

Guidance

RIIO-ED2 Regulatory Instructions and Guidance – Annex D – NARM v2.0

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RIIO-ED2 is the price control for electricity distribution network operators (DNOs) from 1 April 2023 to 31 March 2028.

This document is part of the regulatory instructions and guidance (RIGs) for RIIO-ED2.

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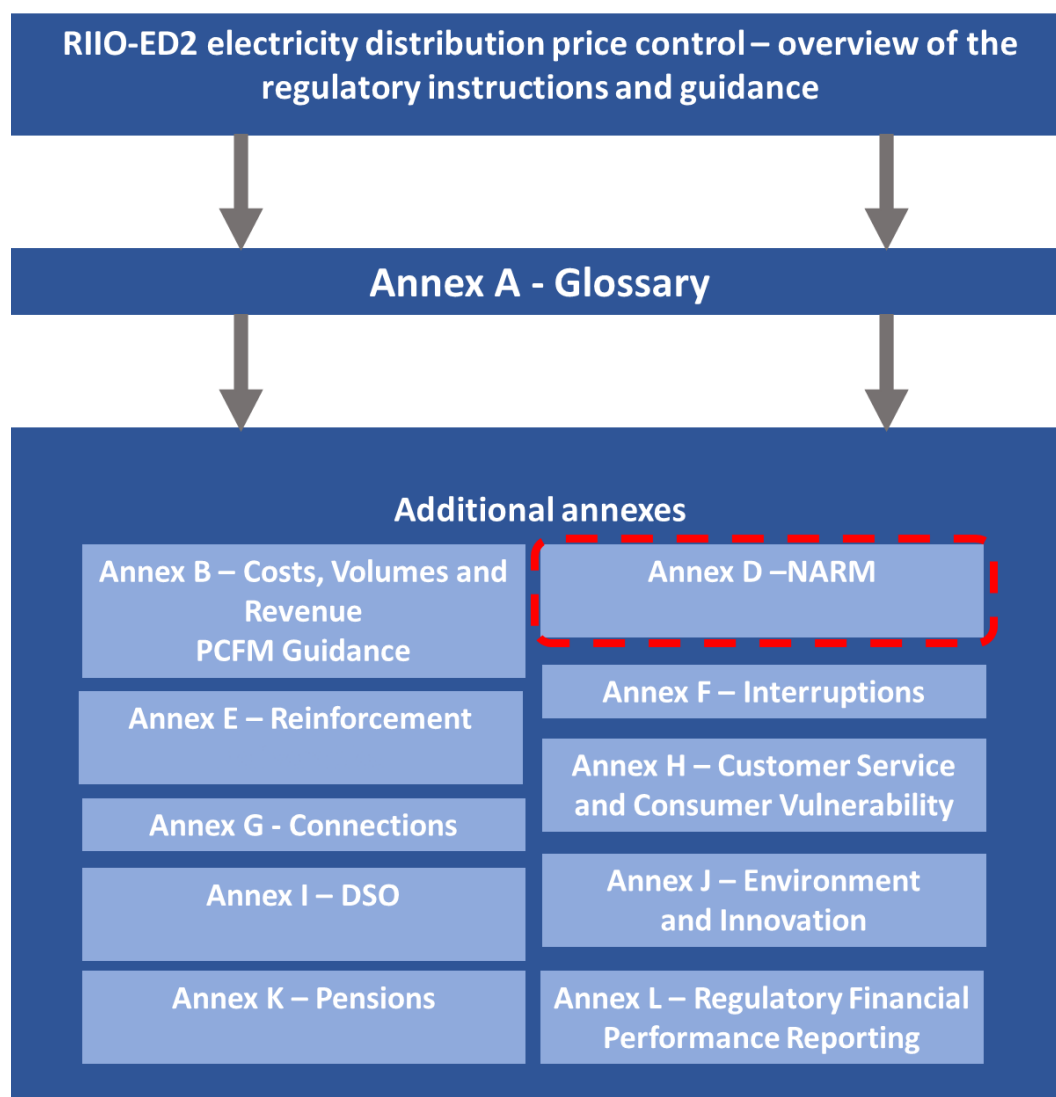
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1. Introduction

Scope of this document

- 1.1 This document is part of the regulatory instructions and guidance (RIGs) for RIIO-ED2. The term RIGs refers to a collection of documents - our instructions and guidance, and the reporting packs and commentaries the electricity distribution network operators (DNOs) have to fill out.
- 1.2 Figure 1.1 shows all the instructions and guidance documents for the RIIO-ED2 RIGs. This document, circled in Figure 1.1, is one of a series of annexes containing instructions and guidance and relates to the Network Asset Risk Metric (NARM). It provides DNOs with information on how to fill in the NARM Reporting Pack and NARM Commentary that they are required to submit to us.

Figure 1.1: Map of the RIIO-ED2 instructions and guidance



1.3 This document should be read in conjunction with:

- the RIIO-ED2 – Overview of the Regulatory Instructions and Guidance document
- Annex A – Glossary for the regulatory instructions and guidance
- the associated Microsoft® Excel reporting pack named “NARM Reporting Pack”
- the associated commentary named “NARM Commentary”
- the electricity distribution licences for RIIO-ED2, specifically Special Conditions 3.1 and 9.2.

2. General instructions and guidance

Purpose of the NARM Reporting Pack

- 2.1 The purpose of the information collected in the NARM Reporting Pack is to provide a framework for the collection and provision of accurate and consistent information from DNOs on the movements in health and criticality for the asset categories included in the DNOs' RIIO-ED2 Baseline Network Risk Output.
- 2.2 This information is used to calculate DNOs' progress towards meeting their Baseline Network Risk Output for RIIO-ED2, as set out in their electricity distribution licences. This assessment will be carried out on an annual basis and shall be based upon the changes in Long-Term Monetised Risk shown within the NARM Reporting Pack. This calculation will also be used to inform the assessment at the end of the RIIO-ED2 period performance to determine whether adjustments to revenue are required in the next price control period as set out in the DNOs' licence conditions.
- 2.3 The information will also be used to inform benchmarking and analysis used for determining future price controls. It also provides visibility of the movements in health and criticality associated with additional activities which do not contribute towards either the calculation of the Baseline Network Risk Output or DNOs' progress towards meeting these.

Key Terminology

- 2.4 The NARM Reporting Pack should be completed in accordance with the principles and guidance agreed as part of the Common Network Asset Indices Methodology.
- 2.5 Within this section is a description of some key terminology that will assist in the understanding of the NARM Reporting Pack.
- 2.6 Any additional terminology that is used in the Common Network Asset Indices Methodology will be defined there. A full list of defined terms can be found in the RIIO-ED2 License Special Conditions.

Network Risk Output and Baseline Network Risk Output

- 2.7 The term "Network Risk Output" refers to the collective movements in asset health and criticality resulting in changes to the Risk Index (which is expressed as Long-Term Monetised Risk) across all of the Asset Register categories for which Licensee's specified this information in their RIIO-ED2 Business Plan Data Templates and as set out in their Network Asset Risk Workbooks.

- 2.8 The asset categories included within the Baseline Network Risk Output shall be consistent across all Licensees and encompass all asset categories covered by the Common Network Asset Indices Methodology. These asset categories are referred to as NARM assets.
- 2.9 The term “Baseline Network Risk Output” means the cumulative total of Network Risk Outputs for all NARM assets in the Licensee's Network Asset Risk Workbook. This serves as the target against which the Licensee will be assessed against, based on its delivered Network Risk Output.

Risk Index

- 2.10 This is a monetised risk measure, determined from the combination of the Health Index and Criticality Index, which represents the Long-Term Monetised Risk associated with asset failure and is the present value (£) of the current and future risk associated with a typical asset within the relevant Health Index and Criticality Index Bands.

Health Index

- 2.11 The health of an asset is derived from a combination of various factors including age and condition data. Individual assets are grouped together using Health Index Bands. A common approach to deriving asset health and assigning Health Index Bands to assets is defined as part of the Common Network Asset Indices Methodology. This approach shall be used to assign to each asset a Health Index Band between HI1 and HI5.
- 2.12 The bands represent the relative Probability of Failure indicated by each asset's health:
- The lowest Health Index Band, HI1, is assigned to assets with the lowest values of Probability of Failure relative to other assets within the same asset category.
 - The highest Health Index Band, HI5, is assigned to assets with the highest values of Probability of Failure relative to other assets within the same asset category.
- 2.13 Where the NARM Reporting Pack requires a forecast Health Index Band, representing the Health Index in a future year (2028), to be reported, the future Health Index Band shall be determined in accordance with the methodology for deriving the future Health Index of an asset defined in the Common Network Asset Indices Methodology.

Criticality Index

- 2.14 Criticality Index Bands provide a comparative measure of the Consequences of Failure associated with an asset. A common approach to assigning Criticality Index Bands to assets is defined as part of the Common Network Asset Indices Methodology. This approach shall be used to assign each asset a Criticality Index Band.

Long-Term Monetised Risk

- 2.15 Long-Term Monetised Risk is a monetised present value of risk that represents the total discounted value of risk based on the predicted Probability of Failure and Consequence of Failure over a period of 30 future years of an asset's life.
- Long-Term Monetised Risk is produced by assigning a typical Probability of Failure and degradation assumptions to each Health Index Band and a typical Consequences of Failure to each Criticality Index Band. A monetised value of Long-Term Risk (ie the present value of current and future risk) is determined from these typical values.
 - Long-Term Monetised Risk for each Asset Category are defined by the Risk Matrices in Appendix E of the Common Network Asset Indices Methodology.
- 2.16 Each reported asset is allocated to its respective Risk Matrix based on its Asset Category, its Health Index Band and its Criticality Index Band. The Risk Index for each asset is the Long-Term Monetised Risk value for the portion of the Risk Matrix (ie Health Index/ Criticality Index combination) in which the asset is reported.
- 2.17 As part of the RIIO-ED2 Final Determination (and any subsequent rebasing of the Baseline Network Risk Output) the Long-Term Monetised Risk values for each Licensee's assets are aggregated and calculated for the following positions in the RIIO-ED2 period:
- Forecast Start of ED2 Population Risk
 - Forecast End of ED2 Population Risk (No ED2 Intervention)
 - Forecast End of ED2 Population Risk (With ED2 NARM Interventions)
- 2.18 The difference between the End of RIIO-ED2 (No ED2 Intervention) and the End of RIIO-ED2 (With ED2 NARM Interventions) position provides the delta value for each Asset Category, represented in terms of Long-Term Monetised Risk.
- 2.19 These individual Asset Category deltas are summated to define the Licensee's Baseline Network Risk Output for RIIO-ED2 and are defined within the respective

Licensee's Network Asset Risk Workbook. These values are summarised in NARM4 - ED2 NARW Risk Movements.

- 2.20 Each Licensee's progress in delivering their Baseline Network Risk Output, in terms of Long-Term Monetised Risk, will be measured relative to its own Baseline Network Risk Output delta.
- 2.21 The assessment of performance is carried out by comparing an end of 2027/28 view of the delivery against the targets. This approach is taken because the targets are derived from the end of RIIO-ED2 profiles and therefore the measure of delivery has to be on a consistent basis. In order for this comparison to be possible, the Licensees are required to state both in-year values for Health Index Bands and Criticality Index Bands and also, for those interventions that contribute to the delivery of the targets, the forecast values at the end of 2027/28.

Non-Intervention Risk Changes

- 2.22 Non-intervention risk changes are movements to the Health Index Bands and Criticality Index Bands which are not related to activity on the assets but are caused by changes to data or assessment approach. They are subdivided into three categories:
- Data Cleansing;
 - Deterioration; and
 - Other Non-Intervention Risk Changes.
- 2.23 The Other Non-Intervention Risk Changes are used to capture all the risk movements that are not reported elsewhere. These may be extensive movements (such as wholesale re-evaluation of how values are calculated) or minor movements (such as the change in criticality of a single asset).
- 2.24 The source of Other Non-Intervention Risk Changes may include (but are not limited to) the following:
- changes to the data itself, ie through re-scoring of ESQCR or number of customers,
 - changes to the Common Network Asset Indices Methodology (not covered by a rebasing of Baseline Network Risk Outputs),
 - changes to the type of input data being used,
 - changes to the mapping of Licensees' data systems to the inputs required for the Common Network Asset Indices Methodology.

3. Description of worksheets within the NARM Reporting Pack

3.1 The NARM Reporting Pack contains the following worksheets:

- Cover Sheet
- Changes Log
- Navigation
- NARM1 – Risk Index Weightings*
- NARM4 – ED2 NARW Risk Movements*
- NARM5 – ED2 actuals
- NARM6 – Risk Summary
- NARM7 – Dashboard
- NARM8 – Variance Analysis
- Data assurance

** NARM1 and NARM4 duplicate data from each licensee's Network Asset Risk Workbook. NARM2 and NARM3, which also form part of the Network Asset Risk Workbook, are not required for this reporting pack.*

3.2 These worksheets are described in turn below.

Cover Sheet

3.3 This worksheet is to be completed by selecting the relevant DNO from the drop-down menu in cell D13 and the relevant reporting year in cell D15 (note that the format of the year represents the year in which the reporting year ends ie for 2023/24, 2024 should be selected).

Changes Log

3.4 The Changes Log must be used by the Licensees' to record any amendments (formulae or presentation) that are made to the NARM Reporting Pack, including the date those changes were made. Ofgem will also record any changes made to the NARM Reporting Pack in this worksheet.

Navigation

3.5 This worksheet provides links to each of the other worksheets in the reporting pack. No Licensee input is required.

NARM1 – Risk Index Weightings

3.6 No Licensee input is required in this worksheet.

- 3.7 The worksheet is comprised of 4x5 tables for each Asset Register category with the Long-Term Monetised Risk value for each combination of Health Index Band and Criticality Band being calculated by multiplying the relevant Average Probability of Asset Failure value (for the HI1 to HI5 band) with the relevant weighted Average Consequence of Asset Failure value (for the C1 to C4 band) for the Asset Register category. These Long-Term Monetised Risk values shall align to those specified in the Common Network Asset Indices Methodology (CNAIM).
- 3.8 The Long-Term Monetised Risk values are used in the calculation of Long-Term Monetised Risk movements based on the profiles reported on the “NARM5 – ED2 actuals” worksheet.

NARM4 - ED2 NARW Risk Movements

- 3.9 No Licensee input is required in this worksheet.
- 3.10 The worksheet duplicates data from each licences Network Asset Risk Workbook (rows 104 onwards). Based on the Licensee that is selected on the Cover Sheet, the relevant Licensee’s data is auto populated within the table above (cells C7:I88).
- 3.11 The contents of this worksheet provide reference data for analysis that is carried out elsewhere in the workbook, namely on “NARM6 - Risk Summary” and “NARM7 – Dashboard”.

NARM5 – ED2 actuals

- 3.12 This worksheet requires Licensee input.
- 3.13 It records the changes to the health and criticality profile over RIIO-ED2 on an annual basis, for each Asset Register category that contributes to the Licensee’s Baseline Network Risk Output, as set out in the Licensee’s Network Asset Risk Workbook.
- 3.14 The worksheet should be populated for all Asset Register categories. If a Licensee has no movements to report, or no assets within a particular Asset Register Category, that should be confirmed with a zero entry, rather than leaving input cells blank.
- 3.15 The worksheet contains rows dedicated for the recording of health and criticality movements for each year of RIIO-ED2 and Licensee’s must update the worksheet on an annual basis. Data for the current reporting year should be added to data reported for previous reporting years, building a cumulative view throughout the RIIO-ED2 period.

- 3.16 The net movements in the Health and Criticality Indexes should reconcile to the Asset Register movements, or activity volumes, shown in the Costs, Volumes and Revenue Reporting Pack for the same investment drivers/reasons for movement.
- 3.17 The sections below provide guidance on the data reporting requirements and operation of these worksheets.

Start of year (Columns F to J)

- 3.18 In these columns, for each Asset Register category, input the number of assets in each combination of Health Index bands, HI1 to HI5, and Criticality Index bands, C1 to C4, (health and criticality profile) for the reporting year 2023-24 into the 2024 block of data (yellow input cells).
- 3.19 The equivalent information for the remaining years of RIIO-ED2 (2024-2028) will auto-populate with the closing balance from the previous year from columns CE-CI.

Impact on volumes of data cleansing (Columns M to Q)

- 3.20 Data Cleansing within Costs, Volumes and Revenue Reporting Pack relates to changes to Asset Register volumes that account for assets previously not recorded in the Asset Register or discount assets that are found to be no longer on the network but had remained on the Asset Register.
- 3.21 In these columns, enter the movements in health and criticality profile due to Data Cleansing in the rows relating to the reporting year. The impact of these changes must be entered relative to the “start of year” health and criticality profile.
- 3.22 The net Health Index and Criticality Index movements reported in the NARM Reporting Pack due to Data Cleansing should align to the Asset Register movements due to Data Cleansing reported in the Costs, Volumes and Revenue Reporting Pack.

Impact of deterioration (Columns T to X)

- 3.23 Deterioration represents the change in Health Index, between successive years, observed as a result of updated health information (such as changes in age or condition data). Deterioration relates only to the impact on the Health Index Band and therefore should not include changes to the Criticality Index Band.
- 3.24 In these columns, enter the movements to the health profile due to the actual deterioration that has occurred during the year in the rows relating to the

reporting year. Movements should be reported with respect to the Start of Year profile following any adjustments reported for Data Cleansing, but before accounting for the impact of any Other Non-Intervention Risk Changes.

- 3.25 It is anticipated that most movements due to deterioration will relate to movements to higher Health Index Bands. It is, however, feasible that updated health information may lead to movements to lower Health Index Bands.

Variance due to Other Non-Intervention Risk Changes (Columns AA to AE)

- 3.26 Other Non-Intervention Risk Changes are used to capture all other impacts on the health and criticality profiles which are not due to interventions, Data Cleansing or deterioration.
- 3.27 This includes minor changes such as re-evaluation of an individual asset's Criticality Index.
- 3.28 In these columns, enter the movements to the health and criticality profile due to Other Non-Intervention Risk Changes in the rows relating to the reporting year. The movements should be entered relative to the position after the impacts of Data Cleansing and deterioration have been recorded. Details on the nature and impact of significant Other Non-Intervention Risk Changes should be included in the commentary accompanying the submission.

Movements due to Asset Replacement (Columns AH to AL)

- 3.29 Asset Replacement interventions contribute to the delivery of the Baseline Network Risk Output.
- 3.30 In these columns, enter the movements to the health and criticality profile due to asset replacement interventions that have occurred during the year, in the rows relating to the reporting year.
- 3.31 The net volume of movements should reconcile with relevant volumes of Asset Register additions and disposals in the 'CV7 – Asset Replacement' worksheet in the Costs, Volumes and Revenue Reporting Pack.
- 3.32 Where the overall net movements to the health and criticality profiles are different to the additions and disposals reported in CV7 (eg where an intervention drives movement within a particular health index band (eg HI1 to HI1) and not between different health index bands) this should be explained in the accompanying commentary.

Movements due to Refurbishment activity (Columns AO to AS)

- 3.33 Certain Refurbishment interventions contribute to the delivery of the Baseline Network Risk Output. The specific types of interventions that can be included are defined in Section 3 of Annex A - Glossary under the Refurbishment Scope of Works category. The change in risk values for an asset shall be calculated in accordance with the guidance in Appendix C of the Common Network Asset Indices Methodology.
- 3.34 In these columns, enter the movements to the health and criticality profile due to refurbishment activities that have occurred during the year, in the rows relating to the reporting year.
- 3.35 The net volume of movements should reconcile with relevant volumes of activities in the 'CV9 – Refurbishment NARM' worksheet in the Costs, Volumes and Revenue Reporting Pack.
- 3.36 Where the overall net movements to the health and criticality profiles are different to the interventions reported in CV9 (eg where an intervention drives movement within a particular health index band (ie HI3 to HI3) and not between different health index bands) this should be explained in the accompanying commentary.

Movements due to General Reinforcement activity (Columns AV to AZ)

- 3.37 General Reinforcement interventions do not contribute to the delivery of the Baseline Network Risk Output.
- 3.38 The impact of General Reinforcement is reported separately because the interventions could address higher HI band assets, removing the scope to deliver Baseline Network Risk Output for a specific Asset Register category. This data may be used to provide justification for under-delivery at the end of RIIO-ED2.
- 3.39 In these columns, enter the movements to the health and criticality profile due to General Reinforcement interventions that have occurred during the year, in the rows relating to the reporting year.
- 3.40 The net volume of movements should reconcile with relevant volumes of asset additions and disposals in the 'CV1 – Primary Reinforcement', 'CV2 – Secondary Reinforcement' and 'CV3 – Fault Level Reinforcement' worksheets in the RIGs Annex B Costs and Volumes Reporting Pack.
- 3.41 Where the overall net movements to the health and criticality profiles are different to the relevant asset additions and disposals interventions reported in

CV1, CV2 or CV3 (eg where an intervention drives movement within a particular health index band (eg HI1-HI1) and not between different health index bands) this should be explained in the accompanying commentary.

Movements due to Fault activity (Columns BC to BG)

- 3.42 Fault interventions do not contribute to the delivery of the Baseline Network Risk Output.
- 3.43 The impact of faults is reported separately because the interventions could address higher Health Index Band assets, removing the scope to deliver Baseline Network Risk Output for a specific Asset Register category. This data may be used to provide justification for under-delivery at the end of RIIO-ED2.
- 3.44 In these columns, enter the movements to the health and criticality profile due to fault interventions that have occurred during the year, in the rows relating to the reporting year.
- 3.45 The net volumes of movement should reconcile with relevant volumes of asset additions and disposals in the 'CV26 – Faults' worksheet in the Costs, Volumes and Revenue Reporting Pack.
- 3.46 Where the overall net movements to the health and criticality profiles are different to the volume of relevant asset additions and disposals reported in CV26 (eg where an intervention drives movement within a particular health index band (eg HI1-HI1) and not between different health index bands) this should be explained in the accompanying commentary.

Movements due to High Value Projects – Asset Replacement and Refurbishment drivers (Columns BJ to BN)

- 3.47 High Value Projects that have a primary driver of Asset Replacement contribute to the delivery of the Baseline Network Risk Output. Also, High Value Projects that have Refurbishment interventions that are defined in Section 3 of Annex A - Glossary under the Refurbishment Scope of Works category also contribute to the delivery of the Baseline Network Risk Output.
- 3.48 In these columns, enter the movements to the health and criticality profile resulting from High Value Projects, where the primary driver for the project is Asset Replacement or Refurbishment, that have occurred during the year, in the rows relating to the reporting year.
- 3.49 The net volume of movements should reconcile with relevant volumes of asset additions and disposals in the 'CV24 – HVP ED2' worksheet in the Costs, Volumes

and Revenue Reporting Pack. The reconciliation will only be possible for asset replacement volumes, because the HVP worksheets do not record details of refurbishment activities. The impact of refurbishment activities on the health and criticality profiles should be explained in the accompanying commentary with details of the relevant asset numbers provided and the type of Refurbishment (NARM) activity undertaken.

Movements due to High Value Projects – Other drivers (Columns BQ to BU)

- 3.50 High Value Projects that have a primary driver of legal and safety, BT21CN or other investment driver (except for asset replacement and refurbishment) do not contribute to the delivery of the Baseline Network Risk Output.
- 3.51 The impact of High Value Projects – Other drivers is reported separately because the interventions could address higher Health Index Band assets, removing the scope to deliver Baseline Network Risk Output for a specific Asset Register category. This data may be used to provide justification for under-delivery at the end of RIIO-ED2.
- 3.52 In these columns, enter the movements to the health and criticality profile resulting from High Value Projects, where the primary driver for the project is any activity other than asset replacement or refurbishment, that have occurred during the year, in the rows relevant to the reporting year.
- 3.53 The net volume of movements should reconcile with relevant volumes of asset additions and disposals in the 'CV24 – HVP ED2' worksheets in the Costs, Volumes and Revenue Reporting Pack.

Movements due to "All other" activity (Columns BX to CB)

- 3.54 To provide a complete view of the impact of all interventions on the health and criticality profiles, "all other" interventions (ie any movements in health and criticality due to Asset Register movements not covered in the data provided in other columns relating to interventions in these worksheets) are also reported. "All other" interventions do not contribute to the delivery of the Baseline Network Risk Output.
- 3.55 The impact of "all other" is reported separately because the interventions could address higher HI band assets, removing the scope to deliver Baseline Network Risk Output for a specific Asset Register category. This data may be used to provide justification for under-delivery at the end of RIIO-ED2.

- 3.56 In these columns, enter the movements to the health and criticality profile due to any other activities not covered by data provided in other columns that have occurred during the year, in the rows relevant to the reporting year.

End of year (Columns CE to CJ)

- 3.57 These columns auto-calculate the end of year health and criticality profile for the relevant asset, based on the impact to the start of year position of the aggregated movements from all of the non-intervention movements as captured in columns M to AE (ie Data Cleansing, deterioration and Other Non-Intervention Risk Changes) and the intervention movements as captured in columns AH to CB (ie Asset Replacement, Refurbishment, General Reinforcement, Faults, HVP (Asset Replacement and Refurbishment), HVP (other drivers), all other).

Forecast 2028 health and criticality profiles due to interventions included in Baseline Network Risk Output targets (Columns CL to DD)

- 3.58 These columns show the impact of interventions upon the Licensee's forecast 2028 position, ie each movement shown is the difference between the forecast 2028 position without the intervention and the forecast 2028 position with the intervention. This 2028 view is required to make the delivery values consistent with the methodology used to calculate the Baseline Network Risk Output. Without this 2028 view the contribution to the Baseline Network Risk Output is materially understated.
- 3.59 The data should represent the total volume of assets associated with the interventions (not just the assets which lead to incremental change from the in-year values).
- 3.60 The future Health Index Bands for each asset in both the with intervention and without intervention positions shall be determined in accordance with the methodology for deriving the future Health Index of an asset defined in the CNAIM, based on forecasting forwards to the end of 2027/28 (2028).
- 3.61 Each block of columns is described in more detail below.

Forecast movements due to Asset Replacement upon 2028 Profile (Columns CL to CP)

- 3.62 In these columns, enter the movements relative to the 2028 forecast health and criticality profile without investment resulting from any Asset Replacement interventions that have occurred during the year, in the rows relating to the reporting year.

- 3.63 The movements should be based upon the same Asset Register movements that were used to determine the movement values in columns AH-AM.
- 3.64 Where there are significant differences to the in-year profile Licensees should provide an explanation in the accompanying commentary.

Forecast movements due to Refurbishment upon 2028 Profile (Columns CS to CW)

- 3.65 In these columns, enter the movements relative to the 2028 forecast health and criticality profile without investment resulting from Refurbishment interventions that have occurred during the year, in the rows relating to the reporting year.
- 3.66 The movements should be based upon the same activity volumes used to determine the movement values in columns AO-AT.
- 3.67 Where there are significant differences to the in-year movements Licensees should provide an explanation in the accompanying commentary.

Forecast movements due to High Value Projects (asset replacement and refurbishment) upon 2028 Profile (Columns CZ to DD)

- 3.68 In these columns, enter the movements relative to the 2028 forecast health and criticality profile without investment resulting from High Value Projects where the primary driver is Asset Replacement or Refurbishment interventions that have occurred during the year, in the rows relating to the reporting year.
- 3.69 The movements should be based upon the same Asset Register movements or activity volumes that were used to determine the movement values in columns BJ-BO.
- 3.70 Where there are significant differences to the in-year profile Licensees should provide an explanation in the accompanying commentary.

NARM6 - Risk Summary

- 3.71 No Licensee input is required in this worksheet.

NARM7 – Dashboard

- 3.72 No Licensee input is required in this worksheet.
- 3.73 The purpose of the worksheet is to provide some mechanistic performance assessment analysis driven primarily by the data reported on NARM5.

- 3.74 The Baseline Network Risk Output in cell AD65 is disaggregated into its component parts in terms of Asset Category (eg LV poles) and investment driver (eg asset replacement). The analysis is presented in volumetric terms and graphically in cells AM2:AU64.
- 3.75 The analysis contained on this worksheet may be used by Licensees to support their commentary, and by Ofgem in its ongoing assessment of performance against the Baseline Network Risk Output.

NARM8 - Variance Analysis

- 3.76 No Licensee input is required in this worksheet.
- 3.77 The purpose of the worksheet is to provide some mechanistic variance analysis driven primarily by the data reported on NARM5. The table in cells C63:AA129 assesses the Long-Term Monetised Risk in absolute terms as a percentage of the total Long-Term Monetised Risk for each Licensee at an Asset Category level, and at a total network level.
- 3.78 The graphs above the table provide a visual representation of the variance analysis data and may be used by Licensees to support their commentary, and by Ofgem in its ongoing assessment of performance against the Baseline Network Risk Output.

Data assurance

- 3.79 No Licensee input is required in this worksheet.
- 3.80 This worksheet provides a check on the input data on the "NARM5 – ED2 actuals" worksheet. The worksheet checks for negatives in the end of year profile (Columns C to G), movements in Criticality due to deterioration (columns H to L), change in asset totals due to refurbishment or deterioration (columns M to Q), and Criticality movements due to asset replacement (columns R to V) for each asset category.
- 3.81 This worksheet is linked to the relevant cells in this workbook. The formulae in this worksheet automatically identify where the values reported in worksheets elsewhere in this workbook do not match the expected profile.