
RIIO-GT3 Gas Transmission Price Control – BPDT Guidance: Version 3.0

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This document sets out the instructions and guidance for completing the Business Plan Data Templates, required as part of the process of setting RIIO-GT3.

This document is for people who are filling out the Business Plan Data Templates and want to know general and specific guidance for reporting Business Plan data. It explains the scope of the Business Plan Data Templates, what to consider when completing them and where to find more information.

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Foreword

This document contains the instructions and guidance for completing the Business Plan Data Templates (BPDTs) that support the submission of the gas transmission network operator Business Plan. The BPDTs consist of a number of data entry sheets together with various summaries and are one element of the wider suite of information required to be provided to Ofgem to enable informed price control allowances to be set.

The BPDTs and these instructions provide a framework for the collection and provision of consistent information, in order to avoid varying interpretations of definitions and reporting requirements. These instructions are provided to ensure consistency of information contained in the BPDTs.

These BPDTs should be consistent with Business Plans submitted by the network company and provide additional information and supporting detail. These instructions do not set out the process for when draft and final Business Plans should be submitted or provide guidance on Business Plan narrative content.

These instructions should be read alongside the RIIO-3 Business Plan Guidance Documents.

These instructions do not change any definitions or obligations contained within the gas transmission licence applicable to the network company. In the event of any potential or perceived conflict between the licence conditions and these instructions, the licence conditions shall take precedence.

1. Introduction

Reporting under the BPDTs

- 1.1 This instruction and guidance document ('the instructions') provides a framework for the collection and provision of consistent information to support the well-justified business plans submitted by the network operator. The output from this process will be the network company's completed business plan data templates (BPDT). Ofgem will use the information provided in the BPDT information to assist its assessment of the well-justified business plan submissions for RIIO-GT3.

Reporting Arrangements

- 1.2 The network company must provide the complete BPDTs in the format provided which is an excel workbook consisting of multiple tabs which require completion by the network in accordance with the instructions and guidance within this document.
- 1.3 The network company must complete the BPDTs in full. If information is incomplete, the network company should provide a clear explanation for why that is the case.
- 1.4 If the network company has any queries about the data template or discovers any errors following the completion of their BPDTs, it should raise those with Ofgem as soon as possible, by email to RIIO3@ofgem.gov.uk.
- 1.5 Any resubmission of the BPDTs shall only be made by agreement between Ofgem and the network company and, in any such instance, the BPDTs should be resubmitted in full. Resubmission of the BPDTs must be accompanied by a letter signed by a director of the network company.
- 1.6 The network company is required to risk assess their December 2024 final Business Plan submission, both the data and the tables. More information on this is provided at sections 5.1 of the latest version of Ofgem's Data Assurance Guidance (DAG). The company is expected to submit an irregular NetDAR alongside the main BP submission.
- 1.7 Following the publication of our Methodology Decision in XXXXX Draft Business Plan were submitted to Ofgem, with Final Business Plans to be submitted on XXXXXX.

BPDT Structure and Data Entry

1.8 The BPDTs have been separated into the following sections:

- Administration Tables: These worksheets include administrative data required for the pack including lists, price conversion and change log. These worksheets are coloured orange.
- Interface table: This worksheet take information from the pack and is used for input to other models such as the financial worksheets which feed the NARM. This worksheet is coloured yellow.
- Totex Summary Tables: These worksheets provide summaries of actual totex consistent with RIIO-3 Final Determinations, including forecast Totex. Worksheets are coloured dark blue.
- Revenue Tables: These worksheets take information from the finance interface and perform calculations necessary for input to the BPFM. Where input can be sourced within the pack these cells are linked to the interface tables, otherwise they remain direct input by the Licensee. These worksheets are coloured light blue.
- Opex Tables: These worksheets allow NGT to populate costs and corresponding volumes of workload where appropriate in areas of opex spend. This is split by network operating costs and indirect operating costs. Worksheets are coloured dark green.
- Capex Tables: These tables allow NGT to report on large capex projects and expenditure and workload delivering its asset health programme. Both Load and non-load capex is recorded as well as other non-operational capex. Worksheets are coloured light orange.
- Asset Tables: The worksheets allow NGT provide data on the status of the network, including asset data and condition as well as gas flows through the system. Worksheets are coloured grey.
- Outputs and other policy tables: The worksheets allow NGT to populate information on various policy outputs including customer and stakeholder satisfaction, environmental objectives, innovation constraints and future re-openers. Worksheets are coloured light blue.

- Gas System Operator (GSO) tables: The worksheets allow NGT to populate data on GSO related outputs and incentives. Worksheets are coloured light green.
- Incentives tables: These worksheets allow NGT to populate data on incentives. Worksheets are coloured light green.
- Memo tables: These tables allow NGT to populate data on debt, related party margins, RPEs and OE, uncertainty mechanisms, cross period projects and forecasting scenarios. These worksheets are lilac.

1.9 Unless specified otherwise in the individual table instructions below, the following rules apply:

- Costs are to be entered as positive values.
- Contributions (customer or otherwise) are to be entered as negative values.
- Cost recoveries are to be entered as negative values.
- Volumes are to be entered as positive numbers.

1.10 The network company should only make entries in the indicated input fields, The excel workbook has not been locked or password protected, but the network company must not make any changes to the formula, headings, titles, format or structure contained in the template unless these instructions from Ofgem provide otherwise. Any such changes will inhibit Ofgem's ability to automatically migrate the submitted data out of the BPDTs, which may result in the network company being required to resubmit the BPDT in its original format. Instead, any issues or proposed changes identified should be communicated to Ofgem as soon as possible.

1.11 The BPDTs typically require the reporting of the actual costs and workloads for RIIO-GT1, actual and forecast costs and workloads for RIIO-GT1, RIIO-GT2 and the forecast costs and workloads for RIIO-GT3 (2027-2031). For specific programmes extending beyond RIIO-GT3, longer-term forecasts may be required and should be completed when indicated.

- 1.12 For the purposes of information provision, a financial year will be a period of 12 months commencing on 1 April of each year and ending on 31 March of the following calendar year.
- 1.13 All costs should be provided in 2023/24 prices unless otherwise stated. Ofgem has provided the index to use for deflation/inflation purposes. This index, which is a yearly average composite of RPI and CPIH, can be found in the Universal Data worksheet of the BPDTs – titles Financial Year Average RPI-CPIH.
- 1.14 All costs should be exclusive of Real Price Effects (RPEs) and ongoing efficiencies.
- 1.15 The network company is responsible for ensuring that all annual historical data (costs and workloads/volumes) is fully reconcilable to its latest published Regulatory Reporting Pack (RRP). Where disaggregated reporting categories differ between the BPDTs and the latest RRP, matching parent categories should reconcile. If historic BPDTs figures fail to reconcile to the latest RRP, a clear explanation of the misalignment should accompany the business plan submission.
- 1.16 In the worksheets the numbers will be displayed to two decimal places. The network company is required to provide data to a minimum of two decimal places for actual data and one decimal place for forecast values, unless otherwise indicated in the guidance. Where a reportable value is zero the cell input should be zero. Where it is not applicable to the licensee, the cell should be left blank. The financial values should be input in £m unless otherwise stated.
- 1.17 Financial values should reconcile with audited regulatory accounts. The network company is required to provide all actual financial data to the highest reasonable level of accuracy available from their source systems and, commensurate with the purpose for which such data is intended, taking into consideration the appropriate allocations that are necessary to complete the tables.
- 1.18 Workload and outputs should be entered in the unit of measurement set out in this guidance or in the BPDTs. Workload units and outputs should be reported at the highest reasonable level of accuracy from the source systems and commensurate with the purpose for which such data is intended taking into consideration the appropriate allocations that are necessary to complete the tables.

Accounting Policies

- 1.19 All costs are to be entered on a Cash Basis (see RIIO-GT3 BPDT Glossary) and exclusive of atypical items except where specifically instructed to report data. Except where Ofgem guidance requires otherwise, the BPDTs should be prepared

using the same accounting policies used in the financial statements, in accordance with UK GAAP or IFRS. In the event that the approach to preparation of the BPDTs differ from that required by the Ofgem guidance (for some or all years), the network company must include appropriate details including quantification of the difference.

Use of Estimates and Allocations

- 1.20 Apportionments should be avoided wherever possible. However, where the network company (and any affiliate or related party undertaking of the network company) have to do this to complete the tables, this must be noted in the BPDT Commentary (BPDTC) and the basis of apportionment provided. Changes in any apportionment methodology between time periods should also be highlighted.

Reporting Scope

- 1.21 The data presented in the BPDTs should relate to the activities of the network company whether carried out directly by the network company or by another party on behalf of the network company (e.g. related parties or third parties conducting activities for the network company) in accordance with requirements of SLC29.

Table by Table Narrative

- 1.22 Alongside the submission of the data template and the current requirement to provide an overview narrative, the company must provide a summary explanation for the information provided on each data worksheet through an additional BPDTC document.
- 1.23 The network company must complete the BPDTC template which accompanies this guidance document. The BPDTC enables the network company to give summary details on the specific areas to aid Ofgem's understanding of the results from a number of perspectives. The BPDTC document includes further instructions on how to complete it.

Definitions

- 1.24 The definitions set out in the RIIO-GT2 BPDT Glossary should be used to complete the template in a consistent way. The network company must ensure that the definitions are clearly understood and are complied with when entering any data into the BPDTs. Where there is doubt or uncertainty, please refer to

Ofgem for clarification. This is to ensure consistency and comparability of data entry.

Associated Documents

- RIIIO-2 sector specific methodology consultation, 18 December 2018
- <https://www.ofgem.gov.uk/publications-and-updates/riio-2-sector-specific-methodology-consultation>
- RIIIO2 sector specific methodology decision, 24 May 2019
- <https://www.ofgem.gov.uk/publications-and-updates/riio-2-sector-specific-methodology-decision>
- ~~RIIO-2 Draft Determinations for Transmission, Gas Distribution and Electricity System Operator~~
- ~~<https://www.ofgem.gov.uk/publications/riio-2-draft-determinations-transmission-gas-distribution-and-electricity-system-operator>~~
- ~~RIIO-2 Final Determinations for Transmission and Gas Distribution network companies and the Electricity System Operator~~
- ~~<https://www.ofgem.gov.uk/publications/riio-2-final-determinations-transmission-and-gas-distribution-network-companies-and-electricity-system-operator>~~
- ~~RIIO-2 Informal licence drafting consultation for Transmission, Gas Distribution and Electricity System Operator licences~~
- ~~<https://www.ofgem.gov.uk/publications/riio-2-informal-licence-drafting-consultation-transmission-gas-distribution-and-electricity-system-operator-licences>~~
- ~~Decision on the proposed modifications to the RIIIO-2 Transmission, Gas Distribution and Electricity System Operator licence conditions~~
- ~~<https://www.ofgem.gov.uk/publications/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licence-conditions>~~
- ~~RIIO-GT2 BPFM Guidance~~
- ~~<https://www.ofgem.gov.uk/publications/riio-2-BPFM-guidance>~~

Publication

- 1.25 Ofgem is bound by the requirements of section 105 of the utilities act 2000 relating to the disclosure of information. This applies to areas where NGT consider information is commercially sensitive.
- 1.26 Ofgem recognises the value of improving transparency of information in regulating natural monopolies and we intend to continue to review to what extent

to publish further disaggregated data and analysis alongside the Business Plan submission.

2. Instructions for Completing the Cover Worksheets and Interface Worksheet

Section Summary

This chapter provides guidance to the network company on the Cover worksheets and the Interface worksheet. These worksheets aggregate general document data and interface data.

Introduction

2.1 The purpose of worksheets in this area is to summarise the general information on the worksheets. The only input is the data of submission of the BPDT.

Overview of worksheets

1.1. The worksheets included in this chapter are:

- 1.1 Cover
- 1.2 Contents
- 1.3 Lists
- 1.4 Changes Log
- 1.5 Universal Data
- 1.6 Monthly Inflation
- 1.7 Checks
- 2.1 NARM Interface

Table 1.1 - Cover

Purpose and use by Ofgem
This worksheet provides a summary explanation of the BPDTs. It sets out the licensee name, the data file submission date, the version number and provides a key to the colour coding convention used throughout the workbook.
Instructions for completion
Date of submission should be input.
Specific definitions for this worksheet
None

Table 1.2 – Contents

Purpose and use by Ofgem
This worksheet lists all other worksheets within the reporting pack and provides hyperlinks to each. It links to all the abbreviated worksheet names with the full name used in the guidance provided.
Instructions for completion
The network company should follow instructions on the worksheet with regards to showing which tables are completed.
Specific definitions for this worksheet
None

Table 1.3 – Lists

Purpose and use by Ofgem
The purpose of this worksheet is to identify terms used in the BPDT guidance.
Instructions for completion
No data input is required.
Specific definitions for this worksheet
None

Table 1.4 – Changes Log

Purpose and use by Ofgem
The purpose of this worksheet is to track any changes made in the Business Plan Data Tables by Ofgem.
Instructions for completion
No data input is required.
Specific definitions for this worksheet
None

Table 1.5 – Universal Data

Purpose and use by Ofgem
The purpose of this worksheet is to demonstrate the principles and calculation used to inflate from RII02 price base (2018/19) to RII03 price base (2023/24). No inputs are required in these sheets.
Instructions for completion
No network company input is required in this sheet.
Specific definitions for this worksheet
None

Table 1.6 - Monthly Inflation

Purpose and use by Ofgem
The purpose of this worksheet is to demonstrate the principles and calculations used to inflate monthly values.
Instructions for completion
No data input is required in this sheet.
Specific definitions for this worksheet
None

Table 1.7 - Checks

Purpose and use by Ofgem
The purpose of this worksheet is to check that values across different worksheets reconcile.
Instructions for completion
No data input is required in this sheet.
Specific definitions for this worksheet
None

Table 2.1 - NARM Interface

Purpose and use by Ofgem
This table is required to provide a summary of the capex expenditure that is linked to NARM outputs.
Instructions for completion
This table draws upon data from elsewhere in the pack, there are no input requirements for this sheet.
Specific definitions for this worksheet
None

3. Instructions for Completing the Totex Worksheets

Section Summary

This chapter provides guidance to NGT on the Totex worksheets. These worksheets aggregate the actual cost data provided in the rest of the pack in a manner consistent with the RIIO-GT3 Final Determinations. They also provide a snapshot of allowances allow NGT to provide cost forecast to the end of RIIO-2.

Introduction

3.1 The purpose of the worksheets in this area is to summarise the cost information at various levels of granularity to enable Ofgem to understand NGTs predicted totex costs. These tables are summary sheets, aggregating data populated elsewhere in the template. The only input required is in the Totex forecast worksheet.

Overview of Worksheets

3.2 The worksheets included in this chapter are:

- 3.1 Transmission Owner totex
- 3.2 System Operator totex
- 3.3 Forecast Totex

Table 3.1 and 3.2 – Transmission Owner and System Operator Totex

Purpose and use by Ofgem
The purpose of this table is to provide a summary of NGTs actual Totex on a basis consistent with the allocation of allowances.
Instructions for completion
This table is linked to other worksheets and there is no input requirement.
Specific definitions for this worksheet
None

4. Instructions for Completing the Financial Worksheets

Section Summary

This chapter provides guidance to NGT on the Revenue worksheets. These worksheets form the basis of the required inputs to the Business Plan Financial Model (BPFM) which is used to determine price controls.

Introduction

- 4.1 The sheets in this section are all linked to other worksheets in the pack and hold the necessary formulas to derive the required input terms for the BPFM.
- 4.2 For guidance in completing the worksheets listed below please refer to the latest BPFM guidance.

Overview of Worksheets

- 4.3 The worksheets included in this chapter are:

- 4.1 BPFM inputs
- 4.2 BP tax inputs
- 4.3 Liquidity group
- 4.4 Liquidity group structure

Table 4.1 – BPFM Inputs TO

Purpose and use by Ofgem
The purpose of this worksheet is to provide a summary of information from the BPDT, to be used as input values in the Business Plan Financial Model.
Instructions for completion
<p>Certain fields in this worksheet are automatically populated, as they collate and aggregate information from other sections of the workbook, whilst other fields need to be populated (all yellow cells).</p> <p>BPFM Pension inputs: enter EDE values as per latest BPFM inflated to 2023/24 price base. Enter any known adjustments that may be included as part of the 2020 triennial pensions review.</p>
Specific definitions for this worksheet
None

Table 4.2 – BPFM Inputs SO

Purpose and use by Ofgem
The purpose of this worksheet is to provide a summary of information from the BPDT, to be used as input values in the Business Plan Financial Model.
Instructions for completion
Certain fields in this worksheet are automatically populated, as they collate and aggregate information from other sections of the workbook, whilst other fields need to be populated (all yellow cells).
Specific definitions for this worksheet
None

Table 4.3 – BP Tax Inputs

Purpose and use by Ofgem
The purpose of this worksheet is to collect information relating to actual and forecast corporation tax information, including Capital Allowances, Tax Pool Allocations and impact of other factors (not already captured in the BPFM calculations) on actual tax payable compared to notional tax allowance.
Instructions for completion
<p>Yellow input cells in rows 09:180 require population by NGT. Some years for specific categories/inputs will be greyed out as information is not required here. Calculation cells are present and will be populated as yellow cells are populated.</p> <p>Row 180 'Other tax forecast differences v notional tax allowance (explain where inputted)'. Whilst NGT may choose to follow the notional approach of calculating tax allowance on base revenues, should other approaches be taken, NGT may populate cells in this row with any adjustments based on differences between notional expected tax and forecast tax. A clear explanation should be provided for the basis of any adjustments.</p>
Specific definitions for this worksheet
None

Table 4.4 - Liquidity Group

Purpose and use by Ofgem
<p>The purpose of this table is to gather a more complete view of the day-to-day liquidity requirements of licensees. This data will be used as evidence to underpin the sizing of the associated additional borrowing allowances.</p> <p>Current data is limited to period end data. This does not provide a clear perspective of the day-to-day operational balances and RCF drawings made by licensees which could be higher or lower than the period end disclosure.</p>
Instructions for completion
<p>Licensees will populate yellow input cells.</p> <p>In the BPDT commentary licensees should also provide a written description of their liquidity management policies. Such written disclosure should include:</p> <ul style="list-style-type: none"> • How much liquidity does the licensee target to hold at any one time? • Confirmation on whether there are cash pooling or other similar group treasury management policies in effect? If there are these arrangements in place, how do they operate?
Specific definitions for this worksheet
None

Table 4.5 - Liquidity Group Structure

Purpose and use by Ofgem
This table provides a space for detailing the group structure.
Instructions for completion
We request that the response include a company structure diagram to illustrate the relationship between the group entity cited and participating licensee(s).
Specific definitions for this worksheet
None

Table 4.6 - Disposals 1

Purpose and use by Ofgem
The purpose of this table is to collect information relating to fixed asset disposals.
Instructions for completion
<p>Rows 09 to 167: In yellow input cells enter details of disposals in the regulatory year by asset type for the company and individual licensees. For the avoidance of doubt, disposals should include assets transferred from the licensee to a company within the same group (i.e. a property company).</p> <p>Rows 189 to 373: In yellow input cells insert details of any adjustments or reclassifications relating to disposals.</p>
Specific definitions for this worksheet
None

Table 4.7 - Disposals 2

Purpose and use by Ofgem
The purpose of this table is to collect information relating to fixed asset disposals.
Instructions for completion
<p>Rows 09 to 90: In yellow input cells enter property and land disposal income. All areas of the sub-table must be completed. The property and associated land include: in-whole or part of any operational site and in-whole or part of any non-operational site (eg office buildings). Entries should cover the same time period referred to in 4.6-Disposals 1.</p>
Specific definitions for this worksheet
None

5. Instructions for Completing the Operational Expenditure Worksheets

Section Summary

The purpose of this chapter is to provide instructions for completing the operational expenditure worksheets. This is to enable Ofgem to effectively monitor the performance in relation to the allowances set as part of Final Determinations and against previous year's submitted actuals and forecast.

Introduction

- 5.1 The purpose of the worksheets in this section is to capture information on opex costs. Certain large and significant areas of cost are broken down into greater detail so that Ofgem can understand the movements more easily. Separate sheets are provided for the TO and SO costs.
- 5.2 All costs are to be entered on a cash controllable basis (see Definitions). Cash controllable means exclusive of all provisions and all accruals and prepayments that are not incurred as part of the ordinary level of business.

Overview of Worksheets

- 5.3 The worksheets included in this chapter are:

- 5.1 Transmission Owner indirects
- 5.2 System Operator indirects
- 5.3 Transmission Owner direct opex
- 5.4 System Operator direct opex
- 5.5 Quarry & Loss
- 5.6 Transmission Owner Physical Security Opex
- 5.7 Provisions
- 5.8 Allocation of business support costs
- 5.9 Full Time Equivalent
- 5.10 IT and Telecoms
- 5.11 IT and Telecoms Allocation
- 5.12 Property Costs
- 5.13 Property Costs Allocation
- 5.14 Operational Training
- 5.15 Insurance Costs
- 5.16 De Minimis and Excluded Costs

- 5.17 NISR Cyber Resilience

**Table 5.1 and 5.2 – Transmission Owner and System Operator
Indirects**

Purpose and use by Ofgem
<p>The purpose of this table is to provide a breakdown of cash controllable costs into activities within business support and closely associated indirect costs. The table is broken down by net costs and gross costs.</p> <p>The table also collects costs outside of Totex including non - controllable costs.</p>
Instructions for completion
<p>Cost data is to be input on a cash controllable cost basis.</p> <p>Costs should be input as positive values.</p> <p>Closely associated indirect costs and business support costs should be input gross and net of capitalisation</p> <p>Business support costs are drawn from table 5.8 Business Support Allocation.</p> <p>This table represents the business support and closely associated indirect costs capitalised. The business support costs are automatically populated whilst the closely associated indirect costs require network company input.</p> <p>SO costs should be reported separately from TO costs in different tabs.</p> <p>Pension scheme admin and PPF levy cost are now included as part of Totex and should be reporting as part of this table.</p> <p>Pass through costs should also be recorded in this table.</p> <p>For the Transmission Owner, any related party transactions disallowed should entered in the appropriate cells, these should be entered as positive values. Whether a related party transaction is disallowed is defined in appendix 2.</p>
Specific definitions for this worksheet

Operational IT and Telecoms

IT equipment which is used exclusively in the real time management of network assets, but which does not form part of those network assets.

Project Management

Project Management from authorisation through preparation, construction and energisation to completion.

Includes:

Overall responsibility for major project delivery.

Determining resource requirements.

Planning and requisitioning materials & equipment.

Liaising with procurement for non-standard materials as required.

Work and resource programming.

Risk assessments of the overall project content.

Preparation of work instructions.

Issue of work to own staff and contractors.

On-site supervision and technical guidance.

Quality checks on work undertaken.

Organising network access and co-ordination of outages.

Organising and supervising (where appropriate) the undertaking of commission tests.

Issuing completion certificates.

Arranging energisation of assets.

Cost control.

Excludes:

Any IT or property costs associated with Project Management.

Any employees managing other indirect activities.

Any design work relating to new connections new or replacement assets

Further clarification on direct and indirect costs is provided in the guidance for table 6.1.

Network Design and Engineering

All processes and tasks involved in the:

Strategic planning of the network.

Detailed engineering design of new connections, extensions and changes to the network.

Includes:

Strategic planning of the network – Relates to the tasks associated with the network in totality rather than individual projects. Includes:

Maintenance of network design data models.

Development of long term development statements.

Capital planning for business plans and budgets.

Network wide demand forecasting.

Network Modelling

Strategic planning of the network in respect of new connections, load related network reinforcement and all aspects of the “non-load new and replacement asset installation” activity.

Demand Connections – Relates to the tasks associated with the project specific network design and engineering of Demand Connections projects and enquiries.

Other Network Investment – Relates to the tasks associated with the project specific network design and engineering of all other aspects of Network Investment projects.

Network Design and Engineering excludes:

The surveying, patrolling or inspection of system assets to collect condition information.

Any IT or property costs associated with network design & engineering.

System Mapping

The activity of mapping of the network and operational premises of the network to geographical locations.

Includes:

Updating the geographical system maps with asset and locational information following the installation, removal or repositioning of system assets.

The updating of Geographic Systems (GIS) records following Ordnance Survey mapping rebasing upgrades.

Responding to the New Roads and Street Works Act NRSWA notices sent to the Company by other parties.

Ordnance survey licence fees.

Excludes:

Clerical support and admin associated with New Roads and Street Works Act (NRSWA).

updating the network control diagram

onsite collection of asset and locational information where this task is undertaken with the installation of the asset which is part of the associated direct activity:

IT & Property costs associated with System Mapping activity

Engineering Management and Clerical Support

The office-based activities of engineering and clerical support staff (ie depot clerical staff, managers, work planners, etc) managing or assisting employees undertaking direct activities and Wayleave Administration.

Includes:

- Strategic Network Plan Development and implementation:
 - Managing the delivery organisational structure to achieve the long and short term company goals.
 - Agreeing resource requirements (own employees, contractors, finances and outcome targets).
 - Managing the allocation and transmission of delivery resources to achieve plans.
 - Managing key corporate policies and standards for investment/ service delivery.
 - Leading the management team for service delivery.
 - Monitoring the achievement of plans.
 - Overseeing the management of teams with responsibility for service delivery.
- Identification and implementation of improvement initiatives:
 - Redesign of business processes
 - Customer service improvements
- Work Planning, Budgeting, Allocation and Control:
 - Monitoring delivery of major works
 - Monitoring fault activity.
 - Monitoring budgets of Inspections and maintenance, faults and major works.
 - Setting and agreeing performance targets, monitoring actual performance.
 - Reporting and analysis of Key Performance Indicators ("KPIs").
- Line management of staff undertaking direct activity work:
 - Standards of performance, disciplinary and sickness absence procedures.
 - Monitoring absence, back-to-work-interviews and welfare visits.
 - Establishing day to day work plans.
 - Managing the allocation tasks to achieve the delivery of operational and capital plans.
 - Scheduling and monitoring the achievement of work jobs.
 - Managing budget.
 - Ensuring work activity adheres to company technical and health & safety requirements.
- Operational Performance Management:
 - Health and Safety checks on work and personnel
 - Compliance checks on staff and contractors work carried out
 - Site safety inspections
 - Providing safety advice to cable contractors and others (to help prevent damage)
 - Investigation, report and corrective action following an accident or environmental incident
 - Authorisation of team members for operational and non-operational duties
 - Operational safety checks
- Providing safety advice to persons working in proximity to network assets.
- Streetworks admin: Customer Funded:
 - Processing of NRSWA notifications.
 - Processing the payment of notification penalties (but not the cost of the penalties).

- Processing permit applications (but not the costs of the permits).
- Processing the payment of permit penalties (but not the cost of the penalties).
- Processing payment of inspection penalties (but not the costs of the penalties).
- Liaising with local authorities.
- Liaising with contractors and direct labour force to undertake remedial works following inspections (but not the cost of the remedial works).
- Processing of congestion charges payments (but not the cost of the payments).
- Processing of lane rentals payments (but not the cost of the payments).
- Processing of overstay fines (but not the cost of the fines).
- Updating the Street Gazetteer.
- Wayleave Payments:
 - Annual payments made in advance to the owner and/or occupier to cover the financial impact of having equipment on their land.
- Wayleaves and Easements/Servitudes: Admin Costs:
 - Obtaining, managing and administering Wayleave, substation rents, easements and servitudes.
 - Negotiating new Wayleaves.
 - Managing Wayleave terminations.
 - Administration of existing Wayleaves including the preparation of payments.
 - Negotiation conversions from Wayleave arrangements to permanent easement/ Servitudes, substation rents and Wayleave payments.
- Clerical Support:
 - Updating support asset inventory databases following asset commissioning and decommissioning.
 - Updating support asset condition data following inspection and maintenance.
 - Dealing with verbal and written enquires for new connections, or faults.
 - Programming of minor works.
 - Issuing of work instructions.
 - Preparation of quotations for minor works.
 - Sending quotations to customers.
 - Customer liaison.
 - Liaising with contractors.
 - Preparing plans, schematics, notices, materials schedules and work instructions.
 - Preparing shutdown notices.
 - Environmental notifications.
 - Clerical support for staff answering verbal and written enquiries regarding faults, liaising with contractors and other stakeholders.

Excludes:

- Any Employees managing indirect activities (eg logistics manager) (include under the relevant indirect activity heading).
- Design work relating to new connections new or replacement assets.
- Responding to NRSWA notices sent to the Company by other parties (include under Systems Mapping).
- Any employees engaged in maintaining the financial asset register.
- Idle, down and sick time of direct field staff (include with their normal direct time in the appropriate direct activity).
- IT or property costs associated with Engineering Management & Clerical Support.
- Apprentices undertaking classroom training (include under Operational training and workforce renewal)

- Time of employees attending training (include as labour costs under the relevant activity).
- Training courses and training centre costs for staff relating to working on system assets (include under operational training and workforce renewal).
- Engineering and health and safety training, courses for staff involved in indirect activities (include under operational training and workforce renewal).

Updating of underground cable and overhead line asset data bases (include under System Mapping).

Updating financial asset register (Finance & regulation).

Compliance checks on staff and contractors' work carried out.

Site safety inspections.

Investigation, report and corrective action following an accident or environmental incident.

Authorisation of team members for operational and non-operational duties.

Operational field safety checks.

Time of employees attending training (include as labour cost under the relevant activity of that employee).

Purchase of equipment (include under non-operational capex).

Training, courses and training centre costs for staff relating to working on system assets (include under operational training and workforce renewal).

Network Policy (incl. R&D)

All processes and tasks involved in the development and review of environmental, technical and engineering policies, and including research and development.

Includes:

- Evaluating the impact of changes in relevant legislation.
- Development, regular review and updating of asset risk management policies, such as:
 - asset maintenance policy
 - asset inspection policy
 - technical standards and specifications team
 - plant, equipment and component specifications
 - vegetation management policy
 - asset replacement policy
 - network design and protection policy.
- Analysis and interpretation of asset condition data.
- Development, regular review and updating of environmental policy.
- Research and development (including Fees paid to research and development organisations).

Excludes:

- Any of the IT or Property costs associated with Network Policy.

Excludes IFI related research and development.

Health, Safety and Environment

The activity of promoting and maintaining health and safety of employees, contractors, customers and the public.

Includes:

- Developing the company's overall health and safety policy.
- Establishing procedures to comply with best practice for health and safety.
- Maintenance of records to show compliance with Factory and Health and Safety at Work Acts.
- Providing advice on security matters both for property and personnel and provision of advice on fire prevention.

Excludes:

- Health & Safety checks on work and personnel such as:
 - compliance checks on staff and contractors' work carried out
 - site safety inspections
 - investigation, report and corrective action following an accident or environmental incident
 - authorisation of team members for operational and non-operational duties
 - operational field safety checks
 - time of employees attending training (include as labour cost under the relevant activity of that employee)
 - purchase of equipment (include under non-op capex)
 - training, courses and training centre costs for staff relating to working on system assets (include under operational training)

engineering and health and safety training, courses for staff involved in indirect activities (include under operational training).

Operational Training

The provision of training to Operational Staff employed by the Licensee or Related Party or Agency Staff to support the Direct Activities of the Licensee.

Includes operational training and graduate trainees and apprentices.

Includes training Workforce Renewal new recruit, Operational Upskilling and Operational Refresher Training.

Operational Upskilling - covers all training (whether classroom based or on-the-job) where employee's skill level is increased in order to undertake activities requiring a higher skill level or to undertake activities requiring a different skill set (eg multi-skilling or redeployment) or the undertake activities via more efficient / effective processes. (Does not cover, eg, routine operational refreshers, and safety briefings, non-operational training courses eg MS Excel, training for CPD purposes once qualified eg accountant).

Apprentices are engaged under approved apprentice's schemes. Trainees are employed under a formal training programme.

Includes:

- Classroom training.
- On the job training.
- Trainer and course material/running costs (classroom training).
- Training admin.
- Recruitment and external advertising costs for trainees/apprentices.
- Salaries of apprentices and trainees in full time continuous training up to the point they become fully engaged in operational activities.

- Costs of staff that organise and provide operational training and maintain employees training records.

Excludes:

- HSE costs (include under Health, Safety & Environment).

IT & Property management costs associated with Ops Training and Training Centres (include under IT & Property costs respectively).

Stores and Logistics

The activity of managing and operating stores.

Includes:

- Delivery costs of materials or stock to stores.
- Labour and transport costs for the delivery of materials or stock from a centralised store to a satellite store/final location (and vice versa), taking into account the stock management policies.
- Monitoring stock levels.
- Quality testing of materials held in stores.

Excludes:

- Costs of oil or other insulation medium (report under the activity for which it is used, eg maintenance, faults).
- Any of the IT systems associated with stores/logistics (include under IT & Telecoms).
- Any property management and maintenance costs of depots/stores locations (include under property management).

Vehicles and Transport - the activity of managing, operating and maintaining the commercial fleet and mobile plant (include under Vehicles and Transport).

Vehicles and Transport

The activity of managing, operating and maintaining the commercial fleet and mobile plant utilised by the Network or any other related party for the purposes of providing services to the Network.

Includes:

- Lease costs associated with the vehicle fleet and mobile plant.
- Maintenance costs of the vehicle fleet and mobile plant, including mobile generation.
- Cost of accident repairs to business' own vehicles whether covered by insurance or not and the cost recovery where recovered by insurance.
- Fuel costs of the vehicle fleet and mobile plant.

Excludes:

- Direct field staff time spent on utilising the vehicles for a direct cost activity (include under direct cost activity).
- IT & Property costs associated with vehicle management.
- Purchases of vehicles, mobile plant and equipment (include under non-op capex).
- Cost of providing company cars to employees which are benefits in kind (include as labour cost under the relevant activity of that employee).

Market Facilitation

This covers the following activities:

- Network code governance and development.

- Proposing and managing industry code modifications.
- Generation and demand forecasting.
- Information provision to the industry.

Calculation and implementation of Transmission charges.

Network Planning

This covers the following activities:

- Asset assurance and management of the asset registers.
- Business expert input into IT system development.
- Performance monitoring and improvement.
- Co-ordination and completion of benchmarking activities.
- Control Centre - Operational management and control of the network
 - Outage planning and management
 - Real time control and monitoring
 - Dispatch

Major incidents and emergency planning.

Table 5.3 - Transmission Owner Direct Opex

Purpose and use by Ofgem
The purpose of this table is for Ofgem to understand the amount of cash controllable operating costs and associated activity volumes on fault repairs and planned inspections and maintenance, including the costs of operational property management.
Instructions for completion
<p>Information should be provided for the following categories:</p> <ul style="list-style-type: none"> • Fault Repairs • Planned Inspections & Maintenance • Operational Property <p>This table is aligned to the asset health asset categories and for planned maintenance and inspections cost and workload volumes should be reported at the secondary subcategory level and for faults the primary subcategory level.</p> <p>If it is the case that these costs are apportioned the cost categories listed NGT should provide the apportionment methodology used to arrive at the cost / workload split provided.</p>
Specific definitions for this worksheet
<p>Fault Repairs</p> <p>Activity that is unplanned or undertaken in response to failure found during a planned maintenance activity or reported via the telemetry system, or unexpected behaviour of any part of the asset.</p> <p>Planned Maintenance and Inspections</p> <p>Any scheduled inspection either visual or invasive in line with both legislation and/or manufacturer recommendations. This including helicopter and foot patrols of pipelines, visual inspections of site fences etc.</p>

Table 5.4 - System Operator Direct Opex

Purpose and use by Ofgem
The purpose of this table is for Ofgem to understand the operating costs incurred by NGT in operating the gas network system.
Instructions for completion
<p>NGT should populate the costs associated with each of the categories as defined below.</p> <p>Costs should be populated on a gross and net cost basis.</p> <p>The head of GSO costs which include central management and strategy costs supporting all departments should be apportioned equally across each of the categories.</p>
Specific definitions for this worksheet
<p>Operational Delivery</p> <p>Managing operational strategy and risk response (short term). Responsible for network control/access, leads and coordinates emergency response.</p> <p>Commercial & Incentives</p> <p>Managing commercial contracts and monitoring/developing incentive performance. This includes energy forecasting/balancing and managing shrinkage and emissions.</p> <p>System Capability & Risk</p> <p>Ensuring NTS is fit for purpose and managing risk (long term). Responsible for network capability/modelling and design. Lead on liaising for external publications too.</p> <p>National Control</p> <p>Ensure the continuous operation of the Gas infrastructure. Responsible for system delivery, supervisory control, data acquisition and simulation to ensure overall operational continuity.</p> <p>Markets</p> <p>Monitoring market strategy and change, including relationship with the European Union (EU). This includes charging and revenue.</p> <p>Xoserve</p> <p>Maintain the business' (MTB) costs from xoserve covering services provided including energy balancing (credit risk management), invoicing and Gemini services.</p> <p>Head of GSO</p>

Table 5.5 – Quarry and Loss of Development

Purpose and use by Ofgem
The purpose of this table is to collect details of costs relating to quarry and other loss of development claims.
Instructions for completion
NGT should provide actual costs, forecast costs and number of claims within each category as defined below.
Specific definitions for this worksheet
<p>Loss of Crop – Annual</p> <p>Annual landowner payments for reduced crop yields due to the proximity of the NTS pipeline.</p> <p>Loss of Crop – Full and Final Settlement</p> <p>Single landowner payment to eliminate future liabilities in relation to compensation for reduced crop yields, land reinstatement and drainage.</p> <p>Drainage – Investigation/ Repair</p> <p>Investigation / repair of drainage issues relating to NTS pipeline.</p> <p>Loss of Development</p> <p>The loss of commercial or residential development opportunities due to the proximity of the NTS.</p> <p>Sterilised Minerals</p> <p>The loss of mineral extraction opportunities due to the proximity of the NTS.</p>

Table 5.6 – Physical Security Opex

Purpose and use by Ofgem
The purpose of this table is to inform Ofgem of the opex spent on physical security in relation to BEIS's enhanced physical security upgrade programme (PSUP).
Instructions for completion
<p>For security reasons companies should provide overall number of sites in this table rather than listing site names.</p> <p>NGT will report its annual PSUP opex expenditure for both owned and shared sites. These costs should include any operational costs, including labour, associated with the PSUP programme.</p> <p>In the 'Workload' section input the number of PSUP sites, both owned and shared, that have incurred PSUP opex costs in each year.</p> <p>This table specifically excludes funding associated with the provision of Ministry of Defence Armed Guards. See definition for 'security (armed guards)'.</p>
Specific definitions for this worksheet
<p>Owned Site</p> <p>A site owned NGT and incurs physical security opex costs.</p> <p>Shared Site</p> <p>A site owned by a third party but also contain NGT assets and NGT incurs physical security opex costs.</p>

Table 5.7 - Provisions

Purpose and use by Ofgem
The purpose of this table is to collect details of the provisions that have affected the results so that Ofgem can understand any significant events happening in the year.
Instructions for completion
Data should be input as required in the yellow shaded cells. Costs should be input as positive or negative values as appropriate. SO costs should be reported separately from TO costs where appropriate. Provisions are those defined under standard accounting terminology
Specific definitions for this worksheet
None

Table 5.8 - Business Support Allocation

Purpose and use by Ofgem
The purpose of this table is to provide the allocation of Group net and gross cash controllable costs for business support that are charged to the UK regulated network businesses (and to non-regulated entities where appropriate).
Instructions for completion
<p>This table should outline the allocation for each of the following categories:</p> <ul style="list-style-type: none">• IT & telecoms• Property Management• HR & non-operational training• Finance audit and regulation• Insurance• Procurement• CEO & group management
Specific definitions for this worksheet

IT & Telecoms

Provision of IT services for the day to day service delivery.

Includes:

- The purchase, development, installation and maintenance of non-operational computer and telecommunications systems and applications.
- Provision of IT services for the day to day service delivery and includes the cost of Help Desk, data centres, IT application development, maintenance and support; establishing and maintaining IS infrastructure projects (IT Network Provision, Network Maintenance, Servers support/services).
- Voice and data telecoms (e.g. WAN, landline rental and call charges, ISDN data and costs/rental of mobiles except where costs are charged directly to user departments).
- Developing new software for non-operational IT assets including the costs of maintaining an internal software development resource or contracting external software developers. This will include any cost of software licences to use the product where those costs cover more than one year.
- Installing new or upgrading software, other than where it is. This does not include upgrading of software that is included within the costs of annual maintenance contracts for the software.
- Maintenance and all the operating costs of the IT infrastructure and management costs and Applications cost. This includes any annual fee for the maintenance of software licences, whether or not they include the right for standard upgrades or 'patches' to the software as they become available.
- IT applications maintenance and running costs.
- IT new applications software and upgrade costs.
- Voice and data telecoms (e.g. WAN, landline rental and call charges, ISDN data. includes costs/rental of mobiles except where costs are charged directly to user departments).

Excludes:

- IT equipment which is used exclusively in the management of network assets but which does not form part of those network assets.

Any of the property costs associated with IT & Telecoms (include under Property Management), except where the cost of specific IT environmental control systems can be distinguished from other property costs.

Property Management

The activity of managing, providing and maintaining non-operational premises, i.e. premises used by people such as stores, offices and depots. This should include costs such as rent, rates (business), and utilities costs including electricity, gas and water, maintenance/repair costs of premises and also should include the provision of the facilities / property services such as reception, security, access, catering, and mailroom, cleaning and booking conferences. The costs of property surveyors should also be included here.

Includes:

- Stores, depots, offices (including training centre buildings & grounds).
- Rent paid on non-operational premises.
- Rates and taxes payable on non-operational premises.
- Utilities including electricity, gas and water (supply and sewerage).
- Inspection and maintenance costs of non-operational premises.

- Facilities management costs including security and reception.
- Training centre buildings & grounds.
- Control rooms and data centres.

Excludes:

- Any costs relating to operational property (i.e. premises which contain network assets and are not maintained for accommodating people e.g. Substations, Boiler Stations, Holder Stations, Compressor Stations, Governor House etc (include under operational property).
- Any IT systems associated with property management (include under IT & Telecoms).
- Depreciation and profit/loss on Fixed Assets Relocation costs to or from non-operational premises.

Network rates.

HR & Non-Operational Training

HR

This would include provisions of the HR function i.e. the full range of professional activity for an individual's career path from recruitment to retirement and post-retirement where applicable, e.g. management and administration of pension payments (NB PPF scheme administration costs are excluded) and from related professional advice to directly resolving grievances for staff.

Includes:

- Costs of payroll and pension's management and operation.
- Facilitating staff performance, development and reviews.
- Industrial and employee relations including HR strategy, policies and procedures.
- Monitoring equal employment opportunities.
- HR advice to management, succession planning and also retentions and rewards.

Excludes:

- Pension Scheme Administration and PPF levy costs
- Pension deficit repair payments relating to the „established deficit“ and for the avoidance of doubt, all unfunded early retirement deficiency costs (ERDC) post 1 April 2004

Non-Operational Training

Facilitating and operating training courses of a non-technical nature for office-based staff.

Includes

- Staff who organise and provide non-operational training and maintain employees training records.
- Cost of running the non-operational training costs e.g. course fees.
- Leadership development training.

Excludes:

- Any operational training costs
- Non-operational costs associated with formal training and apprentice programmes (included under operational training)
- Time of employees attending training (include as labour costs under the relevant activity for non-operational).
- HSE costs (include under Closely Associated Indirect costs).
- IT systems associated with HR & Payroll (include under IT & Telecoms).

IT & Property management costs associated with Non-Ops Training (include under IT & Property costs respectively).

Finance, Audit & Regulation

Performing the statutory, regulatory and internal management cost and performance reporting requirements and customary financial and regulatory compliance activities for the network.

Includes:

- Process of payments and receipts.
- Time sheet evaluation where not part of the payroll process.
- Financial & risk management - e.g. credit & exposure management.
- Financial planning, forecasting & strategy.
- Financial accounting.
- Management accounting.
- Investment accounting.
- Treasury management.
- Transportation income accounting.
- Pricing.
- Statutory & regulatory reporting.
- Tax compliance & management.
- Internal audit & management of the relationship with external audit function.
- External audit fees.
- Cost of regulatory department.

Excludes:

- Insurance costs (include under Insurance).

Any of the IT systems associated with finance, audit and regulation (include under IT & Telecoms).

Insurance

Support and expertise to develop the business risk profile, managing the claims process and provision of information and understanding to the business in relation to insurable and uninsurable risks.

Includes

- Insurance premiums
- Insurance premium tax
- Insurance contract negotiating and monitoring
- Insurance claim processing
- Insurance risk management

- Payments relating to uninsured claims
- Costs of in house insurance team

Brokers fees

Procurement

Responsible for the procurement of goods & services in the support of the business operations, through the management of procurement contracts with suppliers.

Includes:

- The cost of carrying out market analysis.
- Identifying potential suppliers, undertaking background review, negotiating contracts, purchase order fulfilment & monitoring supplier performance.
- Setting up and maintaining vendor accounts within the accounting system, and maintaining e-procurement channels.
- Setting procurement guidelines and monitor adherence to the guidelines.

Excludes:

- Any of the IT systems associated with procurement (include under IT & Telecoms).
- Stores & Logistics - The activity of managing and operating stores (include under Closely Associated Indirect Costs for transmission and record in separate stores and logistics category in table 3.1).

Vehicles and Transport - the activity of managing, operating and maintaining the commercial fleet and mobile plant (include under Closely Associated Indirect Costs).

CEO and Group Management

Includes:

- Communications - communication within the UK businesses, internal communications, external communications, media relations, issues management, regional communications, community relations, community awareness, branding, events management
- Group Strategy- function has the responsibility of evaluating the strategic options of the Group.
- Legal / Risk and Compliance/ Company Secretary - legal department, the management corporate governance for all companies to ensure they comply with legislation, regulations and best practice.
- Corporate Responsibility and investor relations - corporate responsibility and interaction with institutional equity investors and market analysts, management of rating agencies also advertising, charity and sponsorship arrangements.
- Board Members and Other – staff and other costs of Board members and other corporate costs not fitting into other categories.
- Non-executive & group directors' labour costs (where they are not carrying out specific departmental duties) and Board meeting costs.

Excludes:

- Insurance management.
- Legal advice relating to way leaves/servitudes/easements.

Group costs relating to specific activities e.g. HR, Finance, Audit, Regulation, Taxation, HSE, Insurance, etc (include under the specific cost category).

Table 5.9 - Full Time Equivalent

Purpose and use by Ofgem
This table collects details regarding Full Time Equivalent (FTE) staff numbers split between price control and non-price control activities for Transmission Operator only.
Instructions for completion
<p>Enter the average net FTE staff numbers for the above activities broken down into the following categories:</p> <ul style="list-style-type: none"> ○ NGT own Employee FTE ○ NGT Contract Labour FTE* <p>*For external contract FTEs calculation, reasonable assumptions should be made on the labour element of the contract value to derive a proxy staff cost. This can be divided by average staff cost per grade to arrive at an estimated FTE number.</p> <p>Note that FTEs exclude allocations for overtime, for example</p> <ul style="list-style-type: none"> • Employee doing full time hours = 1 FTE • Employee doing 80% hours = 0.8 FTE • Employee doing full time hours and 20% overtime = 1 FTE <p>For employees who are involved in both price control and non-price control work, the time allocated to price control work should be counted towards the total price control FTE number. For example, for an employee who spends 60% of their time working on price control related work, 0.6 FTE should be allocated.</p>

Table 5.10 – IT and Telecoms Costs

Purpose and use by Ofgem
This worksheet collects IT and Telecoms cost data.
Instructions for completion
The gross costs should be reported by Cost Type and for the following cost categories, defined below.
Specific definitions for this worksheet

Hardware and Infrastructure Costs

Includes:

- Purchase of IT equipment that is either located away from network assets or does not directly relate to the control of those assets.
- Purchase and installation of new hardware systems (e.g. servers, firewalls, switches and ISDXs).
- Purchase of equipment for the physical IT environment (i.e. air conditioning, fire and flood prevention and detection), where these can be differentiated from property costs.
- Purchase of client equipment (e.g. desktops, laptops, monitors, printers and plotters).
- Purchase of telecoms equipment (e.g. staff mobile devices) where not used exclusively in the real time management of network assets.
- Hardware that is purchased as part of an IT software project.

Excludes:

- Software development and upgrade costs (report under Application Software Development).
- Operational IT and Telecoms i.e. IT equipment which is used exclusively in the real time management of network assets but which does not form part of those network assets (include in Operational IT and Telecoms).
- Assets associated with the telecontrol of the network (include in Operational IT and Telecoms).
- BT 21st Century costs.
- Ordnance survey data/licences (include under System Mapping).

Any of the property costs associated with IT and Telecoms (include under Property Management), except where the cost of specific IT environmental control systems can be distinguished from other property costs.

IT & Telecoms (Non-Operational)

Expenditure on new and replacement IT assets which are not system assets. These include Hardware and Infrastructure/8 and Application Software Development, inclusive of initial costs relating to IT Security and Cyber Resilience.

Application Software Development Costs

Includes:

- IT software upgrade costs: New and upgraded software licenses where the benefit is received over more than one year.
- Cost of software development staff employed directly by the network company or contracted to undertake development work during the reporting year.
- Purchase and installation of new application software and their license fees.

Excludes:

- Hardware that is purchased as part of an IT software project (include in Hardware and Infrastructure Costs).
- Annual maintenance charges whether or not they include standard upgrades to the software (include in IT and Telecoms Business Support).
- Ongoing or renewal software licence or licensing fees.

- Operational IT and Telecoms i.e. IT equipment which is used exclusively in the real time management of network assets, but which does not form part of those network assets (include in Operational IT and Telecoms).
- Ordnance survey data/licences (include in System Mapping).
- Any of the property costs associated with IT and Telecoms (include under Property Management), except where the cost of specific IT environmental control systems can be distinguished from other property costs.

BT 21st Century costs.

IT & Telecoms (Business Support)

Expenditure on operating and maintaining the operational and non-operational computer and telecommunications systems and applications.

Includes:

- All the operating and maintenance costs of the IT infrastructure, including:
 - Configuration and new requests, for client's personal computers, laptops, printers, hand-held devices and monitors.
 - Security administration.
 - IT procurement.
 - Help desk fault management.
 - Disposals.
 - Hardware maintenance and operating systems (servers, firewalls, switches and ISDXs).
 - Physical IT environmental costs and maintenance (i.e. air conditioning, uninterruptible power supply, fire and flood prevention and detection) where these can be differentiated from the costs of property management.
 - Maintenance and all the operating costs of the IT infrastructure and management costs and applications costs.
 - First and third party application software maintenance.
 - Ongoing or renewal software license and licensing fees.
 - Annual fees for the maintenance of software licenses, whether or not they include the right for standard updates or 'patches' to the software as they become available.
 - Hardware maintenance and operating systems.
 - IT environmental control systems.
 - Data centre operations.
 - IT server/communication rooms maintenance.
 - Server/system administration.
 - Database administration.
 - Email administration.
 - Firewall administration.
 - Voice/data LAN administration including telephone handsets.
 - Enterprise management covering monitoring, backup, scheduling and capacity planning.
 - Disaster recovery.
- All the management and applications costs, including:
 - Senior IT and Telecoms department management labour costs, except when engaged on specific infrastructure or applications.
 - Administration support within the IT and Telecoms activity/department.
 - Consumables (e.g. stationery, disks, moveable storage mediums).
 - Other costs not relating specifically to other defined infrastructure or applications categories.

Provision, maintenance and usage costs of the telecoms networks including:

The cost of voice and data network circuit rentals for inter-office, home to office, Private Mobile Networks (PMRs) and field handhelds. Voice and data network, PABX, private mobile "voice" radio circuits ("PMR"), router and switch maintenance costs, related licence fees, usage charges for landline, mobile phones, facsimiles, field handhelds and PMR services wherever suited.

- ❖ Data usage charges
- ❖ Call centre usage
- ❖ Authorised home telephone account usage
 - Fees for the maintenance of software licenses.
 - All ongoing support costs for IT security activities.
 - All ongoing support costs for cyber resilience activities.

Excludes:

- Ordnance survey data/licenses.
- Any of the property costs associated with IT and Telecoms (include under Property), except where the cost of specific IT environmental control systems can be distinguished from other property costs.
- Operational IT and Telecoms i.e. IT equipment which is used exclusively in the real time management of network assets but which does not form part of those network assets.
- BT 21st century costs
- IT and Telecoms (Non-Operational) expenditure.

Table 5.11 – IT and Telecoms Allocation

Purpose and use by Ofgem
The purpose of this worksheet is to collect IT and Telecoms cost data separated by activity allocation.
Instructions for completion
The gross costs should be reported by activity allocation.
Specific definitions for this worksheet
None

Table 5.12 – Property Costs

Purpose and use by Ofgem
This worksheet collects all Non-Operational Property costs by cost Type only. The key term for this worksheet, defined below.
Instructions for completion
No further disaggregation is required.
Specific definitions for this worksheet
<p>Property (Non-Operational)</p> <p>Expenditure on new and replacement property assets which are not system or operational assets.</p> <p>Includes:</p> <ul style="list-style-type: none"> • Premises used by people (e.g. stores, depots and offices) which are not operational premises (e.g. substations). • Office equipment. • Installation of Electric Vehicle Charging Points at these premises. <p>Installation of fuel tanks at these premises, including pumps and monitoring equipment.</p>

Table 5.13 – Property Allocation

Purpose and use by Ofgem
The purpose of this table is to show the allocation of costs to the UK regulated network businesses (and non-regulated business where required) for non-operational costs only.
Instructions for completion
<p>The gross costs should be reported by activity allocation. Input details of the allocations of total property costs to UK regulated network businesses (excluded services and non-regulated business where required).</p> <p>Buildings holding SO staff or assets should be treated as non-operational.</p>
Specific definitions for this worksheet
None

Table 5.14 – Operational Training

Purpose and use by Ofgem
This worksheet collects Cost Type data on the operational training activity to feed the input to the interface tabs. It also provides a split of these costs, alongside associated columns, to provide an understanding of the activity for cost assessment purposes.
Instructions for completion

Operational Training includes only the costs of training employees, Related Parties and Agency Staff. No contractor training costs should be reporting in this activity. Where the network company incurs costs assessing the capability of contractors, these costs should be included in De-Minimis. Any costs associated with training contractors within the network company training facilities should also be reported in the same way.

The key terms for this worksheet, defined in the glossary, are:

- Operational training
- Craftsperson
- Engineer
- Other operational employee
- Operational staff
- Non-operational staff
- Operational refresher
- Operational up-skilling
- New recruits
- New recruits – craftsperson
- New recruits – engineer
- Learner costs
- Leaver
- Leaver – due to retirement
- Leaver – due to reasons other than retirement
- Training days
- Agency staff

These terms have the prefix “operational training”, except non-operational staff and agency staff as these terms are used in areas other than in Operational Training.

The check cells will ensure that the input for total costs by Cost Type and the costs by category (at gross cost level) reconcile.

The tables in the worksheet require costs to be split between the class of staff undertaking the training (craftsperson, engineer) and between the types of training provided (new recruits, up-skilling, operational refreshers), as well as reporting the costs of providing the training centre and courses for operational training.

Cost of training provision should be reported separately between the following, which are defined in the glossary (under the prefix “operational training”):

- Trainer and course material costs
- Training centre and training admin costs

There are no volumes to be reported in this area.

Volumes are also to be reported for the following area:

- | |
|--|
| <ul style="list-style-type: none">• New recruits in year – This reports the new recruits (on an FTE basis) appointed to the network company in the year. This should not be pro-rated to adapt for the date the new recruit joined the network company. This should be reported separately between craftsperson and engineer.• Leavers – This reports the number of leavers in the year (on an FTE basis), reported separately between leavers due to retirement and leavers for reasons other than retirement. These should not be pro-rated to adapt for date the leaver left the network company. These are also reported separately by craftsperson and engineer. |
|--|

Specific definitions for this worksheet
--

New recruits (in year and in previous years)

This reports the costs of all operational new recruits to the network company or related party, often on a formal training programme for several years (e.g. apprenticeship). The associated volumes relating to contractor training should be included. The FTEs should be adapted to recognise that a new recruit may only have been employed for part-way through the year, for example 1 FTE starting work in October would be classed as 0.5 FTE; and a part time employee of 0.8 FTE starting in October would be classed as 0.4 FTE. These costs and volumes should be reported separately between crafts persons, engineers and other operational employees. A unit cost is then calculated automatically by the table.

Operational Up-Skilling

This reports the costs of all operational staff, related party staff and agency staff recognised as undertaking operation up-skilling training. The associated columns are the number of training days spent on up-skilling training, both classroom and on-the-job. These costs and columns should be reported separately between craftspersons, engineers and other operational employee (the role reported against should be the role towards which the employee has been working). A unit cost is then calculated automatically by the table.

Operational Refreshers

This reports the cost of all operational staff, related party staff and agency staff attending operational refreshers. The associated volumes are the number of training days spent on refresher training, No costs or volumes relating to contractor training should be included. These costs and volumes should be reported separately between craftspersons, engineer and other operational employees. A unit cost is calculated automatically by the table.

Operational Training

A closely associated Indirect activity. It is the training of operational staff employed by the network company or related party, or agency staff to support the direct activities on the network. Operational staff are defined separately in the glossary.

Training can be classroom based, including academic courses, or be on the job training. It includes:

- Learner costs
- Trainer and course material costs (classroom training)
- Training centre and training admin costs.
- Time of operational staff attending non-operational training

For the following purposes:

- Training of new recruits
- Operational up-skilling
- Operational refresher training

All training of apprentices and graduate engineers (who are on a defined training scheme) should be treated as operational training.

Excludes:

- Time of non-operational staff attending operational training (include as labour cost under the relevant activity of that employee)
- Recruitment costs of operational staff (include under HR in the core business support worksheet)
- Costs of training contractors undertaking training within the network company training facilities where costs are recovered separately and not through contractor's rates for the direct activity (included in the contractor cost for the relevant activity)
- Costs of training contractors undertaking training within the network company training facilities where costs are not recovered separately and are embedded in contractor's rates for the direct activity (included in the contractor cost for the relevant activity)
- Costs of assessing capability of contractors (include in Non Price Control De-Minimis)

Costs recognised relating to Apprenticeship Levy payments (include as labour cost across activities)

Operational Training – Craftsperson

Employed by network company or related party to work directly on the network, undertaking craft or mate roles such as linesman, joiner, fitter and mates.

Includes people employed to undertake the following activities:

- Conduct routine overhead line activities such as condition assessment, fault repair, maintenance, quality assurance, refurbishment and dismantlement in line with approved, safe and environmental standards
- Carry out complex, non-routine activities such as fault investigation, whilst also controlling and directing resources. Undertake routine cable jointing activities such as repair, replacement and termination to approved, safe and environmental standards
- Provide onsite support under direct supervision, to craft activities in line with approved, safe and environmental standards
- Carry out complex, non-routine activities such as fault investigation, whilst also controlling and directing resources. Undertake routine substation activities such as installation, maintenance, inspection and repair of plant and apparatus to maintain the asset to approved, safe and environmental standards

Includes:

- Persons in the following standard occupation classification codes:
 - 52: skilled metal, electrical and electronic trades
 - 53: skilled construction and building trades

Excludes:

Any craftsperson employed by contractors

Operational Training – Engineers

Employed by the network company or related party to gain of specialist skills for working on an electrical distributions network and whose intended role requires the skills and abilities of incorporated or professional engineers.

Includes:

- 21: Science, research, engineering and technology professionals

31: Science, engineering and technology associated professionals

Operational Training – Learner Costs

The costs of operational employees undertaking operational training, net of any third party funding contribution (to be reported as cost recoveries in cost type split).

Learner costs can include both time spent on classroom training and time spent on on-the-job training.

Includes (on a pro-rated basis based on the proportion of employee's time spent on operational training):

- Labour
- Pensions
- Any travel and accommodation costs associated with attending operational training courses/ on the job training activities
- Any external funding for trainees (net off costs, report in cost recoveries)

Excludes:

- Labour costs of third party employees undertaking training within the network company training facilities (include in Non Price Control De-Minimis)
- Overtime costs of staff on operational training programmes, unless specifically training related (report as labour under the relevant activity being undertaken)

Non-operational training learner costs (reported within labour against activities undertaken by that employee)

Operational Training - Leaver

An employee performing a role that falls within the definition of craftsperson or engineer leaving the licensee (or related party undertaking work for the network company) during the year. Count 1 leaver for one full time employee leaving at any

time in the year. If leaver worked part time then report on full time equivalent basis e.g. if employee worked 3 days per week report 0.6 FTE regardless of when in year leaver left company.

Operational Training – Leaver – Due to Retirement

A leaver who retires from the company and immediately receives pension (i.e. not deferred pensioner).

Operational Training – Leaver due to reasons other than retirement

A leaver who leaves the company but does not immediately take pension.

Operational Training – New Recruits

New employee recruited to be trained to fill an operational role (craftsperson or engineer) and reported within operational training.

Operational Training – New Recruit – Craftsperson

Trainee on a formal apprenticeship, higher apprenticeships or equivalent training scheme with the objective of becoming a craftsperson (see definition).

Operational Training – New Recruit – Engineer

Trainee of a formal graduate, A Level, HNC scheme or equivalent training scheme with the objective of becoming an engineer (see definition).

Operational Training – Other Operational Employee

Employed by the network or related party to work directly on the network, who does not meet the definition of an engineer or craftsperson.

Includes persons in the following standard occupation classification codes:

- 51: Skilled agricultural and related trades
- 81: Process, plant and machine operatives
- 82: Transport and mobile machine drivers and operatives

91: Elementary trades and related occupations

Operational Training – Operational Refreshers

Routine and ad hoc operational refreshers and safety briefings where attendance is required in order to maintain employee's authorisation/skill set at current level.

Operational Training – Operational Staff

Employed by the network company or related party, or agency staff to work directly on the network, undertaking the roles of craftsperson, engineer or other operational employee (defined separately in the glossary).

Operational Training – Operational Up-Skilling

Operational training for existing operational staff, related party staff or agency staff whose skills set is being augmented or improved. This can include operational employees on either official promotion/development programmes and the enhancement of existing skillsets within current operational roles, and covers both classroom training and on-the-job training.

Excludes:

- Training provision for new recruits (i.e. initial training for apprentices and other new employees)

Routine operational refreshers and safety briefings, which do not involve any new skills.

Operational Training – Trainer and Course Material Costs

Employment costs for trainers developing and delivering classroom training.

Includes:

- Trainer's own training costs
- Costs of materials used in training delivery
- Cost of any outsourced operational activity trainings activities

Excludes:

- The cost of construction of permanent network simulations (include in training centre and training admin costs)

The cost of supervisors/trainers for on-the-job training activities (report as per the job being undertaken)

Operational Training – Training Centre and Training Admin Costs

Cost of establishing, developing and maintaining training centre, including:

- Rent paid on training centre and associated training infrastructure
- Rates and taxes payable on training centre and associated training infrastructure
- Utilities including electricity, gas and water (supply and sewerage) for training centre and associated training infrastructure
- Inspection and maintenance costs of training centre and associated training infrastructure
- Facilities management costs including security and reception for training centre and associated training infrastructure
- Expenditure on new and replacement assets associated with training centre, whether on building assets or permanent network simulations to be used for training purposes
- Costs of administering operational training including management of training records, course scheduling and invitations, attendance monitoring etc.

Excludes:

Any training centre costs associated with the delivery of non-operational training (including under property/non-operational capex).

Operational Training – Training Days

Number of days spent by operational staff, related party staff and agency staff in both classroom and on-the-job training activities.

This should be calculated as per the following examples:

- 1 employee for 1 working day – 1 training day
- 1 employee for ½ working day – ½ training day

Excludes:

Training days of contractors, even if these have been undertaken in the network company training facilities

Table 5.15 – Insurance Costs

Purpose and use by Ofgem

This worksheet is to collect cash controllable cost information relating to insurance costs, premiums, policies and cover etc, including the actual costs and cover relating to the transmission and other UK regulated network businesses.

Instructions for completion

For the Total Insurance Department Costs, total cost of the insurance department and how this is allocated to the business and excluded services should be inputted.

Insurance Receipts will be shown for historical years but it is very unlikely that companies will forecast such receipts.

Captive Insurance Companies input details of all captive insurance companies owed by the network company.

Specific definitions for this worksheet

Insurance Premiums

Cost of insurance premiums including insurance premium tax and brokers fees.

Other Insurance Costs

All insurance department costs except for insurance premiums and brokers fees.

Loss or Damage due to Adverse Events

Insurances that protect against loss or damage caused to licensee's property or trade by adverse events.

Property – Buildings and Contents

Buildings and contents including fire, lightning, explosion, riot, malicious damage, storm, flood, impact by aircraft, road and rail vehicles, escape of water from tanks or pipes and sprinkler leakage.

Engineering Failure

Engineering insurance cover against electrical or mechanical breakdown for machinery, including computers.

Crime and Theft

Includes:

- Crime
- Theft

Money

Goods in Transit

Loss or damage of machinery, materials etc. while in licensees own vehicles or when sent by carrier. Includes marine cargo.

Business Interruption

Cover for loss of income and extra expenses, including any increased working costs and extra accountants' fees incurred, resulting from damage to a licensee's property or assets.

Trade Credit Insurance

Cover against the risk of bad debt due to the insolvency or default of trade debtors.

Motor Vehicles

Cover against third party legal liability for injury to others and damage to their property arising from the use of vehicles on the road and against damage to licensee's vehicles.

Legal Expenses

Cover against the cost of taking or defending legal action including legal costs such as solicitors' fees and expenses, the cost of barristers and expert witnesses, and court costs and opponent's costs if awarded against the licensee in civil cases.

Network Assets

Includes property (towers and poles, etc.).

Terrorism and Sabotage

Cover against loss due to deliberate acts of terrorism or sabotage.

Aviation

Cover against losses associated with ownership and operation of aircraft.

Other

Includes business services allocation.

Third Party Legal Liability

Cover against licensee's legal liabilities in the event of some aspect of the licensee's business causing damage or harm to a third party or their property.

Employers' Liability

Cover against legal liability for injury, disease or death to employees sustained by them and arising from their employment. Employees for this purpose may include, in addition to those under a contract of employment, apprentices and other trainees, agency staff and contractors.

Public and Product Liability and Professional Indemnity

Cover against legal liability to pay damages to members of the public for death, bodily injury or damage to their property which occurs as a result of a licensee's business activities.

Environmental Impairment Liability

Cover against losses and liability arising from damage to property due to pollution or environmental damage caused a network company's regulated business operations.

Employee

Cover that protects a network company and its employees against the consequences of serious illness, injury or death and the effects these events could have on the network company's employees, on their families and on the network company's business.

Personal Accident and Sickness Insurance

Cover paid for, fully or in part, by a network company that provides income to an employee to compensate for the loss of earnings through incapacity resulting in inability to work. Where the cost of cover is shared between network company and employee, or where the network company recovers part of the cost from employees, then only the network company's net contribution should be reported.

Income Protection Insurance

Cover paid for, fully or in part, by a network company that provides income to an employee to compensate for the loss of earnings through incapacity resulting in inability to work. Where the cost of cover is shared between network company and employee, then the network company's contribution should be reported. Where the cost of cover is shared between network company and employee, or where the network company receives part of the cost from employees, then only the network company's net contribution should be reported.

Private Medical Insurance

Private medical cover paid for, fully or in part, by a network company. Where the cost of cover is shared between network company and employee, or where the network company recovers part of the cost from employees, then only the network company's net contribution should be reported.

Life Assurance

Cover paid for, fully or in part, by a network company that provides financial security for employees' dependants and protects the profitability of the business upon death of an employee. Where the cost of cover is shared between network company and employee, or where the network company recovers part of the cost from employees, then only the network company's net contribution should be reported.

Travel

Includes overseas travel and personal accident/travel.

Directors and Officers

Includes primary and excess directors' and officers' liability.

Employment Practice Liability

Cover against claims made for alleged acts of discrimination, harassment or inappropriate employment conduct.

Pension Trustees Indemnity

Cover that protects a network company and/or its pension funds and/or its employees and trustees against claims made by third parties for breach of trust, maladministration and wrongful acts arising from the actions of the trustees to the pension funds.

Self-Retained Claims Costs (Below Deductible)

The amount of any claim which falls below policy excesses or deductibles where the cost is paid by the network company and not the insurers.

Brokers Fees

The fee charged by an insurance broker for arranging insurance cover.

Captive Insurance

Insurance cover provided by an insurance entity that is a related party.

Premiums Invoiced

The amount charged to the policy holders for insurance cover provided.

GBRA/P&L

The GBRA (General Business Revenue Account) details the insurance transactions and P&L (Profit and Loss Account) details any non-insurance related income and expenses of the company.

Total Written Premiums

The total amount charged for the insurance cover provided.

Reinsurance Costs

The total amount paid out to third party reinsurance companies for reinsurance cover.

Net Premium

The premium income after the deduction of reinsurance costs.

Claims Costs

The amounts paid out as insurance claims and claims related fees.

Underwriting Expenses

The amounts paid out in expenses required to conduct the insurance business (broker fees, actuarial fees).

Underwriting Profit

The insurance profit (loss) for the year.

Investment Income

The amount generated from the investment of the company's assets.

Operating Expenses

The amount paid for the general running expenses of the company.

Retained Profit (Loss)

The profit or loss generated by the company for the year.

Unrealised Investment Gain

The amount arising from an increase in market value of assets available for sale.

Total Movement in SH Funds

The sum of the retained profit or loss and the unrealised investment gain or loss.

UK Tax Adjustment

The amount charged to the group for UK taxation.

Profit after Taxation

The profit or loss generated for the year once taxation has been deducted.

Total Written Premiums

The total amount charged for the insurance cover provided.

Balance Sheet

The statement of the financial position of the company at a point in time.

Assets

The resources held by the company that have an economic value.

Non-Insurance Liabilities

The amounts owed to the general (non-insurance) creditors of the company.

Gross Loss Reserves

The amounts expected to be paid out in insurance claims relating to current and past policy periods.

Reinsurance Assets

The amounts recoverable from reinsurers under reinsurance contracts purchased.

Shareholders' Funds

The value of the company and amount attributable to the shareholders of the company.

Annual Retained Risk

The sum of the maximum exposure on all insurance policies issued in the year.

Excess Capital Adequacy

Shareholders' funds less annual retained risk.

Loss Ratio

The ratio of expenses to net premium income.

Table 5.16 – De Minimis and Excluded Services

Purpose and use by Ofgem
The purpose of this table is to collect information in relation to de minimis costs, consented costs and excluded services.
Instructions for completion
The description of services being provided should match those used in the guidance for the income received. It may be that some services have no identifiable costs. If consented and de minimis services are reported outside of the TO business please do not complete the information but state this in the narrative.
Specific definitions for this worksheet
None

Table 5.17 - NIS-R Cyber Resilience [\(GT\)](#)

Purpose and use by Ofgem

The purpose of this table is to inform Ofgem of the opex and capex expenditure in a network company's ~~for~~ NIS-R Cyber Resilience Business Plan. The cost allocation for each of the investments required by the network company is split into three high-level categories covering People, Process and Technology.

All costs should be completed on a net basis.

There is a summary at the top which is to inform Ofgem of the total defined investment (TIM) and uncertain investment (UIOLI) costs in a network company's NIS-R Cyber Resilience Business Plan. Network companies should manually enter this information to show the cost split between TIM and UIOLI. We provide more detailed guidance on the two investment categories in the 'NIS Cyber Resilience Business Plan Submission Assessment Methodology and Requirements Document.'

Within the People, Process and Technology categories there are 10 sub-categories split into capex and opex expenditure. ~~each category,~~ All improvement programmes / projects that require funding must be linked to the primary CAF Principle and Contributing Outcome that the programme / project is aiming to deliver.

By mapping each project to the primary CAF Principle and Contributing Outcome Ofgem will be able to see where network companies are focusing their NIS-R Cyber Resilience improvement efforts in RIIO-3. Where relevant, network companies should also include historic costs incurred in RIIO-2 for each activity listed.

Instructions for completion

For the People: FTE opex table for all cyber FTE resources, existing and forecast, should be added. We do not expect a line per individual cyber team member, the roles should be combined e.g. 2 x CSOC analyst should be entered as one line item with the head count column updated to indicate 2 people in this role. Network companies should provide the following information:

- Role title,
- Primary CAF Principle,
- Primary CAF Contributing Outcome,
- Unit cost in £m (annual salary),
- Head count,
- Annual costs (RIIO-2 and RIIO-3).

For the People: FTE capex table all cyber FTE resources, existing and forecast, involved in a specific project should be added here. We do not expect a line per individual cyber team member, in this case we ask companies to roll up the people costs to reflect the project team in totality so one line per project where FTE resources are capitalised. The detailed breakdown on the project team roles should be included in the Detailed Cost template submitted alongside the NIS-R Cyber Resilience Business Plan. Network companies should provide the following information:

- Project Name,
- Primary CAF Principle,
- Primary CAF Contributing Outcome,
- Average unit cost in £m (annual salary),
- Head count,
- Investment Category (Defined or Uncertain)
- Annual costs (RIIO-2 and RIIO-3).

For the People: FTC opex table for all cyber FTC resources, existing and forecast, should be added. We do not expect a line per individual cyber team member, the roles should be combined e.g. 2 x CSOC analyst should be entered as one line item with the head count column updated to indicate 2 people in this role. Network companies should provide the following information:

- Role title,
- Primary CAF Principle,
- Primary CAF Contributing Outcome,
- Unit cost in £m (annual salary),
- Head count,
- Annual costs (RIIO-2 and RIIO-3).

For the People: FTC capex table all cyber FTC resources, existing and forecast, involved in a specific project should be added here. We do not expect a line per individual cyber team member, in this case we ask companies to roll up the people costs to reflect the project team in totality so one line per project where FTC resources are capitalised. The detailed breakdown on the project team roles should be included in the Detailed Cost template submitted alongside the NIS-R Cyber Resilience Business Plan. Network companies should provide the following information:

- Project Name,
- Primary CAF Principle,
- Primary CAF Contributing Outcome,
- Average unit cost in £m (annual salary),

- Head count,
- Investment Category (Defined or Uncertain)
- Annual costs (RIIO-2 and RIIO-3).

For the Process: 3rd Party Services opex table, the 3rd party services (see definition below) required to deliver specific NIS-R cyber resilience improvement programmes / projects should be added:

- Project Name,
- Primary CAF Principle,
- Primary CAF Contributing Outcome,
- Investment Category,
- Annual costs (RIIO-2 and RIIO-3).

For the Process: Professional Services or 3rd Party Services capex table, the professional services or 3rd party services required to deliver specific NIS cyber resilience improvement programmes / projects should be added:

- Project Name,
- Primary CAF Principle,
- Primary CAF Contributing Outcome,
- Investment Category,
- Annual costs (RIIO-2 and RIIO-3).

~~For the Process: 3rd Party Services opex table, the 3rd party services required to deliver specific NIS-R cyber resilience improvement programmes / projects should be added:~~

- ~~• Project Name,~~
- ~~• Primary CAF Principle,~~
- ~~• Primary CAF Contributing Outcome,~~
- ~~• Investment Category,~~
- ~~• Annual costs (RIIO-2 and RIIO-3).~~

For the Technology: Software opex table, network companies should include one line item per project to indicate the software opex costs in totality associated with each project. The detailed breakdown of the software required per project should be included in the Detailed Cost template submitted alongside the NIS-R Cyber Resilience Business Plan. Network companies should provide the following information:

- Project Name,
- Primary CAF Principle,
- Primary CAF Contributing Outcome,
- Investment Category,
- Annual costs (RIIO-2 and RIIO-3).

For the Technology: Software capex table, network companies should include one line item per project to indicate the software capex costs in totality associated with each project. The detailed breakdown of the software required per project should be included in the Detailed Cost template submitted alongside the NIS-R Cyber Resilience Business Plan. Network companies should provide the following information:

- Project Name,

- Primary CAF Principle,
- Primary CAF Contributing Outcome,
- Investment Category,
- Annual costs (RIIO-2 and RIIO-3).

For the Technology: Hardware opex table, network companies should include one line item per project to indicate the hardware opex costs in totality associated with each project. The detailed breakdown of the hardware required per project should be included in the Detailed Cost template submitted alongside the NIS-R Cyber Resilience Business Plan. Network companies should provide the following information:

- Project Name,
- Primary CAF Principle,
- Primary CAF Contributing Outcome,
- Investment Category,
- Annual costs (RIIO-2 and RIIO-3).

For the Technology: Hardware capex table, network companies should include one line item per project to indicate the hardware capex costs in totality associated with each project. The detailed breakdown of the hardware required per project should be included in the Detailed Cost template submitted alongside the NIS-R Cyber Resilience Business Plan. Network companies should provide the following information:

- Project Name,
- Primary CAF Principle,
- Primary CAF Contributing Outcome,
- Investment Category,
- Annual costs (RIIO-2 and RIIO-3).

Specific definitions for this worksheet

People

Full time equivalent (FTE) resources:

- a full time, permanent employee deployed.
- Unit costs include any form of payment, consideration or other benefit, paid or due to or in respect of full time employees as part of their annual salary.
- Head count is the total number of FTE resources, per role, forecast by the end of RIIO-3. The annual costs in the BPDT should reflect if this resource will be phased in over the RIIO-3 period.

Fixed term contract (FTC) resources:

- An employment contract where there is a fixed end date for the contractor.
- Unit costs include any form of payment, consideration or other benefit, paid or due to or in respect to temporary contractors, fixed term contracts or Agency Staff as part of their annual salary.

Head count is the total number of FTC resources, per role, forecast by the end of RIIO-3. The annual costs in the BPDT should reflect if this resource will be phased in over the RIIO-3 period.

Process

Professional services:

- Services provided on a consultancy basis
- It represents costs incurred by contracting with consultancy organisations for the provision of services for a specific project or programme of works.

3rd party services:

- Services provided by vendors/OEMs.

Costs that have been identified through an RFI/RFP process to deliver a specific service e.g. operate a security operations centre.

Technology

Software:

- A set of instructions, data or programs used to operate computers or similar devices to perform specific tasks.
- Expenditure on new and replacement software used to support the operation of the NIS-R assets. These types of software support compliance activities within the CAF and address the needs of the organisation to minimise the impact of risk and incidents to its network and information systems.
- This software extends to applications and systems that must have a NIS-R Cyber Resilience focus and are not part of general IT systems, applications and services used by the network company.

Hardware:

- Hardware refers to the external and internal devices and equipment to perform functions such as input, output, storage, and communication.
- Expenditure on new and replacement hardware used to support the operation of the NIS-R assets. These types of hardware support compliance activities within the CAF and address the needs of the organisation to minimise the impact of risk and incidents to its network and information systems.

This hardware must have a NIS-R Cyber Resilience focus and not part of general OT appliances used by the network company.

Investment Category (see Chapters 2 and 3 of the 'NIS Cyber Resilience Plan Submission Assessment Methodology and Requirements Document' for more detailed guidance)

- **Defined Investments:** For programmes and/or projects where there is a justified needs case, proposed delivery, cost to deliver and defined output to mitigate an identified risk as the proposed solutions are well understood and readily available. A price control deliverable ('PCD') can be set to evaluate the success of the delivery in terms of benefits and outcomes

Uncertain Investments: For small projects where the needs case has been identified but the solutions are in their infancy or are novel in nature and require allowances to support further development of detailed requirements, scoping and assessment of appropriate technologies to mitigate an identified risk.

Table 5.17 - NIS-R Cyber Resilience (GSO)

Purpose and use by Ofgem

The purpose of this table is to inform Ofgem of the opex and capex expenditure in a network company's NIS-R Cyber Resilience Business Plan. The cost allocation for each of the investments required by the network company is split into three high-level categories covering People, Process and Technology.

All costs should be completed on a net basis.

There is a summary at the top which is to inform Ofgem of the total defined investment (TIM) and uncertain investment (UIOLI) costs in a network company's NIS-R Cyber Resilience Business Plan. Network companies should manually enter this information to show the cost split between TIM and UIOLI. We provide more detailed guidance on the two investment categories in the 'NIS Cyber Resilience Business Plan Submission Assessment Methodology and Requirements Document.'

Within the People, Process and Technology categories there are 10 sub-categories split into capex and opex expenditure. All improvement programmes / projects that require funding must be linked to the primary CAF Principle and Contributing Outcome that the programme / project is aiming to deliver.

By mapping each project to the primary CAF Principle and Contributing Outcome Ofgem will be able to see where network companies are focusing their NIS-R Cyber Resilience improvement efforts in RIIO-3. Where relevant, network companies should also include historic costs incurred in RIIO-2 for each activity listed.

Instructions for completion

For the People: FTE opex table for all cyber FTE resources, existing and forecast, should be added. We do not expect a line per individual cyber team member, the roles should be combined e.g. 2 x CSOC analyst should be entered as one line item with the head count column updated to indicate 2 people in this role. Network companies should provide the following information:

- Role title,
- Primary CAF Principle,
- Primary CAF Contributing Outcome,
- Unit cost in £m (annual salary),
- Head count,
- Annual costs (RIIO-2 and RIIO-3).

For the People: FTE capex table all cyber FTE resources, existing and forecast, involved in a specific project should be added here. We do not expect a line per individual cyber team member, in this case we ask companies to roll up the people costs to reflect the project team in totality so one line per project where FTE resources are capitalised. The detailed breakdown on the project team roles should be included in the Detailed Cost template submitted alongside the NIS-R Cyber Resilience Business Plan. Network companies should provide the following information:

- Project Name,
- Primary CAF Principle,
- Primary CAF Contributing Outcome,
- Average unit cost in £m (annual salary),
- Head count,
- Investment Category (Defined or Uncertain)
- Annual costs (RIIO-2 and RIIO-3).

For the People: FTC opex table for all cyber FTC resources, existing and forecast, should be added. We do not expect a line per individual cyber team member, the roles should be combined e.g. 2 x CSOC analyst should be entered as one line item with the head count column updated to indicate 2 people in this role. Network companies should provide the following information:

- Role title,
- Primary CAF Principle,
- Primary CAF Contributing Outcome,
- Unit cost in £m (annual salary),
- Head count,
- Annual costs (RIIO-2 and RIIO-3).

For the People: FTC capex table all cyber FTC resources, existing and forecast, involved in a specific project should be added here. We do not expect a line per individual cyber team member, in this case we ask companies to roll up the people costs to reflect the project team in totality so one line per project where FTC resources are capitalised. The detailed breakdown on the project team roles should be included in the Detailed Cost template submitted alongside the NIS-R Cyber Resilience Business Plan. Network companies should provide the following information:

- Project Name,
- Primary CAF Principle,
- Primary CAF Contributing Outcome,
- Average unit cost in £m (annual salary).

- Head count,
- Investment Category (Defined or Uncertain)
- Annual costs (RIIO-2 and RIIO-3).

For the Process: 3rd Party Services opex table, the 3rd party services (see definition below) required to deliver specific NIS-R cyber resilience improvement programmes / projects should be added:

- Project Name,
- Primary CAF Principle,
- Primary CAF Contributing Outcome,
- Investment Category,
- Annual costs (RIIO-2 and RIIO-3).

For the Process: Professional Services or 3rd Party Services capex table, the professional services or 3rd party services required to deliver specific NIS cyber resilience improvement programmes / projects should be added:

- Project Name,
- Primary CAF Principle,
- Primary CAF Contributing Outcome,
- Investment Category,
- Annual costs (RIIO-2 and RIIO-3).

For the Technology: Software opex table, network companies should include one line item per project to indicate the software opex costs in totality associated with each project. The detailed breakdown of the software required per project should be included in the Detailed Cost template submitted alongside the NIS-R Cyber Resilience Business Plan. Network companies should provide the following information:

- Project Name,
- Primary CAF Principle,
- Primary CAF Contributing Outcome,
- Investment Category,
- Annual costs (RIIO-2 and RIIO-3).

For the Technology: Software capex table, network companies should include one line item per project to indicate the software capex costs in totality associated with each project. The detailed breakdown of the software required per project should be included in the Detailed Cost template submitted alongside the NIS-R Cyber Resilience Business Plan. Network companies should provide the following information:

- Project Name,
- Primary CAF Principle,
- Primary CAF Contributing Outcome,
- Investment Category,
- Annual costs (RIIO-2 and RIIO-3).

For the Technology: Hardware opex table, network companies should include one line item per project to indicate the hardware opex costs in totality associated with each project. The detailed breakdown of the hardware required per project should be included in the Detailed Cost template submitted alongside the NIS-R Cyber Resilience Business Plan. Network companies should provide the following information:

- Project Name,
- Primary CAF Principle,
- Primary CAF Contributing Outcome,
- Investment Category,
- Annual costs (RIIO-2 and RIIO-3).

For the Technology: Hardware capex table, network companies should include one line item per project to indicate the hardware capex costs in totality associated with each project. The detailed breakdown of the hardware required per project should be included in the Detailed Cost template submitted alongside the NIS-R Cyber Resilience Business Plan. Network companies should provide the following information:

- Project Name,
- Primary CAF Principle,
- Primary CAF Contributing Outcome,
- Investment Category,
- Annual costs (RIIO-2 and RIIO-3).

Specific definitions for this worksheet

People

Full time equivalent (FTE) resources:

- a full time, permanent employee deployed.
- Unit costs include any form of payment, consideration or other benefit, paid or due to or in respect of full time employees as part of their annual salary.
- Head count is the total number of FTE resources, per role, forecast by the end of RIIO-3. The annual costs in the BPDT should reflect if this resource will be phased in over the RIIO-3 period.

Fixed term contract (FTC) resources:

- An employment contract where there is a fixed end date for the contractor.
- Unit costs include any form of payment, consideration or other benefit, paid or due to or in respect to temporary contractors, fixed term contracts or Agency Staff as part of their annual salary.

Head count is the total number of FTC resources, per role, forecast by the end of RIIO-3. The annual costs in the BPDT should reflect if this resource will be phased in over the RIIO-3 period.

Process

Professional services:

- Services provided on a consultancy basis
- It represents costs incurred by contracting with consultancy organisations for the provision of services for a specific project or programme of works.

3rd party services:

- Services provided by vendors/OEMs.

Costs that have been identified through an RFI/RFP process to deliver a specific service e.g. operate a security operations centre.

Technology

Software:

- A set of instructions, data or programs used to operate computers or similar devices to perform specific tasks.
- Expenditure on new and replacement software used to support the operation of the NIS-R assets. These types of software support compliance activities within the CAF and address the needs of the organisation to minimise the impact of risk and incidents to its network and information systems.
- This software extends to applications and systems that must have a NIS-R Cyber Resilience focus and are not part of general IT systems, applications and services used by the network company.

Hardware:

- Hardware refers to the external and internal devices and equipment to perform functions such as input, output, storage, and communication.
- Expenditure on new and replacement hardware used to support the operation of the NIS-R assets. These types of hardware support compliance activities within the CAF and address the needs of the organisation to minimise the impact of risk and incidents to its network and information systems.

This hardware must have a NIS-R Cyber Resilience focus and not part of general OT appliances used by the network company.

Investment Category (see Chapters 2 and 3 of the 'NIS Cyber Resilience Business Plan Submission Assessment Methodology and Requirements Document' for more detailed guidance)

- **Defined Investments:** For programmes and/or projects where there is a justified needs case, proposed delivery, cost to deliver and defined output to mitigate an identified risk as the proposed solutions are well understood and readily available. A price control deliverable ('PCD') can be set to evaluate the success of the delivery in terms of benefits and outcomes

Uncertain Investments: For small projects where the needs case has been identified but the solutions are in their infancy or are novel in nature and require allowances to support further development of detailed requirements, scoping and assessment of appropriate technologies to mitigate an identified risk.

6. Instructions for Completing the Capital Expenditure Worksheets

Section Summary

The purpose of this chapter is to provide guidance on the completion of the capital expenditure worksheets. This is to enable Ofgem to effectively monitor the performance against allowances and outputs set at Final Determinations.

Introduction

- 6.1 The purpose of the worksheets in this area is to report capital expenditure (capex) information at various levels of granularity to enable Ofgem to fully understand capex trends and performance across major projects as well as the wider asset management programme.
- 6.2 The network company should submit accurate and (where instructed) audited figures of their costs for the relevant period. Further guidance is provided below.
- 6.3 All costs are to be entered on a cash controllable basis (see Glossary) and exclusive of atypical items except where specifically instructed to report data. Cash controllable means exclusive of all provisions and all accruals and prepayments that are not incurred as part of the ordinary level of business.

Overview of Worksheets

- 6.4 The worksheets included in this chapter are:
- 6.1 Capex summary
 - 6.2 Specific capex projects
 - 6.3 Asset health by intervention
 - 6.4 Asset health by project
 - 6.5 Decommissioning of redundant assets
 - 6.6 Physical security capex
 - 6.7 Transmission Owner non-operational capex
 - 6.8 System Operator non-operational capex
 - 6.9 Resilience
 - 6.10 Unit Cost
 - 6.11 IT Projects

Table 6.1 – Capex Summary

Purpose and use by Ofgem

The purpose of this table is to provide a summary of all load and non-load related capex expenditure incurred on projects or bundles of work for which there are specific allowances and capture cost data for any additional projects undertaken on the network.

Instructions for completion
General

Where there is funding for specific projects for delivery in RIIO-3 these are listed and NGT should populate the actual costs up to and including the current reporting year, and forecast costs to completion in the yellow input cells.

Where identified separate input rows have been provided for costs associated with projects carried over from RIIO-2 for which there are no associated RIIO-3 allowances for transparency. Where any additional work or projects are undertaken there are additional input cells provided under each cost category for NGT to input this cost data.

The cost split for direct and indirect activities should also be reporting in line with the definitions below. These should be stated as the cumulative costs for the entire project and reconcile to the total project costs reported on an annual basis in columns AD to AJ.

Linked tables

Where there is more detailed reporting of these projects or programmes of work in other tables, the data is linked to these tables to ensure consistency, NGT should record the projects and costs in the relevant tables in line with the corresponding guidance and the data in this table will be updated automatically.

Baseline/Uncertainty mechanism

There are separate sections within the table to report baseline and uncertainty mechanism costs. It is recognised that some single projects or bundles of work may straddle both, however it is necessary to distinguish between the two as both are subject to differing capitalisation rates within the BPFM. Where NGT has been required to make assumptions or develop a methodology to apportion costs across these cost pools it should provide either narrative on how it has done this or further details elsewhere within its regulatory submission to support its rationale used to arrive at its apportionment.

Customer contributions

Any customer contributions should be reported in the relevant section. These should be entered as negative values and NGT should populate the projects or work bundle to which the contributions relate

Specific definitions for this worksheet

Direct Costs

Those activities which involve physical contact with gas transmission network assets.

Includes:

- Labour cost of staff whose work involves physical contact with system assets. This can include the element of labour costs associated with trench excavation staff, craftsmen, technicians, technical engineers, administration and support staff, safety inspection, critical infrastructure inspection and environmental control, network planners and designers where a portion of their time involves physical contact with system assets, however only that portion spent on direct activities may be included. It will include downtime of staff (including but not limited to: idle, sick, non-operational training); applicable labour cost should follow their normal time allocations.
- Operational engineers working on commissioning of assets, physically changing protection settings, issuing safety documentation or liaising with the control centre are considered direct activities.
- The cost of contractors being the total charges invoiced by external contractors for the primary purpose of performing direct activities.
- The cost of materials drawn from stores or purchased and delivered to site for use in performing direct activities. In addition, this includes the cost of the materials for refurbishing system assets.
- Servitude and easement payments to enable the direct activity to be performed. This does not include the cost of management or administration of these.

Related Party Margins charged by a Related Party for work performed on direct activities.

Indirect Costs

Activities listed below, which in most cases support work being physically carried out on gas transmission network assets, that could not, on their own, be classed as a direct network activity. Indirect Activities do not involve physical contact with system assets, whereas direct activities do.

Includes:

- Closely Associated Indirects (see definition below)
- Business Support Costs (see definition below)
- Non-Operational Capex

Note that operational engineers working on planning and project mobilisation, preparing and planning associated with protection settings, administration of outages, contract specification and liaising with contractors and customers are considered Indirect activities.

Closely Associated Indirects

includes the activities of:

- Operational IT & Telecoms,
- Network Design and Engineering,
- Network Policy,
- Network Planning,
- Project Management,
- Engineering Management and Clerical Support,

- System Mapping,
- Stores & Logistics,
- Operational Training,
- Vehicles and Transport,
- Market Facilitation
- Health & Safety

Business Support Costs

includes the activities of:

- HR
- Non-Operational Training
- Finance & Regulation
- Insurance
- Procurement
- CEO etc.
- IT & Telecoms (Business Support)
- Property Management (Business Support).

Table 6.2 - Specific Capex Projects

Purpose and use by Ofgem
The purpose of this table is to allow NGT to provide Ofgem a cost breakdown for specific projects for which it has been funded. This is to assist with monitoring of output delivery and the setting of future cost allowances.
Instructions for completion
<p>General</p> <p>For each of the projects listed:</p> <ul style="list-style-type: none"> • Costs should be reported against the categories shown and in line with the definitions provided below. • If additional costs are incurred out with the categories listed NGT should enter additional categories additional fields provided. In doing so it should provide additional. • Reporting of costs in the risk and contingency category is expected to apply to forecast costs only, if actual costs are reporting under this category NGT should provide an explanation in the narrative. <p>Cost reporting</p> <p>Ofgem expect full project costs to be reported comprising actual costs incurred up to and including the current reporting year, including costs incurred prior to RIIO-2 as well as forecast costs to completion, including and costs forecast beyond RIIO-2 to complete the project.</p> <p>If NGT update any historical costs between one regulatory report and another, for example due to time lags in project cost reporting or cost reallocation this should be highlighted and the reasons articulated.</p> <p>Baseline / Uncertainty mechanism</p> <p>Please refer to instructions for table 6.1 (Capex summary)</p>
Specific definitions for this worksheet

Materials

Bulk materials, including specified large purchases supplied by main works contractor. Includes purchase of long lead items such as compressor train.

Main Works Contractor

Project constructions contractor costs.

Specialist Services

Costs for any additional services used to support the project. These could include surveys, data procurement, land and easements.

Vendor Package Costs

Costs of packages purchased for project.

Direct Company Costs

As defined in table 6.1 guidance.

Engineering Design

Costs for studies, FEED works and detailed design.

Project Management

Element of project costs attributed to project management. Contractor project management. This does not include NGT's indirect or direct costs as defined in table 6.1.

Indirect Company Costs

As defined in table 6.1 guidance and includes NGT's own project management costs.

Risk/ Contingency

Contingency included in the base cost estimate. Including technical and commercial contingency associated with compressor OEM tender and main works contractor contingency.

Table 6.3 – Asset Health by Intervention Type

Purpose and use by Ofgem
The purpose of these tables are to allow NGT to report costs and workloads for its asset health programme against the intervention types it is funded to deliver as part of the RIIO-3 settlement. The data in these tables also links to the NARM and non-lead assets PCD outputs.
Instructions for completion
<p>General</p> <p>NGT should enter the cost and workload data against each intervention type listed. The costs in this table are split by baseline and uncertainty mechanism, however workload data is to be input in a single table regardless of the mechanism by which it is funded.</p> <p>Where additional or new intervention types are delivered these should be entered in the additional input cells provided. Please enter the associated attributes so that these additional costs and volumes can be aggregated into the correct cost bins.</p> <p>Apportionment of costs</p> <p>NGT should provide separately details of the methodology used to apportion costs across the various intervention types in a separate annex.</p> <p>Baseline / Uncertainty mechanism</p> <p>Please refer to instructions for table 6.1 (Capex summary)</p> <p>6.3a</p> <p>This table captures asset health data pre-separation. The network company should provide information for all years from 2025.</p> <p>6.3b</p> <p>This table captures asset health data pre-separation. The network company should provide information for all years.</p>
Specific definitions for this worksheet
None

Table 6.4 – Asset Health Projects

Purpose and use by Ofgem

This table is used by Ofgem to understand how NGT is delivering its asset health programme and how work is bundled into work packages for efficient delivery. It will be used to assess the extent to which NGTs cost reporting at the intervention type level is based on apportioning bundled project costs and assist in establishing efficient levels of cost allowances for RIIO-3.

Instructions for completion

Record the costs and volumes for the projects that form part of the delivery of the RIIO-2 Asset Health plan.

Cost Data

Project reference & name

Ofgem expect NGT's 'PAC' reference to be used and associated project name to be completed, where the work is not delivered through the ND500 process (for example PMC delivered work) the corresponding PMC reference or other relevant reference should be entered as the project reference with the appropriate project title.

Contracting method

Indicate how the project or package or work has been procured, for example by competitive tender, single source, framework supplier or turnkey contract, in house delivery team etc.

Allocation methodology

If numerous intervention types are bundled into one project indicate the methodology applied to disaggregate the costs to arrive at the unit costs used to populate table 6.3 (Asset health Interventions). To the extent the detail is covered in a separate annex a reference is sufficient.

Project phase

Where applicable please enter the relevant stage of the project in the ND500 project lifecycle.

Project Costs

Input the actual costs for the asset health projects in progress for the RIIO-2 period up to and including the current regulatory reporting year

Where projects span price control boundaries, please enter the actuals costs and workload prior to RIIO-2 in the RIIO<T2 column and forecast.

Workload data

For each project listed above, input the associated workload volumes delivered up to the regulatory reporting year.

Select the project reference from the drop down which will populate the project title

Select the relevant intervention type from the drop down which comprises all interventions funded as part of the RIIO-2 settlement and the description will auto populate.

Enter the volume delivered each year up to and including the current reporting year.

If a project comprises interventions in addition to those funded as part of the asset health plan then these should be entered under 'other' and the free text input box used to indicate the actual additional workload delivered.

Specific definitions for this worksheet

None

Table 6.5 - Decommissioning of Redundant Assets

Purpose and use by Ofgem
The purpose of this table is to capture data on the projects and associated costs covered by the redundant assets PCD. By recording the status of each project it will also allow Ofgem to monitor progress on an annual basis.
Instructions for completion
<p>Project data</p> <p>The project name along with any specified project reference should be recorded for each separately funded decommissioning project as specified in the Redundant Assets PCD annex. Additional attributes should be recorded for each project:</p> <p>Site – for example, feeder no, compressor station or AGI.</p> <p>Asset – for example, pig trap, flow meter, block valve or compressor</p> <p>Activity - for example, decommission, disconnect & pipe through and decommission</p> <p>Scope – further detail on the scope of work for example '<i>Units A & B (2x RB211-24C) back to plinth inc. station pipework and control systems</i>'</p> <p>Start and End date – enter the actual project start and end dates, where the project is yet to commence, or has commenced but yet to finish, please leave the corresponding cells blank</p> <p>Status – enter the status of the project</p> <p>General</p> <p>Where new projects are undertaken or planned to be undertaken in addition to those listed in the redundant assets PCD annex, these should be added to the list and prefixed 'New' in the status column.</p>
Specific definitions for this worksheet
None

Table 6.6 – Physical Security Capex

Purpose and use by Ofgem
The purpose of this table is to inform Ofgem of the capex spend on physical security in relation to BEIS's enhanced physical security upgrade programme (PSUP).
Instructions for completion
<p>New Sites</p> <p>Licensees must provide information for all sites where physical security has been upgraded, or where work is currently being (or planned to be) carried out, as part of the PSUP in RIIO-3.</p> <p>Input the actual start and end dates for projects. The start date must be when the licensee begins designing the site specific operational requirement (SSOR) solution. The end date must be when the works have completed a successful SCC SAT (NG Security Control Centre Site Acceptance Test) to meet the SSOR. Where dates are not known, the planned start/end dates must be populated.</p> <p>Input the current status of works using the following definitions:</p> <ul style="list-style-type: none"> • To be constructed - PSUP site identified, works awaiting sanction and/or award prior to commencement of design, construction or works of any form. • Under construction - PSUP site sanctioned and/or awarded. Works associated with delivery have now commenced. • Under review - PSUP works have been identified, requirement is to be or is currently being reviewed by BEIS / CPNI. • Complete - The works are complete when they receive Technical 2 sign off as meeting the SSOR and are operationally accepted by the ARC. The output is met at this point, however, spend may continue until project closure. • Closed - The project will be closed after all snagging issues have been resolved on site and final costs determined (in line with the contractual warranty period). • Stopped/terminated - Project was stopped or terminated either prior to works commencement or during works due to reclassification or other reason. <p>The licensee must input actual costs for all Physical Security capex projects in RIIO-3 up to and including the current reporting year.</p> <p>Please refer to instructions for table 6.1 (Capex summary) with respect to the differentiation between baseline and uncertainty mechanism costs.</p> <p>Major projects</p> <p>NGT is to report annual expenditure incurred delivering the two PSUP Major projects funded at RIIO-2 Final Determinations.</p> <p>IT asset refresh & Technical asset refresh</p> <p>NGT should enter costs associated with replacing IT and technical assets installed as part of the PSUP programme, separately recording costs and workload data for each IT and technical asset type listed, and as defined below.</p> <p>Any costs incurred replacing IT assets not listed are to be reported ('other') and justified in the RRP narrative submission.</p>
Specific definitions for this worksheet

Workstation

Used by onsite operatives to view the current status of the Enhanced Physical Site Security solution, including live and recorded video from CCTV assets and live and historic alarms on the status of Enhanced Physical Site Security solution assets through security software applications.

Video Storage

Allows provision for zoned storage for the various assets within the Enhanced Physical Site Security solution, such as CCTV footage and alarm logs.

Server

Manages the various connected resources and assets as part of the Enhanced Physical Site Security Solution, such as managing the video stream from cameras to the Video Wall and Evidence Storage and remote connection to and from the ARC.

CMC (Computer Multi Control)

The Video Wall Hardware is a powerful command and control interface that enables multiple video feeds or applications to be viewed on the same device simultaneously, providing this function locally or remotely.

KVM (Keyboard Video Mouse)

A KVM switch allows a user locally or remotely to control multiple computers or servers from one set of Keyboards, Video monitors and mice. It also enables remote sharing of peripherals and audio.

Network Switches

Used to connect multiple computers and devices such as servers and network hard drives that make up the Enhanced Physical Site Security IT Hardware solution. Multiple network switches are used in each solution.

Evidence Locker

A network storage device authenticated to 256-bit SHA-2 drive that every video channel from the CCTV cameras is copied to for storage.

Security Cameras

The CCTV system is used to detect an intruder within a reasonable time frame and verify an alarm from a Perimeter Intruder Detection System (PIDS). Video from the system is used to provide evidence of threat attacks. They can be of the Fixed or Pan-Tilt and Zoom variety.

Electrified Fence

Perimeter Intruder Detection systems are installed on the perimeter of the site and are used to provide an advanced warning and detection of an attack and also to provide a deterrence.

This is part of the Detect 3 D's (Deter, Detect and Delay)

E.g. Electric Fence

Site Lighting

Provides a deterrence against threats (Deter) and helps identify unauthorised intruders via the CCTV system (Detect) through lighting the site to suitable Lux levels.

Access Control HID

Human Interface Device (HID) are the readers to enable access. Automatic Access Control Systems provide detection and auditing to limit access to the sites to only authorised personnel.

Intercom

Intercom system allow two way communications. Automatic Access Control Systems provide detection and auditing to limit access to the sites to only authorised personnel.

Sounder

A site audio challenge system to allow the operator in to play pre-recorded messages at site.

Table 6.7 and 6.8 - Transmission Owner and System Operator Non-Operational Capex

Purpose and use by Ofgem
<p>WIP – further details needed</p> <p>The purpose of these tables is to report expenditure on both TO and SO Non-operational capex</p>
Instructions for completion
<p><i>IT & Telecoms</i></p> <p>List specific IT projects where the total project expenditure is £1m or more. Full project details (not just expenditure in the year) should be entered as indicated by the column headings. Expenditure on all other assets and IT assets less than £1m should be entered in total. Where projects are linked to specific outputs these should be entered in the appropriate column, using appropriate RIIO descriptors where possible.</p> <p><i>Vehicles</i></p> <p>Where applicable, costs and volumes (No. Vehicles) should be entered separately for Internal combustion engine (ICE) vehicles and electric vehicles (EV).</p> <p><i>Non-operational Property</i></p> <p>Where applicable, costs and volumes (No. Sites) should be entered separately for the building refurbishment and EV charging infrastructure.</p> <p><i>Small Tools Equipment Plant & Machinery</i></p> <p>Where applicable, costs should be entered separately for strategic and non-strategic spares.</p> <p>Baseline / Uncertainty mechanism costs</p> <p>Please refer to instructions for table 4.1 (Capex summary)</p>
Specific definitions for this worksheet

Non-Operational Capex

Expenditure on new and replacement assets which are not system assets. This includes:

- IT & Telecoms
- Vehicles (including mobile plant and generators) [TO Only].
- Non-operational Property - Land and Buildings used for administrative purposes.

Small Tools, Equipment Plant & Machinery – including office equipment. [TO Only]

Project Category – New

A new IT system that is additional to or replaces an existing IT system.

Project Category – Enhancement

A change to an existing IT system that adds to the capabilities of the system.

Project Category – Refresh

A change to the software or hardware of the system due to an upgrade from the supplier.

Investment Type – Direct

IT investment solely for the licensee to which the reporting table applies.

Investment Type – Shared

Group IT Investment with costs allocated across licensed entities.

Strategic Spares

Equipment held for quick response to asset faults and failures which generally have long lead time, are held in the appropriate conditions, are cycled to ensure those spares with a shelf life are used appropriately. Purchased on basis of feedback from fault data obtained in the field or via OEM bulletins. Correct stock levels are achieved, regularly reviewed and updated. This might include obsolete equipment that has been refurbished and returned into stock to support similar obsolete equipment still in use. High value low volume spares, compressor Engine.

Non-Strategic Spares

Those spares that are used on a more regular basis to support routine and non-routine maintenance. Stored in the appropriate conditions, are managed within their shelf as identified by the manufacturer, are purchased as required and managed centrally to ensure the availability of a spare when required is available to all sites. Correct stock levels are achieved, regularly reviewed and updated.

Table 6.9 – Unit Cost

Purpose and use by Ofgem
The purpose of this table is to allow network companies to provide data on the unit cost for interventions.
Instructions for completion
The network company may complete as many lines as are necessary to cover all interventions. It may add more lines if necessary.
Specific definitions for this worksheet
None

Table 6.10 – IT Projects

Purpose and use by Ofgem
This table is intended to collect data on the IT projects undertaken and planned by the network company.
Instructions for completion
The network company may complete as many lines as are necessary to cover all IT projects. It may add more lines if necessary.
Specific definitions for this worksheet
None

7. Instructions for Completing the Gas Network Data Worksheets

Section Summary

The purpose of this chapter is to inform the completion of the gas network data worksheets. This is to enable Ofgem to effectively monitor the performance of the gas transmission network including in relation to system flows and asset health during RIIO-2.

Introduction

- 7.1 The purpose of the worksheets in this area is to report data on the network and its performance at various different levels to enable Ofgem to fully understand the network changes and network performance year on year.
- 7.2 The network company should submit accurate and (where instructed) audited figures of their data for the relevant period. Further guidance is provided below.

Overview of Worksheets

7.3 The worksheets included in this chapter are:

- 7.1 Pipeline data
- 7.2 Activity indicators
- 7.3 Demand performance
- 7.4 Compressor performance and utilisation
- 7.5 Compressor assets
- 7.6 Emissions
- 7.7 Asset data
- 7.8 Forecast scenarios

Table 7.1 – Pipeline Data

Purpose and use by Ofgem
The purpose of table is to collect information on the activities undertaken to maintain effective management of pipeline integrity across the network.
Instructions for completion

NGT should input actual data up to and including the reporting year and forecast data as indicated below.

Inline inspections (ILI)

In order to monitor the volume of ILI planned and actually undertaken and length of pipeline subject to ILI in RIIO-2 and beyond, NGT should enter the number and length (in km) of ILI runs planned as a 5 year rolling forecast. The actual number and length of ILI runs carried out should be entered up to and including the current reporting year. If there is a difference in the volume of activity undertaken against that planned, for example due to failed or deferred runs, or runs brought forward for operational reasons, please provide explanation in the accompanying narrative.

Also input the length of DOC (using xyz mapping on the ILI tool) surveys planned as a 5 year rolling forecast and the actual length carried out. As NGT has been funded to carry out these surveys as part of each ILI run it is expected that planned and actual length surveyed will match the ILI run data. Where this is not the case an explanation for this discrepancy should be provided in the narrative.

ILI Digs

To understand ILI Dig prediction effectiveness of the planning tool NGT should report the number of digs predicted by the planning tool and the number of digs triggered by the ILI findings. It is expected that the number of digs predicted is forecast for the year beyond the current reporting year.

The analysis of ILI results that lead to a commissioning of a dig should find anomalies that are imminently in need of repair. NGT should report the number of digs completed in any given year and the number of these digs that require a pipeline repair to be undertaken.

Defects

For RIIO2 ILI Digs allowance, this was derived using number of defects as part of its calculation. The data on the number of defects will be an input for next price control allowance calculation.

NGT to provide the planned (predicted) and actual faults for each reporting period.

Cathodic Protection (CP)

As the pipeline system should have adequate CP protection Ofgem would like to understand the number and extent defects across the network and whether these are increasing or decreasing year on year.

Recognising the challenges in reporting the extent of these issues in linear terms for parts of the network Ofgem have separated reporting out by defects on pipework and pipeline assets. Pipework CP relating the cathodic protection of above ground pipework and installations and Pipeline CP relating to the cathodic protection of the buried pipeline assets. For the pipeline assets Ofgem expect NGT to report number and length of defects.

NGT should populate the starting number of both P1 and P2 defects in its defect management database at the beginning of each reporting year and any movements during the reporting year. The closing balance for each defect type should be the next years opening number.

Unplanned interventions

NGT may be required to respond to unforeseen events or anomalies that trigger ad-hoc interventions or excavations beyond those resulting from the ILI programme. For example due to lightning strikes, 3rd party interference, shielding of CP by detached coatings or subsidence. To the extent these are forecast enter the number predicted for the following regulatory year and the actual number up to and including the current regulatory reporting year.

Where these result in investigation to establish the root cause or prevent reoccurrence please enter the number of such events investigated.

Reportable Incidents

NGT should enter the number of incidents reportable under major legislation such as RIDDOR, GS(M)R, Environmental Permitting Regulation and Population and Control Regulation that fall within the categories listed.

Specific definitions for this worksheet**ILI Defect Repair**

Includes coatings repairs, fitting of epoxy shells, composite repairs etc. Where an excavation is undertaken and no damage is found that requires repair then this does not constitute an ILI defect repair.

Table 7.2 – Activity Indicators

Purpose and use by Ofgem
The purpose of this table is to collect key indicators of the overall level of transmission activity.
Instructions for completion
<p>All data should be for actual levels of demand showing flows into and out of the network. Gas Distribution Networks (GDN) demand levels from the NTS should be shown by Local Distribution Zone (LDZ).</p> <p>NTS direct connect power stations (by LDZ): power stations must be allocated according to the geographical location.</p> <p>Data for storage sites must be based on net physical flow.</p>
Specific definitions for this worksheet
None

Table 7.3 – Peak Input Demand

Purpose and use by Ofgem
The purpose of this table is to collect information regarding the maximum levels of actual input demand to the NTS.
Instructions for completion
Actual flows at each live Aggregated System Entry Point (ASEP) should indicate maximum values observed in the reporting year expressed in GWh/day. Data for storage sites must be based on net physical flow. Values should be recorded for each year up to and including the current reporting year.
Specific definitions for this worksheet
None

Table 7.4 – Output Demand and System Performance

Purpose and use by Ofgem
The purpose of this table is to collect information regarding the maximum level of output demand and quality of transmission service delivered in terms of transmission system incidents.
Instructions for completion
Highest daily total demand: Actual maximum demand. Peak day demand by LDZ: LDZ Demand levels to be shown for the highest daily total demand day (NOT the highest demand in the LDZ). All other demands peak day demand: Demand assumed on the peak day from all non-LDZ points should be included within 'all other demand'. This should include storage and interconnector flows if they are normally assumed to be taking gas from the NTS on the highest total demand day. Peak day NTS shrinkage: Shrinkage on the highest daily total demand day during the reporting year. Number of transmission system incidents: an incident is defined as any unplanned system event which results in a single or multiple loss of supply.
Specific definitions for this worksheet
None

Table 7.5 – Compressor Performance and Utilisation

Purpose and use by Ofgem
The purpose of this table is to collect data on overall compressor utilisation and performance to enable Ofgem to understand compressor operation across the network.
Instructions for completion
The actual operating hours, consumed hours, planned unavailability and unplanned unavailability should be provided for each compressor station.
Specific definitions for this worksheet
None

Table 7.6 - Compressor Assets

Purpose and use by Ofgem
This table allows Ofgem to understand the makeup of the current compressor fleet
Instructions for completion
<p>The list of in service compressor Stations and units should correspond to the list found in table 7.5, the attributes listed for each compressor unit across the network.</p> <p>The unit and site maximum flows should be populated in mcm/day. NGT should indicate compressors subject to running hour limitations as well as the nature of the limitation. For each compressor installation indicate whether it is considered 'Best Available Technology' for the site.</p> <p>If a replacement unit has been or is planned to be constructed for any compressor unit on the list enter this under the 'replacement unit' column.</p> <p>Compressor units and sites which have been decommissioned during RIIO-1 or RIIO-2 must be reported in the decommissioned table.</p> <p>NGT should populate the relevant cells for Unit thermal rating / Unit power rating (MW) sections with "N/A" as decommissioned units capacity should not be included within the overall compressor site capacity calculation.</p>
Specific definitions for this worksheet
None

Table 7.7 – Emissions

Purpose and use by Ofgem
The purpose of this table is to collect data on the greenhouse gas emissions of the National Transmission System (NTS) to link to throughput and compare trends year on year.
Instructions for completion
<p>This table is to include actual CO₂ and NO_x gaseous emissions from compressor stations, consistent with the running hours presented in table 7.5, and following methodologies consistent with those used for NGT's 'Network Review'. Data required:</p> <ul style="list-style-type: none"> • NO_x and CO₂ emitted by gas powered compressors. • Methane emitted from plant: tonnes of methane emitted per annum. <p>Further detail (e.g. categorised volumes, etc.) may be provided where considered necessary.</p> <p>This table requires data to be reported in tonnes, but this must also be provided to the most detailed level of accuracy which can be practically achieved.</p>
Specific definitions for this worksheet
None

Table 7.8 - Asset Data

Purpose and use by Ofgem
The purpose of this table is to provide a list of all assets installed on the NTS system.
Instructions for completion
<p>List all assets whose installation has been completed by 1st April for each year. Compressor data is not included in this table as it is captured under Table 7.6. Measure is normal Maximum Operating Pressure.</p> <p>Pipelines should be identified by start and finish points.</p> <ul style="list-style-type: none"> • Date constructed: enter year e.g. 1971. • Design life: enter number of years. • Pipeline diameter: enter in mm. • Pipeline length: measure pipeline lengths between recorded start and finish points in km. • Design pressure rating: measured in bars. • Feeder number: Identify each pipeline by its NTS feeder number. • Constructed / Abandoned / Decommissioned: Select relevant description. • Year Ending: Input with year in which an asset has been decommissioned/ abandoned. • Work columns (Km): Units the equivalent length such as "3" for an additional 3km commissioned or "-3" for 3km decommissioned. Enter "0" for any cell with no value expected to ensure clarity that no workload has occurred. • Workload columns (No): Should be populated with appropriate value e.g. for 'No' units, a "1" for commissioned assets or "-1" for decommissioned assets should be entered.
Specific definitions for this worksheet
None

Table 7.9 – Forecast Scenarios

Purpose and use by Ofgem
The purpose of this table is to collect information to exhibit the gas supply peak projections for each entry point for all forecast scenarios. The peak forecast for entry points is used as a guide which help to inform network reinforcement investment decisions.
Instructions for completion
<p>The forecast scenarios to be reported on in this table should be the Peak Supply view, and align with data published in the Future Energy Scenarios (FES) or any other equivalent publication by NGT.</p> <p>The forecast should be provided for a 5 year period beyond the current reporting year, including, extending beyond the 5 years of the RIIIO-2 price control.</p>
Specific definitions for this worksheet
None

8. Instructions for Completing Outputs and Policy Worksheets

Section Summary

The purpose of this chapter is to provide instructions for completing worksheets relating to the network company's policy outputs.

Introduction

- 8.1 This chapter provides guidance on the provision of data relevant to NGT's policy outputs, innovation funding and future reopener applications.
- 8.2 Where neither actuals nor forecasts are available, target figures be used. This applies to 8.1 Satisfaction Survey.

Overview of Worksheets

8.3 The worksheets included in this chapter are:

- 8.1 Satisfaction survey
- 8.2 Environment
- 8.3 Gas constraints
- 8.4 Innovation
- 8.5 Network Innovation Allowance
- 8.6 CNIA
- 8.7 NIC
- 8.8 SIF
- 8.9 Net zero

Table 8.1 – Satisfaction Survey

Purpose and use by Ofgem
The purpose of this table is to collect information about the scores per touchpoint (in RII01 and RII02) and the target score for RII0-3 from the Customer Satisfaction Survey.
Instructions for completion
NGT should supply the average scores received, the percentage of anonymised responses in total responses and incentive revenue as indicated in the worksheet.
Specific definitions for this worksheet
None

Table 8.2 – Environment

Purpose and use by Ofgem

<p>The purpose of this worksheet is to collect data on the licensee's:</p>
--

- | |
|--|
| <ul style="list-style-type: none"> • scope 1, 2 and 3 business carbon footprint (BCF) and other environmental performance indicators. This includes data on the licensee's targets, historical performance, projections for upcoming years and price control periods; and • proposed initiatives in the licensee's RII0-3 Environmental Action Plan (EAP). |
|--|

<p>Ofgem will use the information to assess the ambition, benefit and cost efficiency of proposed initiatives in the licensee's EAP.</p>
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Instructions for completion

Table 1: Long-term CO2e emission reduction target

Input short responses in the 'Responses' column to the questions about the licensee's long-term CO2e emission reduction target. The licensee can input further explanation in the 'Additional supporting information' column.

Table 2: BCF

The general requirements and instructions for reporting BCF data in this table are the same as those in the RIGs for the annual regulatory return, eg data must be compliant with the principles of the Greenhouse Gas Reporting Protocol. Please refer to the current version of the RIGs for further guidance on the individual categories.

All data should be on a carbon dioxide equivalent basis.

Input historical and projected forecast data for scopes 1 and 2 greenhouse gases for all price control periods.

Input projected/forecast data for scope 3, as well as historical data to the extent the latter is available.

The licensee should highlight if there has been any change in the categories or reporting methodology for the historical data which cannot be back dated and include an explanation in the 'Notes' column.

It is up to the licensee to decide how it derives the BCF projections/forecast data for the remainder of RIIO-2 and for the RIIO-3 period. For example, the licensee might decide to use a driver-based approach (eg gas consumption, electricity consumption, miles travelled, floor-space occupancy) to forecast levels/changes in the different emission categories. Alternatively, the licensee may decide to derive a projection based on emission mitigation interventions or changes in other factors that are expected to affect emission levels. The licensee should explain its approach in the narrative.

Tables 3a to 3d: Baseline tables

The purpose of Tables 3a to 3d is to get baseline data on a range of performance indicators not covered in the Table 2.

The licensee should input data for start of RIIO-2 in the column headed 'Measure for start of RIIO-GD2 (2021/22)' and input latest available data (ie 2023/24) in the column headed 'Measure for latest year (RIIO-GD2)'. The licensee should input the average for all completed years in RIIO-2 in the column headed 'Average measure for RIIO-GD2 to date'.

The licensee should use the 'Notes' column to explain any data values the licensee has specified; any missing or incomplete data values; changes in the data collection and reporting methodology that might have occurred over the period, etc.

Table 3a: Embodied carbon of new projects

The emissions that are generated to produce a built asset can be calculated on the basis of 'in design' and 'as built'. The licensee should input 'as built' emissions data into the table. Some licensees may have limited data available, on 'as built' projects. In such cases, the licensee should input data on an 'in design' basis and include an explanation in the 'Notes' column.

All data should also be normalised to 2020/21 cost basis to remove inflationary effects.

Table 3b: Environmental incidents

Input the number of environmental incidents which have occurred during RIIO-2. If there are no incidents to report, please detail this in the notes column.

Table 3c: Waste

Input total waste created and manner of waste disposal/management during the RIIO-2 price control.

Table 3d: Biodiversity/environmental improvement at network sites

Input data on biodiversity/environmental improvements carried out at network sites during the RIIO-2 price control.

Tables 4a to 4e: Impact of EAP initiatives at end of RIIO-3

The purpose of Tables 4a to 4e is to identify and highlight the impact that the EAP initiatives are expected to have on each of the key performance indicators. This is shown by comparing the expected value of the KPI under a 'counterfactual scenario', where none of the licensee's RIIO-3 EAP is implemented, to the expected KPI value under the 'RIIO-3 EAP scenario' where initiatives in the licensee's RIIO-3 EAP are successfully implemented.

For each table, the licensee should input a lower and upper estimate of the expected KPI value at the end of RIIO-3 under each scenario. The range of expected KPI values at the end of RIIO-3 will be wider in cases where there is significant uncertainty on the impact an intervention might have. Please use the 'Notes' column to provide a short explanation of the uncertainty. If the impact is more certain, the difference between the lower and upper estimates of the KPI will be smaller or potentially zero.

The licensee should also input in the 'Initiative identifiers' column a specific identifier or code for each of the EAP initiatives that are contributing the most to the expected change in the KPI over the RIIO-3 period. The identifier code used for the EAP initiatives must align with the identifier code used in the Table 5.

Table 4a: BCF

This table should be used to identify and highlight the EAP initiatives that are expected to have the most impact on the licensee's BCF at the end of the RIIO-3 price control.

Table 4b: Embodied carbon of new projects

This table should be used to identify and highlight the EAP initiatives that are expected to have the most impact on emissions generated to produce a built asset at the end of the RIIO-3 price control.

Table 4c: Environmental incidents

This table should be used to identify and highlight the EAP initiatives that are expected to have the most impact on reducing environmental incidents over the RIIO-3 price control.

Table 4d: Waste

This table should be used to identify and highlight the EAP initiatives that are expected to have the most positive impact on the KPIs for waste management at the end of the RIIO-3 period.

Table 4e: Biodiversity/environmental improvement at network sites

This table should be used to identify and highlight the EAP initiatives that are expected to have the most positive impact on KPIs for biodiversity/environmental improvement at the end the RIIO-3 price control.

Table 5: RIIO-3 EAP initiatives

This table should be used to list and provide information about all of the initiatives that the licensee has included in its EAP to improve the key environmental performance indicators throughout the RIIO-3 price control. Each initiative should be assigned an identifying code, and these should align with those referenced in tables 4a to 4e.

Table 6: Discretionary/additional environmental reporting

This table can be used to report on additional information in relation to the licensee's EAP which does not align with the tables provided previously. The format of this table can be amended to suit whichever metrics the company deems appropriate.

Specific definitions for this worksheet

None

Table 8.3 – Gas Constraints

Purpose and use by Ofgem
The purpose of this table is to collect information about the costs and revenues associated with NGT's constraint management actions and constraint management incentive.
Instructions for completion
<p>NGT should supply the monetary amounts.</p> <p>The taking of locational sell and buy actions will generate cashflows, but the net cashflow (locational buy cost minus locational sell revenue) will not represent the whole cost of the constraint. The traded quantities (or the net where both locational sells and buys occur on the same day) would be expected to change the aggregate system balance and so the gas accounting impact needs to be reflected to derive an estimate of the constraint charge.</p> <p>This line should therefore include an estimate of the constraint costs arising from locational buys and sells reflecting the cashflows directly associated with the locational actions, as well as a financial value reflecting the quantity impact of those actions on the system balance.</p> <p>The cost of locational actions should be calculated as such: (Quantity of gas sold (sum of all locational sell actions on the day) * locational sell price) - (Quantity of the gas bought (sum of all locational buy actions on the day) * locational buy price) +/- An estimate of the value of system balance impacts of locational actions</p> <p>NGT should declare the annual financial figures in the relevant years and explain the methodology it has used to derive the financial value associated with the system balance impacts of the locational actions.</p>
Specific definitions for this worksheet
None

Table 8.4 – Innovation

Purpose and use by Ofgem
The purpose of this table is to show a breakdown and total of baseline allowance requested to fund deployment of previously proven innovation.
Instructions for completion
<p>Only if the licensee is seeking additional baseline funding to deploy proven innovation, they should fill in the boxes shaded in yellow in the following categories:</p> <ul style="list-style-type: none"> • Project name / innovation name • Description of the innovation • Business Plan reference – please note here the page in your Business Plan or Annex where you provide a detailed justification of the requested allowance • Amount of allowance requested • Please list any baseline funding you were granted by Ofgem for innovation deployment activities in T-2, if applicable. In the description, please briefly comment on the extent to which these activities took place and funds were spent as intended. • Please list any projects you wish to receive baseline funding for during T3, and indicate, where relevant, if you expect these activities to last into >T3.
Specific definitions for this worksheet
None

Table 8.5 – Network Innovation Allowance

Purpose and use by Ofgem
<p>The Network Innovation Allowance (NIA) is a set allowance that the licensee can use to spend on innovation projects. NIA is over and above base revenue. This table captures the amounts spent under the NIA.</p> <p>The amount of NIA that can be recovered is calculated as set out in Special Condition 5.2 and must not exceed the licensee's stated allowance as specified in the RIIO-3 Final Determinations.</p>
Instructions for completion
<p>Costs reported in this table must be incurred in accordance with the most recent version of the NIA Governance Document.¹</p> <p>For expenditure by project section, NGT should input details of each RIIO-3 NIA activity / project: its unique reference number, name, and status. NGT should also provide reporting year actual and remaining RIIO GT3 forecast expenditure.</p> <p>Unrecoverable NIA Expenditure - NGT should input details of any expenditure that has been declared as Unrecoverable NIA Expenditure by Ofgem in accordance with the RIIO-3 NIA Governance Document.</p> <p>NGT should also report how much of their Total NIA Expenditure has been spent on internal resources. The NIA Expenditure is required to monitor the total amount spent by the Licensee in order to align with the regulatory accounts. Allowable NIA Expenditure is required to monitor the amounts being claimed through the NIA Funding Mechanism.</p>
Specific definitions for this worksheet
None

¹ The RIIO-2 NIA Governance Document can be accessed here:
<https://www.ofgem.gov.uk/sites/default/files/2023-02/RIIO-2%20NIA%20Governance%20Document%20-%20V3%20-%20clean.pdf>

Table 8.6 – Carry Over Network Innovation Allowance

Purpose and use by Ofgem
The Carry over Network Innovation Allowance (CNIA) allows the NGT to spend and recover any remaining unspent NIA funds from the last year of RIIO-GT2 (2025-26) within the first 18 months of RIIO-GT3 (2026-27), providing those projects were started before 31 March 2026 and comply with the NIA Governance Document.
Instructions for completion
<p>CNIA is allowed only for the next 1.5 reporting year of the commencement of projects and no subsequent years. This means that 1 April 2026-30 September 2027 is the only timeframe that CNIA from 2025-26 commenced projects can be recovered. The 2027-28 column in the spreadsheet should only be filled in for the period 1 April-30 September 2027.</p> <p>Enter the amount of allowable carry-over allowance allocated to the categories listed below:</p> <ul style="list-style-type: none"> • Load related capex expenditure • Non-load related capex expenditure • Other capex expenditure • Indirects • Network Operating costs • Non-operational capex <p>Complete the eligible expenditure by activity/ project providing:</p> <ul style="list-style-type: none"> • Activity / project unique ref • Activity / project name • Status (completed, in progress, stopped, other - please specify) <p>Note: the total of eligible expenditure by activity/ project should equal the carry-over allowance.</p> <p>In accordance with Special Condition 5.3, input the following to complete the table:</p> <ul style="list-style-type: none"> • Total of any third party income or contributions towards projects. • Unrecoverable CNIA expenditure. • Licensee's NIA percentage in 2025/26, base revenue for 2025/26 formula year, Eligible NIA Expenditure for formula year 2025/26, Eligible NIC Bid Preparation Costs for formula year 2025/26. These inputs enable the calculation of maximum CNIA that can be recovered (this is formula driven – no data required). • CNIA to be recovered (this is formula driven – No data required)
Specific definitions for this worksheet
None

Table 8.7 – Network Innovation Competition

Purpose and use by Ofgem
This table collects expenditure from the Network Innovation Competition (NIC) Project account for any RII0-1 NIC projects that remain in-flight during the RII0-3 price control. The expenditure is recorded by project.
Instructions for completion
<p>Enter the project name and total assigned expenditure/income for each of the categories listed:</p> <ul style="list-style-type: none"> • Funding by project • Halted Project Revenue • Disallowed Project Revenue • NIC Royalties Revenues by project • NIC Directly Attributable costs • NIC Royalties Return Income by Project • NIC Retained Royalties Revenues by project
Specific definitions for this worksheet
None

Table 8.8 - Strategic Innovation Fund

Purpose and use by Ofgem
The objective of the Strategic Innovation Fund (SIF) is to support network innovation that contributes to the achievement of Net Zero target, while delivering net benefits to energy consumers. It intends to coordinate network innovation funding with other public sector funding initiatives, thereby ensuring greater flexibility and strategic alignment in innovation funding, and eliminating both unnecessary duplication and funding gaps. The table is meant to give an idea of how projects initiated in RIIO-2 (when SIF started) are being continued into RIIO-3. This table does not require companies to input SIF projects they have not started yet/may start in RIIO-3.
Instructions for completion
<p>NGT should input details of each SIF project it receives funding, providing the outturn and forecast expenditure for RIIO GT3. The different SIF categories are all defined in the SIF Governance Document.²SIF revenue and cost associated with the following categories should be input:</p> <ul style="list-style-type: none"> • SIF Funding by project • SIF Halted Project Revenues • SIF Disallowed Project Revenues • SIF Royalties Revenues by project • SIF Directly Attributed Costs • SIF Royalties Return Income by project • SIF Retained Royalties by project
Specific definitions for this worksheet
None

² SIF Governance Document: <https://www.ofgem.gov.uk/decision/updated-sif-governance-document>

Table 8.9 – Net Zero

Purpose and use by Ofgem
The purpose of this tab is to allow network companies to provide data on projects linked to net-zero.
Instructions for completion
The network company should provide gross costs for projects.
Specific definitions for this worksheet
None

9. Instructions for Completing the Gas System Operator Worksheets

Section Summary

The purpose of this chapter is to inform the completion of the gas system operator worksheets by the NGT System Operator. This is to enable Ofgem to assess the costs of the gas transmission system operator against the gas system operator incentive schemes, and to help us set up the gas system operator incentives for the RII0-3 period.

Introduction

- 9.1 The purpose of the worksheets in this area is to report data on the performance of the System Operator against the Gas System Operator Incentives. This data is to enable Ofgem to monitor performance and revenues under the incentive scheme.
- 9.2 In addition to annual returns, we require the System Operator to provide us with the following information:
- A quarterly data pack, to be submitted five weeks after the end of each quarter, provided in the same worksheets format outlined in this chapter;
 - A quarterly written report, to be submitted five weeks after the end of each quarter, including a general System Operator report, providing qualitative analysis of its performance during the quarter concerned including:
 - an overview of its performance against each incentive;
 - a discussion of any changes to market conditions which may be affecting the System Operator's costs/role;
 - an explanation of any significant changes in System Operation costs/actions; and
 - Presentations to Ofgem (as requested by Ofgem and on dates to be agreed between Ofgem and the System Operator) to highlight the main points relative to the System Operator's performance over the relevant period as specified by Ofgem. Such presentations will not be required at intervals shorter than a month.
- 9.3 Only the annual submission must be accompanied by a letter signed by a director on behalf of the licensee confirming that the data is accurate and has been provided in accordance with the guidance. Other more frequent submissions should nonetheless have an appropriate level of management oversight and licensees should submit accurate figures of their data for the relevant period. Where indicated (normally for annual returns only) licensees should provide

audited figures. We note that some values in this section may be negative values owing to the nature of information required. Further guidance is provided below.

- 9.4 Where neither actuals nor forecasts are available, target figures may be used. This applies to 9.4 Demand Forecast, 9.5 GHG Venting Data and 9.6 Maintenance.

Overview of Worksheets

- 9.5 The worksheets included in this chapter are:

- 9.1 Operating Margins
- 9.2 NTS Shrinkage
- 9.3 Residual Balancing
- 9.4 Demand Forecasting
- 9.5 GHG Venting Data
- 9.6 Maintenance

Table 9.1 – Operating Margins

Purpose and use by Ofgem
The purpose of this table is to collect information about the cost of overall Operating Margins.
Instructions for completion
The relevant term is defined in Special Licence Condition 5.6.
Specific definitions for this worksheet
None

Table 9.2 – NTS Shrinkage

Purpose and use by Ofgem
The purpose of this table is to collect information in relation to shrinkage procurement, costs and volumes.
Instructions for completion
The relevant term is defined in Special Licence Condition 5.6.
Specific definitions for this worksheet
None

Table 9.3 – Residual Gas Balancing

Purpose and use by Ofgem
The purpose of this table is to collect data on residual balancing actions and incentive revenue.
Instructions for completion
In this worksheet, where appropriate, values should be provided in £ figures and not £ million figures displayed to one decimal place. The number of days provided is the number of days on which NGT took residual balancing actions. The relevant term is defined in Special Licence Condition 5.6.
Specific definitions for this worksheet
None

Table 9.4 – Demand Forecasting

Purpose and use by Ofgem
The purpose of this table is to report the incentive revenues and error for demand forecasting.
Instructions for completion
The relevant term is defined in Special Licence Condition 5.6. D-1 short-cycle storage adjustment may no longer be relevant in RII0-3.
Specific definitions for this worksheet
None

Table 9.5 – Greenhouse Gas Emissions Venting Data

Purpose and use by Ofgem
The purpose of this table is to provide a breakdown of information about venting by vent type in relation to the Greenhouse Gas Emissions Incentive.
Instructions for completion
All relevant terms are defined in Special Licence Condition 5.6. Data should be consistent with the System Operator's Greenhouse Gas Emissions Calculation Methodology (as required under Special Condition 5.6). For the avoidance of doubt, Ofgem considers "accepted greenhouse gas accounting and auditing principles" specified in Special Condition 5.6 to be consistent with those set out in which can be found at ghg-protocol-revised.pdf (ghgprotocol.org)
Specific definitions for this worksheet
None

Table 9.6 – Maintenance Incentive Report

Purpose and use by Ofgem
The purpose of this table is to collect information in relation to the Maintenance Incentive, and reporting on maintenance and operational planning.
Instructions for completion
All relevant terms are defined in Special Condition 5.6. The yellow highlighted boxes on the table should only be filled in on an annual basis rather than forecasting each month.
Specific definitions for this worksheet
None

10. Instructions for Completing the Financial Worksheets

Section Summary

The purpose of this chapter is to inform the completion of the finance worksheets by the SO.

Introduction

10.1 The purpose of the worksheets in this area is to report data on the Debt, RPEs and Ongoing Efficiency and Uncertainty Mechanisms.

Overview of Worksheets

10.2 The worksheets included in this chapter are:

- 10.1 Debt for BPFM
- 10.2 Financial summary (TWA)
- 10.3 Financial summary (year-end)
- 10.4 Fixed rate debt
- 10.5 Floating rate debt
- 10.6 Inflation linked debt
- 10.7 Debt dataset
- 10.8 Data validation
- 10.9 Related parties
- 10.10 RPEs and OE

Table 10.1 – Debt for BPFM

Purpose and use by Ofgem
The main function of this worksheet is to derive average debt volumes for embedded and new debt types that are consistent with the definition of average debt in the BPFM interest calculations (see sheet named Finance&Tax (actual) therein). These recalculated average volumes are then used to derive the actual cost and proportion of new debt issuance by type, also for use in the BPFM.
Instructions for completion
This table draws upon data from elsewhere in the pack, there are no input requirements for this sheet.
Specific definitions for this worksheet

In the BPFM, average net debt is defined as the average of "Opening net debt after equity issuance" and "Closing net debt before tax, interest and dividends". In summary, the derivation of these opening and closing balances in 10.1 requires to deduct any equity issuance from the opening net debt volumes sourced from 10.3, and deduct interest expense, dividends and net taxes (allowance minus cost) from the closing net debt volumes from 10.3. The average of opening and closing debt thus obtained is consistent with the definition used in the BPFM.

The derivation of opening and closing volumes under the BPFM definition requires some preliminary operations:

- Allocate equity issuance as sourced from tab 10.2 (row 275) to debt types. This is achieved by assuming that any equity issuance reduces new debt issuance requirements, according to the same proportion in which new debt types are issued. No equity issuance is allocated to embedded debt.
- Allocate dividends as sourced from tab 10.2 (row 278) to debt types, by using the proportions of embedded and new closing debt types from 10.3. This is consistent with the dividend calculations in the BPFM, where dividends are derived as a percentage of closing equity.
- Allocate debt adjustments from the yellow input cells in 10.3 (rows 194 to 200) to embedded and new debt types. As for dividends, this is achieved by using the proportions of closing embedded and new debt types on total closing debt from 10.3. This operation allows to reconcile volumes of debt types with total closing debt under the regulatory definition.
- Similarly, interest adjustments from the yellow input cells in 10.2 (rows 219 to 228 and rows 233 to 242) are allocated to interest expense by debt type according to the share of interest expense by debt type on total interest expense. Interest adjustments are entirely allocated to cash interest payments, so that the principal inflation accretion component is unaffected and as sourced from sheet 10.2. This operation ensures that interest expense by debt type thus derived is consistent with total interest expense under the regulatory definition from sheet 10.2.
- In theory, net taxes as defined in the BPFM (tax allowance minus tax paid) should also be allocated to embedded and new debt types. However, this would not only require to source tax allowance and tax paid from the BPFM, but

also introduce a circularity issue, as tax paid in the BPFM depends on interest expense, which in turn is derived from average debt from this BPDT:

$$\text{Tax paid (BPFM)} \leftarrow \text{Interest expense (BPFM)} \leftarrow \text{Average debt (BPDT)} \leftarrow \text{Tax allowance (BPFM)} - \text{Tax paid (BPFM)}$$

- In other words, in order to calculate Tax paid in the BPFM one needs to use average debt from the BPDT, which in turn is derived by deducting net taxes (sourced from the BPFM) from the BPDT closing debt. In this BPDT this predicament is resolved with the simplifying assumption that Tax allowance = Tax paid. The implication is that net taxes have no impact on debt balances and can be ignored in the workings of this sheet 10.1.

After all the preliminary operations described above are completed, debt balances as per BPFM definition can be determined for embedded and types of new debt.

Actual debt balance by type for BPFM modelling (including adjustments calculated below), rows 14-103. This top section of sheet 10.1 explicitly calculates net debt balances for embedded and new debt types, consistently with the methodology used in the BPFM net debt calculations (sheet Finance&Tax (actual) therein). For example, opening embedded debt (after equity issuance) in row 17 is calculated by deducting the allocated equity issuance (which only in this specific instance is zero) from opening embedded debt. Closing debt (before interest and dividends) in row 20 is derived by adding to opening embedded debt (after equity issuance) the operating result plus the impact of debt adjustments previously calculated. Operating result is ascertained in row 18 as the debt change in year minus embedded debt interest expense (which includes the allocated interest adjustments), allocated dividends and impact of debt adjustments (as previously discussed, net taxes can be ignored and are greyed out accordingly). This procedure is replicated for all debt types, so that the corresponding balance for total embedded and new debt is also determined (rows 89-105).

Average debt balance and cost of debt for use in BPFM (rows 106-132). This section uses information from the detailed debt balances to calculate average debt volumes, actual cost of debt and proportion of new debt issuance by type of debt under the BPFM definition. Ultimately, average embedded debt (row 109) is used in the BPFM to

determine the new debt issuance requirement (as total average debt requirement minus average embedded debt), which in turn is allocated to types of new debt according to the proportions calculated in this sheet (rows 126-129). New debt interest expense is calculated in the BPFM by using actual cost of debt also from this sheet (rows 119-122).

Supporting workings for derivation of actual debt balances by type (rows 133-274). The remainder of this sheet features supporting workings to determine the previously discussed allocations of equity issuance (rows 135-167), debt adjustments (rows 168-206), dividends (rows 207-217) and interest adjustments (rows 218-274) to embedded and new debt types, for use in the detailed debt balances constructed above.

Table 10.2 – Financial Summary (TWA)

Purpose and use by Ofgem

The purpose of this worksheet is to provide summary information on actual debt volumes and debt cost position of licensees as well as actual equity issuance and dividend forecasts. This will enable actual company financing positions to be used as input values into the BPFM, for the purposes of calculating financial ratios based on actual company financing structures and costs. The debt volume amounts in this worksheet are derived on a Time Weighted Average (TWA) basis, whilst all inputs and calculations are expressed in nominal prices (£m).

Instructions for completion

Rows 30-61 reflect embedded debt volumes and costs pre interest rate and inflation derivatives; rows 62-93 reflect the impact of interest rate and inflation derivatives on embedded debt volumes and costs. Rows 94-128 use the information from the two previous sections to express embedded debt volumes and costs post interest rate and inflation derivatives (on a TWA basis).

The embedded debt sections in rows 30-128 are populated automatically based on the embedded debt data input into 10.7 – Debt Dataset and processed into sheets 10.4 - Fixed Rate Debt, 10.5 - Floating Rate Debt and 10.6 - Inflation Linked Debt. As a result, annual TWA embedded debt volumes and interest expense for all financial instruments inputted in 10.7 are aggregated and summarised in said sections of sheet 10.2.

Volumes of new forecasted debt raised starting from year 2021/22 and related interest expenses are determined in the section in rows 129-195 ("New Debt Composition & Expense Pre and Post Derivatives (notional principal outstanding value)"). New debt volumes and interest expenses are assumed as pre and post derivatives, i.e. there is no distinction between debt raised in a particular format directly and that raised in that format indirectly through derivatives. This is because it is assumed NGT may be able to forecast which format liability they would seek to raise for future years but may not be able to forecast whether this would be raised directly or through derivatives. This new debt section in rows 129-195 is based on a number of additional inputs that NGT are required to populate.

New debt amounts in this section should reflect the "core totex scenario", that is, they should represent forecasted new debt emissions for financing the Business Plan expenditure submitted in this BPDT.

Forecasts of new volumes of debt raised are distinguished into fixed rate debt; floating rate debt (LIBOR, all assumed 6M for simplicity); floating rate debt (SONIA); RPI linked debt; and CPI/CPIH linked debt. For each type of debt DNOs should input values for new annual volumes raised in year (in rows 131, 136, 141, 146, 152) and the proportion of the issuance year these new volumes are outstanding (in rows 132, 137, 142, 147, 153). The "year proportion new debt raised is outstanding" should reflect the proportion of the year (between 0 and 1) that the new debt is outstanding (i.e. if assumed to be issued at the start of the year, the year part would be 1; if mid-year, the year part would be 0.5; if assumed on specific dates, this would be (end year date-issue date) / days in year). For simplicity, it is assumed new debt raised would not be repaid prior to the end of RIIO-GT2.

Forecast Refinancing/New Debt: Opening New debt (K160). Input opening balance of new debt as of start of 2021/22 year. We have greyed out and pre-populated this cell as zero because outstanding debt at the start of 2021/22 should be included in and ascertained from the embedded debt data inserted in 10.7 – Debt Dataset.

Forecast Refinancing/New Debt: New Debt Interest Expense (row 187). Forecast interest expense arising from new debt raised. This data is included for information and comparison purposes only, as the subsequent calculations in the worksheet use Calculated New Debt Interest Expense (row 188).

Calculated New Debt Interest expense (row 188) is automatically calculated using the interest and inflation rates assumptions pre-populated at the top of the worksheet, rows 12-29 ("Inflation rates to be used [...]" and "Interest rates to be assumed [...]" sections).

Conversion to Regulatory (RIIO-1) Definitions of Net Debt, Net Interest, and Costs excluded from Regulatory (RIIO-1) Definition of Net Interest (rows 198-204, 212-221, 226-235). Where applicable, enter adjustments required to adjust the actual net debt and net interest expense values to their RIIO-1 regulatory definitions. Such adjustments should be inputted in a "Time Weighted Average" basis, consistently with the embedded and new debt volumes calculated in the previous sections of this sheets. Although row 205 refers to net debt per regulatory definition (which includes intercompany loans), where such intercompany loans are equity shareholder loans, these should be excluded. Adjusted Net Interest Expense (row 237) should exclude equity shareholder loan interest.

Forecast actual equity (rows 266-271). Historic actual and forecast data for equity issuance, issuance transaction costs, and dividends or shareholder loan payments. Dividends paid to shareholders are inputted as negative amounts; shareholder loan payments are inputted as positive amounts.

Actual cost of debt and index-linked (rows 242-265). Summary indicators for actual cost of debt (pre and post-derivatives) and index linked debt (proportion of RPI and CPI/CPIH index linked debt on total debt, share of principal inflation accretion on total interest expense, pre and post-derivatives). Note that these indicators are for information purposes only and not used in the BPFM, as the relevant information for the BPFM actual modelling is derived and extracted from the 10.1 - Debt for BPFM sheet.

Specific definitions for this worksheet

None

Table 10.3 – Financial Summary (Year-End)

Purpose and use by Ofgem

The purpose of this worksheet is to derive embedded and new debt volumes at the start and end of each year, for use in the BPFM. This is largely accomplished using the embedded debt data and calculations in sheets 10.7 and 10.4 to 10.6, as well as new debt information drawn from sheet F2a. In order to derive total net debt closing balances under the regulatory definition, Licensees are also required to insert adjustments to the year-end (YE) amounts as needed. Accordingly, such adjustments are to be inputted on a YE basis. As in worksheet F2a, all inputs and calculations are expressed in nominal prices (£m).

Instructions for completion

The structure of this sheet is similar to 10.2, with embedded debt calculations at the top (rows 12-150), new debt in the middle (rows 151-191) and the derivation of total regulatory closing debt, which includes DNO adjustments, at the bottom (rows 192-209).

Rows 12-52 use sheets 10.4 to 10.6 to derive pre-derivatives embedded debt volumes at the start of the year, as well as embedded debt issuances and repayments during the course of the year and principal accretion amounts on inflation linked debt. This allows to obtain the pre-derivatives embedded debt volumes at the end of the year.

Rows 53-92 follow the same approach to determine the amounts of derivatives at the start of the year. Derivative issuances and repayments are then factored in to calculate the impact of derivatives on closing embedded debt balances.

Rows 93-132 sums pre-derivatives embedded debt amounts and derivatives to obtain post-derivatives opening embedded debt, issuance and repayments and principal accretions. This information is then combined to obtain post-derivatives embedded debt at the end of the year.

Rows 151-191 are used to track new debt opening balances, emissions and principal inflation accretion on inflation linked debt, thus obtaining new debt closing balances. New debt emissions and principal inflation accretion (rows 161-173) are sourced from the new debt section of sheet F2a. For simplicity, CPI/CPIH linked debt from 10.2 is allocated in its entirety to the "CPI linked" category in 10.3. This allocation is only presentational and has no impact on the relevant output for the BPFM, where CPI and CPIH linked debt are also aggregated in one single category. Consistently with sheet 10.2, all new debt issuances are assumed to mature after the end of RIIO-2 and rows 175-179 are set to zero and greyed out accordingly.

Row 193 provides the Closing Balance of Debt, as the sum of Closing Embedded Debt and Closing New Debt from the previous sections. In rows 194-200, Licensees are required to input any adjustment needed to obtain (total) Closing Net Debt per Regulatory Definition (row 201). Such adjustments are akin to those in rows 198-204 of sheet F2a, but in this instance they represent amounts at the end of the year (YE), as opposed to annual time weighted averages (TWA).

Rows 206-209 feature the resulting total net debt regulatory balances (opening, closing and simple average). Licensees are required to input in cell E207 the total Opening Net Debt per Regulatory Definition for year 2016. This is needed because opening embedded debt for 2016 as derived from sheets 10.4 to 10.6, does not capture any previous adjustment and therefore may not be consistent with the regulatory definition.

Specific definitions for this worksheet

None

Table 10.4 - Fixed Rate Debt

Purpose and use by Ofgem
The purpose of this worksheet is to select fixed rate debt instruments from the 10.7 Debt Dataset and calculate annual embedded debt volumes and interest payments for each instrument. This information is subsequently aggregated and utilised in tab 10.2 and 10.3.
Instructions for completion
NGT do not need to make any changes to this worksheet, values in this worksheet are automatically populated using inputs inserted into 10.7 Debt dataset.
Specific definitions for this worksheet
None

Table 10.5 – Floating Rate Debt

Purpose and use by Ofgem
The purpose of this worksheet is to select floating rate debt instruments from the 10.7 Debt Dataset and calculate annual embedded debt volumes and interest payments for each instrument. This information is subsequently aggregated and utilised in tab 10.2 and 10.3.
Instructions for completion
Licensees should not make any changes to this worksheet, values in this worksheet are automatically populated using inputs inserted into 10.7 Debt dataset.
Specific definitions for this worksheet
None

Table 10.6 – Inflation Linked Debt

Purpose and use by Ofgem
The purpose of this worksheet is to select inflation linked debt instruments from the 10.7 Debt Dataset and calculate annual embedded debt volumes and interest payments (including principal inflation accretion) for each instrument. This information is subsequently aggregated and utilised in tab 10.2 and 10.3.
Instructions for completion
Licensees should not make any changes to this worksheet, values in this worksheet are automatically populated using inputs inserted into 10.7 Debt dataset.
Specific definitions for this worksheet
None

Table 10.7 – Debt Dataset

Purpose and use by Ofgem

The purpose of this worksheet is to collect, in a standardised fashion, granular information related to actual debt and derivative products. For illustrative purposes, the worksheet is pre-populated with example data, which Licensees should overwrite with actuals. Licensees should clear (not delete) columns A to CV for any unused pre-populated rows, so that the dataset only contains their actual data.

Instructions for completion

Column CX (Identifier by type) generates indices used to automatically populate tabs 10.4 to 10.6 and must not be amended.

Columns DC to EO contains supporting workings to verify a number of set validation criteria. If any data point is not inputted accordingly, the affected cell is automatically highlighted in red. Licensees should ensure that no cells in F6 are highlighted in red, thus indicating that essential information has been included for all instruments and data should be processed in tabs 10.1 to 10.6 as intended.

This worksheet should be completed taking into consideration the debt and derivatives outstanding at the time of completing sheet 10.2 and 10.3 for submission with the business plan. The worksheet should only include embedded debt (i.e. debt existing at the time of completion of the worksheet), and should not forecast new debt or derivatives instruments (which is to be included in 10.2).

Where debt is of a short-term/current nature (and can therefore be replaced several times in a year), the balance outstanding at the year-end must be entered. The interest rate stated must be the rate that is applicable to the tranche which is outstanding at the regulatory year end.

Licensees should populate only columns A to CV of the worksheet. All debt volumes amounts should be inputted in nominal prices (£m). Please also refer to row 2 of the worksheet for guidance on the data format to use in each column.

Please populate columns A to CV of the worksheet according to the following guidance:

- Sector: choose from the drop-down validation list.
- Licensee: choose from the drop-down validation list.
- Category: choose from the drop-down validation list.
- Rank: choose from the drop-down validation list.
- Type: choose from the drop-down validation list.
- Maturity Type: choose from the drop-down validation list.
- Core Debt / Liquidity: choose from the drop-down validation list.
- Derivative Instrument Description: choose from the drop-down validation list.
- Identifier: type instrument identifier code if available.
- Pricing date: insert in date format (dd/mm/yyyy) if available.
- Issue date: insert in date format (dd/mm/yyyy). This column **MUST** be populated as it is used in the calculations as the instrument issuance date.
- Maturity date: insert in date format (dd/mm/yyyy). This column **MUST** be populated as it is used in the calculations as the instrument maturity date.
- Early repayment date: insert in date format (dd/mm/yyyy) if applicable. If inserted, Early repayment date overrides the Maturity date in the calculations.
- 1st Call Date: insert in date format (dd/mm/yyyy) if available.
- Currency: choose from the drop-down validation list.
- Amount Issued on Issue Date / Max loan amount: insert amounts in the original currency of issuance, including amounts issued in pound sterling (GBP).

- Current Amount Outstanding: insert amounts in the original currency of issuance, including amounts issued in pound sterling (GBP).
- Amount Issued on Issue Date / Max loan amount_GBP equiv: populate with the GBP conversion (£m) of Amount Issued on Issue Date / Max loan amount. For instruments issued in GBP the two amounts will be the same.
- Current Amount Outstanding_GBP equiv: populate with the GBP conversion (£m) of Current Amount Outstanding. For instruments issued in GBP the two amounts will be the same.
- Amount for Use: populate with the GBP amount (£m) for use in tabs 10.4 to 10.6 to derive instrument debt volume and associated interest payments. This column MUST be populated.
- Coupon / Margin: insert in percentage format (%) if available.
- Issue Price: insert index value (base index = 100) if available.
- Yield to Maturity at Issue Date: insert in percentage format (%) if available.
- Rate for use: insert in percentage format (%). This column MUST be populated as it provides the interest rate driving the calculations in 10.4 to 10.6. This column should be populated using values from Yield to Maturity at Issue Date, rather than from the Coupon / Margin column.
- floating_ref_rate: for Floating instruments, Licensees MUST select one of the LIBOR or SONIA options from the validation list. For Fixed and Inflation Linked instruments Licensees MUST select "N/A" from the validation list.
- inflation_ref_rate: for Inflation Linked instruments, Licensees MUST use the validation list to specify if linked to RPI, CPI or CPIH. For Fixed and Floating rate instruments Licensees MUST select "N/A" from the drop-down.
- Inflation_lag: for Inflation Linked instruments, Licensees MUST use the validation drop-down to specify the number of months lag (with respect to the end of year / maturity date as applicable) for the selection of the price index used for indexation of the principal amount. For Fixed and Floating rate instruments Licensees MUST select "N/A" from the drop-down.
- Inflation_Base_Index: for Inflation Linked instruments, insert reference base index applied at issuance. If not available, this will be automatically determined in tab 10.6 from the monthly inflation dataset in I2 - Monthly Inflation, using information on issue date, inflation reference rate and monthly lag.
- Commitment Fee: insert in percentage format (% issued amount) if available.
- LT Issue Rating at Issue Date (S&P/Moodys/Fitch): insert rating information if available.
- Current LT Issue Rating (S&P/Moodys/Fitch): insert rating information if available.
- Counterparty: insert counterparty (type "Market" if not identified).
- Transaction expenses: if available, insert amount in GBP (£m).
- Description: insert additional relevant descriptive information.
- If amortising, profile submitted?: for "Fixed" and "Floating" amortising instruments select "Y". For "Inflation Linked" amortising instruments select either: "N" for the initial debt issuance; "Y" for the annual repayment amounts. Select "N/A" for all non-amortising instruments.

- o Note that these flags are used in sheets 10.4 to 10.6 to select between the "standard" calculations and the "bespoke" that apply to amortising instruments only, therefore it is essential that these flags are carefully and correctly assigned.
- o See the Supplementary guidance section below for further guidance on amortising instruments.
 - Split flag: For "Inflation Linked" amortising instruments that are split into a number of row entries, select "Y" for both initial emission and annual repayments.
- o The "Y" flag can also be attributed to other instruments that are broken down into two or more row entries (such as instruments with margin changes). Select "N/A" for all other instruments.
- o Note that these flags do not impact on the calculations and only have information purposes.
 - IssueAmount_2016 to IssueAmount_2031: to be used for "Fixed" or "Floating" amortising instruments. Input annual issued amounts, including the initial debt emission if this occurs in the FY2016-2031 period.
 - IssueDate_2016 to IssueDate_2031: to be used for "Fixed" or "Floating" amortising instruments. Input dates for annual issued amounts, including the date of the initial debt emission if this occurs in the FY2016-2031 period. If issuance dates are omitted or inserted in the wrong column, the amounts from "IssueAmount_2016" to "IssueAmount_2031" will not be captured correctly in the calculation sheets.
 - RepayAmount_2016 to RepayAmount_2031: to be used for "Fixed" or "Floating" amortising instruments. Input annual repaid amounts, including the final repayment if this occurs in the FY2016-2031 period. Repayments are inputted as negative sums.
 - RepayDate_2016 to RepayDate_2031: to be used for "Fixed" or "Floating" amortising instruments. Input dates for annual repaid amounts, including the date of the final repayment if this occurs in the FY2016-2031 period. If repayment dates are omitted or inserted in the wrong column, the amounts from "RepayAmount_2016" to "RepayAmount_2031" will not be captured correctly in the calculation sheets.

Debt instruments if 'licensee lender'

- Input negative amounts in columns R, S and T for instruments flagged as "licensee lender". These amounts will be deducted from total debt volume accordingly. Interest payments will be also calculated as negative sums and will decrease total interest expense.
- If "licensee lender", an analogous sign reversion is required for annual issuance and repayment amounts for amortising instruments, in columns AK to AZ and BQ to CF.

Debt instruments with margin changes

- If the applicable interest rate changes during the repayment period, the instrument can be modelled by splitting into three entries in the dataset:
 - o 1. First period instrument
 - ☐ issue_date = actual date of issuance
 - ☐ maturity_date = date of interest rate switch
 - ☐ Amount for use = actual volume
 - ☐ Rate for use = interest rate in period 1
 - ☐ Split flag = "Y" (to denote entry relating to a composite instrument, FYI only)

- o 2. Second period instrument
 - ☐ issue_date = actual date of issuance
 - ☐ maturity_date = actual date of maturity
 - ☐ Amount for use = actual volume
 - ☐ Rate for use = interest rate in period 2
 - ☐ Split flag = "Y" (to denote entry relating to a composite instrument, FYI only)
 - o 3. Offset for second period instrument
 - ☐ issue_date = actual date of issuance
 - ☐ maturity_date = date of interest rate switch
 - ☐ Amount for use = - (actual volume) => if actual amount is borrowed, this value is negative (and vice versa if amount is lent)
 - ☐ Rate for use = interest rate in period 2
 - ☐ Split flag = "Y" (to denote entry relating to a composite instrument, FYI only)
 - Instrument (1) models the first period (from issuance to interest rate change), the combined instruments (2) and (3) model the second period. (2) starts at issuance date, so that the principal accretion is calculated correctly when the interest rate switch occurs; however any debt volume or interest payment calculated for (2) before the switch date has to be zeroed and this is achieved by using the offsetting instrument (3).
- Amortising instruments
- If "Fixed" or "Floating" rate, amortising instruments are inputted as a single row entry as follows:
 - o Amount for use = volume at issuance date or opening balance for 2016
 - o issue_date = actual date of issuance
 - o maturity_date = actual date of maturity
 - o Issue/RepayAmount_2016 to Issue/RepayAmount_2031 = annual amounts for emissions and repayments. These include initial issuance and final repayment if occurring in the 2016-2031 period.
 - o Issue/RepayDate_2016 to Issue/RepayDate_2031: insert annual dates for emissions and repayments, matching annual issuance and repayment amounts.
 - o Amortising profile = "Y" (flag essential to trigger bespoke calculations)
 - If "Inflation linked", amortising instruments are decomposed into separate row entries, one for each annual emission and repayment. These are populated as follows:
 - o 1. Initial issuance
 - ☐ issue_date = actual date of issuance
 - ☐ maturity_date = actual date of maturity
 - ☐ Amount for use = actual volume at issuance
 - ☐ Rate for use = applicable interest rate
 - ☐ inflation_ref_rate = applicable inflation index
 - ☐ Inflation_lag = applicable inflation lag

o	<input type="checkbox"/> Inflation_Base_Index = applicable base index
	<input type="checkbox"/> Amortising profile = "N" (to denote the initial issuance, FYI only)
	<input type="checkbox"/> Split flag = "Y" (to denote entry relating to composite instrument, FYI only)
	<input type="checkbox"/> Issue/RepayAmount_2016 to Issue/RepayAmount_2031: NOT IN USE
	<input type="checkbox"/> Issue/RepayDate_2016 to Issue/RepayDate_2031: NOT IN USE
	2. Annual issuance / repayments
	<input type="checkbox"/> issue_date = actual date of issuance / repayment
	<input type="checkbox"/> maturity_date = final repayment date
	<input type="checkbox"/> Amount for use = actual volume issued / repaid (negative amount for repayment)
	<input type="checkbox"/> Rate for use = NIL
•	<input type="checkbox"/> inflation_ref_rate = same as initial issuance (1)
	<input type="checkbox"/> Inflation_lag = same as (1)
	<input type="checkbox"/> Inflation_Base_Index = same as (1)
	<input type="checkbox"/> Amortising profile = "Y" (to denote additional issuance/repayment, FYI only)
	<input type="checkbox"/> Split flag = "Y" (to denote entry relating to composite instrument, FYI only)
	<input type="checkbox"/> Issue/RepayAmount_2016 to Issue/RepayAmount_2031: NOT IN USE
	Issue/RepayDate_2016 to Issue/RepayDate_2031: NOT IN USE
Specific definitions for this worksheet	
None	

Table 10.8 – Data Validation

Purpose and use by Ofgem
The purpose of this worksheet is to store the definitions of the drop-down validation lists used in the 10.7 Debt Dataset worksheet.
Instructions for completion
Licensees should not make any changes to this worksheet.
Specific definitions for this worksheet
None

Table 10.9 – Related Parties

Purpose and use by Ofgem
The purpose of this table is for the network company to provide turnover, sales, recharge and cost data with regards to related parties.
Instructions for completion
The gross costs should be reported by cost category. In pre-populated yellow cells, the current value may be replaced by the name of the relevant related party.
Specific definitions for this worksheet
None

Table 10.10 – Real Price Effects and Ongoing Efficiency

Purpose and use by Ofgem

The purpose of this worksheet is to provide an analysis of Real Price Effects (RPEs) and Ongoing Efficiency (OE) forecasts and assumptions. Rates and weightings are required for all years of the RIIO-GT2 to enable a clear comparison between price controls.

The RPE table enables the licensee to provide their forecast of real price effects (additional to other building block forecasts). All cost forecasts provided elsewhere within the tables should be exclusive of RPEs.

The OE table also requests the network company to provide their ongoing efficiency forecasts. Ongoing efficiencies are productivity improvements expected by even the most efficient network company. This should represent the network company's forecasts of reductions in input volumes that can be achieved whilst delivering the same outputs.

Instructions for completion

For each input, fill in a relevant index on which forecasts are based. The index should represent your forecast of how costs will change over time relative to expected changes in the CPIH. CPIH data is contained in the universal data tab. Indices have a base year of 2023/24 – i.e. if you expect controllable opex to increase by 1% above CPIH from 2023/24 to 2024/25, enter 1.01 for the year 2024/25.

The index for materials should reflect the cost changes associated with both direct materials and those used by contractors. The inputs specified allow for a different index to be submitted for opex and capex, e.g. if materials used are different between the two then a different index can be used. If there is no difference then the same index can be used.

Fill in the weights of each input for the expenditure building blocks. Weights should sum to 100%, therefore 'other' should capture all inputs not split out. Different weights can be inserted for different years.

The network company should provide evidence within the commentary/business plan of how the final indices were deduced and why you expect the weight of each input category to vary over time (if applicable).

The first two tables for RPEs give an indication of the £m impact of the RPE indices, broken down by expenditure and input categories. These tables are for information purposes only, and it is important to note that they may not accurately reflect the impact of RPE indices. This is because the £m tables will calculate the impact of RPEs with the network company's individual cost structure. Additionally, the £m impact of the RPEs may change depending on the indexation process during the course of RIIO-GT3.

Fill in your ongoing efficiency assumption as a % of Totex costs on line 155.

In the table disaggregating the ongoing efficiency assumption by expenditure areas, input how the totex assumptions maps out across these areas. This table aims to provide transparency for us to better understand how the overall assumptions is built up across expenditure categories.

You should provide evidence within the business plan commentary of how the final ongoing efficiency assumption was deduced.

For the avoidance of doubt, all costs forecasted elsewhere within the tables should exclude ongoing efficiency assumptions.

The £m summary table gives an indication of the impact of the totex ongoing efficiency assumption on each expenditure area. This table is for information only and it is important to note that they may not accurately reflect the impact of the ongoing efficiency assumption.

Specific definitions for this worksheet

General labour

For the purposes of the Cost and Volumes Reporting Pack, this is a Cost Type.

Labour costs include any form of payment, consideration or other benefit, paid or due to or in respect of employees, including the costs of temporary or Agency staff.

Includes:

- Gross salaries and wage of all employees, including payments resulting from bonus and profit-related payment schemes.
- Employer's national insurance contributions.
- Salary sacrifice payments.
- Sick pay.
- Sickness benefits.
- Private health insurance.
- (Non-pension related) retirement awards.
- Death in service benefits.
- Paid leave.
- Company cars or payments in lieu of thereof.
- Standby costs – The costs incurred when employees are on standby to be called upon if required in the event of a specified occurrence in accordance with their terms of employment.
- Agency staff.
- Subsistence.
- Travel.
- Entertainment expenses.
- Share options (including employee share purchase plans, employee share option plans).
- Medical insurance costs.
- Childcare assistance.
- Protective clothing.
- Welfare costs.
- Costs recognised relating to Apprenticeship Levy payments.

Excludes:

- Professional services.
- Contractors.
- Company vehicles take home over night, other than company cars (include under Labour costs).
- Small tools and equipment (include under non-operational new assets and replacement).
- Pension costs (employer only).
- Pension deficit repair payments.

For all activities except operational training excludes time spent on operational training courses (include in labour under operational training).

Materials

For the purposes of the Cost and Volumes Reporting Pack, this is a Cost Type.

The physical components that go into the make-up of a tangible asset or are used for maintenance or other duties by the licensee and related parties when undertaking activities.

Includes:

- Tangible items that become part of the network assets.
- Small tools, equipment and consumables utilised to allow work on the network and to undertake other activities.
- Purchase, rent or lease of vehicles (only where they are "non-operational assets").
- Fuel for the operational fleet (include under Vehicles and Transport).
- Materials provided by a contractor where the costs have been separately identified.
- Delivery costs of materials or stock to stores or site from the manufacturer/supplier.
- Postage and stationery.

Excludes:

- Company cars.
- Procurement management.
- Delivery costs from stores to another store or to site.

Storage of the materials, unless the purchase price includes the cost of storage by the supplier.

Small tools, equipment, plant and machinery (non-operational) (STEPM)

Small tools, equipment, plant and machinery which are used to work on, assist work on or test system assets. (These items are not considered to be permanently connected to the network).

Typically includes:

- Fault location equipment – re-energising, e.g.
 - Bidoyng, Modular Rezap, Faultmaster Rezap
- Fault location equipment – non re-energising, e.g.
 - Cable Sniffers
 - OHL Pathfinder
 - Cable fault locator (Kehui, EZ Thump, Meggar TDR, Riser Bond TDR, Bicotest TDR, BAUR Test Vans, SEBA Test Vans, Meggar EZ Thump 12kV, Meggar Test Van) (vans are reported under Vehicles and Transport but equipment within vehicles is within STEPM)
 - Delta V (still in use but no longer manufactured)
- Hand and power tools
- Instruments and testing equipment, e.g.
 - Partial discharge monitors
 - Voltage recorder
 - Load monitors
- Power quality monitoring equipment

- Ladders (used at substations and transported on vehicles)
- Lifting and handling gear
- Street works signing and guarding equipment
- Non-wheel-mounted winches and winching equipment
- Cable drum equipment, e.g. drum stands
- Workshop equipment, e.g. pedestal drills, grinding wheels and reciprocating saws
- Misc. Equipment e.g. cable spiking guns, pumps, gas hoses and fittings
- Inspector costs for recertification and recalibration associated with STEPM.

Excludes:

- Harness, climbing belts and fall arrest equipment (include as labour cost under the relevant activity of that employee)

Generators (include capital costs in Vehicles and Transport and fuel costs in Vehicles and Transport).

Transport

Costs associated with the use of transport and plant.

Includes:

- Short term hire and lease
- Servicing and maintenance
- Vehicle tax

11. Instructions for Completing the Memo Worksheets

Section Summary

The purpose of this chapter is to inform the completion of the memo worksheets by the licensee.

Introduction

11.1 The purpose of the worksheets in this area is to report data on the FES Pathways and Adjustments and Data and Digitalisation.

Overview of Worksheets

11.2 The worksheets included in this chapter are:

- FES Pathways and Adjustments
- Data and Digitalisation
- Vehicles and Transport (Non-Operational)
- Vehicles and Transport (CAI)
- Climate Resilience
- Uncertainty Mechanisms
- Cross Period Projects

Table 11.1 - FES Pathways and Adjustments

Purpose and use by Ofgem
<p>The purpose of this worksheet is for the company:</p> <ol style="list-style-type: none"> 1. to identify and justify where they use alternative data values to those in the NG ESO's 2023 FES Falling Short scenario [NESO's 2024 FES P1 Holistic pathway and Counterfactual for the final BPs] for the purpose of developing their RIIO-3 business plan; and 2. to show the change that using the alternative assumptions have on the RIIO-3 cost category expenditure forecasts. <p>Please note: the BPDT is currently set up for the company to complete for their initial business plan submission in July eg it refers to NG ESO's 2023 FES Falling Short scenario. For the final business plan submission in December, these references will be updated for the NESO's 2024 P1 Holistic Pathway (and also for the Counterfactual).</p>
Instructions for completion
<ol style="list-style-type: none"> 1. Rows 8-40, columns H to N, the company should input data from the 2023 FES Falling Short scenario [FES P1 Holistic Pathway in final BPs] for each category. The company should also add any other data categories from the same scenario/pathway that it considers relevant for its planning. 2. Rows 8-40, columns P to V, the company should input any adjusted figure it has used for business planning instead of the FES 23 [FES 2024] value for a data category, where relevant. 3. [Similarly, for columns [] to [], the company should follow the same steps 1 and 2 for the 2024 FES Counterfactual in the final BPs.] 4. A company may diverge from a data value given in the relevant scenario/pathway if it can justify why this is necessary and that the alternative value is appropriate. Relevant justifications could include complying with requirements from the safety regulations, resilience standards, network planning obligations etc. Appropriate sources of alternative data values could include expert knowledge, statutory obligations and relevant information from customers and stakeholders etc. 5. The network company should add a clear explanation why it has used an alternative value and the relevant source (eg legislation, own methodology, customer/stakeholder intel etc) in the corresponding cell in column G of the template. 6. For rows 47-94, columns H-N, the company should input its RIIO-3 expenditure forecasts for each cost category on the basis of the unadjusted scenario/pathway. 7. For rows 47-94, columns P-V, the company should input its RIIO-3 expenditure forecasts for each cost category on the basis of the adjusted scenario/pathway.
Specific definitions for this worksheet
None

Table 11.2 – Data and Digitalisation

Purpose and use by Ofgem
The purpose of this table is to allow the network company to provide information on their data and digitisation costs.
Instructions for completion
The gross costs should be reported by cost category.
Specific definitions for this worksheet
<p>Digital infrastructure</p> <p>This includes internal digital models to manage data including allowing data to flow smoothly across an organisation, such as enterprise architecture.</p> <p>Digital processes</p> <p>This is about improving the efficiency of core services and processes by leveraging digital technologies. It can include digitising processes or analogue processes. It includes system mapping and network design.</p> <p>Digital Platforms</p> <p>These are tools for internal and external stakeholders to interact with network data e.g. open data platforms, consumer engagement platforms and visual representation of networks.</p> <p>Digitising field works</p> <p>Tools for onsite employees to improve efficiency and safety of field works, such as using machine learning to analyse historical accident data and change behaviours to prevent repeats.</p> <p>Network monitoring</p> <p>Direct investment in metering and other data capture to improve internal data quality and value of associated services.</p> <p>Other data best practice investments</p> <p>Anything other that doesn't fit into the above but is a good example of best practice for data and digitisation.</p>

Table 11.3 – Vehicles and Transport (Non-Operational)

Purpose and use by Ofgem
This worksheet collects all Vehicles and Transport (Non-Operational Capex) costs.
Instructions for completion
<p>No further disaggregation is required. The key term for this worksheet, defined below, is:</p> <ul style="list-style-type: none"> Vehicles and Transport (Non-Operational)
Specific definitions for this worksheet
<p>Vehicles and transport (non-operational)</p> <p>Expenditure on new and replacement wheeled vehicles and generators which are not system assets but are utilised by the network company or any Related Party for the purposes of providing services to the network company.</p> <p>Includes:</p> <ul style="list-style-type: none"> Commercial vehicle fleet Mobile plant for example: <ul style="list-style-type: none"> Mobile compressors Cranes Excavators Dumpers Trailers Drum trailers Wheel mounted winches Hiab vehicles and accessories All-terrain vehicles Water pumping vehicles Generators, which include wheel mounted and non-wheel mounted generators used to power the network and small portable generators, used to power tools. The labour costs of fuelling unfuelled generators. <p>Excludes:</p> <ul style="list-style-type: none"> Company cars (except where included under the labour cost) Forklifts (include in stores) Fuel costs for wheeled vehicles and generators (report in Vehicles and Transport (CAI))

Table 11.4 – Vehicles and Transport (CAI)

Purpose and use by Ofgem
This worksheet collects costs on the Vehicles and Transport CAI activity.
Instructions for completion
<p>Gross costs should be reported by Cost Type only. No further disaggregation is required. The key term for this worksheet, defined below, is:</p> <ul style="list-style-type: none"> Vehicles and Transport (CAI)
Specific definitions for this worksheet
<p>Vehicles and transport (CAI)</p> <p>The closely associated indirect activity associated with managing, operating and maintaining the commercial vehicle fleet and mobile plant utilised by the network company or any other Related Party for the purposes of providing services to the network company.</p> <p>Includes:</p> <ul style="list-style-type: none"> Lease cost associated with the vehicle fleet and mobile plant Insurance premiums associated with leased commercial fleet vehicles where the costs of the premiums are embedded in the lease charges Maintenance costs of the vehicle fleet and mobile plant, including mobile generation Cost of accident repairs to the network company's own fleet vehicles where the cost is borne directly by the network company Cost of accident repairs to commercial fleet vehicles leased by the network company, where the cost is borne directly by the network company Fuel costs of the vehicle fleet (including generators) and mobile plant, irrespective of whether the vehicle fleet and mobile plant is owned by the network company or leased by the network company, except whether leased generators are fully fuelled and manned from contractors (report in the relevant direct activity) <p>Excludes:</p> <ul style="list-style-type: none"> Direct field staff time spent on utilising the vehicles for a direct cost activity (include under Direct Activities) IT and property costs associated with vehicle management (include as IT and property respectively) Purchase of vehicles, mobile plant and equipment (include as Vehicles and Transport (Non-Operational)) Cost of providing company cars to employees which are benefits in kind (include as labour cost under the relevant activity of that employee) Costs recovered in respect of accident repairs from insurance companies (include as Finance and Regulation) Insurance premiums associated with commercial fleet that are not embedded in the lease cost (include as Insurance Totals in Core Business Support) Fuel costs of leased generators where leased generators are fully fuelled and manned from contractors (report in the relevant direct activity)

Table 11.5 – Climate Resilience

Purpose and use by Ofgem
This worksheet is a Memo table to collect costs on Climate Resilience activity.
Instructions for completion
<p>This worksheet takes a cross-section of costs reported elsewhere in the pack.</p> <p>The purpose of this table is to provide a summary of information on Climate Resilience expenditure that is reported across the tables within the BPDT.</p> <p>Climate resilience expenditure should be reported against the key cost building blocks of totex identified in the sheet for the SO and the TO.</p> <p>We want to identify the proportion of costs relating to climate resilience.</p>
Specific definitions for this worksheet
<p>Climate Resilience</p> <p>This is the ability for an individual, group, asset or system to anticipate, prevent, respond to and recover from climate-driven stress events.</p>

Table 11.6 – Uncertainty Mechanisms

Purpose and use by Ofgem
The purpose of this table is to provide a summary of information on expenditure on areas that are subject to an uncertainty mechanism. This information is not directly used in the BPFM but may be used to inform revisions to relevant BPFM variable values.
Instructions for completion
<p>The network company should populate this table with only the costs associated with the uncertainty mechanism for that cost area, rather than the total costs relating to that cost area. Costs included in this table as a re-opener should be excluded from the associated cost table.</p> <p>For the cost activity column, please refer to the activity the UM is applicable to.</p>
Specific definitions for this worksheet
None

Table 11.7 – Cross Period Projects

Purpose and use by Ofgem
The purpose of this worksheet is to identify projects which flow from one period into another and assess their progress.
Instructions for completion
Original cost should be provided both in the 18/19 cost base and 23/24 cost base.
Specific definitions for this worksheet
None

Appendices

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Appendix 1 – Glossary and Definitions

A1.1 The purpose of this appendix is to provide definition of the terms included in these instructions and in the associated.

A1.2 Most definitions apply to specific tables and therefore are included as part of the table instructions for completion, this appendix provides definitions that cover more than one table and more general definitions. Any word or expressions used in the Utilities Act 2000, Electricity Act 1989, the Energy Act 2004, or standard or special licence conditions of the gas transmission licence shall have the same meaning when used in these rules, similarly for standard accounting terms, IFRS/IAS and/or UK GAAP and Companies Act 2006 definitions should be applied.

A1.3 In the circumstance where no definition is given, the licensee should include in explanatory notes details of the treatment it has applied, and should inform The Authority of the omission. Where a definition set out in this appendix is not the same as that applied by a licensee for other purposes, the definition set out herein must be used in the preparation of the BPDT.

A1.4 Except where the context otherwise requires, any reference in this appendix or in the guidance to a numbered standard or special condition (with or without a letter) or Schedule is a reference to the standard or special condition (with or without a letter) or Schedule bearing that number in the gas transmission licence, and any reference to a numbered paragraph (with or without a letter) within such a standard or special condition is a reference to the paragraph bearing that number in the standard or special condition or Schedule of the gas transmission licence in which the reference occurs, and reference to a Section is a reference to that Section in the standard or special conditions of the gas transmission licence.

Alphabetised List

A

Accounting costs

Costs as per statutory or regulatory accounts before any adjustments for non-controllable costs and atypical, provisions etc.

Accruals and Prepayments

For the purpose of determining what amounts should be excluded as non-cash items. These are only those items that are not incurred as part of the ordinary level of business

activities and would be atypical. Normal business activities include, normal trade accruals and prepayments and holiday pay provisions.

Affiliate IDNO

An independent distribution network operator owned by the group and operating within the group's own electricity distribution network area

Annual iteration Process

The annual iteration process is the process of annually updating the variable values in the Price Control Financial Model (BPFM) and running the BPFM calculation functions in order to provide updated Allowed Revenue (AR_t) for a licensee, see Chapter 2 in Price Control Financial Handbook (PCFH).

B

BT 21 CN Teleprotection

Opex costs incurred as a result of the BT21CN transition.

C

Cash Controllable Costs

The normal ongoing cash operating costs, excluding non-recurring / one off costs that are controllable by the transmission company.

Change in market value of investments

The change in the market value of a schemes investments over a period where the approach used to assess the market value of an asset is the same as the approach used for the purposes of a triennial valuation

Closely Associated Indirect Costs

Costs that support the operational activities. Closely associated indirect costs includes network policy (including research and development), network design and engineering,

engineering management and clerical, wayleaves administration, control centre, system mapping and health and safety functions.

Customer / Capital contributions

Financial contribution received from / repaid to a customer in respect of the provision of a new connection to the transmission network.

D

De Minimis

The activity of conducting de minimis business, ie non-transmission activities, which are subject to the limitation provided for in standard licence condition B6 Paragraph 4.

Direct Costs

Opex relates to the activities required to maintain and operate the transmission networks. Direct Opex can be divided into planned work largely associated with maintenance tasks that are driven by asset management policies and technical standards, and unplanned work driven largely by faults on the network.

Directly Attributable Costs (Network Innovation)

The costs of maintain and managing Foreground Intellectual Property Rights (IPR)

E

Excluded services

Has the meaning given in the relevant special licence condition.

F

Fault Repairs

Repair of system assets which have unexpectedly failed to operate as expected.

G

GDN

Gas distribution network

I

Investment income

The income received on pension scheme assets, net of investment management fees where it is deducted from investment income

Investment management expenses

Any pension scheme investment management expenses which are charged separately or have not been implicitly allowed for in the "Change in market value of investments" item or as a deduction from the "Investment income" item

L

Low risk assets

Assets where the focus is on protecting capital and gaining a modest return (e.g. gilts)

M

N

Network rates

Prescribed rates levied on the transmission network assets as determined and set by the Valuation Office Agency (VOA) in England and Wales Electricity Supply Industry (Rateable Values) (England) Order 2005 and Scottish Assessors Association (SAA) in Scotland.

NIA Allowable Expenditure

NIA Allowable Expenditure is the total expenditure that can be recovered from the NIA. It includes Bid Preparation Costs and Eligible NIA Expenditure.

NIA Direct Benefits

Direct Benefits are the benefits of a Project accruing to the Network Licensee during the Project implementation and comprises any expenditure included within the Network Licensees Business Plan for RIIO-T1 that will be saved as a result of undertaking the Project.

NIA Eligible Expenditure

Means the amount of expenditure spent or accrued by the Network Licensee in respect of Eligible NIA Projects and forms part of Allowable NIA Expenditure as set out in Part B of the NIA Licence Condition.

NIA Unrecoverable Project Expenditure

Means expenditure on a NIA Project the Authority has determined does not satisfy the requirements of the NIA governance document.

NIC Eligible Bid Preparation Costs

Means the amount of expenditure spent or accrued by the Network Licensee when preparing submissions for the Network Innovation Competition that appear to have been spent in such a way that satisfies the requirements of the NIA governance document as are necessary to enable the projects to be funded under the provisions of this condition.

NIC funding

Funding received from customers via the NTS Operator for Eligible NIC projects. The NIC funding amount will be directed by the Authority in accordance with the NIC governance document.

NICF

The amount directed by the Authority to be recovered by National Grid Gas on behalf of all gas distribution and transmission licensees.

Non-TIM

Cost not subject to the Totex Incentive Mechanism, such as pass through costs.

Non – Transmission

Costs attributable to activities other than transmission e.g. Nonregulated

Non Controllable Costs

Costs not deemed to be controllable by the transmission business, transmission licence fees, and network rates

O

Operational Property Management

Premises which contain network assets and are not maintained for accommodating people e.g. Substations, Boiler Stations, Holder Stations, Compressor Stations, and Governor Houses etc.

Outputs

These are the outputs agreed at the time of setting the RIIO-GT2 price control for meeting the needs of consumers and network users, maintaining a safe and resilient network and delivering an environmentally sustainable network.

P

Pension Deficit Payments relating to Established Deficit

Established deficit means the difference between the assets and liabilities, determined at any point in time, attributable to pensionable service up to 31 March 2012 and relating

to regulated business activities under our second Pension Principle. The term applies equally if there is a subsequent surplus.

Physical Security Expenditure

This refers to costs incurred, or expected to be incurred, by the licensee for the purposes of implementing any formal recommendation or requirement of the Secretary of State to enhance the physical security of any of the sites within the licensee's Transmission System.

Planned Inspections and Maintenance

Visual checking of the external condition of assets, including helicopter and foot patrols; and reading gauges (Inspections). Maintenance is an activity that is performed purposely and regularly in order to prevent physical assets from deteriorating or breaking down such that they continue to perform in accordance with manufacturers' recommendations.

Q

Quarry and Loss of Development

Claims under the terms of the Deed of Easement. These include; loss of crop and drainage; loss of land development (e.g. housing, quarrying etc.; sterilised minerals; landfill and tipping; and power generation).

R

RAV

Regulatory Asset value

Related party

Is an affiliate, a joint venture of the licensee or of an affiliate or an associate of the licensee or of an affiliate or a relevant associate of the licensee.

Related Party Margins

The profit or loss recorded on a transaction with an affiliate being the excess or deficit on actual direct costs and indirect costs (including financing costs) fairly attributable to the transaction or the charge and the cost of providing that transaction.

Return seeking assets

The assets which may be exposed to greater risk, but where the potential return is higher than low risk assets (e.g. equities)

Royalties Revenues

Revenue earned from intellectual property generated through eligible NIC projects

Returned Royalties Income

Revenue earned from intellectual property generated through eligible NIC projects less any Directly Attributable Costs, and that is payable to customers under the NIC, as calculated in accordance with the NIC governance document.

Retained NIC Royalties

Total royalties earned through all NIC projects to be retained by the licensee

S

Salary / staff costs

Includes: salaries and wages, national insurance contributions, overtime standby and other allowances, all ongoing pension costs and incremental deficit repair payments, share based schemes, and sick pay and sickness benefits.

Security (Armed Guards)

Refers to costs solely associated with the provision of Ministry of Defence Armed Police at designated sites.

Security (pertaining to SO)

Shall mean costs (operating and capital expenditure) for enhanced security activities as specifically directed by Department for Business, Energy and Industrial Strategy ("BEIS") or the Centre for the Protection of National Infrastructure ("CPNI") pursuant to Special Licence Condition XXX. These costs are subject to an uncertainty mechanism.

SpC

Special licence condition

T

TIRG

Transmission Investment for Renewable Generation

TIM

Totex incentive mechanism

Totex

See Appendix 2

Transmission Licence Fee

Net payments by the licensee to the Authority determined in accordance with the standard license conditions. Payments made to the Authority in respect of the licence fee should be included net of any credit notes relating to that regulatory year³.

TII

Transmission Investment Incentive

V

Vegetation Management

The activity of physically felling or trimming vegetation.

³ Further detail on the license fee cost recovery principles can be found in the following document available on the Ofgem Website: [Licence fee cost recovery principles 2021 | Ofgem](#)

Appendix 2 – Definition of Totex

A2.1 The annual net additions to RAV will be calculated as a percentage of Totex. Totex consists of all the expenditure relating to a licensee's regulated activities except for:

- all costs relating to de minimis activities;
- all costs relating to excluded services activities (except for capex relating to sole use exit connections);
- pension deficit repair payments relating to the established deficit and for the avoidance of doubt, all unfunded early retirement deficiency costs (ERDC) post 1 April 2004;
- Pension Scheme Administration and PPF levy costs;
- costs associated with specific incentive schemes (to include TPCR3 or TPCR4 entry and exit revenue drivers, Network Innovation Competition and Network Innovation Allowance costs);
- all statutory or regulatory depreciation and amortisation;
- profit margins from related parties (except where permitted as defined below);
- costs relating to rebranding NGT's assets or vehicles following a name or logo change;
- fines and penalties incurred by the licensee (including all tax penalties, fines and interest) except if, exceptionally Traffic Management Act costs can be shown to be efficient;
- compensation payments made in relation to standards of performance;
- bad debt costs and receipts (subject to an ex post adjustment to allowed revenues);
- any costs relating to the SO for external purposes (ie balancing services activity)
- any cost reporting which is not on a normal accruals basis as referred to in paragraph 1.6 above (for the avoidance of doubt, accruals to recognise the present value obligation to the defined benefit pension scheme (in accordance with International Accounting Standard 19) are excluded from totex);
- costs in relation to pass-through items, including business rates (except for business rates on non-operational buildings);
- interest, other financing and tax costs (except for business rates on non-operational buildings and stamp duty land tax); and

- any costs or Legal fees incurred relating to an application for a Judicial Review or an appeal to the CMA in respect of a decision made by Ofgem.⁴

A2.2 It should also be noted that:

- any change in the Totex amount for the licensee under the Totex Incentive Mechanism (TIM) is included as an adjustment to fast/ slow money;
- pension deficit repair payments relating to any incremental deficit (ie not part of the established deficit) are considered to be part of the licensee's labour costs and as such are part of Totex; and
- customer contributions (which mainly relate to connection works) and other proceeds received (including from legal and insurance claims) that relate to the transmission business are treated as an offset to Totex expenditure, unless specifically subject to different treatment under the RIGs.

A2.3 For avoidance of doubt, in each case normal ongoing pension service costs will follow employment costs in each activity to RAV.

A2.4 Costs added to RAV are all intended to refer to costs incurred by the licensee or a related party of the licensee undertaking regulated business activities. Where those costs are recharged to the licensee, they should not include any internal profit margins of the licensee or related party, except where permitted. The treatment of related party margins is set out in paragraphs 1.22 to 1.27 below.

A2.5 For the avoidance of doubt, costs that are eligible for a reopener mechanism will follow the Totex treatment as set out above at the time they are incurred.

Related Party Transactions

A2.6 The purpose of this appendix is to provide definitions around related party transactions

Related party costs

A2.7 Related party costs are only included within Totex to the extent they represent the cost of services required by the licensee's business. Costs for services recharged to the licensee by a related party will only be admissible if the licensee would otherwise

⁴ Notwithstanding the above, Ofgem shall pay all legal fees and cost awarded against it by the Judicial review body and the CMA.

have needed to carry out the service itself or procure it from a third party. We expect these services and associated costs to be itemised and justified. Such costs are only included to the extent that they satisfy the criteria regarding the prohibition on cross-subsidy in the relevant Standard or Standard Special Licence Condition unless licensees already hold derogations.

A2.8 All companies and related parties charging the licensee should be able to demonstrate they have a robust and transparent framework governing the attribution, allocation and inter-business recharging of revenues, expenses, assets and liabilities. There should be documented procedures to demonstrate compliance with EU Procurement directives and implementing national legislation where these apply.

A2.9 We expect the network company to be able to justify the charge by reference to external benchmarking, or by reference to market-related testing, or tendering. We expect related parties to be able to support their charges by either service level agreements or contracts; and that such contracts would be finalised on a timely basis and not remain in draft for an unreasonable period.

A2.10 The attribution of costs relating to shared services must be on a demonstrably objective basis, not unduly benefiting the regulated company or any other company or organisation and be based on the levels of service or activity consumed by each entity. We expect licensees to document the basis on which they approve these at board level and provide evidence of this together with details of how the continuing assessment and challenge, annually takes place.

A2.11 The basis should be consistent from year to year and where there are changes the licensee should both document and justify them.

A2.12 The method used to attribute costs from the related party to the licensee and to activities should be transparent and the revenues, costs, profits, assets and liabilities separately distinguishable from each other.

Related party margins

A2.13 We will exclude related party profit margins from costs added to RAV unless the related party concerned earns at least 75 per cent of its turnover from sources other than related parties and charges to the licensed entity are consistent with charges to external customers. For this purpose, we consider an entity to be a related party if it is an affiliate or related undertaking or if that entity and the network company have any other form of common ownership. A key indicator of entities being in common ownership is that they are affiliates of the ultimate controller (or controllers where there is more than one).

A2.14 Where network operators utilise captive insurance companies, these shall be excluded from the related party exclusion. We will not allow any excess losses relating to these captive insurers (to the extent that they are covered by captive insurers) to be funded by customer.

A2.15 When an entity ceases to be a related party, for example on a change in ultimate controller, then from the time it ceases to be a related party its margins will be allowable, if it meets the following requirement. There must be an unambiguous demonstration that its charges to the transportation business (in the original or amended contract) remain competitive and are in line with market rates, or the contract was re-tendered and that there was more than one bidder.

A2.16 Whilst not precluding other demonstrations of competitiveness, we consider that an open competitive tender is likely to be the clearest indicator. In the absence of an open competitive tendering exercise, we will seek strong evidence that the terms of any contract are competitive.

A2.17 Irrespective of whether the network company demonstrates competition and they no longer disallow margins, the licensee must arrange to comply with the requirements of the relevant standard or standard special licence condition (on the maintenance and provision of information). It must continue to report the former related party's costs and margins as if it were still a related party for the remainder of the price control period. The data is required in order for us to be able to monitor performance against the price control and carry out cost analysis to inform future reviews.

A2.18 Where a principal related party resource provider ceases to be a related party during a price control period, for example on the restructuring of a group, we shall continue to treat them as a related party until the end of that price control period and we will continue to disallow the margins charged. At the next price control period the margins will be allowed provided that there is unambiguous demonstration that the charges to the regulated business (in the original or amended contract) remain competitive and are in line with market rates, or that the contract is re-tendered and that there is more than one bidder.