing efficiency challenge applied to Cadent as follows:
 - (i) The ongoing efficiency challenge applied to opex to be reduced from 1.25% to 1.05%;
 - (ii) The ongoing efficiency challenge applied to capex and repex to be reduced from 1.15% to 0.95%;
 - (b) make any further consequential changes required to reflect the outcome of the CMA final determination to remove the innovation uplift for Cadent.
 - (c) ensure that charges for the 2022/23 Regulatory Year can be set to reflect the outcome of the CMA final determination for Cadent.
13. Subject to points 6 to 12 above, the remainder of the appeal under Joined Ground C is dismissed.

Joined Ground D (Licence modification process)

14. The appeal in respect of Joined Ground D (Licence modification process) is allowed in part.
15. To the extent that the Special Licence Conditions in Annex G are found to be ultra vires in our Final Determination, the CMA quashes GEMA's decision to provide for amendment of the Special Licence Conditions by direction and for amendment of Associated Documents by direction.

16. The CMA remits to GEMA the task of reconsidering the conditions set out in Annex G in light of our Final Determination and directs that:
 - (a) GEMA redraft any self-modification provisions that are capable of being brought within the powers conferred by s7(5)(b) of EA89; and
 - (b) GEMA replace any self-modification provisions that are not capable of being brought within the powers conferred by s7(5)(b) with the Statutory Licence Modification Procedure.
17. GEMA shall complete the reconsideration and redrafting required by paragraph 16 within 9 months of the date of this Order.
18. Where the use of amendment by direction has been quashed under paragraph 15, until such time as GEMA has complied with paragraph 16, GEMA shall make any modifications to the relevant parts of the Special Licence Conditions set out in Annex G, or Associated Documents, using only the Statutory Licence Modification Procedure.
19. Subject to points 14 to 18 above, the remainder of the appeal under Joined Ground D is dismissed.

Cadent 1A (LTS rechargeable diversions)

20. The appeal in respect of Cadent 1A (LTS rechargeable diversions) is allowed in part.
21. The CMA quashes GEMA's decision to include large atypical LTS rechargeable diversion projects in its econometric modelling for determining companies' totex allowances.
22. The CMA remits the calculation of Cadent's totex allowances to GEMA for recalculation in accordance with the following directions.
23. GEMA shall take the following steps in the order they are specified:
 - (a) exclude the projects and associated costs set out in Annex H from the GDNs' submitted costs ahead of performing the regression analysis;
 - (b) make amendments to the corresponding GDNs' Normalisation files;
 - (c) rerun the totex models in full to derive Cadent's updated totex allowances;
 - (d) update Cadent's price control financial instruments and licence accordingly, as well as disaggregating the revised baseline totex allowances into PCDs, UMs, NARMs and volume drivers; and

(e) ensure that charges for the 2022/23 Regulatory Year can be set to reflect the outcome of the CMA final determination.

24. The remainder of the appeal under Cadent 1A is dismissed.

NGN 4A(ii) (BPI Stage 4)

25. The appeal in respect of NGN 4A(ii) (BPI Stage 4) is allowed.

26. The CMA quashes GEMA's decision to implement NGN's BPI Stage 4 reward.

27. The CMA substitutes changes to NGN's price control financial instrument as set out in Annex I to this Order.

28. The CMA also directs that GEMA shall make any consequential changes required to reflect the outcome of the CMA final determination to correct the BPI Stage 4 reward calculation for NGN.

Other individual grounds of appeal

29. Individual grounds Cadent 1B (London regional factors), SGN 4 (efficiency benchmark), SHET 4 (TNUoS), WWU A (cost of debt), WWU C (repex) and WWU F (tax clawback) are dismissed.

Miscellaneous

30. GEMA's decisions in respect of the dismissed appeals are confirmed.

31. GEMA shall undertake all directed changes concurrently when calculating updated totex allowances for an individual appellant.

32. This Order takes effect on the date of the Order except that all changes being made by substitution shall take effect seven days from the date of this Order.

33. Costs are reserved.

Kirstin Baker

CMA Group Chair

Made: 28 October 2021

Annex A

List of relevant annexes

1. Below is the list of annexes which are relevant for each appellant:

By appellant

Cadent: Annexes D and H

NGET: Annex C

NGG: Annex B

NGN: Annexes D, F and I

SGN: Annexes D and F

SHET: Annexes C and G

SPT: Annexes C, E and G

WWU: Annexes D and F

By annex

Annex B: NGG

Annex C: NGET, SHET, SPT

Annex D: Cadent, NGN, SGN and WWU

Annex E: SPT

Annex F: NGN, SGN and WWU

Annex G: SHET and SPT

Annex H: Cadent

Annex I: NGN

Annex B

Joined Ground B – Substitutions applicable to NGG

Licence changes

1. Special Condition 2.5.7:

Where Operational Performance is equal to or greater than zero, the value of RTNR is derived in accordance with the following formula:

$$RTNR = \sum_{t=2021/22}^{2025/26} RAVL_t \times (1 - G) \times$$

$$[\text{MAX}(\text{MIN}(\text{EO} - \text{OPP}, \text{EO}), 0) - \text{MAX}(\text{MIN}(\text{OPP}, T2) - T1, 0) \times AR1 - \text{MAX}(\text{OPP} - T2, 0) \times AR2]$$

where:

$RAVL_t$ means the RAV value for the licensee and has the value derived in accordance with the GT2 Price Control Financial Model;

G means notional gearing, and has the value of 60%;

~~EO means expected outperformance, and has the value of 0.25%;~~

OPP means the Operational Performance value for the licensee, in percentage terms, over the Price Control Period and has the value derived in accordance with the GT2 Price Control Financial Model;

$T1$ means threshold 1, and has the value of 3%;

$T2$ means threshold 2, and has the value of 4%;

$AR1$ means adjustment rate 1, and has the value of 50%; and

$AR2$ means adjustment rate 2, has the value of 90%.

2. Special Condition 2.5.8:

When Operational Performance is less than zero, the value of RTNR is derived in accordance with the following formula:

$$RTNR = \sum_{t=2021/22}^{2025/26} RAVL_t \times (1 - G) \times$$

$$[\text{EO} + \text{MAX}(\text{MIN}(-\text{OPP}, T2) - T1, 0) \times AR1 + \text{MAX}(-\text{OPP} - T2, 0) \times AR2]$$

where each term has the meaning given in paragraph 2.5.7.

Price control financial model changes

3. The following changes are made to remove the outperformance wedge:

- (a) Replace the contents of completed cells in Tab NGGT TO, Row 183, Columns E and G with '*Not used*' and remove the values in Columns AP to AT in the same row.
- (b) Replace the contents of completed cells in Tab Input, Row 152, Columns E and G with '*Not used*' and remove the values in Columns AP to AT in the same row.
- (c) Replace the contents of completed cells in Tab Input, Row 161, Columns E and G with '*Not used*' and remove the values in Columns AP to AT in the same row.
- (d) In Tab Input, Row 153, in Column AP amend the formula to '*=AP151*'. Make corresponding formula adjustments in Columns AQ to AT inclusive.
- (e) Replace the contents of completed cells in Tab NGGT SO, Row 127, Columns E and G with '*Not used*' and remove the values in Columns AP to AT in the same row.
- (f) Replace the contents of completed cells in Tab SystemOperator, Row 105, Columns E and G with '*Not used*' and remove the values in Columns AP to AT in the same row.
- (g) Replace the contents of completed cells in Tab SystemOperator, Row 114, Columns E and G with '*Not used*' and remove the values in Columns AP to AT in the same row.
- (h) In Tab SystemOperator, Row 106, Column AP amend the formula to '*=AP104*'. Make corresponding formula adjustments in Columns AQ to AT inclusive.

4. The following changes are made to remove the backstop mechanism:

- (a) Replace the contents of completed cells in Tab ReturnAdj, Row 37, Columns E, G and H with '*Not used*' and remove the value in Column I in the same row.
- (b) Replace the contents of completed cells in Tab ReturnAdj, Row 47, Columns E and G with '*Not used*' and remove the value in Column I in the same row.
- (c) Replace the contents of completed cells in Tab ReturnAdj, Row 57, Columns E and G with '*Not used*' and remove the value in Column I in the same row.
- (d) In Tab ReturnAdj, Row 51, Column I amend the formula to '*=I20 * (-I48 - I49)*'.

- (e) In Tab ReturnAdj, Row 61, Column I amend the formula to '=I20 * (158 + 159)'.

Price control financial handbook changes

5. Paragraph 4.1:

The licensee's Calculated Revenue (Rt and SORT) includes amounts which, ~~when taken together with expected performance of the price control,~~ cover the efficient cost of raising finance for the transportation business from external sources, commonly referred to as the 'cost of capital'. These amounts are calculated as a percentage return on the licensee's RAV. The Allowed Return on Capital is Ofgem's estimate of the transportation businesses' Weighted Average Cost of Capital (WACC) ~~adjusted for expected performance of the price control.~~ This is calculated on a real basis, determined using a pre-tax real allowed return on debt percentage, a post-tax real allowed return on equity percentage ~~(adjusted for expected outperformance)~~ and a notional gearing percentage weighting

6. Appendix 1 (Glossary):

Allowed Return on Capital Ofgem allowance based on the assessed weighted average cost of capital (WACC) ~~including the expected performance of the price control~~

Allowed Return on Equity Ofgem allowance based on the assessed cost of equity ~~and expected performance over the price control.~~ Ofgem calculates the allowed return on equity and cost of equity on a post-tax basis

WACC The Vanilla Weighted Average Cost of Capital is ~~distinct from equal to~~ the Allowed Return on Capital, ~~which is adjusted for expected performance of the price control.~~ Vanilla WACC is used in some time value of money adjustments. The use of Vanilla WACC means that the company's tax cost is separately calculated as a discrete allowance so that only the following have to be factored in: i) the pre-tax cost of debt, and ii) the post tax cost of equity weighted according to the price control gearing assumption...

Annex C

Joined Ground B – Substitutions applicable to NGET, SHET, and SPT

Licence changes

1. Special Condition 2.3.7:

Where Operational Performance is equal to or greater than zero, the value of RTNR is derived in accordance with the following formula:

$$RTNR = \sum_{t=2021/22}^{2025/26} RAVL_t \cdot (1 - G) \cdot$$

$$[\text{MAX}(\text{MIN}(EO - OPP, EO), 0) - \text{MAX}(\text{MIN}(OPP, T2) - T1, 0) \cdot AR1 - \text{MAX}(OPP - T2, 0) \cdot AR2]$$

where:

$RAVL_t$ means the RAV value for the licensee and has the value derived in accordance with the ET2 Price Control Financial Model;

G means notional gearing, and has the value of 55%;

~~EO means expected outperformance, and has the value derived in accordance with the ET2 Price Control Financial Model;~~

OPP means the Operational Performance value for the licensee, in percentage terms, over the Price Control Period and has the value derived in accordance with the ET2 Price Control Financial Model;

$T1$ means threshold 1, and has the value of 3%;

$T2$ means threshold 2, and has the value of 4%;

$AR1$ means adjustment rate 1, and has the value of 50%; and

$AR2$ means adjustment rate 2, has the value of 90%.

2. For NGET and SHET, Special Condition 2.3.8:

When Operational Performance is less than zero, the value of RTNR is derived in accordance with the following formula:

$$RTNR = \sum_{t=2021/22}^{2025/26} RAVL_t \cdot (1 - G) \cdot$$

$$[\text{EO} + \text{MAX}(\text{MIN}(-OPP, T2) - T1, 0) \cdot AR1 + \text{MAX}(-OPP - T2, 0) \cdot AR2]$$

where each term has the meaning given in paragraph 2.3.7.

3. For SPT, Special Condition 2.3.8 is deleted entirely.

4. For SPT, Special Condition 2.3.9:

When Operational Performance is less than zero, the value of RTNR is derived in accordance with the following formula:

$$RTNR = \sum_{t=2021/22}^{2025/26} RAVL_t \cdot (1 - G) \cdot$$

$$[\text{EO} + \text{MAX}(\text{MIN}(-OPP, T2) - T1, 0) \cdot AR1 + \text{MAX}(-OPP - T2, 0) \cdot AR2]$$

where each term has the meaning given in paragraph 2.3.7.

Price control financial model changes

5. The following changes are made to remove the outperformance wedge:

- (a) Replace the contents of completed cells in each of Tab SHET, Tab SPTL and Tab NGET, Row 211, Columns E and G with '*Not used*' and remove the values in Columns AP to AT in the same row.
- (b) Replace the contents of completed cells in Tab Input, Row 193, Columns E and G with '*Not used*' and remove the values in Columns AP to AT in the same row.
- (c) Replace the contents of completed cells in Tab Input, Row 202, Columns E and G with '*Not used*' and remove the values in Columns AP to AT in the same row.
- (d) In Tab Input, Row 194, Column AP amend the formula to '*=AP192*'. Make corresponding formula adjustments in Columns AQ to AT inclusive.

6. The following changes are made to remove the backstop mechanism:

- (a) Replace the contents of completed cells in Tab ReturnAdj, Row 33, Columns E, G and H with '*Not used*' and remove the value in Column I in the same row.
- (b) Replace the contents of completed cells in Tab ReturnAdj, Row 43, Columns E and G with '*Not used*' and remove the value in Column I in the same row.
- (c) Replace the contents of completed cells in Tab ReturnAdj, Row 53, Columns E and G with '*Not used*' and remove the value in Column I in the same row.
- (d) In Tab ReturnAdj, Row 47, Column I amend the formula to '*=I19 * (-I44 - I45)*'.

- (e) In Tab ReturnAdj, Row 57, Column I amend the formula to '=I19 * (154 + 155)'.

Price control financial handbook changes

7. Paragraph 4.1:

The licensee's Calculated Revenue (Rt) includes amounts which, ~~when taken together with expected performance of the price control,~~ cover the efficient cost of raising finance for the transmission business from external sources, commonly referred to as the 'cost of capital'. These amounts are calculated as a percentage return on the licensee's RAV. The Allowed Return on Capital is Ofgem's estimate of the transmission businesses' Weighted Average Cost of Capital (WACC) ~~adjusted for expected performance of the price control.~~ This is calculated on a real basis, determined using a pre-tax real allowed return on debt percentage, a post-tax real allowed return on equity percentage ~~(adjusted for expected outperformance)~~ and a notional gearing percentage weighting

8. Appendix 1 (Glossary):

Allowed Return on Capital Ofgem allowance based on the assessed weighted average cost of capital (WACC) ~~including the expected performance of the price control~~

Allowed Return on Equity Ofgem allowance based on the assessed cost of equity ~~and expected performance over the price control.~~ Ofgem calculates the allowed return on equity and cost of equity on a post-tax basis

WACC The Vanilla Weighted Average Cost of Capital is ~~distinct from equal to~~ the Allowed Return on Capital, ~~which is adjusted for expected performance of the price control.~~ Vanilla WACC is used in some time value of money adjustments. The use of Vanilla WACC means that the company's tax cost is separately calculated as a discrete allowance so that only the following have to be factored in: i) the pre-tax cost of debt, and ii) the post tax cost of equity weighted according to the price control gearing assumption...

Annex D

Joined Ground B – Substitutions applicable to Cadent, NGN, SGN and WWU

Licence changes

1. Special Condition 2.3.7:

Where Operational Performance is equal to or greater than zero, the value of RTNR is derived in accordance with the following formula:

$$RTNR = \sum_{t=2021/22}^{2025/26} RAVL_t \cdot (1 - G) \cdot$$

$$[\text{MAX}(\text{MIN}(\text{EO} - \text{OPP}, \text{EO}), 0) - \text{MAX}(\text{MIN}(\text{OPP}, T2) - T1, 0) \cdot AR1 - \text{MAX}(\text{OPP} - T2, 0) \cdot AR2]$$

where:

$RAVL_t$ means the RAV value for the licensee and has the value derived in accordance with the GD2 Price Control Financial Model;

G means notional gearing, and has the value of 60%;

~~EO means expected outperformance, and has the value of 0.25%;~~

OPP means the Operational Performance value for the licensee, in percentage terms, over the Price Control Period and has the value derived in accordance with the GD2 Price Control Financial Model;

$T1$ means threshold 1, and has the value of 3%;

$T2$ means threshold 2, and has the value of 4%;

$AR1$ means adjustment rate 1, and has the value of 50%; and

$AR2$ means adjustment rate 2, has the value of 90%.

2. Special Condition 2.3.8:

When Operational Performance is less than zero, the value of RTNR is derived in accordance with the following formula:

$$RTNR = \sum_{t=2021/22}^{2025/26} RAVL_t \cdot (1 - G) \cdot$$

$$[\text{EO} - \text{MAX}(\text{MIN}(-\text{OPP}, T2) - T1, 0) \cdot AR1 + \text{MAX}(-\text{OPP} - T2, 0) \cdot AR2]$$

where each term has the meaning given in paragraph 2.3.7.

Price control financial model changes

3. The following changes are made to remove the outperformance wedge:
 - (a) Replace the contents of completed cells in Tab [Relevant Entity], Row 198, Columns E and G with '*Not used*' and remove the values in Columns AP to AT in the same row.
 - (b) Replace the contents of completed cells in Tab Input, Row 170, Columns E and G with '*Not used*' and remove values in Columns AP to AT in the same row.
 - (c) Replace the contents of completed cells in Tab Input, Row 179, Columns E and G with '*Not used*' and remove the values in Columns AP to AT in the same row.
 - (d) In Tab Input, Row 171, in Column AP amend the formula to '*=AP169*'. Make corresponding formula adjustments in Columns AQ to AT inclusive.
4. The following changes are made to remove the backstop mechanism:
 - (a) Replace the contents of completed cells in Tab ReturnAdj, Row 49, Columns E, G and H, with '*Not used*' and remove the cell content in Column I in the same rows.
 - (b) Replace the contents of completed cells in Tab ReturnAdj, Row 59, Columns E and G, and Row 69, Columns E and G, with '*Not used*' and remove the cell content in Column I in the same rows.
 - (c) In Tab ReturnAdj, Row 63, in Column I, amend the formula to '*=I34 * (-160 - 161)*'.
 - (d) In Tab ReturnAdj, Row 73, in Column I, amend the formula to '*=I34 * (170 + 171)*'.

Price control financial handbook changes

5. Paragraph 4.1

The licensee's Calculated Revenue (Rt) includes amounts which, ~~when taken together with expected performance of the price control,~~ cover the efficient cost of raising finance for the transportation business from external sources, commonly referred to as the 'cost of capital'. These amounts are calculated as a percentage return on the licensee's RAV. The Allowed Return on Capital is Ofgem's estimate of the transportation businesses' Weighted Average Cost of Capital (WACC) ~~adjusted for expected~~

~~performance of the price control~~. This is calculated on a real basis, determined using a pre-tax real allowed return on debt percentage, a post-tax real allowed return on equity percentage (~~adjusted for expected outperformance~~) and a notional gearing percentage weighting

6. Appendix 1 (Glossary):

Allowed Return on Capital Ofgem allowance based on the assessed weighted average cost of capital (WACC) ~~including the expected performance of the price control~~

Allowed Return on Equity Ofgem allowance based on the assessed cost of equity ~~and expected performance over the price control~~. Ofgem calculates the allowed return on equity and cost of equity on a post-tax basis

WACC The Vanilla Weighted Average Cost of Capital is ~~distinct from equal to~~ the Allowed Return on Capital, ~~which is adjusted for expected performance of the price control~~. Vanilla WACC is used in some time value of money adjustments. The use of Vanilla WACC means that the company's tax cost is separately calculated as a discrete allowance so that only the following have to be factored in: i) the pre-tax cost of debt, and ii) the post tax cost of equity weighted according to the price control gearing assumption...

Annex E

Joined Ground C – Substitutions applicable to SPT

SPT Totex Aggregation Model changes

1. Spreadsheet/model titled “SPT Totex Aggregation Model (Final)” file, “Ongoing_Eff” tab, values in cells B7 and B8, change from 0.0115 & 0.0125 to 0.0095 & 0.0105 respectively.

SPT PCFM changes

2. The consequential changes in SPT’s PCFM from the changes to the SPT Totex Aggregation model are set out below. All figures in tables shown to 3 decimal places with actual values reflecting those calculated in the models:

Non-variant allowed load related capex expenditure					
Sheet	SPTL	SPTL	SPTL	SPTL	SPTL
Range	AP10	AQ10	AR10	AS10	AT10
New Value	66.655	35.596	20.588	15.773	12.619

Non-variant allowed asset replacement capex expenditure					
Sheet	SPTL	SPTL	SPTL	SPTL	SPTL
Range	AP11	AQ11	AR11	AS11	AT11
New Value	37.465	24.719	29.001	27.978	43.430

Non-variant allowed other capex expenditure					
Sheet	SPTL	SPTL	SPTL	SPTL	SPTL
Range	AP12	AQ12	AR12	AS12	AT12
New Value	16.879	14.098	14.958	12.306	10.261

Non-variant allowed network operating costs (opex)					
Sheet	SPTL	SPTL	SPTL	SPTL	SPTL
Range	AP13	AQ13	AR13	AS13	AT13
New Value	14.370	13.694	13.308	12.927	13.161

Non-variant allowed indirects (opex)					
Sheet	SPTL	SPTL	SPTL	SPTL	SPTL
Range	AP14	AQ14	AR14	AS14	AT14
New Value	21.077	18.570	19.316	20.371	21.354

Non-variant allowed non-operational capex					
Sheet	SPTL	SPTL	SPTL	SPTL	SPTL
Range	AP15	AQ15	AR15	AS15	AT15
New Value	2.812	2.181	1.546	1.747	1.299

Wider Works Price Control Deliverable					
Sheet	SPTL	SPTL	SPTL	SPTL	SPTL
Range	AP22	AQ22	AR22	AS22	AT22
New Value	20.678	62.783	50.248	15.771	23.849

Baseline Network Risk Output					
Sheet	SPTL	SPTL	SPTL	SPTL	SPTL
Range	AP26	AQ26	AR26	AS26	AT26
New Value	69.601	84.501	70.988	76.340	36.787

Resilience and Operability Price Control Deliverable (SHET and SPTL only)					
Sheet	SPTL	SPTL	SPTL	SPTL	SPTL
Range	AP28	AQ28	AR28	AS28	AT28
New Value	18.263	22.539	23.280	11.479	4.792

Shared Schemes Price Control Deliverable (SHET and SPTL only)					
Sheet	SPTL	SPTL	SPTL	SPTL	SPTL
Range	AP30	AQ30	AR30	AS30	AT30
New Value	6.008	4.433	0.990	0.042	0.041

Pre-Construction Funding Price Control Deliverable					
Sheet	SPTL	SPTL	SPTL	SPTL	SPTL
Range	AP38	AQ38	AR38	AS38	AT38
New Value	1.919	1.900	1.882	-	-

Entry and Exit Connection Asset Allowance					
Sheet	SPTL	SPTL	SPTL	SPTL	SPTL
Range	AP75	AQ75	AR75	AS75	AT75
New Value	19.302	19.314	13.192	10.983	5.791

SPT licence changes

3. The following are new figures used in SPT's licence, based on the updated PCFM:

(a) Baseline Network Risk Output (SpC 3.1) - Appendix 1 table Allowance values:

Regulatory Year	NARMt, excluding RPEs (£m)
2021/22	69.60
2022/23	84.50
2023/24	70.99
2024/25	76.34
2025/26	36.79
RIIO-2 Total	338.22

(b) Wider Works Price Control Deliverable (SpC 3.9) - Appendix 1 table Allowance Values:

Scheme Name	21/22	22/23	23/24	24/25	25/26	All Years
East coast 275kV upgrade	0.34	6.32	4.78	0.04	0.04	11.52

Hunterston East - Neilston 400kV reinforcement	5.04	10.59	3.54	0.07	0.07	19.31
Windyhill to Lambhill to Longannet 275kV Circuit	3.63	0.02	0.01	0.01	0.01	3.69
Eccles shunt compensation and real time thermal rating scheme	9.42	38.26	35.86	6.61	0.33	90.49
Denny to Wishaw 400kV reinforcement	1.26	1.41	1.51	1.50	10.68	16.35
East coast onshore 400kV incremental reinforcement	0.99	6.18	4.55	7.53	12.71	31.97

(c) Pre-Construction Funding Price Control Deliverable (SpC 3.15) - Appendix 1 table Allowance Values:

	21/22	22/23	23/24	24/25	25/26	All Years
Allowance	1.919	1.900	1.882	0.000	0.000	5.701

(d) Shared Schemes Price Control Deliverable (SHET and SPTL only) (SpC 3.17) - Appendix 1 table Allowance Values:

Scheme Name	21/22	22/23	23/24	24/25	25/26	All Years
U and AT route uprating	2.92	2.59	0.97	0.02	0.02	6.52
Gretna-Ewe Hill overhead line replacement	3.09	1.84	0.02	0.02	0.02	4.99

(e) Resilience and Operability Price Control Deliverable (SHET and SPTL only) (SpC 3.18) - Appendix 1 table Allowance Values:

Scheme Name	21/22	22/23	23/24	24/25	25/26	All Years
Operability (shunt reactors and STATCOMS)	2.42	6.42	12.53	5.46	0.10	26.93
Harmonic Filtering equipment	1.76	6.42	7.14	3.96	3.30	22.57
Generation energy management scheme (GEMS)	6.76	0.89	0.03	0.03	0.03	7.74
Blackstart	3.29	2.54	2.16	1.43	1.22	10.64
Circuit Rating Management System	1.56	1.19	1.20	0.47	0.02	4.45
Torness 275kV reactor replacement	2.34	4.94	0.09	-	-	7.37

SF6 driven circuit breaker replacements	0.13	0.13	0.13	0.13	0.13	0.65
---	------	------	------	------	------	------

Annex F

Joined Ground C – Substitutions applicable to NGN, SGN and WWU

1. The following steps are applied in the order they are specified.

Modelling suite update

Allowance calculation changes

2. The baseline allowances are updated by making the following changes to the 'Inp_OngoingEfficiency' sheets in the 'Allowances_File_GD_noRPEs' and 'Allowances_File_GD_incRPEs' workbooks:

(a) Cells AF12:AK13 to be changed from 1.25% to 1.05%

(b) Cells AF14:AK16 to be changed from 1.15% to 0.95%

Disaggregated allowances updates

3. The following changes are made to the 'Inp_Disag' worksheets in the 'Allowances_PCD_VD_noRPEs' and 'Allowances_PCD_VD_incRPEs' workbooks:
 - (a) Copy the entire excel worksheet 'Out_Disag' from 'Allowances_File_GD_noRPEs' and paste the output in the 'Inp_Disag' worksheet of 'Allowances_PCD_VD_noRPEs'.
 - (b) Copy the entire excel worksheet 'Out_Disag' from 'Allowances_File_GD_incRPEs' and paste the output in the 'Inp_Disag' worksheet of 'Allowances_PCD_VD_incRPEs'.
4. The following changes are made to the 'Inp_FrontierShift' worksheets in the 'Allowances_PCD_VD_noRPEs' and 'Allowances_PCD_VD_incRPEs' workbooks:
 - (a) Copy cells 'AE245:AK245' of the 'Cal_FrontierShift' worksheet from 'Allowances_File_GD_noRPEs' to cells 'AE13:AK13' of the 'Inp_FrontierShift' worksheet of 'Allowances_PCD_VD_noRPEs'.
 - (b) Copy cells 'AE245:AK245' of the 'Cal_FrontierShift' worksheet from 'Allowances_File_GD_incRPEs' to cells 'AE13:AK13' of the 'Inp_FrontierShift' worksheet of 'Allowances_PCD_VD_incRPEs'.

- (c) Copy cells 'AE281:AK281' of the 'Cal_FrontierShift' worksheet from 'Allowances_File_GD_noRPEs' to cells 'AE14:AK14' of the 'Inp_FrontierShift' worksheet of 'Allowances_PCD_VD_noRPEs'.
- (d) Copy cells 'AE281:AK281' of the 'Cal_FrontierShift' worksheet from 'Allowances_File_GD_incRPEs' to cells 'AE14:AK14' of the 'Inp_FrontierShift' worksheet of 'Allowances_PCD_VD_incRPEs'.
- (e) Copy cells 'AE287:AK287' of the 'Cal_FrontierShift' worksheet from 'Allowances_File_GD_noRPEs' to cells 'AE15:AK15' of the 'Inp_FrontierShift' worksheet of 'Allowances_PCD_VD_noRPEs'.
- (f) Copy cells 'AE287:AK287' of the 'Cal_FrontierShift' worksheet from 'Allowances_File_GD_incRPEs' to cells 'AE15:AK15' of the 'Inp_FrontierShift' worksheet of 'Allowances_PCD_VD_incRPEs'.

PCD_VD_UCmodel_FD_noRPEs update

- 5. Copy the entire excel worksheet 'Out_DisagAllow_Final' from 'Allowances_PCD_VD_noRPEs' and paste the output in to the 'Inp_TD_DisagAllowance' worksheet of 'PCD_VD_UCmodel_FD_noRPEs'.

GD2 finance handover update

- 6. The following changes are made to the 'Inp_Evolution' worksheets in the 'GD2_Finance_Handover' workbook:
 - (a) Copy cells 'AO76:AO79' of worksheet 'Out_Allow' in the 'Allowances_File_GD_incRPEs' workbook and paste to cells 'U14:U17' of the 'Inp_Evolution' worksheet in the 'GD2_Finance_Handover' workbook.
 - (b) Copy cells 'AO88:AO91' of worksheet 'Out_Allow' in the 'Allowances_File_GD_incRPEs' workbook and paste to cells 'V14:V17' of the 'Inp_Evolution' worksheet in the 'GD2_Finance_Handover' workbook.
 - (c) Copy cells 'AO100:AO103' of worksheet 'Out_Allow' in the 'Allowances_File_GD_incRPEs' workbook and paste to cells 'W14:W17' of the 'Inp_Evolution' worksheet in the 'GD2_Finance_Handover' workbook.
 - (d) Copy cells 'AO112:AO115' of worksheet 'Out_Allow' in the 'Allowances_File_GD_incRPEs' workbook and paste to cells 'X14:X17' of the 'Inp_Evolution' worksheet in the 'GD2_Finance_Handover' workbook.
 - (e) Copy cells 'AO124:AO127' of worksheet 'Out_Allow' in the 'Allowances_File_GD_incRPEs' workbook and paste to cells 'Y14:Y17' of the 'Inp_Evolution' worksheet in the 'GD2_Finance_Handover' workbook.

7. The following changes are made to the 'Inp_Evolution_NoRPE' worksheets in the 'GD2_Finance_Handover' workbook:
 - (a) Copy cells 'AO76:AO79' of worksheet 'Out_Allow' in the 'Allowances_File_GD_noRPEs' workbook and paste to cells 'U14:U17' of the 'Inp_Evolution_NoRPE' worksheet in the 'GD2_Finance_Handover' workbook.
 - (b) Copy cells 'AO88:AO91' of worksheet 'Out_Allow' in the 'Allowances_File_GD_noRPEs' workbook and paste to cells 'V14:V17' of the 'Inp_Evolution_NoRPE' worksheet in the 'GD2_Finance_Handover' workbook.
 - (c) Copy cells 'AO100:AO103' of worksheet 'Out_Allow' in the 'Allowances_File_GD_noRPEs' workbook and paste to cells 'W14:W17' of the 'Inp_Evolution_NoRPE' worksheet in the 'GD2_Finance_Handover' workbook.
 - (d) Copy cells 'AO112:AO115' of worksheet 'Out_Allow' in the 'Allowances_File_GD_noRPEs' workbook and paste to cells 'X14:X17' of the 'Inp_Evolution_NoRPE' worksheet in the 'GD2_Finance_Handover' workbook.
 - (e) Copy cells 'AO124:AO127' of worksheet 'Out_Allow' in the 'Allowances_File_GD_noRPEs' workbook and paste to cells 'Y14:Y17' of the 'Inp_Evolution_NoRPE' worksheet in the 'GD2_Finance_Handover' workbook.
8. The following additional changes are made to various worksheets (as specified) in the 'GD2_Finance_Handover' workbook:
 - (a) Copy the entire worksheet 'Out_Disag' in the 'Allowances_File_GD_incRPEs' workbook and paste over the worksheet 'Inp_TotexAllow' in the 'GD2_Finance_Handover' workbook.
 - (b) Copy the entire worksheet 'Out_Disag' in the 'Allowances_File_GD_noRPEs' workbook and paste over the worksheet 'Inp_TotexAllow_NoRPE' in the 'GD2_Finance_Handover' workbook.
 - (c) Copy the entire worksheet 'Out_DisagAllow_Final' in the 'Allowances_PCD_VD_noRPEs' workbook and paste over the worksheet 'Inp_DisagAllow' in the 'GD2_Finance_Handover' workbook.
 - (d) The values in each respective worksheet in cells 'N21:R21' of the 'GD2_Finance_Handover' workbook, relating to gas holder demolition PCD, are added to the direct OPEX values in cells 'N16:R16' of the

'GD2_Finance_Handover' workbook. The values in cells N21:R21 are replaced with zero.

- (e) *NGN only*: Copy the values in cells 'AG200:AK200' of the 'Cal_NGN' worksheet in the 'Allowances_File_GD_noRPEs' workbook (as re-calculated) and paste them over the values in cell 'Q325:U325' of the 'Manual_Inputs' worksheet in the 'GD2_Finance_handover' workbook. The text in cell L325 in the 'Manual_Inputs' worksheet is changed to state "Including Frontier shift".
- (f) *NGN only*: Replace the value 1.047 in cell 'W318' of the 'Manual_Inputs' worksheet in the 'GD2_Finance_handover' workbook with the value 1.

PCFM changes

Non-variant allowances (excluding RPEs)

Copy from:	Paste to:
Copy cells N12:R13 of the following worksheets in the 'GD2_Finance_Handover' workbook	Paste to cells AP10:AT11 in the following worksheets of the 'GD2 Price Control Financial Model'
Copy cells N15:R16 of the following worksheets in the 'GD2_Finance_Handover' workbook	Paste to cells AP12:AT13 in the following worksheets of the 'GD2 Price Control Financial Model'
Copy cells N14:R14 of the following worksheets in the 'GD2_Finance_Handover' workbook	Paste to cells AP14:AT14 in the following worksheets of the 'GD2 Price Control Financial Model'

Source worksheet	Recipient worksheet
Cal_NGN_Ratchet	Northern
Cal_Sc_B	Scotland
Cal_So_B	Southern
Cal_WWU_B	Wales & West

Variant allowances

Copy from:	Paste to:
Copy cells 'N21:R39' of the following worksheets in the 'GD2_Finance_Handover' workbook	Paste to cells 'AP19:AT37' in the following worksheets of the 'GD2 Price Control Financial Model'
Copy cells 'N41:R61' of the following worksheets in the 'GD2_Finance_Handover' workbook	Paste to cells 'AP38:AT58' in the following worksheets of the 'GD2 Price Control Financial Model'

Source worksheet	Recipient worksheet
Cal_NGN_Ratchet	Northern
Cal_Sc_B	Scotland
Cal_So_B	Southern
Cal_WWU_B	Wales & West

Capitalisation Rate disaggregation

9. Cells 'AP66:AT77' of each appellant's worksheets are populated with the output of cells 'AP14:AT27' of the 'Totex' worksheet included within the 'GD2 Price Control Financial Model' as follows:
 - (a) On the 'Totex' worksheet, select the appropriate network from the pull-down list in cell E2.
 - (b) Copy cells 'AP14:AT18' of the 'Totex' worksheet and paste to cells 'AP66:AT70' of the relevant appellant's worksheet.
 - (c) Copy cells 'AP23:AT27' of the 'Totex' worksheet and paste to cells 'AP73:AT77' of the relevant appellant's worksheet.

Percentage allocation for Tax Cost pools

10. Cells 'AP159:AT164' of each respective appellant's worksheet within the 'GD2 Price Control Financial Model' workbook are updated as follows:
 - (a) Copy cells 'AP10:AT58' of each respective appellant's worksheet in the 'GD2 Price Control Financial Model' workbook and paste to cells 'AP10:AT58' of each respective appellant's worksheet in the 'Tax Pool Allocations' workbook.
 - (b) Copy cells 'AP65:AT77' of each respective appellant's worksheet in the 'GD2 Price Control Financial Model' workbook and paste to cells 'AP65:AT77' of each respective appellant's worksheet in the 'Tax Pool Allocations' workbook.
 - (c) Copy cells 'AP159:AT164' of each respective appellant's worksheet in the 'Tax Pool Allocations' workbook and paste in 'AP159:AT164' of each respective appellant's worksheet in the 'GD2 Price Control Financial Model' workbook.

Capital Projects PCD disaggregation update

11. The following changes are made to worksheet 'OE_Adj' within the 'CapitalProjects_PCD_file':
- (a) Copy cells 'AG14:AK14' from the 'Allowances_PCD_VD_noRPEs' workbook, worksheet 'Inp_FrontierShift' and paste to cells 'F20:J20' of worksheet 'OE_ADJ' of the 'CapitalProjects_PCD_file'.
 - (b) Copy cells 'AG14:AK14' from the 'Allowances_PCD_VD_incRPEs' workbook, worksheet 'Inp_FrontierShift' and paste to cells 'F21:J21' of worksheet 'OE_ADJ' of the 'CapitalProjects_PCD_file'.
 - (c) Cells 'L27:L30' of the 'OE_Adj' worksheet require updating with cell 'R14' of each respective appellant's 'Cal_XX' worksheet from the 'Allowances_File_GD_noRPEs' workbook.
 - (d) *NGN only*: Replace the value 1.047 in cell 'AC16' of the 'FD Overheads' worksheet in the 'CapitalProjects_PCD_file' workbook with the value 1 and replace the value of 1.047 in cell 'L27' of the 'OE_ADJ' worksheet in the 'CapitalProjects_PCD_file' workbook with the value of 1.
 - (e) Copy cell 'AO497' of the 'Allowances_PCD_VD_noRPEs' workbook, worksheet 'Cal_PCD_Final' and paste to cell 'L265' of the 'CapitalProjects_PCD_file' workbook, worksheet 'OE_Adj'.
 - (f) Take the sum of cells 'N28:R28' of the 'GD2_Finance_Handover' workbook, worksheet 'Cal_NGN_Ratchet' and paste to cell 'L285' of the 'CapitalProjects_PCD_file' workbook, worksheet 'OE_Adj'.
 - (g) Copy cell 'AO596' of the 'Allowances_PCD_VD_noRPEs' workbook, worksheet 'Cal_PCD_Final' and paste to cell 'L339' of the 'CapitalProjects_PCD_file' workbook, worksheet 'OE_Adj'.
 - (h) Take the sum of cells 'N28:R28' of the 'GD2_Finance_Handover' workbook, worksheet 'Cal_Sc_B' and paste to cell 'L382' of the 'CapitalProjects_PCD_file' workbook, worksheet 'OE_Adj'.
 - (i) Copy cell 'AO695' of the 'Allowances_PCD_VD_noRPEs' workbook, worksheet 'Cal_PCD_Final' and paste to cell 'L430' of the 'CapitalProjects_PCD_file' workbook, worksheet 'OE_Adj'.
 - (j) Take the sum of cells 'N28:R28' of the 'GD2_Finance_Handover' workbook, worksheet 'Cal_So_B' and paste to cell 'L470' of the 'CapitalProjects_PCD_file' workbook, worksheet 'OE_Adj'.

- (k) Copy cell 'AO794' of the 'Allowances_PCD_VD_noRPEs' workbook, worksheet 'Cal_PCD_Final' and paste to cell 'L493' of the 'CapitalProjects_PCD_file' workbook, worksheet 'OE_Adj'.
- (l) Take the sum of cells 'N28:R28' of the 'GD2_Finance_Handover' workbook, worksheet 'Cal_WWU_B' and paste to cell 'L511' of the 'CapitalProjects_PCD_file' workbook, worksheet 'OE_Adj'.

Licence changes

- 12. **Special Condition 3.1 Baseline Network Risk Outputs (NARMt):** The values set out in Appendix 1 entitled 'Baseline Allowed NARM Expenditure (NARMt) for delivering Baseline Network Risk outputs, £m (appellant name)' are replaced with the values set out in cells 'AP20:AT20' of the respective appellant's worksheet for each year within the 'GD2 Price Control Financial Model'.
- 13. **Appendix 2 - Special Condition 3.10 Tier 1 Mains decommissioned Price Control Deliverables (T1MDt):** The values in the tables set out in Appendix 2 entitled 'Baseline Activity volumes of Tier 1 Mains Decommissioned and Allowed Unit costs of Tier 1 Mains Decommissioned' are replaced with the values set out for the respective appellants in cells 'N28:N43' in the 'Out_UCs-vs-submitted' worksheet of the 'PCD_VD_UCmodel_FD_noRPEs' workbook.
- 14. **Appendix 3 - Special Condition 3.10 Tier 1 Mains decommissioned Price Control Deliverables (T1MDt):** The values in the tables set out in Appendix 3 entitled 'Tier 1 Mains Baseline Values by Regulatory Year (£m)' are replaced with the values set out in cells 'AP21:AT21' of the respective appellant's worksheet for each year within the 'GD2 Price Control Financial Model'.
- 15. **Appendix 2 - Special Condition 3.11 Tier 1 Services Repex Price Control Deliverable (T1SRt):** The values in the tables set out in Appendix 2 entitled 'Baseline Activity Volumes of Tier 1 Services and Allowed Unit Costs' are replaced with the values set out in cells 'N57:N64' of the 'Out_UCs-vs-submitted' worksheet for each year within the 'PCD_VD_UCmodel_FD_noRPEs' workbook.
- 16. **Appendix 3 - Special Condition 3.11 Tier 1 Services Repex Price Control Deliverable (T1SRt):** The values in the tables set out in Appendix 3 entitled 'Tier 1 Services Baseline Values by Regulatory Year (£m)' are replaced with the values set out in cells 'AP22:AT22' of the respective appellant's worksheet for each year within the 'GD2 Price Control Financial Model'.
- 17. **Special Condition 3.12 Capital Projects Price Control Deliverables (CAPt):** The values in the tables set out in Appendix 1 entitled 'Capital

projects Price Control Deliverable' and 'Capital projects Price Control Deliverable allowances by Regulatory Year (£m)' are replaced with the values set out in worksheet 'OE_Adj' within the 'CapitalProjects_PCD_file'. Specifically:

(a) For NGN

- (i) The Transpennine project is detailed in cells 'F283:J283'
- (ii) The Overcrossings project is detailed in cells 'F281:J281'

(b) For Scotland

- (i) The R02 Dunkeld project is detailed in cells 'F380:J380'
- (ii) The T8: Pitcairngreen to Huntingtower – R04 to R05 project is detailed in cells 'F377:J377'
- (iii) The E&I Upgrade Programme is detailed in cells 'F375:K375' plus 'F376:K376'
- (iv) The Newton Mearns and Waterfoot PRS project is detailed in cells 'F378:K378'
- (v) The Provan PRS project is detailed in cells 'F379:K379'

(c) For Southern

- (i) The E&I Upgrade Programme is detailed in cells 'F462:J462' plus 'F463:J463'
- (ii) The Mappowder project is detailed in cells 'F464:J464'
- (iii) The Winkfield Offtake – System 1 (South East) is detailed in cells 'F465:J465'
- (iv) The Winkfield Offtake – System 2 (South) is detailed in cells 'F466:J466'
- (v) The [REDACTED] is detailed in cells 'F468:J468'

(d) For WWU

- (i) The HN039 LTS Pipeline Replacement project is detailed in cells 'F509:J509'

18. **Appendix 1 - Special Condition 3.13 Commercial fleet Price Control Deliverable (OTCt):** The values in the tables set out in Appendix 1 entitled 'Commercial fleet allowances – OTCA (£m)' are replaced with the values set

out in cells 'AP27:AT27' of the respective appellant's worksheet for each year within the 'GD2 Price Control Financial Model'.

19. **Special Condition 3.14 Fuel Poor Network Extension Scheme volume driver (FPAt):** The values in the tables set out in Appendix 3 entitled 'Fuel Poor Individual Connection Costs' are replaced with the values set out in cells 'N93:N96' of the 'Out_UCs-vs-submitted' worksheet for each year within the 'PCD_VD_UCmodel_FD_noRPEs'.
20. **Special Condition 3.15 Domestic Connections volume driver (CAAt):** The values in the tables set out in Appendix 1 entitled 'Distribution Network specific matrix costs' are replaced with the values set out in cells 'N83:N86' representing the UC (£/service connections) for each appellant and 'N73:N76' representing the UC (£/km commissioned) for each appellant of the 'Out_UCs-vs-submitted' worksheet for each year within the 'PCD_VD_UCmodel_FD_noRPEs'.
21. **Special Condition 3.16 Tier 2A mains and services replacement volume driver (REAt):** The values in the tables set out in Appendix 1 entitled 'Distribution Network specific matrix costs (£ per kilometre mains decommissioned including associated service interventions) for Above risk Action Threshold Tier 2 Mains: Distribution Network:' are replaced with the values set out in cells 'N113:N124' of the 'Out_UCs-vs-submitted' worksheet for each year within the 'PCD_VD_UCmodel_FD_noRPEs' for the respective GDN and Diameter Band for each of the 5 years.
22. **Appendix 1 - Special Condition 3.28 Intermediate pressure reconfigurations Price Control Deliverable (IPRAt):** The values in the tables set out in Appendix 1 entitled 'Intermediate pressure reconfigurations Price Control Deliverables (£m)' are replaced with the values set out in cells 'AG11:AK11' of the 'Out_DisagAllow_Final' worksheet for each year within the 'Allowances_PCD_VD_noRPEs' tables for each of the 5 years.
23. **Appendix 2 - Special Condition 3.28 Intermediate pressure reconfigurations Price Control Deliverable (IPRAt):** The values in the tables set out in Appendix 2 entitled 'Target number of IP Service Reconfigurations and unit costs (£)' are replaced with figures calculated by taking the total allowances as set in Appendix 1 and dividing by the Target workload, being 515, as stated in the table in Appendix 2.
24. **Special Condition 3.30 Biomethane Improved access rollout Price Control Deliverable (BMIt):** The values in the tables set out in Appendix 1 entitled 'Biomethane improved access rollout Price Control Deliverable' are replaced with the values set out in cells 'AG12:AK12' for Scotland and 'AG13:AK13' for Southern of the 'Out_DisagAllow_Final' worksheet of the 'Allowances_PCD_VD_noRPEs' for each of the 5 years.

25. **Special Condition 3.31 Gas escape reduction Price Control Deliverable (GERT):** The values in the tables set out in Appendix 1 entitled “Gas escape reduction Price Control Deliverable: Scotland Gas Networks” and “Gas escape reduction Price Control Deliverable: Southern Gas Networks plc” are replaced with the values set out in cells ‘AG16:AK16’ and ‘AG15:AK15’ respectively of the ‘Out_DisagAllow_Final’ worksheet of the ‘Allowances_PCD_VD_noRPEs’ for each of the 5 years.
26. **Definitions:** The following definitions within the licence conditions for each of the respective appellants are adjustments to the associated £ms numbers presented in the:
- (a) Ex-Ante Base Revenue value – is updated to the average of cells ‘AP15:AT15’ of the ‘Revenue’ worksheet of the ‘GD2 Price Control Financial Model’.
 - (b) Materiality Threshold value – is updated to equal the ex-ante base revenue * 0.01.

Annex G

Joined Ground D – Licence Conditions quashed by this Order

In SHET's licence

- (a) Special Conditions 3.1.5, 3.1.9 and 3.1.15, Baseline Network Risk Outputs;
- (b) Special Conditions 3.2.8, 3.2.11, 3.2.15 and 3.2.17, Cyber resilience operational technology Re-opener and Price Control Deliverable;
- (c) Special Conditions 3.3.8, 3.3.11, 3.3.15 and 3.3.17, Cyber resilience information technology Re-opener and Price Control Deliverable;
- (d) Special Condition 3.4.12, Physical security Price Control Deliverable;
- (e) Special Condition 3.6.5, Net zero Re-opener;
- (f) Special Condition 3.9.7, Wider works Price Control Deliverable;
- (g) Special Conditions 3.13.6 and 3.13.14, Large onshore transmission investment Re-opener and Cost And Output Adjusting Event;
- (h) Special Conditions 3.14.6 and 3.14.11, Medium Sized Investment Projects Re-opener and Price Control Deliverable;
- (i) Special Condition 3.15.10, Pre-Construction Funding Price Control Deliverable;
- (j) Special Condition 3.17.6, Shared schemes Price Control Deliverable;
- (k) Special Condition 3.18.6, Resilience and operability Price Control Deliverable;
- (l) Special Condition 3.28.4, Subsea Cable Re-opener;
- (m) Special Condition 8.1.6, Governance of the ET2 Price Control Financial Instruments.

In SPT's licence:

- (n) Special Conditions 3.1.5, 3.1.9 and 3.1.15, Baseline Network Risk Outputs);
- (o) Special Condition 3.6.5, Net zero Re-opener;

- (p) Special Conditions 3.13.6 and 3.3.14, Large onshore transmission investment Re-opener and Cost And Output Adjusting Event;
- (q) Special Condition 3.9.7, Wider works Price Control Deliverable;
- (r) Special Conditions 3.14.6 and 3.14.11, Medium Sized Investment Projects Re-opener and Price Control Deliverable;
- (s) Special Condition 3.16.4, Access Reform Changes Re-opener;
- (t) Special Condition 3.18.6, Resilience and operability Price Control Deliverable;
- (u) Special Conditions 3.29.6 and 3.29.10, Uncertain non-load related projects Re-opener and Price Control Deliverable.

Annex H

Cadent 1A – List of projects and associated costs to exclude from the econometric model for Cadent

£m 18/19					
Gas distribution operators	GDN	Project	Gross costs (£m 18/19)	Net costs (£m, 18/19)	Price Control
Cadent	EoE	[X]	7.7	-0.1	RIO-1 and RIO-2
Cadent	EoE	[X]	6.1	-0.0	RIO-1 and RIO-2
Cadent	EoE	[X]	29.7	-2.1	RIO-2
Cadent	Lon	[X]	17.1	-0.5	RIO-1 and RIO-2
Cadent	Lon	[X]	48.9	0.5	RIO-1 and RIO-2
Cadent	Lon	[X]	55.5	-5.2	RIO-1
Cadent	Lon	[X]	7.0	-0.4	RIO-2
Cadent	Lon	[X]	10.2	-0.1	RIO-2
Cadent	Lon	[X]	10.1	0.0	RIO-2
Cadent	Lon	[X]	20.5	-2.9	RIO-1
Cadent	NW	[X]	40.9	-2.9	RIO-2
Cadent	WM	[X]	141.5	-11.6	RIO-1 and RIO-2
Cadent	WM	[X]	10.3	0.2	RIO-1 and RIO-2
Cadent	WM	[X]	6.0	0.3	RIO-1 and RIO-2
SGN	Sc	[X]	26.0	2.5	RIO-1
SGN	Sc	[X]			RIO-1
SGN	So	[X]	16.8	-0.7	RIO-1
WWU	WWU	[X]	8.8	1.2	RIO-1

Annex I

NGN 4A(ii) – Substitutions applicable to NGN

1. The following changes are made to the 'Northern' sheet in the 'GD2 Price Control Financial Model' workbook:
 - (a) Cells AP96:AT96 to be changed from 0.421 to 1.100207.