July 2001

Electricity Distribution Businesses

Regulatory Accounting Guidelines

Working Paper

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Summary

This working paper sets out proposals for Regulatory Accounting Guidelines (RAGs) for electricity distribution businesses.

The publication of this paper is the next step in the process of reforming regulatory accounts in the gas and electricity industries and follows on from Ofgem's August 2000 consultation paper and the November 2000 final proposals paper. It is hoped that the revised regulatory accounting arrangements for electricity distribution businesses will be effective for the regulatory accounts that will be prepared for the year 2001/02. If the proposed changes are not accepted by the companies concerned Ofgem would need to consider referring the matter to the Competition Commission.

This paper is consistent with the approach of the inter-regulatory regulatory accounts working group. Their final proposals were published in April 2001.

The use of RAGs will be an important step in introducing more consistency into regulatory accounts and understanding how the information in them relates to the assumptions made during the electricity distribution price control review. The RAGs are a detailed framework of principles supported in certain areas by detailed rules, such as those for capitalisation policy. Ofgem appointed Deloitte & Touche to assist in developing RAGs for the electricity distribution businesses.

The main elements of this paper are:

- a set of regulatory accounting policies;
- a set of principles to be followed for accounting for cost attributions, cost allocations and inter-business recharges;
- an activity analysis;
- a draft template for the electricity distribution business regulatory accounts;
- a summary of the Deloitte & Touche report on RAGs for the electricity distribution businesses; and
- proposals for the publication of information in the published versions of the electricity distribution businesses regulatory accounts.

1. Introduction

Background

1.1 The review of regulatory accounts commenced in October 1998 with OFFER's publication of a consultation paper on regulatory accounts in the electricity industry. This paper follows on from the regulatory accounts consultation paper published in August 2000 and the regulatory accounts final proposals paper published in November 2000.

1.2 Regulatory accounts are the primary source of regular audited financial information about the electricity distribution businesses regulated by Ofgem. Good quality accounting information is important to the effective regulation of electricity distribution networks and so helps ensure that customers' interests are properly protected. It is the purpose of this review to rationalise and improve regulatory accounts so that where appropriate they provide better information, which can be published each year in a standard format, that facilitates comparisons across time and across companies and with the assumptions underlying price controls.

1.3 The paper covers the following issues:

- chapter 2 explains the accounting policies to be used for each aspect of regulatory accounting. In most cases these will entail the use of UK GAAP but in some cases, such as certain aspects of capitalisation policy, there will be a specific and more detailed policy. It also includes the principles to be followed in accounting for cost attributions, cost allocations and inter-business recharges;
- chapter 3 suggests an activity analysis and discusses the definition of an electricity distribution business;
- chapter 4 considers the level of detail that should be included in the regulatory accounts;
- appendix 1 contains the RAGs for each electricity distribution business;

- appendix 2 sets out a draft template for the regulatory accounts of an electricity distribution business; and

- appendix 3 provides a summary of a report prepared for Ofgem by Deloitte & Touche on RAGs for the electricity distribution businesses.

Timetable

1.4 It is hoped that the revised licence conditions for the companies that will prepare regulatory accounts in the future will be published for consultation in August 2001. Similar RAGs will be developed for NGC's transmission business, the Scottish electricity transmission businesses and Transco's transportation business. It is expected that a working paper on the RAGs for NGC's transmission business and for the Scottish electricity transmission businesses will be published in the Autumn of 2001 followed by a proposals paper in the Winter of 2001/2002. A consultation paper on the RAGs for Transco's transportation business will be published following completion of the present price control review. It is hoped that the RAGs for NGC's transmission business, the Scottish electricity transmission businesses and Transco's transportation business will take effect for the year commencing April 2002.

Responding to this document

1.5 Any comments on this document should be sent (preferably by e-mail) to:

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2. Regulatory Accounting Policies

Introduction

2.1 The November 2000 final proposals paper indicated that a set of RAGs will be prepared for those businesses that will be required to prepare regulatory accounts in the future. This is consistent with the approach adopted by the inter-regulatory regulatory accounts working group. Their final proposals were published in April 2001.

2.2 This will be an important step in introducing more consistency into regulatory accounts and understanding how information in the regulatory accounts relates to the assumptions made during price control reviews. The final proposals paper said that the RAGs should provide a detailed framework of principles. This could be supported in certain areas by detailed rules, such as for capitalisation policy. Ofgem appointed Deloitte & Touche to assist in developing RAGs for the electricity distribution businesses, a summary of their report is included in appendix 3.

2.3 The main issues involved in developing the RAGs concern compliance with UK GAAP and how prescriptive the RAGs should be. Both of these matters have been debated in the August 2000 consultation paper and the November 2000 final proposals paper. UK GAAP is designed to apply to the accounts of all UK companies and as such is a general framework of accounting principles, whereas RAGs are designed for the specific purpose of providing a set of accounting policies for the preparation of regulatory accounts.

2.4 At present the accounting policies included in these RAGs are consistent with UK GAAP. However as UK GAAP is changing, in the future there may be accounting policies included in the RAGs that do not comply with UK GAAP.

2.5 Greater consistency between the regulatory accounts of the companies concerned and appropriate comparisons with the assumptions underlying the price control are important aims of the review of regulatory accounts in the gas and electricity industries. In order to achieve these aims, if one of the RAGs does not comply with UK GAAP then the RAGs will take precedence. Where the RAGs do not cover an accounting issue then UK GAAP will apply. This is because RAGs will have been designed specifically to consider the regulatory accounting issues involved in the preparation of regulatory accounts.

General accounting policies

2.6 The main accounting policies contained in the RAGs relate to:

- capitalisation of line and cable work;
- capitalisation of small tools and equipment;
- capital contributions;
- capitalised interest; and
- revaluations of fixed assets, which will have to be approved by Ofgem.

2.7 The RAGs will allow each electricity distribution business less discretion in its selection of accounting policies than UK GAAP. At present the main areas where Ofgem will be prescriptive are:

- the length of cable and lines replaced or repaired should not be used as a criteria for deciding whether the expenditure should be treated as an operating cost or as capital expenditure;
- there will be no use of renewals accounting;
- there will be no capitalisation of interest;
- any revaluation of assets will require the consent of Ofgem; and
- definition and disclosure of exceptional items.

2.8 The main areas where accounting policies have been recommended to improve consistency are the capitalisation of line and cable work, the capitalisation of small tools and equipment and capital contributions. Across the electricity distribution businesses there have been a number of different accounting policies in these areas. These were usually based on differing lengths of line or cable or in the case of small tools and equipment, different values. There are historical reasons for the choice of these policies but consistency can be improved by implementing a uniform accounting policy across the industry that is based on Financial Reporting Standard 15 (FRS 15). In most cases the regulatory accounts for the financial year ended 31 March 2000 were the first produced by these businesses using FRS 15. The success of FRS 15 from a regulatory point of view will be reviewed by Ofgem on an on-going basis as more experience is gained about the interpretation of its requirements.

2.9 The present regulatory accounts licence condition requires the licensee to obtain Ofgem's approval before changing an accounting policy used in the preparation of regulatory accounts. This requirement will remain and it is expected that Ofgem will meet with the electricity distribution businesses each year, before the regulatory accounts are prepared, to agree on the accounting policies that will be used in the regulatory accounts for that year.

2.10 In setting the present electricity distribution price controls a number of adjustments were made to the base accounting data. Some of these calculations and assumptions were not consistent with standard accounting treatments or with UK GAAP. In order to reconcile the results of the electricity distribution businesses as calculated on a statutory basis to the basis used in the price control a number of adjustments will be required. These are summarised below.

Capitalisation adjustments:

- line and cable work;
- small tools and equipment;
- meter re-certification costs;
- non-operational capital expenditure; and
- any other adjustments due to changes in capitalisation policy since 1997/98 (as the last electricity distribution business price control review was based on the 1997/98 financial year).

Other adjustments:

- NGC exit charges;

- depreciation;
- DMS costs;
- margin on recharges;
- over-recovery of income;
- provisions on a cash basis;
- adjustment for stranded asset disposals;
- network rates;
- Ofgem licence fee;
- NTR costs; and
- cost of de-minimis activities.

Cost attribution, cost allocation and inter-business recharging principles

2.11 The November 2000 final proposals paper said that attributions, allocations and inter-business recharging of costs should be based on a set of principles, the main ones being:

- Cost causality;
- Objectivity;
- Consistency; and
- Transparency.

2.12 In addition more detailed guidance is appropriate in respect of inter-business recharging. Electricity distribution businesses will be required to demonstrate:

- the basis of arm's length trading;
- that no cross-subsidy exists; and

- that services are provided at no extra cost than if they were provided from within the electricity distribution business.

At a minimum this will involve:

- the electricity distribution business paying reasonable prices for products and services;

- transfer prices for transactions between the electricity distribution business and associate or associated companies being based on market prices or less, where no market exists these transfer prices should be based on cost plus an appropriate rate of return on capital employed[1];

- market testing to establish market prices for supplies, works and services provided to the electricity distribution business;

- where market testing is not available, transfer prices charged should be based on cost plus an appropriate rate of return on capital employed[1];

- costs being attributed, allocated and recharged in relation to the way resources are consumed; and

- information should be provided on the margins associated with any recharges.

2.13 It will be part of the audit process to check that the above principles have been applied to the attribution, allocation and inter-business recharging of costs within the electricity distribution businesses.

[1] At present a typical real rate of return would be 6.5 per cent.

3. Activity Analysis

Introduction

3.1 The August 2000 consultation paper suggested that an activity analysis would be required to supplement more traditional accounting disclosures. Over the years since privatisation there have been a number of structural changes to the organisation of electricity distribution businesses. Certain activities are now outsourced to related group companies. It is likely that there will be further similar developments. As a result of all these changes and other factors it is necessary to supplement the traditional analysis of costs by inputs with more functional or activity based analysis. This activity analysis should facilitate the comparison of costs between electricity distribution businesses.

Definition of an electricity distribution business

3.2 The Utilities Act 2000 defines a distribution business as 'the distribution of electricity by means of a distribution system. The system will consist (wholly or mainly) of low voltage lines and electrical plant and is used for conveying electricity to any premises or to any other distribution system'.

3.3 A more detailed definition is that a licensed electricity distribution business is the business that is responsible for distributing electricity within its own authorised area from Grid Supply Points, from other electricity distribution systems or embedded generators to premises or to any other electricity distribution systems. Any other electricity distribution system would include both in-area private electricity distribution systems whether licensed or not, as well as public electricity distribution systems.

3.4 In order to carry out its licensed activity, the electricity distribution business is required to comply with the following industry standards.

Electricity supply regulations:

- ♦ provide a duty on electricity distribution businesses to ensure a continuous supply of electricity is maintained except in special circumstances.

Electricity planning standards, such as:

- p.2/5 standards of security; and
- connection standards.

Electricity quality of supply standards, namely:

- the distribution code (e.g. limits on harmonics and voltage flicker); and
- other guaranteed and overall standards.

Other general UK government standards, including:

- health and safety; and
- environmental.

Activities

3.5 The activities and services that the electricity distribution business provides should be grouped together in the following manner.

1. Network asset ownership

- network assets including electrical lines and electrical plant, telecontrol and SCADA etc;
- reinforcement;
- replacement; and
- non-rechargeable diversions.

2. New connections

- shallow connection network assets; and
- quotations, inspection and monitoring of connection work.

3. Network operation and maintenance

- repair and maintenance of network assets including electrical lines and electrical plant, operational buildings, telecontrol and SCADA etc;
- asset monitoring and inspection;
- system control e.g. remote switching;
- daily operation of the network e.g. load switching and dealing with embedded generators;
- monitoring faults; and
- communications.

4. Asset management

- planning e.g. future loads, economic trends;
- simulation analysis;
- analysis and interpretation of asset condition data;
- wayleaves;
- research and development; and
- documentation e.g. asset register.

5. Metering

- provision of meters (including installation where appropriate);
- replacement of meters;
- re-certification of meters;
- maintenance of meters;
- repair of electricity meters where requested (for some electricity distribution businesses this will include the setting of token prepayment meters);
- monitoring of meters e.g. to determine the date for re-certification; and
- metering services excluded from the price control e.g. excess cost of prepayment meters, half hourly (second tier) metering and special metering.

6. Customer services

- notification of faults and alterations to service e.g. logging incidents;
- enquiry service for safety and security of supply issues;
- normal queries;
- for public distribution networks, the provision of a distribution service centre that receives notification of faults and alterations to service and an enquiry service for safety and security of supply issues; and
- general customer relations.

7. Provision of Information

- Data Management Services (DMS) such as the Meter Point Administration System (MPAS);
- Elexon;
- National Grid Company (NGC); and
- suppliers, for Distribution Use of System billing and charging.

8. Commercial

Excluded services. These mainly include:

- Extra High Voltage (EHV) units; and
- Non-Trading Rechargeables (NTR), including:
    - moving mains, services or meters;
    - attributable third party damage;
    - relocation of electric lines or electric plant and carrying out of works pursuant to a statutory obligation; and
    - other non-trading rechargeables.

There are other excluded services and these include:

- units of electricity not consumed in the licensee's authorised area (wheeled units);
- provision of electric lines and electric plant for top-up or stand by supplies;

- external distribution services e.g. provision of assistance to other electricity distribution businesses;
- provision of electric lines and electric plant for additional security levels;
- other third party services not made available as a normal part of its distribution business; and
- other excluded services.

De-minimis activities. These may include:

- external contracting services (to non related parties);
- external contracting services (to related parties) e.g. service level agreements for the provision of services from the electricity distribution business to the electricity supply business;
- providing telephone services to third parties; and
- other de-minimis activities.

Note:

It may not be possible for the costs in relation to EHV units, units of electricity not consumed in the licensee's authorised area (wheeled units) and the provision of electric lines and electric plant for top-up or stand by supplies to be separately identified from the costs of network operation and maintenance. If that is the case then those costs should be included in the network operation and maintenance activity and a note should be included in the regulatory accounts explaining that this is the case and why it was not possible to separately identify these costs.

9. Other activities

- Ofgem licence fee;
- NGC exit charges;
- network rates; and
- corporate costs, these are the corporate costs that are not practicable to allocate to the main activities, in general these costs will be relatively small e.g. the maintenance of the listed entity's share register.

3.6 The above list of examples of the activities within each activity centre is not meant to be exhaustive and is provided as an illustration of the activities that each activity centre would perform.

3.7 The five main issues surrounding the activity analysis are the:

- practicability of the electricity distribution businesses completing the analysis;
- cost effectiveness of the electricity distribution businesses completing the analysis;
- suitability of the location of corporate costs, whether they should be allocated across the activities or included in other activities;
- detail in which Ofgem should prescribe the basis of the activity analysis; and
- information that can be provided for 2000/01 and 2001/02.

3.8 The indications from meetings between Ofgem, Deloitte & Touche and electricity distribution businesses are that it is possible for this analysis to be completed although it will not necessarily be straightforward. At present it would appear that an activity analysis is the only way of providing information in the future that can cope with the complex organisational structures that are likely to be developed in the industry. Following the above discussions it has been concluded that corporate costs should be included in other activities. These corporate costs should be small and it may not be practicable to allocate them to the main activities. At present it is not intended to be more prescriptive in defining the basis of the activity analysis. This will be reviewed following an assessment of the regulatory accounts that will be prepared for 2001/02.

3.9 In terms of the timetable, it is likely that the electricity distribution businesses will only be able to provide a partial activity analysis for 2000/01 and 2001/02. Ofgem will discuss with each electricity distribution business what information it will be reasonable for it to provide. From 2002/03 onwards all the electricity distribution businesses will be required to provide a full activity analysis.

4. Template and Publication Issues

4.1 Appendix 2 contains the draft template for the regulatory accounts of an electricity distribution business. This draft template is based on the draft template included in the August 2000 consultation paper. The main purpose of regulatory accounts in electricity distribution is to monitor actual performance against the present price control and inform future price control reviews. In order to perform this role the regulatory accounts will need to focus on comparisons with the price control and be prepared in a greater level of detail than a normal set of statutory accounts.

4.2 The amount of detail that should appear in the published version of the regulatory accounts has been discussed in the November 2000 proposals paper and with the electricity distribution businesses. Appendix 2 contains the proposed information that will be included in the published version of the regulatory accounts. It is also necessary to decide whether the published version of the regulatory accounts should be published as a stand alone document or in the statutory accounts of the electricity distribution businesses. The choice between these two approaches should be driven by the requirements of the users of regulatory accounts. Where the differences between the regulatory accounts and the statutory accounts are not great then it may be possible for the statutory accounts to include the additional regulatory accounting disclosures in them. The main issue is to ensure that the regulatory accounting disclosures are transparent to users. This will be determined on a case by case basis in discussions between Ofgem and each electricity distribution business.

4.3 The issue of publication has been discussed in the earlier consultation and final proposals papers. The large majority of items included in the draft template will be included in the published regulatory accounts. Nevertheless commercially sensitive items would not necessarily be published. The electricity distribution business would have to make a convincing case to Ofgem that items are commercially sensitive and that their publication would not be in the interests of consumers.

Appendix 1 Electricity distribution business RAGs

1.1 This appendix sets out draft RAGs for the electricity distribution businesses. It is intended that the RAGs will be effective for regulatory accounting periods ending on or after 1 April 2001. Earlier adoption is encouraged.

Main Accounting Policies

1.2 The following paragraphs identify some of the main accounting policies that are used in the preparation of regulatory accounts or regulatory accounting information by electricity distribution businesses.

1.3 The financial statements should be prepared in accordance with these RAGs. Where the RAGs do not cover an accounting issue then UK GAAP will apply. If one of these RAGs does not comply with UK GAAP then the RAGs will take precedence.

Accounting Convention

1.4 The financial statements should be largely prepared under the historical cost convention and in accordance with applicable RAGs which means that in certain cases revaluations will have been made, in some financial statements there will be use of Regulatory Asset Values (RAV) and some of the information should be calculated on a regulatory basis. After changes to the RAGs comparative figures should be restated.

Tangible fixed assets

1.5 At present the following restrictions will apply:

- the length of cable and lines replaced or repaired should not be used as a criteria for deciding whether the expenditure should be treated as an operating cost or as capital expenditure;
- there will be no use of renewals accounting;
- there will be no capitalisation of interest; and

- revaluation of fixed assets will only allowed on a case by case basis with the consent of Ofgem.

1.6 Any third party revenue or contribution should be offset against the gross cost of the asset. The net asset value should be depreciated over the life of the asset.

1.7 Where there has been a change in the asset life of any asset with a net book value greater than £500,000 at 1 April of the regulatory year concerned, the estimated financial effect of the changes in the current period must be reflected in the regulatory accounts for that period.

Guideline on capitalising line and cable work

1.8 All capital work that meets the definition of FRS 15 on underground or submarine cables and all overhead lines of any length should be capitalised. The length of cable and lines replaced or repaired will not be used as a criteria for deciding whether the expenditure should be treated as an operating cost or as capital expenditure.

Guideline on small tools and equipment

1.9 All small tools and equipment with a value greater than £1,000 should be capitalised.

Wayleaves

1.10 All expenditure on wayleaves should be expensed as incurred.

Easements

1.11 All 'one-off' payments to obtain easements should be capitalised and be treated as operational capital expenditure and depreciated over the shorter of:

- the period of the rights; or
- the useful economic life of the linked asset or service.

One-offs, provisions and exceptional items

1.12 In the regulatory accounts, all special items such as provisions should be isolated, identified and a separate annotation made in the notes to the accounts as per the guidelines in FRS 12. All provisions with a balance at 1 April in the year concerned of greater than £500,000 should be separately disclosed.

1.13 With regard to one-off and other special items:

- ♦ exceptional items should be disclosed separately;
- ♦ any sales of land or associated assets with either a net book value greater than £500,000 or proceeds greater than £500,000 should be included in the regulatory accounts along with separate explanatory notes; and
- ♦ a separate schedule should be included in the regulatory accounts for 'other income' and 'other operating costs' for all items greater than 0.5 per cent of the turnover of the electricity distribution business.

1.14 Exceptional items are those that need to be disclosed by virtue of their size or incidence. Such items are shown separately on the face of the profit and loss account, or included under the profit and loss heading to which they relate and separately disclosed in the notes to the accounts. No exceptional items should be included in the regulatory accounts unless Ofgem has approved the treatment and has agreed how they should be disclosed.

Cost Allocation, Cost Attribution and Inter-Business Recharging

1.15 The following paragraphs set out a draft set of principles for the attribution, allocation and inter-business recharging of costs in the electricity distribution businesses.

High-level Principles

- ♦ Cost causality. Revenues, costs, assets and liabilities should be attributed in accordance with the activities which cause the revenues to be earned, costs to be incurred, the assets to be acquired or the liabilities to be incurred;
- ♦ Objectivity. With attributions, allocations and inter-business recharging of costs performed on an objective basis and not unduly benefiting the regulated company or any other company or organisation;

- Consistency. Where practicable all attributions, allocations and inter-business recharging of costs should be consistent from year to year, where there are changes to the RAGs the regulated company should restate the previous years regulatory accounts; and

- Transparency. All the methods used in the attribution, allocation and inter-business recharging of costs should be transparent and the revenues, costs (including showing depreciation separately), profits, assets and liabilities separately distinguishable from each other.

Further guidance

1.16 In addition to the above, more detailed guidance is appropriate in respect of inter-business recharges. Electricity distribution businesses will be required to demonstrate:

- the basis of arm's length trading;

- that no cross-subsidy exists; and

- that services are provided at no extra cost than if they were provided from within the electricity distribution business.

At a minimum this will involve:

- the electricity distribution business paying reasonable prices for products and services;

- transfer prices for transactions between the electricity distribution business and associate or associated companies being based on market prices or less, where no market exists these transfer prices should be based on cost plus an appropriate rate of return on capital employed[2];

- market testing to establish market prices for supplies, works and services provided to the electricity distribution business;

- where market testing is not available, transfer prices charged should be based on cost plus an appropriate rate of return on capital employed[2];

[2] At present a typical real rate of return would be 6.5 per cent.

- costs being attributed, allocated and recharged in relation to the way resources are consumed; and

- information should be provided on the margins associated with any recharges.

Market testing

1.17 FRS 8 does not provide explicit guidance on market testing to determine that an arm's length transaction is taking place, except to say internal recharges should be based on market prices.

1.18 Supporting documentation should transparently demonstrate the arm's length basis of the contract, that no cross-subsidy has been received or given and that services are provided at no extra cost than if they were provided from within the electricity distribution business. This is also a requirement of Condition 12 or 14 of the PES Licence regarding separation.

1.19 'Where no market exists for particular supplies, works or a service, the transfer price should be based on cost and the cost allocation guidelines followed. Where cost is used, the appointed company should have access to the costs of that associate and should conduct validation exercises to ensure that transfer prices are charged at cost.'

1.20 The following are examples of market testing techniques that can be used. They have been presented showing the most desirable method at the top.

Type of tender	**Detail**
Wide market tender	Unlimited market exposures and conducted in accordance with EU procurement rules.
Selective market tender	Selective enquiry of known players who have a proven product or service in the market.
Benchmarking	Using published figures (including appropriate quantity discounts) to benchmark the relevant service providers.

1.21 In the absence of proven market testing, where electricity distribution businesses enter into Service Level Agreements (SLAs) with related parties (as defined below) the underlying basis of recharging should be consistent across the companies.

Disclosures

1.22 The main principle is that the disclosure of related party transactions should be made under the auspices of FRS 8. However, for the purposes of the RAGs, FRS 8 has been adjusted in the following respects:

- if a company with which an electricity distribution business has a business relationship or contract would be considered to be a related party of any company within the group then it shall be considered a related party of the regulated business. Therefore, if an associated company is considered to be a related party of the parent company but not directly an associate of the regulated business, it will still be considered a related party for regulatory reporting purposes;
- there will be no exemption for subsidiary undertakings 90 per cent or more of whose voting rights are controlled within the group;
- where the financial statements are consolidated, transactions or balances between group entities will still be required to be disclosed in the detail identified in tables 18 and 19 of appendix 2;
- although FRS 8 relates only to material transactions, additional disclosures will be required to allow Ofgem to conduct its duties. Such disclosures identified in tables 18 and 19 of appendix 2 will be required for all individual transactions or combined transactions which can be attributed to a service or contract, which exceed the following benchmarks:
    - total expected value of the individual contract is 0.25 per cent of the regulated businesses turnover for the year immediately preceding; or
    - £250,000.

1.23 The following information should also be disclosed:

- a detailed structure which identifies and explains all the material related party transactions;
- a breakdown of the charges to and from the related party showing a split between operating cost (excluding depreciation), depreciation and return on capital (see table 19 of appendix 2);
- a flowchart showing the business process used to allocate internal and related party transactions. This should include a summary of the procedures adopted by the directors to ensure they comply with the Companies Act 1989; and
- any other information about the related party transaction necessary for an understanding of the financial statements e.g. an indication that the transfer of an asset had taken place at an amount materially different from that obtainable on normal commercial terms, although this should not have happened.

1.24 FRS 8 identifies the following as related parties of the reporting entity:

- the reporting entity's ultimate and intermediate parent undertakings, subsidiary undertakings and fellow subsidiary undertakings;
- the reporting entity's associates and joint ventures;
- the investor or venturer in respect of which the reporting entity is an associate or a joint venture;
- directors of the reporting entity and the directors of its ultimate and intermediate parent undertakings (directors include shadow directors); and
- pension funds for the benefit of employees of the reporting entity or of any entity that is a related party of the reporting entity.

1.25 FRS 8 identifies the following as being presumed to be related parties of the reporting entity:

- key management (including close family) of the reporting entity and the parent undertaking or undertakings;
- a person (including close family) exercising control over 20 per cent of the reporting entities voting rights;
- each person (including close family) acting in concert and exercising control or influence;
- an entity managing or managed by the reporting entity under a management contract; and
- partnerships, companies, trusts or other entities in which any individual or member of the close family in the first three bullet points above has a controlling interest.

1.26 In addition any entity or person that the regulator decides should be treated as a related party will be treated as a related party in the regulatory accounts.

Detail required to support arm's length arrangements

1.27 FRS 8 presents a number of disclosure requirements required for related party disclosures. Ofgem has built on such disclosures in tables 18 and 19 of appendix 2. These contain a summary for each related party that transacts with the company and a detailed table for each related party transaction as defined in paragraph 1.22.

Categorisation of related party transactions

1.28 Related party disclosures should be divided into the relevant transaction categories as identified under FRS 8. Each related party transaction should include a note explaining which of the following categories the transaction falls into:

- purchases or sales of goods (finished or unfinished);
- purchases or sales of property and other assets;

- rendering or receiving of services;
- agency arrangements;
- leasing arrangements;
- transfer of research and development;
- licence agreements;
- provision of finance (including loans and equity contributions in cash or in kind);
- guarantees and the provision of collateral security; and
- management contracts.

Regulatory terms

1.29 The following paragraphs define the regulatory terms that are included in the RAGs.

Turnover on the basis used in the price control

1.30 Turnover on the basis used in the price control is defined as:

Total turnover for the electricity distribution business
Less:
De-minimis turnover

Operating costs on a price control basis

1.31 Operating costs on the basis used in the price control basis is defined as:

Total operating costs for the electricity distribution business per table 6
Adjustments
Capitalisation adjustments:
Line and cable work
Small tools and equipment
Meter re-certification costs
Non-operational capital expenditure
Other capitalisation adjustments
Total capitalisation adjustments
Less other items:
NGC exit charges
Depreciation
DMS costs
Margin on recharges
Over-recovery of income
Other adjustments:
Provisions on a cash basis
Adjustment for stranded asset disposals
Other other adjustments
Total other adjustments
Gross operating costs on the basis used in the price control
Less:
Network rates
Ofgem licence fee
NTR costs
Cost of de-minimis activities
Net operating costs on the basis used in the price control

EBIT on the basis used in the price control

1.32 EBIT on the basis used in the price control is defined as:

Total EBIT for the electricity distribution business per table 6
Adjustments
Capitalisation adjustments:
Line and cable work
Small tools and equipment
Meter re-certification costs
Non-operational capital expenditure
Other capitalisation adjustments
Total capitalisation adjustments
Less other items:
NGC exit charges
Depreciation
DMS costs
Margin on recharges
Over-recovery of income
Other adjustments:
Provisions on a cash basis
Adjustment for stranded asset disposals
Other other adjustments
Total other adjustments
Gross EBIT on the basis used in the price control
Less:
Network rates
Ofgem licence fee
NTR costs
De-minimis EBIT (De-minimis turnover – cost of de-minimis activities)
Net EBIT on the basis used in the price control

Return on RAV

1.33 Return on RAV is defined as:

EBIT on the basis used in the price control / Average RAV

Regulatory Asset Value (RAV)

1.34 For the purposes of regulatory accounts RAV is defined as:

Opening RAV balance (A)
Add: inflation adjustment
Add: fixed asset additions on a RAV basis
Less: fixed asset disposals on a RAV basis
Less: regulatory depreciation
Closing RAV balance (B)
Average RAV = (A + B) / 2
Where:
Fixed asset additions are equal to:
Additions included in electricity distribution business tangible fixed assets note
Adjustments onto a RAV basis:
Line and cable work
Small tools and equipment
Meter re-certification costs
Non-operational capital expenditure
Other adjustments
Less: de-minimis additions
Fixed asset additions on a RAV basis
Fixed asset disposals are equal to:
Disposals included in electricity distribution business tangible fixed assets note
Adjustments onto a RAV basis:
Line and cable work
Small tools and equipment
Meter re-certification costs
Non-operational capital expenditure
Adjustment for stranded asset disposals
Other adjustments
Less : de-minimis disposals
Fixed asset disposals on a RAV basis

Inflation adjustment Index

Appendix 2 Template

Introduction

2.1 This appendix sets out the template for the regulatory accounts of an electricity distribution business. The aim of the template is to facilitate reasonably straightforward comparisons across time and between companies, with the assumptions underlying the price control and where necessary with the statutory accounts of the electricity distribution businesses.

2.2 Generally, the tables in the template are consistent with UK GAAP for a company listed on the London Stock Exchange, but certain tables will require the provision of additional information. In particular it will be important to be able to compare the actual costs of running the company with the assumptions underlying the price control and gain a better understanding of any variances.

2.3 The additional tables that have been included are:

- most of the Five Year Annual Summary;
- Reconciliation to a Price Control Basis;
- Summary of the Comparison to the Price Control;
- some parts of the review of the year are additional;
- RAV Statement;
- analysis of turnover (in detail and compared to the price control);
- analysis of repair and maintenance costs;
- detailed analysis of capital expenditure;
- five year summary of cumulative capital expenditure;
- analysis of provisions;
- summary activity analysis;

- source of costs summary;

- summary of related party transactions;

- detailed analysis of each related party transaction as defined in paragraphs 1.22 and 1.23 of appendix 1;

- licence condition compliance statement; and

- extra information on accounting policies than UK GAAP would require, including a detailed statement of the basis of preparation, a detailed statement of the capitalisation policy, a detailed statement of the principles involved in cost attribution, cost allocation, inter-business recharging and a detailed statement of the principles involved in the preparation of the activity analysis.

2.4 In terms of publication, it is envisaged that all of the tables included in the template with the exception of the tables disclosing the detailed analysis of turnover (table 10), items 5-9 of the summary of related party transactions (table 18) and the detailed analysis of each material related party transaction (table 19), will be published.

2.5 The last electricity distribution price control review was completed before the separation of the electricity businesses into separate distribution and supply companies. In addition much of the analysis completed as part of that price control review was at an aggregate level. Therefore only some of the items in the template can be compared to assumptions underlying the price control. It is envisaged that after the next electricity distribution price control review the comparisons to the assumptions underlying the price control will be more extensive.

2.6 The tables should be read in conjunction with the following notes:

- the following tables are primary financial statements:

    - Five Year Annual Summary;

    - Reconciliation to a Price Control Basis;

    - Summary of the Comparison to the Price Control;
    - RAV Statement;
    - Profit and Loss Account;
    - Statement of Total Recognised Gains and Losses;
    - Balance Sheet; and
    - Cash Flow Statement.

- the RAV numbers in the regulatory accounts will be the electricity distribution businesses estimates of RAV;

- in the last electricity distribution price control review Ofgem indicated that the RAV at the next review would be calculated using a rolling basis. It is likely that the most straightforward way of accounting for this adjustment both in the regulatory accounts and in the price control calculations would be to make the required adjustment directly to turnover rather than adjusting the RAV for the effect of using a rolling basis. To the extent that capital expenditure in the present price control period (2000/01 - 2004/05) is below the projections used in setting the present price control this will tend to increase turnover in the next price control period (2005/06 - 2009/10). To the extent that capital expenditure in the present price control period (2000/01 - 2004/05) is above the projections used in setting the present price control this will tend to reduce turnover in the next price control period (2005/06 - 2009/10);

- information that is not presently provided either in the regulatory accounts or on the additional electronic return, is marked with a hash sign;

- in the analysis of the source of costs, external costs mean those costs that are charged to the electricity distribution business from companies that are not related parties of the company as defined in appendix 1;

- the activities will be as defined in chapter 3;
- staff in post numbers will be calculated using full time equivalents;
- the price control numbers in tables 3, 5, 11 and 14 are on a nominal basis and will be inflated from the 1997/98 price levels that were used in the last distribution price control review, using the inflation adjustment index in table 5;
- unless stated, price levels are at nominal prices; and
- where possible, throughout the tables actuals will be compared to the assumptions underlying the price control.

Draft Template

Contents List

24. Director’s report

25. Directors remuneration

26. Accounting policies (including a detailed statement of the basis of preparation, a detailed statement of the capitalisation policy, a detailed statement of the principles involved in cost attribution, cost allocation, inter-business recharging and a detailed statement of the principles involved in the preparation of the activity analysis)

27. Other UK GAAP notes to the accounts e.g. an analysis of exceptional items and a five year summary

1. Five Year Annual Summary

Commentary

Containing a high-level review of the last five years.

Key Information	Actual 01/02 £m	Actual 00/01 £m	Actual 99/00 £m	Actual 98/99 £m	Actual 97/98 £m
Profitability					
Turnover					
Operating costs					
EBIT					
Profit/(loss) before tax					
Profit/(loss) after tax					
Dividends		n/a	n/a	n/a	n/a
Retained profit/(loss)					
Earnings per share #		n/a	n/a	n/a	n/a
Dividends per share #		n/a	n/a	n/a	n/a
Return on a price control basis					
Turnover #			n/a	n/a	n/a
Operating costs #			n/a	n/a	n/a
EBIT #			n/a	n/a	n/a
EBIT/Average RAV #			n/a	n/a	n/a
Profit/(loss) before tax/Average RAV #			n/a	n/a	n/a
Profit/(loss) after tax/Average RAV #			n/a	n/a	n/a
Note: All numbers in this section are on a price control basis and a reconciliation should be provided between the numbers on a price control basis and for the business in total.					
Financial indicators					
EBIT interest coverage #		n/a	n/a	n/a	n/a
EBITDA interest coverage #		n/a	n/a	n/a	n/a
FFO interest coverage #		n/a	n/a	n/a	n/a
FFO to net debt #		n/a	n/a	n/a	n/a
(FFO – non load operational capex)/net debt		n/a	n/a	n/a	n/a
Gearing (net debt / net debt + equity)		n/a	n/a	n/a	n/a
Other key information					
Average RAV #					
Capital expenditure					
Total costs (operating and capital) #					
Disposals of fixed assets					
Net assets					
Net debt					
Dividend Cover #		n/a	n/a	n/a	n/a
Effective tax rate #					
Other statistics					
Staff in post					

2. Reconciliation to a Price Control Basis

Reconciliation to a Price Control Basis For the year ended 31 March 2002	Operating costs £m	EBIT £m	PBT £m	PAT £m
Per Statutory Accounts				
Adjustment to 31 March year end (if necessary)				
Per table 6				
Adjustments				
Capitalisation adjustments:				
Line and cable work				
Small tools and equipment				
Meter re-certification costs				
Non-operational capital expenditure				
Other capitalisation adjustments				
Total capitalisation adjustments				
Less other items:				
NGC exit charges				
Depreciation				
DMS costs				
Margin on recharges				
Over-recovery of income				
Other adjustments:				
Provisions on a cash basis				
Adjustment for stranded asset disposals				
Other other adjustments				
Total other adjustments				
Gross results on the basis used in the price control				
Less:				
Network rates				
Ofgem licence fee				
NTR costs				
Cost of de-minimis activities				
Net results on the basis used in the price control				

Commentary

3. Summary of the Comparison to the Price Control

Summary of the Comparison to the Price Control For the year ended 31 March 2002	Actual (A) 01/02 £m	Price control (B) # 01/02 £m	Var (A–B) 01/02 £m
Operating costs			
NGC exit charges			
NTR costs			
Ofgem licence fee			
Network rates			
Depreciation			
Other operating costs			
Total operating costs			
Capital expenditure			
Load related			
New business			
Reinforcements			
Generation			
Other			
Total load related			
Non load related operational expenditure			
Replacement expenditure			
Meters			
Tele-control/SCADA			
Diversions			
Other			
Total non load related expenditure			

Commentary

Note:

1. The price control numbers will be inflated from the 1997/98 price level that was used in the last electricity distribution price control review, using the inflation adjustment index in table 5.
2. It is intended that after the next electricity distribution price control review the above analysis of capital expenditure will be more aligned with the analysis in table 13.

4. Review of the year

Introduction

The aim of the review of the year is to give users of the accounts a better understanding of the company's position and performance. The future prospects of the company will also be discussed (see below for the details). It will also allow key issues to be identified e.g. risks to the business. Generally it will be prepared along the lines of an operating and financial review but with some additional disclosures.

Typical contents of the review of the year would be:

Operational

- Key factors affecting the business
- Management of risks
- Projects
- Use of resources
- People
- Environment
- Health and safety

Financial

- Capital structure
- Treasury policy
- Interest policy
- Dividend policy
- Generation and use of cash resources
- Liquidity and maintenance of investment grade credit rating

Comparison to the price control

- Allowed revenue
- Operating costs
- Interest
- Taxation
- Dividends
- Capital expenditure
- Balance sheet
- Operational performance

Prospects for the following year

- Cost reduction programmes
- Capital expenditure programmes
- Financing requirements
- Organisational structure and manpower

5. RAV Statement

RAV Statement For the year ended 31 March 2002	Actual 01/02 £m	Actual 00/01 £m
Actuals (nominal prices)		
Opening RAV balance		
Inflation adjustment		
RAV additions		
Fixed asset additions included in table 8		
Adjustments onto a RAV basis:		
Line and cable repairs		
Small tools and equipment		
Meter re-certification		
Non-operational capital expenditure		
Other adjustments		
Less: de-minimis additions		
Net RAV Additions		
RAV disposals		
Fixed asset disposals included in table 8		
Adjustments onto a RAV basis:		
Line and cable repairs		
Small tools and equipment		
Meter re-certification		
Non-operational capital expenditure		
Adjustment for stranded asset disposals		
Other adjustments		
Less: de-minimis disposals		
Net RAV disposals		
Regulatory depreciation		
Closing RAV Balance		

Price control assumptions (nominal prices)		
Opening RAV balance		
Inflation adjustment		
RAV additions		
RAV disposals		
Regulatory depreciation		
Closing RAV Balance		

Inflation Adjustment Index		

Commentary

6. Profit and Loss Account

The profit and loss account will be based on normal statutory disclosures. The operating and financial review will include a detailed commentary including an explanation of the variances between the results of this year and the results of the previous year. The format of the profit and loss account will be agreed with each electricity distribution business at the same time as the accounting policies for that year's regulatory accounts are agreed with them.

7. Statement of Total Recognised Gains and Losses

The statement of total recognised gains and losses will be based on normal statutory disclosures. The operating and financial review will include a detailed commentary including an explanation of the variances between the results of this year and the results of the previous year. The format of the statement of total recognised gains and losses will be agreed with each electricity distribution business at the same time as the accounting policies for that year's regulatory accounts are agreed with them.

8. Balance Sheet

The balance sheet will be based on normal statutory disclosures. The operating and financial review will include a detailed commentary including an explanation of the variances between the results of this year and the results of the previous year. The format of the balance sheet will be agreed with each electricity distribution business at the same time as the accounting policies for that year's regulatory accounts are agreed with them.

9. Cash Flow Statement

The cash flow statement will be based on normal statutory disclosures. The operating and financial review will include a detailed commentary including an explanation of the variances between the results of this year and the results of the previous year. The format of the cash flow statement will be agreed with each electricity distribution business at the same time as the accounting policies for that year's regulatory accounts are agreed with them.

10. Detailed analysis of turnover

Detailed analysis of turnover **For the year ended 31 March 2002**	**Actual (A) 01/02 £m**	**Actual (B) 00/01 £m**
Price controlled turnover		
LV 1 (day)		
LV 2 (night)		
LV 3 (standard)		
HV		
Other price controlled turnover		
Total price controlled turnover		
NGC exit charges		
Excluded services turnover		
Wheeled units		
EHV units		
Excess cost of prepayment meters		
Half hourly metering		
Top-up and standby		
External distribution services		
Additional security levels		
Third party services		
- special metering		
- NTR's		
- moving mains, services or meters		
- attributable third party damage		
- statutory relocations		
- other NTR's		
- other third party services		
Other excluded services		
Total excluded services turnover		
De-minimis turnover		
External contracting services (to non related parties)		
External contracting services (to related parties)		
Telecommunications		
Other de-minimis activities		
Total de-minimis turnover		
Total turnover		

Commentary

11. Analysis of turnover compared to the price control

Analysis of turnover compared to the price control For the year ended 31 March 2002	Actual (A) 01/02 £m	Actual (B) 00/01 £m	Price control (C) # 01/02 £m	Var (A-C) £m
Total price controlled turnover				
NGC exit charges				
Excluded services turnover				
EHV units				
Excess cost of prepayment meters				
Total Non Trading Rechargeables				
Other excluded services turnover				
Total excluded services turnover				
De-minimis turnover				
Total turnover				

Commentary

Note:

1. The price control numbers will be inflated from the 1997/98 price level that was used in the last electricity distribution price control review, using the inflation adjustment index in table 5.

12. Analysis of repair and maintenance costs

Analysis of repair and maintenance costs **For the year ended 31 March**	**Actual 01/02 £m**	**Actual 00/01 £m**
Substations (including pole mounted equipment)		
Transformers		
Switchgear		
Protection		
Civil works		
Other substation		
Total substations		
Lines		
LV lines		
HV lines		
EHV lines		
Total lines		
Underground cables		
LV cables		
HV cables		
EHV cables		
Total underground cables		
Submarine cables		
LV cables		
HV cables		
EHV cables		
Total submarine cables		
Service lines and cables		
Meters		
Pre-payment meters		
Other meters		
Total meters		
Tele-control/SCADA		
Non-operational		
IT		
Administrative land & buildings		
Vehicles		
Other		
Total non-operational		
Other		
Total		

Commentary

13. Detailed analysis of capital expenditure

	Capital expenditure for the year ended 31 March 2002							
	Load related operational			Non load related operational			Non-Operational	Total
	Demand	Generation	Total	Replacement *	Non-rechargeable diversions	Total		
	Act	Act	Act	Act	Act	Act	Act	Act
	£m	£m	£m	£m	£m	£m	£m	£m
Substations (including pole mounted equipment)								
Transformers								
Switchgear								
Protection								
Civil works								
Other substation								
Total substations								
Lines								
LV lines								
HV lines								
EHV lines								
Total lines								
Underground cables								
LV cables								
HV cables								
EHV cables								
Total underground cables								
Submarine cables								
LV cables								
HV cables								
EHV cables								
Total submarine cables								
Service lines and cables								
Meters								
Pre-payment meters								
Other meters								
Total meters								
Tele-control/SCADA								
Non-operational								
IT								
Administrative land & buildings								
Vehicles								
Other								
Total non-operational								
Other								
Total								

Commentary

Note:

1. Non load related operational replacement capital expenditure means all capital expenditure that is incurred to keep the electricity distribution network in its present condition.

14. Five year summary of cumulative capital expenditure

Five year summary of cumulative capital expenditure (from start of price control to date)	Actual (A) 00/01 - 04/05 £m	Price control (B) 00/01 - 04/05 £m	Variance (A-B) 00/01 - 04/05 £m
Capital expenditure			
Load related			
New business			
Capital contributions			
Other load related			
Total load related			
Non load related			
Replacement			
Other non load related			
Total non load related			
Non operational			
Total capital expenditure			

Commentary

Note:

1. The price control numbers will be inflated from the 1997/98 price level that was used in the last electricity distribution price control review, using the inflation adjustment index in table 5.
2. The commentary will contain a high-level cumulative review of capital expenditure over the five year period of the electricity distribution price control.

15. Analysis of provisions

Analysis of provisions For the year ended 31 March 2002	Actual (A) 01/02 £m	Actual (B) 00/01 £m
Provision 1		
Opening balance		
Charge to profit and loss account		
Credited to profit and loss account		
Provisions utilised		
Closing balance		
Provision 2 etc		
Opening balance		
Charge to profit and loss account		
Credited to profit and loss account		
Provisions utilised		
Closing balance		
Total		
Opening balance		
Charge to profit and loss account		
Credited to profit and loss account		
Provisions utilised		
Closing balance		

Commentary

16. Summary activity analysis

Summary activity analysis For the year ended 31 March 2002	Activity 1 01/02 £m	Activity 2 etc 01/02 £m	Total 01/02 £m
Operating costs			
Cost of sales			
Own staff costs			
Contractors, materials and consumables			
Premises			
IT			
Insurance			
Advertising and marketing			
Professional fees			
Bad debts			
Guaranteed standards compensation payments			
Ex-gratia compensation payments			
Health and safety			
Network rates			
Wayleaves			
Licence fees			
Depreciation			
Other operating costs			
Total operating costs			
Capital expenditure			
Load related operational			
Non load related operational			
Capital contributions			
Non operational			
Total capital expenditure			
Total costs			

Commentary

Note:

1. For the electricity distribution business as a whole, cost of sales needs to be analysed between NGC exit charges, NTR costs and other costs of sale.
2. Own staff costs will include all staff costs.
3. Environmental costs will be included in the above analysis if Ofgem can agree a suitable definition with the electricity distribution businesses, in sufficient time for the preparation of the 2001/02 regulatory accounts.

17. Source of costs summary

Summary of the source of costs For the year ended 31 March 2002	External 01/02 £m	Recharged 01/02 £m	Allocated/ Attributed 01/02 £m	Total 01/02 £m
Operating costs				
Cost of sales				
Own staff costs				
Contractors, materials and consumables				
Premises				
IT				
Insurance				
Advertising and marketing				
Professional fees				
Bad debts				
Guaranteed standards compensation payments				
Ex-gratia compensation payments				
Health and safety				
Network rates				
Wayleaves				
Licence fees				
Depreciation				
Other operating costs				
Total operating costs				
Capital expenditure				
Load related operational				
Non load related operational				
Capital contributions				
Non operational				
Total capital expenditure				
Total costs				

Commentary

Note:

1. External costs mean those costs that are charged to the electricity distribution business from companies that are not related parties of the company as defined in appendix 1. Recharged costs are those costs that are charged into the electricity distribution business from related parties of the company as defined in appendix 1. Allocated/attributed costs are those costs that are allocated/attributed from either within the electricity distribution business or from related parties of the company as defined in appendix 1.
2. Own staff costs will include all staff costs.
3. Environmental costs will be included in the above analysis if Ofgem can agree a suitable definition with the electricity distribution businesses, in sufficient time for the preparation of the 2001/02 regulatory accounts.

18. Summary of related party transactions

	Type of Information	Notes
1	Company providing service.	Names of the transacting related parties including a description of the company structure and the relationship with the regulated company.
2	Service.	A summary of the assets transferred, services received or provided.
3	Terms of supply.	A summary of how prices were established e.g. by market tender.
4	Value.	Total aggregate value of assets transferred, service received or provided. Showing a breakdown of its component parts.
5	Number of contracts in existence at the balance sheet date.	
6	Percentage of contracts won by the related party that were let during the year.	Both in terms of value and number.
7	Number of other tenders for these contracts.	
8	State method of evaluation.	Summary of the evaluation method.
9	Category of transaction.	Identify the value of transactions by category.
10	Balance sheet.	Amounts due to or from the related party at the balance sheet date.
11	Amounts written off.	Amounts written off by the related party in respect of the contract including interest.

Note:

1. Items 5 – 9 will not have to be published but will be provided to Ofgem.

19. Detailed analysis of each material related party transaction

	Type of information	Notes
1	Company providing service.	Names of the transacting related parties including a description of the company structure and the relationship with the regulated company.
2	Service.	A description of the assets transferred, service received or provided.
3	Terms of supply.	State how prices were established e.g. by market tender.
4	Value.	Value of asset transferred, service received or provided. Showing a breakdown of its component parts.
5	Date of contract and date of expiry.	Include details of any options to extend or renew.
6	Method of selection of appointee: with explanation of why the contract was awarded internally.	Include details of market tests conducted.
7	Details of advertisement of contract.	
8	Date of advertisement and number of respondents.	
9	Number of invitees to tender.	
10	Number of tenders submitted.	Basis for exclusion or withdrawal.
11	State method of evaluation.	Method and number of comparators with their ranking.
12	Category of transaction.	
13	Analysis of the price charged.	The related party transaction should be split between the operating cost (excluding depreciation), depreciation and return on capital.

Appendix 3 Summary of the Deloitte & Touche report

3.1 This appendix contains a summary of Deloitte & Touche's report on RAGs for the electricity distribution businesses of Great Britain. The report is available on Ofgem's website at www.ofgem.gov.uk by clicking on the link below:

www.ofgem.gov.uk/docs2001/deloitte_and_touche.pdf