

Guidance

RIIO-GT3 Business Plan Data Template Commentary

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This document provides a template and instructions for providing supporting commentary for the RIIO-GT3 Business Plan data templates.

This document is for people who are filling out the RIIO-GT3 Business Plan data templates and this associated commentary template. It explains what information should be provided in the commentary, and where to find more information.

Guidance – RIIIO-GT3 Business Plan Data Template Commentary

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1. Instructions and Guidance

Background

1.1. This document, the RIIO-GT3 Business Plan Data Templates Commentary (BPDTC), is a template for the network company to provide additional information alongside the Business Plan Data Templates (BPDT), to help:

- identify, explain, and justify the main drivers of forecast expenditure and volume profile across the RIIO-GT3 price control period
- **explain any assumptions made in populating the tables and,**
- **the allocation methodologies that have been applied, which haven't been detailed elsewhere in the business plan submission,**
- assist Ofgem in the process of navigating the data submission and supporting documentation.

1.2. This template should be read alongside the Business Plan data template instructions and guidance for RIIO-GT3, the RIIO-3 Business Plan guidance, and the RIIO-3 Sector Specific Methodology Decision.

Instructions and guidance

1.3. Alongside the submission of the RIIO-GT3 BPDT, GDNs must, to the best of their ability, complete this BPTDC template for each worksheet in the BPDT. For each worksheet, where appropriate, include commentary on the following:

- Please compare the current forecast across the RIIO-3 period and the latest information on the historic and forecast position across the RIIO-2 period and explain any material differences between them. Please include information in terms of run rates, trends, unit costs etc. and explain the reason for any material step change or difference.
- Please summarise and explain the profile of the RIIO-3 information.
- Please provide a justification for any unit cost/trend outliers, including any regional and/or site-specific factors and where there is material interaction with other areas of the BPDT.

- Please identify and explain the level of sensitivity within the forecasts used and clarify how uncertainty has been considered/tested. Indicate the materiality of these assumptions.
- Explain the interactions with wider governmental policy.
- Please explain the types of internal and external benchmarking exercise (where applicable) that have been undertaken to support the RIIO-3 forecasts (eg. internal tendered framework rates and/or international unit cost comparison).
- Please reference areas of the BPDT submission that can be used to further evidence or substantiate the submission (eg. cells A:B of tab "X" of the BPDT or supporting document "Y").
- Highlight any relevant additional information to aid Ofgem's understanding and interpretation of the information.
- Where costs have been apportioned across one or more activities, the basis of apportionment must be provided in the cost commentary document. Please also give an indication of the robustness of those assumptions.

Note: Only required for Final Business Plan submission

1.4. The BPDT template is applicable to all worksheets in the final RIIO-GT3 BPDT, except for any cover, contents or summary sheets, and some finance, asset and other sheets. If the network company considers it necessary or useful to provide supporting information on any worksheet we haven't requested commentary on, there is space for this at the end of this document. The network company must use reasonable endeavours to provide a commentary for each of the categories above. The network company should report "n/a" where questions do not apply to the subject matter of the worksheet and should ignore any tables that do not apply to them.

1.5. The BPDT must not exceed 3 pages in length for each worksheet. Where visual representations of information (e.g. waterfall diagrams) may aid understanding, these should be included and will not contribute to the 3-page limit.

1.6. Where information that is relevant for the BPDT is located in the main Business Plan submission or supporting files (e.g. engineering justification, CBA etc.); directions to the relevant information must be clearly signposted in the BPDT. Where it is not possible to include all information as prescribed, the network company will need to clearly explain the reasons why.

1.7. The appropriateness and materiality of the commentary provided should be at a level that minimises the need for Ofgem to ask supplementary questions.

1.8. The network company should, to the fullest extent possible, ensure that the BPDTC contains all information relevant to Ofgem's assessment of the plan. This includes providing a proportionate summary of the overall activity level experienced and costs incurred and expected by the network company. The BPDTC must therefore provide overview information on the level of activity and costs across the RIIO-GT1 and RIIO-GT2 periods as well as the current BPDT forecasts for the RIIO-GT3 period. Where a variance is observed in the transition between price control periods, a succinct explanation of the material differences between them and factors driving the variation is required.

2. Data Table Commentary

2.1 The network company must provide commentary for each BPDT worksheet using the templates below.

Section 3 - Totex

3.1 TO Totex

Commentary

3.2 SO Totex

Commentary

Section 4 – Revenue

4.1 TO BPFM Inputs TO

Commentary

4.2 BPFM Inputs SO

Commentary

4.3 BP Tax Inputs

Commentary

4.4 Liquidity Group

Commentary

4.5 TO Liquidity Group Structure

Commentary

4.6 BP Disposals 1

Commentary

4.7 BP Disposals 2

Commentary

Section 5 – Opex

5.1 TO Indirects

Commentary

5.2 SO Indirects

Commentary

5.3 TO Direct Opex

Commentary

5.4 SO Direct Opex

Commentary

5.5 Quarry and Loss

Commentary

5.6 TO Physical Security Opex

Commentary

5.7 Provisions

Commentary

5.8 Business Support Allocation

Commentary

5.9 FTE

Commentary

5.10 IT&T Cost

Commentary

5.11 IT&T Allocation

Commentary

5.12 Property Costs

Commentary

5.13 Property Allocation

Commentary

5.14 Operational Training

Commentary

5.15 Insurance Costs

Commentary

5.16 De Minimis

Commentary

5.17 NISR Cyber Resilience

Commentary

Section 6 – Capex

6.1 Capex Summary

Commentary

6.2 Projects

Commentary

6.3 Asset Health Interventions

Commentary

6.4 Asset Health (2)

Commentary

6.5 Redundant Assets

Commentary

6.6 PSUP Capex

Commentary

6.7 TO Non-operational Capex

Commentary

6.8 SO Non-operational Capex

Commentary

6.9 Unit Cost

Commentary

6.10 IT Projects

Commentary

Section 7 – Network Data

7.1 Pipeline Data

Commentary

7.2 Activity Indicators

Commentary

7.3 Peak Input Demand

Commentary

7.4 Demand Performance

Commentary

7.5 Compressor Performance and Utilisation

Commentary

7.6 Compressor Assets

Commentary

7.7 Environment

Commentary

7.8 Asset Data

Commentary

7.9 Forecast Scenarios

Commentary

Section 8 – Outputs

8.1 Customer Satisfaction

Commentary

8.2 Environment

Commentary

8.3 Gas Constraints

Commentary

8.4 Innovation

Commentary

8.5 Network Innovation Allowance

Commentary

8.6 Carry Over Network Innovation Allowance

Commentary

8.7 Network Innovation Competition

Commentary

8.8 Strategic Innovation Fund

Commentary

8.9 Net Zero

Commentary

Section 9 – GSO Incentives

9.1 Operating Margins

Commentary

9.2 NTS Shrinkage Report

Commentary

9.3 Residual Balancing

Commentary

9.4 Demand Forecasting

Commentary

9.5 GHG Venting Data

Commentary

9.6 Maintenance

Commentary

Section 10 – Finance

10.1 Debt for BPFM

Commentary

10.2 Financial Summary (TWA)

Commentary

10.3 Financial Summary (YE)

Commentary

10.4 Fixed Rate Debt

Commentary

10.5 Floating Rate Debt

Commentary

10.6 Inflation Linked Debt

Commentary

10.7 Debt Dataset

Commentary

10.8 Data Validation

Commentary

10.9 Related Party

Commentary

10.10 RPEs and OE

Commentary

Section 11 – Memo Tabs

11.1 FES

Commentary

11.2 Data and Digitisation

Commentary

11.3 Vehicles and Transport (Non-op)

Commentary

11.4 Vehicles and Transport (CAI)

Commentary

11.5 Climate Resilience

Commentary

11.6 Uncertainty Mechanisms

Commentary

11.7 Cross Period Projects

Commentary

Additional Commentary

2.2. The network company should include additional supporting commentary on the BPDT where they consider it necessary to aid Ofgem’s understanding of the BPDT submission. Please insert any additional commentary below using headings and commentary boxes.

Additional Commentary

Commentary