

## Offshore transmission revenue and incentive reporting – regulatory instructions and guidance

### Section 1: Revenue and incentive reporting

**Document Type:** Regulatory instructions and guidance

**Date of Publication:** 26 April 2013

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**Target Audience:** Offshore transmission owners (OFTOs), potential bidders for offshore transmission assets, consumers and consumer representatives and other interested parties

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#### Overview:

These regulatory instructions and guidance (RIGs) are provided to OFTOs to enable them to complete the reporting templates that they are required to submit under their transmission licence. There are two sections to the RIGs, this being the first. It should be read in conjunction with the second section regarding cost reporting which is available alongside this document.

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**Contact name and details:** Dan Rock, Senior Manager, Financial Analysis

**Tel:** 020 7901 1815

**Email:** [daniel.rock@ofgem.gov.uk](mailto:daniel.rock@ofgem.gov.uk)

**Team:** Offshore Transmission

## Context

Ofgem, in collaboration with the Department of Energy and Climate Change (DECC), has established a new regulatory regime for offshore transmission networks to ensure that new offshore renewable generation projects are connected to the GB electricity grid economically and efficiently.

This regulatory regime has resulted in the creation of offshore transmission owners and will create more in the future. One of the licence obligations these licensees have is to submit cost, revenue and incentive reporting to the Gas and Electricity Markets Authority (the Authority). This document provides licensees with detailed instructions for what to report and offers guidance on how to complete the reporting templates.

## Associated Documents

- Offshore transmission cost reporting – regulatory instructions and guidance – Section 2: Cost Reporting
- OFTO cost reporting pack
- OFTO revenue and incentive reporting pack

These are available from the Ofgem website [www.ofgem.gov.uk](http://www.ofgem.gov.uk).

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## Executive summary

This document is the revenue reporting regulatory instructions and guidance established under Amended Standard Condition E12 – D1 (Offshore Regulatory Reporting) of the offshore transmission licence. This document covers provision of information relating to revenues and incentive performance.

The information described in this document is required for a number of reasons:

### **1. Compliance assurance**

This information allows Ofgem<sup>1</sup> to monitor effectively the revenue of the consolidated transmission business and to confirm that the revenues charged are in line with the tender revenue stream (TRS) as adjusted for incentives

### **2. Monitoring incentives**

In order to ensure that the incentives are working as intended and that they are properly balanced we need to obtain and review reliable data about performance against incentives and the associated revenue impact

### **3. Licence compliance**

Condition E12 – D1 (Offshore Regulatory Reporting) of the licence requires that this data to be collected and provided to Ofgem

The regulatory instructions and guidance (RIGs) provide a framework that enables offshore transmission owners (OFTOs) to collect the data and report it to Ofgem in a consistent format. The RIGs inform OFTOs about the information we plan to collect, guide them on how to provide this information and enable them to put the systems in place to collect the data to the detail we require.

These RIGs may be modified in accordance with the change control procedures detailed in Amended Standard Condition E12 – D1 (Offshore Regulatory Reporting). For the avoidance of doubt licensees must not change the structure of the RIGs – this includes adding or removing rows or columns even if there is no data in them.

This document covers two separate reporting requirements under E12 – D1 (Offshore Regulatory Reporting):

#### **1. Revenue Reporting**

Covering the provision of audited and forecast revenue as stipulated by paragraph 7 of condition E12 – D1 (Offshore Regulatory Reporting). In essence this aims to provide Ofgem with the audit trail of all allowed revenue generated by the licensee in each relevant year; and

#### **2. Incentives Reporting**

Providing information on incentives schemes, specifically the availability incentive and the incremental capacity incentive (Amended Standard Condition E12 – J4 (Restriction of transmission revenue: Annual revenue adjustments)).

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<sup>1</sup> Ofgem is the office of The Gas and Electricity Markets Authority ('the Authority'). The terms 'Ofgem' and the 'Authority' are used interchangeably in this document.

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## 1. Introduction

1.1. Amended Standard Condition E12 – D1 establishes the revenue reporting regulatory instructions and guidance (“RIGs”). The RIGs are split into two sections: Section 1 is for revenue and incentive reporting, Section 2 is for cost reporting. This document is Section 1 and covers:

- i. Revenue reporting
- ii. Incentives reporting

1.2. The RIGs contain the specified information to be reported in the templates provided in Appendices 1-4. The specified information is identified in Chapter 2.

1.3. Chapter 3 covers reporting arrangements and the provision of revenue returns to the Authority with Chapter 4 providing details on completing the revenue templates.

1.4. For the avoidance of doubt this document is subordinate to the licence conditions. This document will not change, alter, or amend, any definition or obligation contained within the licence. In the event of any inconsistency between the licence conditions and this document the licence conditions will take precedence.

1.5. The revenue reporting RIGs may be modified, from time to time, in accordance with the change process set out in paragraphs 12 to 16 of Amended Standard Condition E12 – D1. Ofgem recognises that any significant changes to the scope or form of the information that it requests from the licensees could not only increase the regulatory burden upon licensees but may also increase the perception of regulatory risk. Ofgem will take all reasonable steps to minimise the number of changes to the scope and form of the information it requests in relation to this document, consistent with Ofgem carrying out its functions under the Electricity Act 1989.

1.6. If any of the guidance contained in this document is at any time not sufficiently clear to a licensee then that licensee should contact Ofgem for further guidance and to discuss potential changes to the reporting templates which may be required. In the first instance queries should be directed to:

Daniel Rock  
Senior Manager, Financial Analysis  
Offshore Transmission  
Ofgem E-Serve  
[daniel.rock@ofgem.gov.uk](mailto:daniel.rock@ofgem.gov.uk) and [offshore.reporting@ofgem.gov.uk](mailto:offshore.reporting@ofgem.gov.uk).  
0207 901 1815

## 2. Specified information

2.1. The specified information for revenue reporting is as described below.

2.2. **Specified Information for Transmission Owner activity** means:

2.2.1. the term: 'Allowed Transmission Owner Revenue' and all subsequent terms used in its calculation as described by the Amended Standard Conditions E12 – J1 to J4; and

2.2.2. Excluded Services information as defined in Amended Standard Licence Condition E12 – J10.

2.3. **Allowed Transmission Owner Revenue (OFTO<sub>t</sub>)** defined as:

$$\text{OFTO}_t = \text{BR}_t + \text{PT}_t + \text{PA}_t - \text{K}_t$$

where each of the terms is explained below including the cross references to the relevant clauses in the licence conditions where the detailed terms are defined.

2.4. **Base Revenue Term BR<sub>t</sub>**: BR<sub>t</sub> refers to base transmission revenue as defined in Amended Standard Condition E12 – J2:

$$\text{BR}_t = (\text{TRS}_t + \text{MRA}_t + \text{PTR}_t) \times \text{PR}_t \times \text{RIT}_t$$

with all subsequent terms defined in that condition.

2.5. **Pass Through Items (PT<sub>t</sub>)**: PT<sub>t</sub> refers to Pass Through items and is defined in accordance with paragraph 2 of Amended Standard Condition E12 – J3. It is derived from the following formula:

$$\text{PT}_t = \text{LF}_t + \text{RB}_t + \text{CEL}_t + \text{DC}_t + \text{IAT}_t + \text{TPD}_t + \text{TCA}_t + \text{MCA}_t$$

with all subsequent terms defined in that condition.

2.6. **Performance Availability (PA<sub>t</sub>)**: PA<sub>t</sub> refers to incentive payments and is defined in accordance with Amended Standard Condition E12 – J4 paragraph 1. It is derived from the following formula:

$$\text{PA}_t = \text{TSAI}_t + \text{TSAP}_t + \text{ICA}_t$$

with each subsequent term defined in that condition.

2.7. **Correction Factor ( $K_t$ ):**  $K_t$  is the correction factor and defined in accordance with paragraph 4 of Amended Standard Condition E12 – J2. It is defined by the following formula:

$$K_t = (AR_{t-1} - OFTO_{t-1}) \times [1 + (I_t + PI_t)/100]$$

With all subsequent terms defined in that paragraph.

2.8. The specified information for the incentive reporting is:

2.8.1. **Specified information relating to availability incentive:** Specified information for the availability incentive as defined in amended standard condition E12 – J4 shall mean the following:

- Reduction in capacity (MWhr)
- Number of events impacting the incentive calculations
- The other availability incentive inputs shown in the associated reporting templates

All outages need to be reported, even if an exclusion is being sought. If there have been no outages then this need not be stated and the input cells left blank.

2.8.2. **Specified information relating to incremental capacity incentive:** Specified information for the incremental capacity incentive, defined in amended standard condition E12 – J4, shall mean the following:

- kW of additional capacity available
- Additional capacity made available

For licences granted after 1st January 2012 the Composite Circuit Rating (CCR) is stated in kVA. The RIGs currently show CCR in terms of kW, consistent with licences granted prior to 1st January 2012. We plan to consult on updating the CCR term for the licences granted prior to 1st January 2012 but as it has not yet been consulted upon, it is not included in this update of the RIGs.

If any of the OFTOs with licence grant after 1st January 2012 have any incremental capacity then they should get in touch with:

Daniel Rock  
Senior Manager, Financial Analysis  
Offshore Transmission  
Ofgem E-Serve  
[daniel.rock@ofgem.gov.uk](mailto:daniel.rock@ofgem.gov.uk) and [offshore.reporting@ofgem.gov.uk](mailto:offshore.reporting@ofgem.gov.uk)  
0207 901 1815

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## 3. Reporting arrangements

3.1. It is important that a clear set of arrangements are in place for reporting revenues accurately and on a consistent basis. This section details the procedures for reporting revenue.

### **Provision of an allowed revenue model**

3.2. For the purposes of providing information to the Authority, Ofgem provides the allowed revenue model which covers the reporting of OFTO revenues. The model operates on the basis of a series of inputs fed into the spreadsheet, which in turn generate allowed revenue in the calculation pages based on the formulae given in the amended standard conditions E12 – J1 to E12 – J4.

3.3. The output pages extract data from the model to produce the revenue return reports. The input pages and revenue return reports are provided in Appendix A: Audited Revenue Returns and Appendix B: Forecast Revenue Returns. These reports represent templates referred to by paragraph 7 of Amended Standard Condition E12 – D1.

### **Audit requirements**

3.4. Paragraph 8 of Amended Standard Condition E12 – D1 requires the information relating to paragraph 7 (a) to be accompanied by an auditor's report. Furthermore paragraph 9 of Amended Standard Condition E12 – D1 requires that the report from the auditors be accompanied by a letter detailing the procedures they have followed in reaching their reported opinion. Both documents are required to be provided to the Authority in hard copy in conjunction with an electronic copy of the revenue and incentive reporting pack.

3.5. Agreed upon procedures will be issued by Ofgem to specify the procedures auditors must follow in the production of their audit report.

3.6. For the purposes of paragraph 8 of Amended Standard Condition E12 – D1 the following sections of the Audited Revenue Return (as given in Appendix 1) should be audited:

- 1. Inputs
- 3a. Excluded and de minimis revenue
- 3b. Total revenue (including excluded services)
- 3c. Reconciliation between OFTO's total revenue and allowed revenue ( $OFTO_t$ )



### Documents to submit

3.7. The below table sets out the revenue and incentive reporting requirements under condition E12 – D1. The references in the final column 'Documents to submit' are references to appendices to this document. Electronic copies of the worksheets shown in these appendices should be submitted. Blank copies of these worksheets are provided along with this document. Given that all the reporting is contained in the same Excel workbook we expect licensees will find it easier to submit the whole workbook to cover off all the reporting due on 31 July with separate reporting for 1 April. Reporting in this way is encouraged.

Reporting	Return	Licence reference	Documents to submit
Revenue	Audited	E12 - D1 para. 7	Appendix 1
	Forecast	E12 - D1 para. 7	Appendix 2
Incentives	Availability	E12 - D1 para. 7	Appendix 3
	Incremental capacity	E12 - D1 para. 7	Appendix 4

3.8. In addition, in respect of condition E12 – D1 paragraph 7(a) (audited revenue reporting) the licensee must submit the following:

- A report from the licensee's auditor setting out the findings of their agreed upon procedures (this will constitute the 'auditor's report' referred to in the licence)
- A hard copy of the revenue return initialled by the licensee's auditors on each page to indicate that the version submitted is the same as the version on which the auditors prepared their work

### Submission dates

3.9. Submission dates are as follows:

Reporting	Return	Licence reference	Submission date
Revenue	Audited	E12 - D1 para. 7	31 July
	Forecast	E12 - D1 para. 7	1 April
Incentives	Availability	E12 - D1 para. 7	31 July
	Incremental capacity	E12 - D1 para. 7	31 July

3.10. Items due by 31 July are to cover the preceding regulatory year. For example, the audited revenue return for the year to 31 March 2013 should be submitted by 31 July 2013.

**Submission process**

3.11. The documents listed under point 3.7 above should all be emailed to [offshore.reporting@ofgem.gov.uk](mailto:offshore.reporting@ofgem.gov.uk) and [daniel.rock@ofgem.gov.uk](mailto:daniel.rock@ofgem.gov.uk). Hard copies should also be sent to:

Daniel Rock  
Senior Manager, Financial Analysis  
Offshore Transmission  
Ofgem E-Serve  
9 Millbank  
London  
SW1P 3GE

## 4. Additional guidance for reporting on templates

### Introduction

4.1. This section sets out guidance for the reporting of the specified information.

### Information relating to Appendix 1 – Audited Revenue Return

4.2. **Input Pages** – This covers general inputs across the OFTO allowed revenues as well as information relating to pass through items, availability incentive and other specific terms.

For all other inputs the licensee should enter data into the yellow shaded areas.

For this section each term should be stated as follows:

For £m amounts to 3 decimal places

For percentages to 2 decimal places

For MW amounts to 1 decimal place

4.3. **Reports** - Tables 2a to 2f cover all the reports generated from the calculation sheets in the allowed model.

Tables 3a to 3c are additional disclosure requirements relating to excluded services / de minimis activities and reconciliation of turnover to the regulatory accounts.

### Information relating to Appendix 2 – Forecast Revenue Return

4.4. The forecast return provides a high level summary of the allowed revenues of the associated Offshore Transmission Owner activities. In the issued version of the templates the input cells for the forecast year contain look-ups to extract the data from the calculations. If the licensee prefers they can enter their forecast directly into tab 7. For this section each term should be stated as follows:

For £m amounts to 3 decimal places

4.5. Note that the forecast return is due for submission on 1 April of each year. The forecast in question is the early impression of the results for the year just ended.

**Information relating to Appendices 3 and 4 – Availability incentive reporting and incremental capacity incentive reporting**

4.6. For these sections each term should be stated as follows:

For £m amounts to 3 decimal places

For percentages to 2 decimal places

For MW amounts to 1 decimal place

**Information relating to appendix 3 in respect of seeking adjustments to the reported system incentive performance**

4.7. The licence permits the licensee to seek from the Authority an adjustment to the calculation of the reported system availability incentive following an exceptional event. In order for an application for an adjustment to be considered the Authority must be notified within 14 days of the exceptional event in question. The licensee is also required to submit details of the reduction in system availability.

4.8. In the first instance the details of the reduction in system availability should be presented by means of a completed version of appendix 3 accompanied with such further information as the licensee feels is necessary. Note that the Authority may subsequently request further details of the reduction in availability.

4.9. Hence where a licensee is requesting an adjustment they should submit a completed version of appendix 3 within 14 days of the exceptional event. This reporting is in addition to the regular quarterly reporting and does not change the due dates for the quarterly reporting.

## Appendices

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## Universal data

 	<b>OFFSHORE TRANSMISSION - REVENUE reporting pack</b> Project: <b>Demo sands</b> OFTO: <b>[Offshore transmission operator 1]</b> Year: <b>2012-13</b>
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### Universal data

Prepared by:

Name of preparer: Company number:

Company name:

Reviewed by: Company short name:

Name of reviewer: Project:

Reviewed Reporting year: (enter 2011 for 2010/11)

Version (number):

Submitted date:

Date to which last statutory accounts were made up:

[Offshore transmission operator 1]

OFTO1

Demo sands

2013

31 December 2012

1. Inputs

ofgem		OFFSHORE TRANSMISSION - REVENUE reporting pack																					
ofgem E-Serve		Project: Demo sands																					
		OFTO: [Offshore transmission operator 1]																					
		Year: 2012-13																					
Index		1. Inputs																					
Prepared by:																							
Name of preparer		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Reviewed by:																							
Name of reviewer																							
L Reviewed																							
Actual Revenue from NETSO (£m)		AR <sub>t</sub>																					
Retail Price Index Number																							
Retail Price Inflation rate (%)		RPI <sub>t</sub>																					
RPI <sub>t</sub> = (Index <sub>t</sub> /Index <sub>t-1</sub> )-1																							
Licence Fee cost adj. term (£m)		LF <sub>t</sub>																					
Rates for networks Business cost adj. term (£m)		RB <sub>t</sub>																					
Crown Estate Licence cost adj. term (£m)		CELT <sub>t</sub>																					
Decommissioning Cost adj. term (£m)		DC <sub>t</sub>																					
Income Adjusting event adj. Term (£m)		IAT <sub>t</sub>																					
Marine and Coastal Act 2009 adj. term (£m)		MCA <sub>t</sub>																					
Tender Cost Adj. term (£m)		TCA <sub>t</sub>																					
Temporary Physical Disconnection term (£m)		TPD <sub>t</sub>																					
Incremental Capacity Utilisation term (kW)		ICU <sub>t</sub>																					
Additional Capacity Adjustment term (£m)		ACA <sub>t</sub>																					
Average specified Interest rate (%)		I <sub>t</sub>	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Tender Revenue Stream term (£m, real)		TRST <sub>t</sub>																					
Market Rate revenue Adj. term (£m, real)		MRAT <sub>t</sub>																					
Post Tender Revenue Adj. term (£m, real)		PTRAT <sub>t</sub>																					
Proportion of Revenue term		PR <sub>t</sub>	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.10
Defined terms from Annex A to Condition E12 - J4																							
Month i	Licence Condition	1	2	3	4	5	6	7	8	9	10	11	12										
		January	February	March	April	May	June	July	August	September	October	November	December										
	TSIR, E12 - J4	120.00%	120.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	120.00%	120.00%	120.00%	120.00%										
	TSIT, E12 - J4	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%										
Defined terms from amended standard condition E12 - J2 and E12 - J4																							
Description	Name	Licence Condition	Value																				
OFTO Network Capacity (MW)		E12 - J4	278.0																				
Collar	COL	E12 - J4	4.00%																				
Transmission System Incentive Factor	TSIF	E12 - J4	10.00%																				
Penalty Interest Rate	PI	E12 - J2	4.00%																				
Penalty Application Level		E12 - J2	4.00%																				
Risk Compensation Factor	RCF	E12 - J4	0.31																				
Composite Circuit Rating (MW)	CCR	E12 - J4	200.0																				



**3a. Excluded and de minimis revenue**

 	<p><b>OFFSHORE TRANSMISSION - REVENUE reporting pack</b></p> <p>Project: <b>Demo sands</b></p> <p>OFTO: <b>[Offshore transmission operator 1]</b></p> <p>Year: <b>2012-13</b></p>
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**3a. Excluded and de minimis revenue**

Prepared by:

Name of preparer **Excluded Services**

Reviewed by: Please provide a list of all excluded services

Name of reviewer

Reviewed

	Activity Description	2012-13 £m	2011-12 £m
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
Total		-	-

**De Minimis Activities**

Please provide a list of De Minimis Activities for all items

	Activity Description	2012-13 £m	2011-12 £m
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
Total		-	-

**3b. Total revenue (including excluded services)**

 	<p><b>OFFSHORE TRANSMISSION - REVENUE reporting pack</b></p> <p>Project: <b>Demo sands</b></p> <p>OFTO: <b>[Offshore transmission operator 1]</b></p> <p>Year: <b>2012-13</b></p>
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3b. Total revenue (including excluded services)

Prepared by:

Reviewed by:

Reviewed

	£m	£m
<b>Actual revenue</b>		
Other revenue Items		
De-Minimis Turnover	-	
Excluded Services	-	-
Reconciling Items (please list)		
1 <input style="width: 100%;" type="text"/>		
2 <input style="width: 100%;" type="text"/>		
3 <input style="width: 100%;" type="text"/>		
4 <input style="width: 100%;" type="text"/>		
5 <input style="width: 100%;" type="text"/>		
6 <input style="width: 100%;" type="text"/>		
7 <input style="width: 100%;" type="text"/>		
<b>Total</b>		-
<b>Turnover as per Profit and Loss</b>		
<b>Check that reconciliation works</b>		✓

**Commentary**

1 <input style="width: 100%;" type="text"/>
2 <input style="width: 100%;" type="text"/>
3 <input style="width: 100%;" type="text"/>
4 <input style="width: 100%;" type="text"/>
5 <input style="width: 100%;" type="text"/>
6 <input style="width: 100%;" type="text"/>
7 <input style="width: 100%;" type="text"/>

**3c. Reconciliation between OFTO's Regulated Revenue and Allowed Revenue (AR<sub>t</sub>)**

	<b>OFFSHORE TRANSMISSION - REVENUE reporting pack</b>
	Project: <b>Demo sands</b>
	OFTO: <b>[Offshore transmission operator 1]</b>
	Year: <b>2012-13</b>

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**3c. Reconciliation between OFTO's Regulated Revenue and Allowed Revenue (AR<sub>t</sub>)**

Prepared by:

Reviewed by:

Reviewed

	£m	£m
<b>Actual Revenue from NETSO (£m)</b>		<input type="text"/>
Other revenue Items		
De-Minimis Turnover		<input type="text" value="-"/>
Other reconciling items (including all other revenue from transmission services) (please list)		
1 <input style="width: 100%;" type="text"/>	<input style="width: 50%;" type="text"/>	<input style="width: 50%;" type="text"/>
2 <input style="width: 100%;" type="text"/>	<input style="width: 50%;" type="text"/>	<input style="width: 50%;" type="text"/>
3 <input style="width: 100%;" type="text"/>	<input style="width: 50%;" type="text"/>	<input style="width: 50%;" type="text"/>
4 <input style="width: 100%;" type="text"/>	<input style="width: 50%;" type="text"/>	<input style="width: 50%;" type="text"/>
5 <input style="width: 100%;" type="text"/>	<input style="width: 50%;" type="text"/>	<input style="width: 50%;" type="text"/>
6 <input style="width: 100%;" type="text"/>	<input style="width: 50%;" type="text"/>	<input style="width: 50%;" type="text"/>
7 <input style="width: 100%;" type="text"/>	<input style="width: 50%;" type="text"/>	<input style="width: 50%;" type="text"/>
<b>Total</b>		<input type="text" value="-"/>
<b>Turnover as per Profit and Loss</b>		<input type="text"/>
<b>Check that reconciliation works</b>		<input type="text" value="✓"/>

**Commentary**

1 <input style="width: 100%;" type="text"/>
2 <input style="width: 100%;" type="text"/>
3 <input style="width: 100%;" type="text"/>
4 <input style="width: 100%;" type="text"/>
5 <input style="width: 100%;" type="text"/>
6 <input style="width: 100%;" type="text"/>
7 <input style="width: 100%;" type="text"/>

**2a. Components of allowed revenue**

	<b>OFFSHORE TRANSMISSION - REVENUE reporting pack</b>
	Project: <b>Dem o sands</b>
	OFTO: <b>[Offshore transmission operator 1]</b>
	Year: <b>2012-13</b>

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**2a. Components of allowed revenue**

Prepared by:		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Name of preparer																							
Reviewed by:	Base Revenue transmission (£m)	BR <sub>t</sub>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Name of reviewer	Pass Through term (£m)	PT <sub>t</sub>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
L Reviewed	Performance Adjustment term (£m)	PA <sub>t</sub>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Correction term factor for revenue year to year (£m)	K <sub>t</sub>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Offshore Transmission Owner allowed revenue (£m)	OFTO <sub>t</sub>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	$OFTO_t = BR_t + PT_t + PA_t - K_t$																						
	Actual Revenue received from NETSO (£m)	AR <sub>t</sub>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Over/(Under) Recovery (£m)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**2b. Base revenue**

	<b>OFFSHORE TRANSMISSION - REVENUE reporting pack</b>
	Project: <b>Demo sands</b>
	OFTO: <b>[Offshore transmission operator 1]</b>
	Year: <b>2012-13</b>

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**2b. Base revenue**

Prepared by:		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Name of preparer:																							
Reviewed by:	Base Revenue term (£m) $BR_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Name of reviewer:	$BR_t = (TRSt + MRAt + PTRAt) \times PR_t \times RIT_t$																						
└ Reviewed	Tender Revenue Stream term (£m, real) $TRSt$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Market Rate Revenue adj. term (£m, real) $MRAt$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Post Tender Revenue adj. term (£m, real) $PTRAt$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Proportion of Revenue term Retail Inflation term $PR_t$ $RIT_t$	0.900	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.100	-
	$RIT_t = (1 + RPI_t) \times RIT_{t-1}$																						
	Retail Price Inflation rate (%) $RPI_t$	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

## 2c. Pass Through

	<b>OFFSHORE TRANSMISSION - REVENUE reporting pack</b>	
	Project: <b>Demo sands</b>	
	OFTO: <b>[Offshore transmission operator 1]</b>	
	Year: <b>2012-13</b>	

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### 2c. Pass through

Prepared by:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Reviewed by:																						
Name of preparer																						
Restriction of transmission - Pass Through term (£m)																						
Name of reviewer																						
Licence Fee cost adj. term (£m)																						
Rates for networks Business cost adj. term (£m)																						
Crown Estate Licence cost adj term (£m)																						
Decommissioning Cost adj. term (£m)																						
Income Adjusting event adj. Term (£m)																						
Marine and Coastal Act 2009 adj. term (£m)																						
Tender Cost Adj. term (£m)																						
Temporary Physical Disconnection term (£m)																						

2d. Availability performance

**ofgem** OFFSHORE TRANSMISSION - REVENUE reporting pack  
**ofgem E-Serve** Project: Demo sands  
 OFTO: [Offshore transmission operator 1]  
 Year: 2012-13

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2d. Availability performance

Prepared by: [Name of preparer]

Reviewed by: [Name of reviewer]

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
		Jul-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Jun	
Performance Adjustment term (£m)	PA <sub>t</sub>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>PA<sub>t</sub> = TSAIt + TSAPt + ICA<sub>t</sub></i>																							
Transmission System Availability Incentive (£m)	TSAIt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>TSAIt = ((BRt-1/PRt-1) x PRt-6 x TSACy) - (BRt-1 x TSAFt)</i>																							
Base Revenue transmission (£m)	BR <sub>t</sub>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proportion of Revenue (t-6)	PR <sub>t-6</sub>	0.900	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Proportion of Revenue (t-6)	PR <sub>t-6</sub>	-	-	-	-	-	-	0.900	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
<i>BR<sub>t</sub> = (TRSt + MRAt + PTRAt) x PR<sub>t</sub> x RIT<sub>t</sub></i>																							
<b>Months</b>																							
Transmission System Availability Failure (%)	TSAF <sub>y</sub>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Transmission System Availability Credit (%)	TSAC <sub>y</sub>	0.00%	0.00%	0.00%	0.00%	0.00%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%
<i>TSAP = Sumff(range=y, criteria=22 to 26, sum function=(BR21/PR21)xTSACy xPRt-5)</i>																							
Incremental capacity incentive adj. term (£m)	ICA <sub>t</sub>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>ICA<sub>t</sub> = ICUA<sub>t</sub> + (ACA<sub>t</sub> * RIT<sub>t</sub>)</i>																							
Capacity utilisation adjustment term (£m)	ICUA <sub>t</sub>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>ICUA<sub>t</sub> = MAX(0, ICRDt x ICUE)</i>																							
Incremental capacity utilisation driver (£/MW)	ICRD <sub>t</sub>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>ICRD<sub>t</sub> = BRt / CCRt x RCFt</i>																							
Risk Compensation Factor	RCF	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31
Composit Circuit Rating (MW)	CCR	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
Incremental Capacity Utilisation term (MW)	ICU <sub>t</sub>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional Capacity Adjustment term (£m)	ACA <sub>t</sub>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**2e. Correction factor**

**ofgem OFFSHORE TRANSMISSION - REVENUE reporting pack**  
 Project: **Demo sands**  
 OFTO: **[Offshore transmission operator 1]**  
 Year: **2012-13**

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**2e. Correction factor**

Prepared by:		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Name of preparer</b>																							
<b>Reviewed by:</b>	Correction term (£m)	$K_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Name of reviewer</b>	$K_t = (AR_{t-1} - OFTO_{t-1}) \times (1 + (I_t + PI_t) / 100)$																						
<input type="checkbox"/> Reviewed	Regulated transmission revenue (£m)	$AR_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Allowed transmission owner revenue (£m)	$OFTO_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Interest rate (%)	$I_t$	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
	IF $AR_t > 1.04 \times OFTO_t$ then apply Penalty Interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Penalty Interest rate (%)	$PI_t$	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%



Appendix 2 - Forecast revenue return

7. Summary of forecast allowed revenue

**ofgem OFFSHORE TRANSMISSION - REVENUE reporting pack**

Project: Demo sands  
 OFTO: [Offshore transmission operator 1]  
 Year: 2012-13

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7. Summary of forecast allowed revenue

Prepared by:  
 Name of preparer

Reviewed by:  
 Name of reviewer


Reviewed

		Actual 2012	Forecast 2013
<b>Allowed Offshore Transmission Owner Revenue term (£m)</b>			
<b>OFTO<sub>t</sub></b>		-	-
<i>OFTO<sub>t</sub> = BR<sub>t</sub> + PT<sub>t</sub> + PA<sub>t</sub> - K<sub>t</sub></i>			
<b>Base Revenue term (£m)</b>			
<b>BR<sub>t</sub></b>		-	-
<i>BR<sub>t</sub> = (TRS + PTR<sub>A</sub>) x PR<sub>t</sub> x RIT<sub>t</sub></i>			
Tender Revenue Stream term (£m, real)	TRS	-	-
Market Rate Adj. term (£m, real)	MRA	-	-
Post Tender Revenue Adj. term (£m, real)	PTRA	-	-
Proportion of Revenue term	PR <sub>t</sub>	1.000	1.000
Retail Inflation Term	RIT <sub>t</sub>	1.000	1.000
<i>RIT<sub>t</sub> = (1 + RPI<sub>t</sub>) x RIT<sub>t-1</sub></i>			
Retail Price Inflation rate (%)	RPI <sub>t</sub>	0.00%	0.00%
<b>Pass Through term (£m)</b>			
<b>PT<sub>t</sub></b>		-	-
<i>PT<sub>t</sub> = LF<sub>t</sub> + RB<sub>t</sub> + CEL<sub>t</sub> + DC<sub>t</sub> + IAT<sub>t</sub> + MCA<sub>t</sub> + TCA<sub>t</sub> + TPD<sub>t</sub></i>			
Licence Fee cost adj. term (£m)	LF <sub>t</sub>	-	-
Rates for networks Business cost adj. term (£m)	RB <sub>t</sub>	-	-
Crown Estate Licence cost adj term (£m)	CEL <sub>t</sub>	-	-
Decommissioning Cost adj. term (£m)	DC <sub>t</sub>	-	-
Income Adjusting event adj. Term (£m)	IAT <sub>t</sub>	-	-
Marine and Coastal Act 2009 adj. term (£m)	MCA <sub>t</sub>	-	-
Tender Cost Adj. term (£m)	TCA <sub>t</sub>	-	-
Temporary Physical Disconnection term (£m)	TPD <sub>t</sub>	-	-



		Actual 2012	Forecast 2013
<b>Performance Adj. (£m)</b>			
<b>PA<sub>t</sub></b>		-	0.000
<i>PA<sub>t</sub> = TSAIt + TSAPt + ICAt</i>			
Transmission system availability incentive (£m)	TSAIt	-	-
<i>TSAIt = BRt x (TSAct - TSAft)</i>			
Transmission System Availability Failure (%)	TSAF <sub>y</sub>	0.00%	0.00%
Transmission System Availability Credit (%)	TSAC <sub>y</sub>	0.00%	0.00%
<b>Transmission System Availability Payment (£m)</b>			
<b>TSAP<sub>t</sub></b>		-	-
<i>TSAP = Sumif(range=y, criteria=22 to 26, sum function=(BR21/PR21)xTSACy xPRT-5)</i>			
Incremental Capacity incentive Adj. term (£m)	ICAt	-	-
<b>ICAt = ICUA<sub>t</sub> - ACA<sub>t</sub></b>			
Incremental Capacity Utilisation Adjustment term (£m)	ICUA <sub>t</sub>	-	-
<i>ICUAIt = MAX(0, ICRDt x (RIT<sub>t</sub> x ICUt))</i>			
Incremental Capacity Revenue utilisation Driver (£/MW)	ICRD <sub>t</sub>	-	-
<i>ICRD<sub>t</sub> = RCF x BRt / CCR</i>			
Risk Compensation Factor	RCF	0.31	0.31
Composite Circuit Rating	CCR	200.00	200.00
Incremental Capacity Utilisation term (MW)	ICU <sub>t</sub>	-	-
Additional Capacity Adjustment term (£m)	ACA <sub>t</sub>	-	-
<b>Correction factor on year to year revenue (£m)</b>			
<b>K<sub>t</sub></b>		-	-
<i>K<sub>t</sub> = (AR<sub>t-1</sub> - OFTO<sub>t-1</sub>) x (1 + (I<sub>t</sub> + (PI<sub>t</sub> x APT) / 100))</i>			
Regulated transmission revenue (£m)	AR <sub>t</sub>	-	-
Allowed transmission owner revenue (£m)	OFTO <sub>t</sub>	-	-
Interest rate (%)	I <sub>t</sub>	0.50%	0.50%
IF AR <sub>t</sub> > 1.04 x OFTO <sub>t</sub> then apply Penalty Interest	APT	-	-
Penalty Interest rate (%)	PI <sub>t</sub>	4.00%	4.00%
<b>(Over/Under) Recovery (£m)</b>			
		-	-

Appendix 3 - Availability incentive reporting

5a. Planned outages

 <b>OFFSHORE TRANSMISSION - REVENUE reporting pack</b>								
		Project:	Demo sands					
		OFTO:	[Offshore transmission operator 1]					
		Year:	2012-13					
<a href="#">Index</a>								
5a. Planned outages								
Prepared by:								
Name of preparer	Date & time outage starts	Date & Time outage ends	Total reduction in capacity (MWhr)	Cable availability (as % of maximum)	Equipment on which fault occurred	Exclusion Request	Description of Fault	Exclusion Approved by Authority
Reviewed by:	1			n/a				
Name of reviewer	2			n/a				
	3			n/a				
<input type="checkbox"/> Reviewed	4			n/a				
	5			n/a				
	6			n/a				
	7			n/a				
	8			n/a				
	9			n/a				
	10			n/a				
	11			n/a				
	12			n/a				
	13			n/a				
	14			n/a				
	15			n/a				
	16			n/a				
	17			n/a				
	18			n/a				
	19			n/a				
	20			n/a				
	21			n/a				
	22			n/a				
	23			n/a				
	24			n/a				

**5b. Unplanned outages**

**OFFSHORE TRANSMISSION - REVENUE reporting pack**

Project: **Demo sands**

OFTO: **[Offshore transmission operator 1]**

Year: **2012-13**

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**5b. Unplanned outages**

Prepared by:


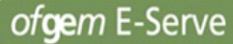
Name of preparer	Date & time of outage starts	Date & Time outage ends	Total reduction in capacity (MWhr)	Cable availability (as % of maximum)	Equipment on which fault occurred	Exclusion Requests	Description of Fault	Exclusion Approved by Authority
1				n/a				
2				n/a				
3				n/a				
4				n/a				
5				n/a				
6				n/a				
7				n/a				
8				n/a				
9				n/a				
10				n/a				
11				n/a				
12				n/a				
13				n/a				
14				n/a				
15				n/a				
16				n/a				
17				n/a				
18				n/a				
19				n/a				
20				n/a				
21				n/a				
22				n/a				
23				n/a				
24				n/a				

Reviewed by:

Name of reviewer

Reviewed

**5c. Outages the OFTO has requested be excluded from availability incentive calculation**

**OFFSHORE TRANSMISSION - REVENUE reporting pack**

Project: **Demo sands**  
 OFTO: **[Offshore transmission operator 1]**  
 Year: **2012-13**


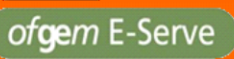
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5c. Outages the OFTO has requested be excluded from availability incentive calculation

Prepared by:

Name of preparer	Date & time of outage starts	Date & Time outage ends	Total reduction in capacity (MWhr)	Cable availability (as % of maximum)	Outage Type (Planned/Unplanned)	Equipment on which fault occurred	Exclusion Requested	Description of Fault	Exclusion Approved by Authority
Reviewed by:	1			n/a					
Name of reviewer	2			n/a					
<input type="checkbox"/> Reviewed	3			n/a					
	4			n/a					
	5			n/a					
	6			n/a					
	7			n/a					
	8			n/a					
	9			n/a					
	10			n/a					
	11			n/a					
	12			n/a					
	13			n/a					
	14			n/a					
	15			n/a					
	16			n/a					
	17			n/a					
	18			n/a					
	19			n/a					
	20			n/a					
	21			n/a					
	22			n/a					
	23			n/a					
	24			n/a					

**4a. Monthly performance incentive calculations**

 	<b>OFFSHORE TRANSMISSION - REVENUE reporting pack</b> Project: <b>Demo sands</b> OFTO: <b>[Offshore transmission operator 1]</b> Year: <b>2012-13</b>
--	--

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4a. Monthly performance incentive calculations

Prepared by:

Name of preparer	Year (y) (Incentive year)	Month	Maximum operational days in month	Planned maintenance (MWhrs)	Unplanned Outage (MWhrs)	Reported System Incentive Performance (MW/hr)	Transmission System Incentive Rate	Transmission System Incentive Target	Maximum Transmission System Availability (MW/hr)	Monthly Value of TSICOL	Adjusted Performance Availability Permits Earned	Availability Penalties Earned	Availability Credits Earned
						RSIP	TSIR	TSIT	MTSA	MVCOL	APAPE	APE	ACE
	2	1	31			206,832	120.0%	98.0%	206,832	8,273	4,964	-	4,964
Reviewed by:	2	2	28.25			188,484	120.0%	98.0%	188,484	7,539	4,524	-	4,524
<input type="text" value="Name of reviewer"/>	2	3	31			206,832	80.0%	98.0%	206,832	8,273	3,309	-	3,309
<input type="checkbox"/> Reviewed	2	4	30			200,160	80.0%	98.0%	200,160	8,006	3,203	-	3,203
	2	5	31			206,832	80.0%	98.0%	206,832	8,273	3,309	-	3,309
	2	6	30			200,160	80.0%	98.0%	200,160	8,006	3,203	-	3,203
	2	7	31			206,832	80.0%	98.0%	206,832	8,273	3,309	-	3,309
	2	8	31			206,832	80.0%	98.0%	206,832	8,273	3,309	-	3,309
	2	9	30			200,160	120.0%	98.0%	200,160	8,006	4,804	-	4,804
	2	10	31			206,832	120.0%	98.0%	206,832	8,273	4,964	-	4,964
	2	11	30			200,160	120.0%	98.0%	200,160	8,006	4,804	-	4,804
	2	12	31			206,832	120.0%	98.0%	206,832	8,273	4,964	-	4,964
	3	1	31			206,832	120.0%	98.0%	206,832	8,273	4,964	-	4,964
	3	2	28.25			188,484	120.0%	98.0%	188,484	7,539	4,524	-	4,524
	3	3	31			206,832	80.0%	98.0%	206,832	8,273	3,309	-	3,309
	3	4	30			200,160	80.0%	98.0%	200,160	8,006	3,203	-	3,203
	3	5	31			206,832	80.0%	98.0%	206,832	8,273	3,309	-	3,309
	3	6	30			200,160	80.0%	98.0%	200,160	8,006	3,203	-	3,203
	3	7	31			206,832	80.0%	98.0%	206,832	8,273	3,309	-	3,309
	3	8	31			206,832	80.0%	98.0%	206,832	8,273	3,309	-	3,309
	3	9	30			200,160	120.0%	98.0%	200,160	8,006	4,804	-	4,804
	3	10	31			206,832	120.0%	98.0%	206,832	8,273	4,964	-	4,964
	3	11	30			200,160	120.0%	98.0%	200,160	8,006	4,804	-	4,804
	3	12	31			206,832	120.0%	98.0%	206,832	8,273	4,964	-	4,964

**4b. Annual performance incentive calculations**

**ofgem** OFFSHORE TRANSMISSION - REVENUE reporting pack  
**ofgem E-Serve** Project: Demo sands  
 OFTO: [Offshore transmission operator 1]  
 Year: 2012-13

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4b. Annual performance incentive calculations

Prepared by:

Name of preparer	Year	Annual Value of TSICOL	Transmission System Performance Penalty	Transmission System Performance Credit	Total Performance Availability Permits Earned	5 Year Penalty Balance	5 Year Penalty Limit	5 Year Credit Mechanism	Performance Penalty Revenue Offset	Transmission System Availability Penalty Factor	Performance Availability Payout Credit	Transmission System Availability Credit Factor
		AVCOL <sub>y</sub>	TSPP <sub>y</sub>	TSPC <sub>y</sub>	TPAPE <sub>y</sub>	SYPB <sub>y</sub>	SYPL <sub>y</sub>	SYCM <sub>y</sub>	PPRO <sub>y</sub>	TSAF <sub>y</sub>	PAPC <sub>y</sub>	TSAC <sub>y</sub>
Reviewed by:		SUMIF(MVOLT, i=1 to i=12)	SUMIF(APE <sub>y</sub> , i=1 to i=12)	SUMIF(ACE <sub>y</sub> , i=1 to i=12)	TPAPE <sub>y-1</sub> + TSPP <sub>y</sub> + TSPC <sub>y</sub> - 5YPL <sub>y</sub> - PPRO <sub>y-1</sub> - PAPC <sub>y-1</sub>	SYPB <sub>y-1</sub> + TSPP <sub>y</sub> + TSPC <sub>y-1</sub> - 5YPL <sub>y-1</sub> - PAPC <sub>y-1</sub>	IF(AND(TSPP <sub>y-1</sub> + AVCOL <sub>y-1</sub> > 5), (SYPB <sub>y-1</sub> < 0), SYPL <sub>y-1</sub> , 0)	SYCM <sub>y-1</sub> + TSPC <sub>y</sub> + 5 + TSPP <sub>y</sub> + PPRO <sub>y-1</sub> - 5YPL <sub>y-1</sub> - PAPC <sub>y-1</sub>	IF(TPAPE <sub>y</sub> < 0, IF(TPAPE <sub>y</sub> < -AVCOL <sub>y</sub> , -AVCOL <sub>y</sub> , TPAPE <sub>y</sub> ), x TSIF	PPRO <sub>y</sub> / AVCOL <sub>y</sub>	IF(SYCM <sub>y</sub> > 0, SYCM <sub>y</sub> , 0)	PAPC <sub>y</sub> / AVCOL <sub>y-1</sub> x TSIF
Name of reviewer	-3											
<input type="checkbox"/> Reviewed	-2											
	-1											
	0											
	1											
	2	97,478	-	48,666	48,666	-		-	-	0.0%	-	
	3	97,478	-	48,666	97,331	48,666		-	-	0.0%	-	
	4	97,478	-	48,666	145,997	97,331		-	-	0.0%	-	
	5	97,478	-	48,666	194,662	145,997		-	-	0.0%	-	
	6	97,478	-	48,666	243,328	194,662		-	-	0.0%	-	
	7	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	8	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	9	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	10	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	11	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	12	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	13	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	14	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	15	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	16	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	17	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	18	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	19	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	20	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	21	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	22	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%

2d. Availability performance

**ofgem** OFFSHORE TRANSMISSION - REVENUE reporting pack  
**ofgem E-Serve** Project: Demo sands  
 OFTO: [Offshore transmission operator 1]  
 Year: 2012-13

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2d. Availability performance

Prepared by:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Name of preparer	Jul-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Jun
Reviewed by:	Jul-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Jun
Name of reviewer	Jul-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Jun
Performance Adjustment term (£m) $PA_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
$PA_t = TSAI_t + TSAP_t + ICAt$																						
Transmission System Availability Incentive (£m) $TSAI_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
$TSAI_t = ((BR_t - 1) / PR_t - 1) \times PR_t - 6 \times TSACy_t - (BR_t - 1) \times TSAF_t$																						
Base Revenue transmission (£m) $BR_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proportion of Revenue $PR_t$	0.900	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Proportion of Revenue (t-6) $PR_{t-6}$	-	-	-	-	-	-	0.900	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
$BR_t = (TRSE + MRAt + PTRAt) \times PR_t \times RIT_t$																						
<b>Months</b>	<b>JUL-DEC</b>	<b>JAN-DEC</b>	<b>JAN-DEC</b>	<b>JAN-DEC</b>	<b>JAN-DEC</b>	<b>JAN-DEC</b>	<b>JAN-DEC</b>	<b>JAN-DEC</b>	<b>JAN-DEC</b>	<b>JAN-DEC</b>	<b>JAN-DEC</b>	<b>JAN-DEC</b>	<b>JAN-DEC</b>	<b>JAN-DEC</b>	<b>JAN-DEC</b>	<b>JAN-DEC</b>	<b>JAN-DEC</b>	<b>JAN-DEC</b>	<b>JAN-DEC</b>	<b>JAN-DEC</b>	<b>JAN-DEC</b>	<b>JAN-JUN</b>
Transmission System Availability Failure (%) $TSAF_y$	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Transmission System Availability Credit (%) $TSAc_y$	0.00%	0.00%	0.00%	0.00%	0.00%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%
Transmission System Availability Payment (£m) $TSAP_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
$TSAP_t = \text{Sum}(range=y, criteria=22 \text{ to } 26, \text{sum function}=(BR21/PR21) \times TSACy \times PRt-5)$																						
Incremental capacity incentive adj. term (£m) $ICAt$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
$ICAt = ICUA_t + (ACA_t - RIT_t)$																						
Capacity utilisation adjustment term (£m) $ICUA_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
$ICUA_t = \text{MAX}(0, ICRDE \times ICU_t)$																						
Incremental capacity utilisation driver (£/MW) $ICRD_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
$ICRD_t = BR_t / CCR_t \times RCF_t$																						
Risk Compensation Factor $ACF$	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31
Composit Circuit Rating (MW) $CCR$	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
Incremental Capacity Utilisation term (MW) $ICU_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional Capacity Adjustment term (£m) $ACA_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

# Appendix 4 - Incremental capacity incentive reporting

## 1. Inputs

ofgem		OFFSHORE TRANSMISSION - REVENUE reporting pack																							
ofgem E-Serve		Project: Demo sands																							
		OFTO: [Offshore transmission operator 1]																							
		Year: 2012-13																							
Index		1. Inputs																							
Prepared by:																									
Name of preparer																									
Reviewed by:																									
Name of reviewer																									
Li Reviewed																									
Actual Revenue from NETSO (£m)		AR <sub>t</sub>																							
Retail Price Index Number																									
Retail Price Inflation rate (%)		RPI <sub>t</sub>																							
RPI <sub>t</sub> = (Index <sub>t</sub> /Index <sub>t-1</sub> )-1																									
Licence Fee cost adj. term (£m)		LF <sub>t</sub>																							
Rates for networks Business cost adj. term (£m)		RB <sub>t</sub>																							
Crown Estate Licence cost adj term (£m)		CEL <sub>t</sub>																							
Decommissioning Cost adj. term (£m)		DC <sub>t</sub>																							
Income Adjusting event adj. Term (£m)		IAT <sub>t</sub>																							
Marine and Coastal Act 2009 adj. term (£m)		MCA <sub>t</sub>																							
Tender Cost Adj. term (£m)		TCA <sub>t</sub>																							
Temporary Physical Disconnection term (£m)		TPD <sub>t</sub>																							
Incremental Capacity Utilisation term (MW)		ICU <sub>t</sub>																							
Additional Capacity Adjustment term (£m)		ACA <sub>t</sub>																							
Average specified Interest rate (%)		i <sub>t</sub>																							
Tender Revenue Stream term (£m real)		TRSt																							
Market Rate revenue Adj. term (£m real)		MRAt																							
Post Tender Revenue Adj. term (£m real)		PTRAt																							
Proportion of Revenue term		PR <sub>t</sub>																							
		0.90 1.00 0.10																							
Defined terms from Annex A to Condition E12 - J4																									
Month		Licence Condition																							
		1 2 3 4 5 6 7 8 9 10 11 12																							
		January February March April May June July August September October November December																							
TSIR E12 - J4		120.00% 120.00% 80.00% 80.00% 80.00% 80.00% 80.00% 80.00% 120.00% 120.00% 120.00% 120.00%																							
TSIT E12 - J4		98.00% 98.00% 98.00% 98.00% 98.00% 98.00% 98.00% 98.00% 98.00% 98.00% 98.00% 98.00%																							
Defined terms from amended standard condition E12 - J2 and E12 - J4																									
Description		Name		Licence Condition		Value																			
OFTO Network Capacity (MW)				E12 - J4		278.0																			
Collar		COL		E12 - J4		4.00%																			
Transmission System Incentive Factor		TSIF		E12 - J4		10.00%																			
Penalty Interest Rate		PI		E12 - J2		4.00%																			
Penalty Application Level				E12 - J2		4.00%																			
Risk Compensation Factor		RCF		E12 - J4		0.31																			
Composite Circuit Rating (MW)		CCR		E12 - J4		200.0																			



2d. Availability performance

**ofgem** OFFSHORE TRANSMISSION - REVENUE reporting pack  
 ofgem E-Serve  
 Project: Demo sands  
 OFTO: [Offshore transmission operator 1]  
 Year: 2012-13

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2d. Availability performance

Prepared by: [Name of preparer]

Reviewed by: [Name of reviewer]

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
		Jul-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Jun	
Performance Adjustment term (€m)	PA <sub>t</sub>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>PA<sub>t</sub> = TSAIt + TSAPE + ICAT</i>																							
Transmission System Availability Incentive (€m)	TSAIt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>TSAIt = ((BRt-1)/PRt-1) x PRt-6 x TSACy - (BRt-1 x TSAPE)</i>																							
Base Revenue transmission (€m)	BR <sub>t</sub>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proportion of Revenue (t-6)	PR <sub>t-6</sub>	0.900	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.100	-
<i>BR<sub>t</sub> = (TRSE + MRAE + PTRAE) x PR<sub>t</sub> x RIT<sub>t</sub></i>																							
<b>Months</b>																							
Transmission System Availability Failure (%)	TSAF <sub>t</sub>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Transmission System Availability Credit (%)	TSACT <sub>t</sub>	0.00%	0.00%	0.00%	0.00%	0.00%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%
Transmission System Availability Payment (€m)	TSAPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>TSAPE = Sumif(range=y, criteria=22 to 26, sum function=(BR21/PR21)xTSACy xPRt-5)</i>																							
Incremental capacity incentive adj. term (€m)	ICAT <sub>t</sub>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>ICAT = ICUAIt + (ACAT x RITt)</i>																							
Capacity utilisation adjustment term (€m)	ICUAIt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>ICUAIt = MAX(0, ICRDt x ICUE)</i>																							
Incremental capacity utilisation driver (€/MW)	ICRD <sub>t</sub>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>ICRD<sub>t</sub> = BRt / CCRE x RCFE</i>																							
Risk Compensation Factor	ACF	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31
Composit. Circuit Rating (MW)	CCR	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
Incremental Capacity Utilisation term (MW)	ICU <sub>t</sub>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional Capacity Adjustment term (€m)	ACA <sub>t</sub>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

## Appendix 5 - Glossary

### **A**

#### [Authority](#)

The Gas and Electricity Markets Authority

### **O**

#### [Ofgem](#)

Office of Gas and Electricity Markets

#### [OFTO](#)

Offshore transmission owner

### **R**

#### [RIGs](#)

Regulatory instructions and guidance

### **T**

#### [TRS](#)

Tender revenue stream

## Appendix 6 - Feedback Questionnaire

1.1. Ofgem considers that consultation is at the heart of good policy development. We are keen to consider any comments or complaints about the manner in which this consultation has been conducted. In any case we would be keen to get your answers to the following questions:

- Does the report adequately reflect your views? If not, why not?
- Does the report offer a clear explanation as to why not all the views offered had been taken forward?
- Did the report offer a clear explanation and justification for the decision? If not, how could this information have been better presented?
- Do you have any comments about the overall tone and content of the report?
- Was the report easy to read and understand, could it have been better written?
- Please add any further comments?

1.2. Please send your comments to:

**Andrew MacFaul**  
Consultation Co-ordinator  
Ofgem  
9 Millbank  
London  
SW1P 3GE  
andrew.macfaul@ofgem.gov.uk