

RIIO-1 NOMs Incentive Methodology: Appendix 6

RIIO-1 Network Output Measures (NOMs) Closeout Submission Instructions and Guidance for Electricity Transmission, Gas Transmission, and Gas Distribution Sectors

Version 1.2

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Overview:

This document is an appendix to the RIIO-1 NOMs Incentive Methodology and provides instructions and guidance to the electricity transmission, gas transmission, and gas distribution network licensees. Its purpose is to enable them to populate and submit the RIIO-1 Network Output Measures (NOMs) Closeout Data Template and supporting narratives for the RIIO-1 price controls from 1 April 2013 to 31 March 2021. The guidance does not apply to electricity distribution licensees whose RIIO-ED1 price control cycle is on a two-year lag and is due to end on 31 March 2023.

This document and the RIIO-1 NOMs Closeout Data Template are appendices to the RIIO-1 NOMs Incentive Methodology version 2.0, and as such, both these documents, have the same standing as the RIIO-1 NOMs Incentive Methodology.

Context

This document contains provides instructions and guidance to the electricity transmission, gas transmission, and gas distribution network licensees.

The purpose of this document is to help licensees populate the RIIO-1 NOMs Closeout Data Template for the RIIO-1 price controls from 1 April 2013 to 31 March 2021.

For full context please see the latest version of the RIIO-1 NOMs Incentive Methodology core document.

Associated documents

- Decision to approve Rebased Network Replacement Outputs and to modify Special Condition 2M of the electricity transmission licences held by the onshore electricity transmission network operators, 3 December 2020
<https://www.ofgem.gov.uk/publications-and-updates/decision-approve-rebased-network-replacement-outputs-and-modify-special-condition-2m-electricity-transmission-licences-held-onshore-electricity-transmission-network-operators>
- Decision to approve Rebased Network Replacement Outputs and to modify Special Condition 7E of the gas transporter licence held by National Grid Gas plc., 15 July 2020
<https://www.ofgem.gov.uk/publications-and-updates/decision-approve-rebased-network-replacement-outputs-and-modify-special-condition-7e-gas-transporter-licence-held-national-grid-gas-plc>
- Decision to approve and direct the Rebased Network Outputs for Gas Distribution Network operators, 12 June 2019
<https://www.ofgem.gov.uk/publications-and-updates/decision-approve-and-direct-rebased-network-outputs-gas-distribution-network-operators>

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1. Introduction and general requirements

Background

- 1.1. Please see the RIIO-1 NOMs Incentive Methodology core document.

The RIIO-1 NOMs Closeout Data Template

- 1.2. The RIIO-1 NOMs Closeout Data Template will be completed by network companies in the transmission and gas distribution sectors and used to report their RIIO-ET1/GT1/GD1 NOMs performance data^{1,2,3}. The data will be used by the Authority in order to assess and apply adjustments for Relevant Risk Changes, review performance against the monetised risk targets, and determine any applicable incentive values in accordance with the RIIO-1 NOMs Incentive Methodology.
- 1.3. This guidance relates to the RIIO-1 NOMs Closeout Data Template version listed below and to any subsequent version of the RIIO-1 NOMs Closeout Data Template unless superseded by subsequent revision of this guidance:
- NOMs_Closeout_Data_Template_v1.0

General requirements

- 1.4. The general requirements in completing the RIIO-1 NOMs Closeout Data Templates are listed below. These apply unless otherwise stated on a specific table or in the guidance below:
1. The licensee must take all reasonable steps to ensure the quality of its data. This will in all material respects be accurate, complete and fairly presented.
 2. Where a table contains data that was reported as part of another regulatory submission, the licensee must report this data within its RIIO-1 NOMs Closeout Data Submission. Each licensee is required to explain any material data revisions in its accompanying narrative.
 3. The licensee must notify Ofgem of the likelihood of any significant revisions to improve data quality, e.g. if data is provisional due to cost uncertainty.

¹ RIIO-ET1 – relates to the three electricity transmission owners (ETO): National Grid Electricity Transmission plc (NGET), SP Transmission plc (SPT), Scottish Hydro Electric Transmission plc (SHET)

² RIIO-GT1 – relates to the gas transmission owner (GTO): National Grid Gas Transmission (NGGT)

³ RIIO-GD1 – relates to the eight gas distribution network operators (GDN): Cadent – East of England (EoE), Cadent – London (Lon), Cadent – North West (NW), Cadent – West Midlands (WM), Northern Gas Networks (NGN), SGN - Scotland Gas Networks (Sc), SGN - Southern Gas Networks (So), Wales and West Utilities (WU)

4. The RIIO-1 NOMs Closeout Data Template tables are colour coded to reflect the action required. The colour key is as below:

Colour Key

Non-editable cell	abc
Ofgem input cell	
Company input cell	12.3
Calculation cell (sub-total)	12.3
Calculation cell (total)	12.3
Link from other sheet in workbook	12.3
Link from other workbook	12.3
Input not relevant	

5. The licensee should enter or amend data only in 'Company input cells' and should not insert or delete rows or columns unless otherwise indicated as permitted on a specific table or in the guidance below, or unless otherwise agreed with Ofgem.
6. Where a reportable value is zero or not applicable to a licensee then a zero must be input rather than the cell being left blank.

Provision of monetised risk data

7. All Monetised Risk values and consequence of failure (CoF) values should be reported in same price base as the licensee's most recently approved rebased targets, as follows:
- Electricity transmission licensees: 2018/19 prices
 - Gas transmission licensees: 2016/17 prices
 - Gas distribution licensees: 2014/15 prices
8. Unless stated as lifetime or longer-term risk then all risks to be reported are annual. Lifetime or longer-term risks should be reported in accordance with a methodology to be agreed by each licensee with Ofgem ahead of submission. The licensee's accompanying narrative document should provide an explanation of the methodology used.
9. Risk values are to be derived in accordance with the licensee's most recently approved NOMs Methodology.
10. In order to differentiate from financial values, Monetised Risk values have the unit R£ when relating to annual risks.
11. Monetised Risk values should be entered in millions (R£m) shown to one decimal place.
12. Probabilities should be entered to three decimal places.

Provision of cost data

13. All costs should be reported in 2020/21 prices in order to align with the RIIO-1 RRP final year submissions.
14. All Cost data should be entered in £ million to a minimum of three decimal place, with historical financial values reconciling with the audited

regulatory accounts. TOs are required to provide all actual financial data to the highest reasonable level of accuracy available from their source systems, and commensurate with the purpose for which such data is intended, taking into consideration the appropriate allocations that are necessary to complete the tables.

15. Unless otherwise indicated in the guidance or templates, financial values should be input as positive values.

Provision of asset volume and intervention/workload data

16. Workload units and outputs should be reported commensurate with the purpose for which such data is intended, taking into consideration the appropriate allocations that are necessary to complete the tables. Workload and outputs should be entered in the unit of measurement set out in this guidance or in the template.
17. Workload volumes should be entered to one decimal place.

Asset and intervention definitions

18. The licensee must use asset and intervention definitions consistently throughout its submission. This applies to data reported through the RIIO-1 NOMs Closeout Data Template and any supporting narrative documents.
19. Asset and intervention definitions must be consistent with those used by the licensee in order to populate the data files published alongside the Authority's decision to approve its rebased targets.
20. The licensee is required to provide, as part of its supporting narrative submission(s), the asset and intervention definitions it has applied, as well as any assumptions that it has applied in order to report data in accordance with the definitions.

Definitions for completing the RIIO-1 NOMs Closeout Data Template

21. Please see RIIO-1 NOMs Incentive Methodology – Appendix 1 for applicable definitions.

Structure of this document

- 1.5. This document is divided into sections reflecting the different component parts of the BPDTs workbooks. These are as follows:
 - Chapter 2 provides instructions for the completion of the 'Admin' worksheets.
 - Chapter 3 provides instructions for the completion of the 'Performance' worksheets.

- Chapter 4 provides instructions for the completion of the 'Submission_Summary' worksheets.
- Chapter 5 provides instructions for the completion of the 'Stage_1_Submission' worksheets.
- Chapter 6 provides instructions for the completion of the 'Stage_5_Submission' worksheets.
- Chapter 7 provides guidance on the explanatory narratives that the licensee is required to submit alongside their RIIO-1 NOMs Closeout Data Submission.

Publication

- 1.6. Ofgem is bound by the requirements of section 105 of the Utilities Act 2000 relating to the disclosure of information.
- 1.7. Ofgem recognises the value of improving transparency of information in regulating natural monopolies and we intend to continue to review to what extent to publish further disaggregated data and analysis alongside the RIIO-1 close-out submissions.

2. 'Admin Section' Worksheets

Purpose

- 2.1. These worksheets contain general administrative information including details of the licensee making the submission, the relevant template version and the submission version.

Overview of worksheets

- 2.2. The worksheets included within this chapter are:

Electricity Transmission	Gas Transmission	Gas Distribution
<ul style="list-style-type: none"> • 0.1_Submission_Info • 0.2_Contents • 0.3_Reference • 0.4_LkUp • 0.5_Submission_Version_History • 0.6_Template_Version_History 	Same for all sectors	Same for all sectors

0.1_Submission_Info

Purpose and use by Ofgem	This worksheet helps facilitate version control, efficient analysis of data, and sets out the colour key used to distinguish different data cell types within the workbook.
General requirements for licensees completing this worksheet	<p>The licensee must select company (licensee) name from dropdown list in cell B13 and enter submission version number and submission date in cells B15 and B16.</p> <p>The licensee is required to assign a unique submission version number for each submission and re-submission.</p> <p>The licensee is required to select the 'Price Base for Monetised Risk'. All Monetised Risk values and consequences of failure values reported through this template should be the same price base as the licensee's most recently approved rebased targets.</p> <p>Submitted files must be given the filename indicated in cell B17 and saved as an Excel Binary Workbook (.xlsb)</p>

Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A
Gas Distribution	N/A

0.2_Contents

Purpose and use by Ofgem	Lists all worksheets in the workbook. Check for 'Error' flags on individual worksheets.
General requirements for licensees completing this worksheet	<p>If the licensee has not utilised a supporting data worksheet (template section 5) then no licensee input required.</p> <p>Column E (Data Error Check) performs a check on each data sheet for any error flags. If an error is flag is found the text "Error" will be displayed against the relevant sheet(s). The licensee must not make any submissions with an 'Error' message in any of the Data Error Check cells.</p> <p><u>Supporting data worksheets</u> Please see Chapter 7 Supporting Data Worksheets below.</p>

Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A
Gas Distribution	N/A

0.3_Reference

Purpose and use by Ofgem	Contains list of document title and link for related material.
General requirements for licensees completing this worksheet	No licensee input is required.

Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A
Gas Distribution	N/A

0.4_LkUp

Purpose and use by Ofgem	Contains data for use in dropdown lists and other lookup values used in the template.
General requirements for licensees completing this worksheet	<p>No licensee input is required.</p> <p>The licensee must not amend any of the data on this sheet unless instructed to do so by Ofgem.</p>

Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A
Gas Distribution	N/A

0.5_Submission_Version_History

Purpose and use by Ofgem	Will be used to help track changes between licensees' submissions.
General requirements for licensees completing this worksheet	The licensee is required to provide as much detail as is practical on changes between submission versions. Details of the overall submission should be entered in the green cells, with table specific details entered in yellow cells. The licensee may add or insert as many green or yellow rows as required.

Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A
Gas Distribution	N/A

0.6_Template_Version_History

Purpose and use by Ofgem	Contains details of changes to the template.
General requirements for licensees completing this worksheet	The licensee should not make any entries on this worksheet unless instructed to do so by Ofgem.

Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A
Gas Distribution	N/A

0.6.1_Consultation_Responses

Purpose and use by Ofgem	Contains details of consultation responses related to the template and Ofgem views/actions to the responses.
General requirements for licensees completing this worksheet	The licensee should not make any entries on this worksheet unless instructed to do so by Ofgem.

Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A
Gas Distribution	N/A

3. 'Performance Section' Worksheets

Purpose

- 3.1. Provides views of a licensee's delivery performance based on the data submitted within this workbook.

Overview of worksheets

- 3.2. This template section is fully auto-populated and therefore does not require any licensee input. The licensee is not permitted to alter the worksheets in this section in any way, unless instructed to do so by Ofgem.
- 3.3. The worksheets included within this chapter are:

Electricity Transmission	Gas Transmission	Gas Distribution
• 1.1_Performance_Absolute_Target	• 1.1_Performance_Absolute_Target	• 1.2_Performance_Relative_Target

1.1_Performance_Absolute_Target

Purpose and use by Ofgem	Provides views of the transmission licensee's delivery performance based on the data submitted within this workbook.
General requirements for licensees completing this worksheet	This worksheet is auto-populated and requires no input from the licensee. The deadband is set to 0.0% for the purpose of Stage 1/2 submission. Ofgem will advise the licensee on the final value of the deadband during assessment Stage 4.

Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A
Gas Distribution	N/A

1.2_Performance_Relative_Target

Purpose and use by Ofgem	Provides views of the gas distribution licensee's delivery performance based on the data submitted within this workbook.
General requirements for licensees completing this worksheet	This worksheet is auto-populated and requires no input from the licensee.

Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A
Gas Distribution	N/A

4. 'Submission Summary Section' Worksheets

Purpose

- 4.1. Provides a summary of data submitted by the licensees in a format that is consistent across sectors.

Overview of worksheets

- 4.2. The worksheets included within this chapter are:

Electricity Transmission	Gas Transmission	Gas Distribution
<ul style="list-style-type: none"> • 2.1.1_Targets_Pre_Norm • 2.1.2_Targets_Post_Norm • 2.1.3_Targets_Volumes • 2.2.1_Delivery_Pre_Norm • 2.2.2_Delivery_Post_Norm • 2.2.3_Delivery_Volumes • 2.3_Expenditure_Summary 	Same for all sectors	Same for all sectors

2.1.1_Targets_Pre_Norm

Purpose and use by Ofgem	Provides summary of the licensee's pre-normalisation targets based on the data submitted within this workbook.
General requirements for licensees completing this worksheet	This worksheet is auto-populated and requires no input from the licensee.

Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A
Gas Distribution	N/A

2.1.2_Targets_Post_Norm

Purpose and use by Ofgem	Provides summary of the licensee's post-normalisation targets based on the data submitted within this workbook.
General requirements for licensees completing this worksheet	This worksheet is auto-populated and requires no input from the licensee.

Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A
Gas Distribution	N/A

2.1.3_Targets_Volumes

Purpose and use by Ofgem	Provides summary of the volumes underlying the licensee's targets based on the data submitted within this workbook.
General requirements for licensees completing this worksheet	This worksheet is auto-populated and requires no input from the licensee.

Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A
Gas Distribution	N/A

2.2.1_Delivery_Pre_Norm

Purpose and use by Ofgem	Provides summary of the licensee's pre-normalisation delivery based on the data submitted within this workbook.
General requirements for licensees completing this worksheet	This worksheet is auto-populated and requires no input from the licensee.

Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A
Gas Distribution	N/A

2.2.2_Delivery_Post_Norm

Purpose and use by Ofgem	Provides summary of the licensee's post-normalisation delivery based on the data submitted within this workbook.
General requirements for licensees completing this worksheet	This worksheet is auto-populated and requires no input from the licensee.

Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A
Gas Distribution	N/A

2.2.3_Delivery_Volumes

Purpose and use by Ofgem	Provides summary of the volumes underlying the licensee's delivery based on the data submitted within this workbook.
General requirements for licensees completing this worksheet	This worksheet is auto-populated and requires no input from the licensee.

Sector specific requirements

Electricity Transmission	N/A
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Gas Transmission	N/A
Gas Distribution	N/A

2.3_Expenditure_Summary

Purpose and use by Ofgem	Provides summary of the allowances and outturn expenditure broken down by asset category.
General requirements for licensees completing this worksheet	This worksheet is auto-populated and requires no input from the licensee.

Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A
Gas Distribution	N/A

5. 'Stage 1/2 Submission Section' Worksheets

Purpose

- 5.1. Input sheets for the licensee to submit NOMs targets, delivery, underlying volume and normalisations data. This data is required to be submitted at Stage 1/2 and resubmitted, with any updates agreed between Ofgem and the licensee applied, as part of Stage 5 submission.

Overview of worksheets

- 5.2. For ET and GT licensees: These sheets have been designed so that data is reported in the same format as their rebasing template.
- 5.3. For GD licensees: These sheets have been designed so that data is reported in the same format as RRP table 7.3.
- 5.4. The worksheets included within this chapter are:

Electricity Transmission	Gas Transmission	Gas Distribution
<ul style="list-style-type: none"> • 3.1_Targets_ET • 3.1.1_Targets_Volumes_ET • 3.2_Delivery_ET • 3.2.1_Delivery_Volumes_ET • 3.3.1_Normalisations_Targets • 3.3.2_Normalisations_Delivery 	<ul style="list-style-type: none"> • 3.1_Targets_GT • 3.1.1_Targets_Volumes_GT • 3.2_Delivery_GT • 3.2.1_Delivery_Volumes_GT • 3.3.1_Normalisations_Targets • 3.3.2_Normalisations_Delivery 	<ul style="list-style-type: none"> • 3.1_Targets_GD • 3.1.1_Targets_Volumes_GD • 3.2_Delivery_GD • 3.2.1_Delivery_Volumes_GD • 3.3.1_Normalisations_Targets • 3.3.2_Normalisations_Delivery

3.1_Targets_[ET, GT, or GD]

Purpose and use by Ofgem	Provides monetised risk targets, by Asset Category, including the starting position at 1 April 2013, with intervention position and without intervention position at 31 March 2021.
General requirements for licensees completing this worksheet	<p>The licensee is required to report their monetised risk targets data in accordance with the approved rebased targets for RIIO-1 in tab 3.1 as follows:</p> <ul style="list-style-type: none"> • Monetised risk starting position at 1 April 2013 • Monetised risk with intervention position at 31 March 2021 • Monetised risk without intervention position at 31 March 2021

	<ul style="list-style-type: none"> • Impact of interventions for monetised risk • Average Probability/EoL and Consequence of Failure at 1 April 2013 • Average Probability/EoL and Consequence of Failure for with intervention position at 31 March 2021 • Average Probability/EoL and Consequence of Failure for without intervention position at 31 March 2021
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Sector specific requirements

Electricity Transmission	From Column G onwards, the template table is the same as the ETOs' rebasing data file. Unless otherwise agreed with Ofgem, data entered in this worksheet must be identical to the rebased target data on sheet '2.2_RebasedTargets_Monetised' of the licensee's rebasing data workbook published on December 2020 ⁴ .
Gas Transmission	From Column G onwards, the template table is the same as NGGT's rebasing data file (GT_Rebasing_Data_Master). Unless otherwise agreed with Ofgem, the data entered in this worksheet must be identical to the rebased target data on worksheet '2.2_RebasedTargets_Monetised' of NGGT's GT_Rebasing_Data_Master file published in July 2020 ⁵ .
Gas Distribution	<p>From Column G onwards, the template table is the same as per the GD's RIGs table 7.3. Data entered reported in this sheet must reconcile with the data on worksheet '2.2 Rebased Targets_Monetised' of the licensee's 'Rebased Targets and subsidiary rebasing data' file published on June 2019⁶. The licensee must demonstrate this reconciliation quantitatively with sufficient supporting narrative if instructed to do so by Ofgem.</p> <p>Both monetised risk and asset/intervention volume data is entered on this sheet. The requirements of worksheet 3.1.1 apply for the asset/intervention volume elements of this worksheet.</p>

⁴ <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-proposal-approve-rebased-network-replacement-outputs-and-modify-special-condition-2m-electricity-transmission-licences-held-onshore-electricity-transmission-network-operators>

⁵ <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-proposal-approve-rebased-network-replacement-outputs-and-modify-special-condition-7e-gas-transporter-licence-held-national-grid-gas-plc>

⁶ <https://www.ofgem.gov.uk/publications-and-updates/gas-distribution-network-output-measures-rebasing-consultation>

3.1.1_Targets_Volumes_[ET, GT, or GD]

Purpose and use by Ofgem	For the licensee to report the asset and intervention volumes underlying the monetised risk targets reported on worksheet 3.1, by Asset Category, including the starting position at 1 April 2013, with intervention position and without intervention position at 31 March 2021.
General requirements for licensees completing this worksheet	<p>The licensee is required to report the volumes underlying its monetised risk targets data in accordance with the approved rebased targets for RIIO-1 in tab 3.1.1 as follows:</p> <ul style="list-style-type: none"> • Asset distribution starting position at 1 April 2013 • Asset distribution with intervention position at 31 March 2021 • Asset distribution without intervention position at 31 March 2021 • Intervention volumes

Sector specific requirements

Electricity Transmission	From Column G onwards, the template table is the same as the ETOs' rebasing data file. Unless otherwise agreed with Ofgem, data entered in this worksheet must be identical to the rebased target data on sheet '2.1_RebasedTargets_Volumes' of the licensee's rebasing data workbook published on December 2020.
Gas Transmission	From Column G onwards, the template table is the same as NGGT's rebasing data file (GT_Rebasing_Data_Master). Unless otherwise agreed with Ofgem, the data entered in this worksheet must be identical to the rebased target data on worksheet '2.1_RebasedTargets_Volumes' of NGGT's GT_Rebasing_Data_Master file published in July 2020.
Gas Distribution	This worksheet is auto-populated from worksheet 3.1 with the exception of section for GDNs to enter intervention volumes for each asset category.

3.2_Delivery_[ET, GT, or GD]

Purpose and use by Ofgem	For the licensee to report details of the monetised risk delivered over RIIO-1, by Asset Category, including the starting position at 1 April 2013, with intervention position and without intervention position at 31 March 2021.
General requirements for licensees completing this worksheet	<p>The licensee is required to report its monetised risk delivery data in the same format as the targets reported for RIIO-1 in tab 3.2 as follows:</p> <ul style="list-style-type: none"> • Monetised risk starting position at 1 April 2013 • Monetised risk with intervention position at 31 March 2021 • Monetised risk without intervention position at 31 March 2021 • Impact of interventions for monetised risk

	<ul style="list-style-type: none"> • Average Probability/EoL and Consequence of Failure at 1 April 2013 • Average Probability/EoL and Consequence of Failure for with intervention position at 31 March 2021 • Average Probability/EoL and Consequence of Failure for without intervention position at 31 March 2021 <p>The data on this table must be derived in accordance with the licensee’s most recently approved NOMs Methodology.</p> <p>The licensee is required to report pre-normalisation values on this worksheet. This means that the values reported should provide a true view of the asset and network risks in accordance with the licensee’s NOMs Methodology after all relevant input variables have been updated to their correct values as at 31st March 2021. The licensee should explain through its supporting narrative why any input values having a material impact on the results are correct for this purpose.</p> <p>The licensee’s supporting narrative should provide details of any variables that were agreed with Ofgem should be fixed for the purpose of implementing the NOMs incentive mechanism, e.g. the cost of carbon. The licensee should explain whether any updates to these variables have been used to derive the monetised risk values reported on this worksheet. If they have, then the effect of these should be included as normalisations on worksheet 3.3.1 to enable comparability between targets and delivery.</p> <p>The worksheet is separated into three sections. Each of these sections are in the same format as the equivalent sector worksheet 3.1:</p> <ul style="list-style-type: none"> A. Total Network Asset Base (i.e. asset base at end RIIO-1) <ul style="list-style-type: none"> ○ The licensee is required to report the total network risk as at 31st March 2021 on its full NOMs Asset base as at 31st March 2021 (i.e. including assets added to and removed from its network over the course of RIIO-1). B. Original (Start RIIO-1) NOMs Asset Base <ul style="list-style-type: none"> ○ The licensee is required to report the total network risk as at 31st March 2021 on its NOMs Asset base as it was on 1st April 2013 (i.e. excluding assets added to its network over the course of RIIO-1. The asset base underlying the data reported in this section must align with the actual risk on the network at the start of RIIO-1. C. Impact of Change in Asset Base Over RIIO-1 <ul style="list-style-type: none"> ○ This section contains calculated cells only and therefore does not require any input from the licensee. It is used to auto-populate the
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	<p>'Impact of Change in Asset Base Over RIIO-1' normalisations on worksheet 3.3.1.</p> <p><u>Submission dates</u></p> <p>The licensee is required to complete both Section A and Section B as part of its Stage 1/2 submission. For 31st July 2021 submission, the licensee may populate both sections with 'Original (Start RIIO-1) NOMs Asset Base' (Section B) data. However, data in full compliance with the requirements above for both Section A and Section B must be submitted no later than 14th September 2021. The licensee must explain the basis for its Part A and Part B submission in its supporting narrative.</p>
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Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A
Gas Distribution	Both monetised risk and asset/intervention volume data is entered on this sheet. The requirements of worksheet 3.2.1 apply for the asset/intervention volume elements of this worksheet.

3.2.1_Delivery_Volumes_[ET, GT, or GD]

Purpose and use by Ofgem	For the licensee to report the asset and intervention volumes underlying the monetised risk delivery reported on worksheet 3.2, by Asset Category, including the starting position at 1 April 2013, with intervention position and without intervention position at 31 March 2021.
General requirements for licensees completing this worksheet	<p>The worksheet is separated into the same three sections worksheet 3.2:</p> <ul style="list-style-type: none"> A. Total Network Asset Base (i.e. asset base at end RIIO-1) B. Original (Start RIIO-1) NOMs Asset Base C. Impact of Change in Asset Base Over RIIO-1 <p>This worksheet has been designed so that it lines up cell-by-cell with worksheet 3.2. This means that if, for example, a monetised risk value of R£10.0 is entered into cell P20 on worksheet 3.2, then the assets underlying volume value entered in the equivalent cell P20 on worksheet 3.2.1 must have a combined risk of R£10.0.</p> <p>The licensee is required to complete sections A and B. The asset volumes reported on this worksheet must have a direct relationship to the monetised risk values reported on worksheet 3.2 on a cell by cell basis.</p>

Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A

Gas Distribution	This worksheet is auto-populated from worksheet 3.2 with the exception of section for GDNs to enter intervention volumes for each asset category.
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3.3.1_Normalisations_Targets (all sectors)

Purpose and use by Ofgem	<p>For the licensee report the normalisations (i.e. Relevant Risk Changes) applicable to approved NOMs monetised risk targets to enable like-for-like comparison between targets (reported on worksheet 3.1) and delivery (reported on worksheet 3.2).</p> <p>With the exception of 'Covered by Other Mechanisms' Relevant Risk Changes are applied to targets only.</p>
General requirements for licensees completing this worksheet	<p>The licensee is required to report Relevant Risk Changes to both the with and without intervention risk position as follows:</p> <ul style="list-style-type: none"> • Data Cleanse • Methodology Change • CoF Changes • Pre-RIIO-1 work true-up • Slower/ Faster Deterioration (GD only) • Free text normalisation (3 no.) • Impact of Change in Asset Base Over RIIO-1 • Covered by Other Mechanisms <p>The licensee is required to enter a normalisation value for all asset categories under each Relevant Risk Change category. If a Relevant Risk Change category has no impact for a given asset category then the licensee must enter 0 (zero) into the relevant cell.</p> <p>The licensee is required to ensure that the outcome of applying all Relevant Risk Changes in combination is normalised delivery and normalised targets that are comparable on a like-for-like bases and suitable for the purpose of implementing the NOMs Incentive Mechanism. Where a licensee needs to apply further assumptions or interpretations beyond those already set out in this Methodology to ensure this outcome then it should provide explanation in its accompanying narrative.</p> <p><u>Free text normalisations</u></p> <p>Three data columns are provided for the licensee to report the impact of other factors, not covered by the standard categories, that it considers require normalisations be applied in order to enable a like-for-like comparison between targets and delivery. The licensee should overwrite the heading in row 20 with a suitable category descriptor. The licensee is required to explain the</p>

	<p>rationale for the additional Relative Risk Changes through its supporting narrative.</p> <p><u>Slower/faster deterioration</u></p> <p>For the transmission companies, slower/faster deterioration will not be reported as a Relevant Risk Change and will instead be covered as zero valued delivery and reported on this sheet under 'Slower/ Faster Deterioration (ET, GT)'.</p> <p><u>Covered by Other Mechanisms</u></p> <p>In different circumstances, to ensure like for like comparison, it may be necessary to apply 'Covered by Other Mechanisms' Relevant Risk Change to:</p> <ul style="list-style-type: none"> • Target only, or • Both target and delivery – in which case the licensee should utilise worksheet 3.3.2.
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Sector specific requirements

Electricity Transmission	Relevant Risk Change 'Slower/ Faster Deterioration (GD)' will be left blank. The licensee will enter the impact of slower/faster deterioration under 'Slower/ Faster Deterioration (ET, GT)'.
Gas Transmission	Relevant Risk Change 'Slower/ Faster Deterioration (GD)' will be left blank. The licensee will enter the impact of slower/faster deterioration under 'Slower/ Faster Deterioration (ET, GT)'.
Gas Distribution	The impact of slower/faster deterioration is to be reported as a Relevant Risk Change under Slower/ Faster Deterioration (GD).

3.3.2_Normalisations_Delivery (all sectors)

Purpose and use by Ofgem	<p>Provides normalisations (i.e. Relevant Risk Changes) applicable to reported NOMs monetised risk delivery in worksheet 3.2.</p> <p>With the exception of 'Covered by Other Mechanisms' Relevant Risk Changes are applied to targets only.</p>
General requirements for licensees completing this worksheet	This worksheet should be populated only when it is necessary to apply normalisations to both targets and delivery for interventions covered by other mechanisms to enable like-for-like comparison between targets and delivery.

Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A

Gas Distribution	N/A
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6. 'Stage 5 Submission Section' Worksheets

Purpose

- 6.1. For licensees that the Authority has not determined to have delivered 'On-Target' at Stage 4, i.e. for licensees that are assessed to have over-delivered or under-delivered against any applicable deadband, to report their view of the allowances and expenditure incurred on NOMs Asset interventions and the associated costs of over-delivery or under-delivery.
- 6.2. The data reported in these worksheets will be used by the Authority to determine the value of any financial adjustments under the NOMs incentive mechanism.

Overview of worksheets

- 6.3. The worksheets included within this chapter are:

Electricity Transmission	Gas Transmission	Gas Distribution
<ul style="list-style-type: none"> • 4.1.1_Expenditure_Allowed • 4.1.2_Expenditure_Outturn • 4.2_OD_and_UD_Factors • 4.3_OD_and_UD_Associated_Costs 	Same for all sectors	Same for all sectors

4.1.1_Expenditure_Allowed

Purpose and use by Ofgem	Provides the licensee's derived allowed expenditure for associated monetised risk targets in RIIO-1.
General requirements for licensees completing this worksheet	<p>The licensee is required to report its derived annual allowances (i.e. from 2013/14 to 2020/21), by Asset Category, for associated monetised risk targets in RIIO-1.</p> <p>The licensee is required to derive the allowances in accordance with the methodology agreed with Ofgem during assessment Stage 4.</p> <p>The licensee should provide detailed workings of the derived allowances, either below the input table, or by utilising supporting data sheet(s). The input table should be populated by entering link formulae to the detailed workings.</p>

Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A

Gas Distribution	N/A
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4.1.2_Expenditure_Outturn

Purpose and use by Ofgem	Provides the licensee's derived outturn incurred expenditure for actual risk delivery in RIIO-1.
General requirements for licensees completing this worksheet	<p>The licensee is required to report its derived annual incurred expenditure (i.e. from 2013/14 to 2020/21), by Asset Category, for associated risk delivery in RIIO-1.</p> <p>The licensee is required to derive the incurred expenditure in accordance with the methodology agreed with Ofgem during assessment Stage 4.</p> <p>The licensee should provide detailed workings of the derived incurred expenditure, either below the input table, or by utilising supporting data sheet(s). The input table should be populated by entering link formulae to the detailed workings.</p>

Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A
Gas Distribution	N/A

4.2_OD_and_UD_Factors

Purpose and use by Ofgem	Provides the licensee's view of the impact of relevant factors that have contributed to over-delivery and under-delivery against targets in RIIO-1.
General requirements for licensees completing this worksheet	<p>The licensee is required to report the monetised risk impact of factors contributing to over-delivery and under-delivery in RIIO-1 from Column G to Column AG (i.e. Identified Factor 1 to Identified Factor 26).</p> <p>The licensee is required to identify the factors that led to an over-deliver or under-delivery at a level of granularity that is sufficient for it to justify its over-delivery or under-delivery. This may be at asset category level, sub-asset category level, or project level, of a combination of these.</p> <p>A short description of identified factors should be entered into the header row (e.g. project reference) with the monetised risk impact of the identified factor entered against each asset category.</p> <p>For ET/GT slower/faster deterioration is auto-populated from worksheet 3.3.1.</p> <p>The template contains enough columns for the licensee to report an additional 26 identified factors. The licensee</p>

	may insert additional columns for additional identified factors if required. The licensee should ensure that the formula in the 'totals' columns picks up all entries, and should ensure that the formulae in rows 14 and 16 are copied across to any new columns.
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Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A
Gas Distribution	N/A

4.3_OD_and_UD_Associated_Costs

Purpose and use by Ofgem	Provides associated costs of over-delivery and/or unspent allowances associated with under-delivery ⁷ in RIIO-1 tied to each of the contributing factors reported in 4.2.
General requirements for licensees completing this worksheet	<p>The licensee is required to report the relevant information for associated costs of over-delivery and under-delivery in RIIO-1 as follows:</p> <ul style="list-style-type: none"> • Delivery Element (e.g. asset category/intervention, project etc.) – we expect that these should align with the identified OD/UD factors reported on worksheet 4.2. • Value of Output Delivered (R£m) • Annual Associated Costs (i.e. from 2013/14 to 2020/21) <p>The licensee is required to derive the associated costs in accordance with the methodology agreed with Ofgem during assessment Stage 4.</p> <p>The licensee should provide detailed workings of the derived associated costs, either below the input table, or by utilising supporting data sheet(s). The input table should be populated by entering link formulae to the detailed workings.</p>

Sector specific requirements

Electricity Transmission	N/A
Gas Transmission	N/A
Gas Distribution	N/A

⁷ Please note that reference to associated costs means the costs associated with over-delivery as well as the unspent allowances associated with under-delivery.

7. Supporting Data Worksheets

Purpose

- 7.1. Five blank worksheets are provided for the licensee to submit any data necessary to support its submission.

Instructions for using supporting data worksheets

- 7.2. The licensee should, where possible, format and order the data on supporting data worksheet in way that is consistent with the preceding worksheets. Where relevant, data definitions and terminology used on these worksheets should be consistent with the preceding worksheets and with this guidance document.
- 7.3. If a supporting data worksheet is used, then the licensee must:
 1. Rename the tab with a meaningful name. When renaming, the numbering system, i.e. 5.1, 5.2, etc should be retained. The tab name should not contain any spaces. Underscore character should be used in place of spaces.
 2. Overwrite the relevant tab name on worksheet 0.2_Contents with the new tab name.
 3. Overwrite the relevant worksheet title on '0.2 Contents' worksheet with an appropriately descriptive title.
 4. Delete the instruction box on the supporting data worksheet.
- 7.4. If a supporting data worksheet is used to calculate values to input preceding worksheets, then the inputs should be entered as links directly to the supporting data worksheet.

8. Accompanying narrative requirements

Purpose

- 8.1. Each licensee is required to provide supporting narrative documentation for both its Stage 1/2 data submission and its Stage 5 data submission (if relevant).
- 8.2. Ofgem will use the information provided by the licensee in its narrative document as well as the data submitted through the RIIO-1 NOMs Closeout Data Template, supplementary question responses, and other relevant sources to help:
 - form views on the application of Relevant Risk Changes (Stage 3),
 - determine the appropriate deadband (Stage 4),
 - determine whether the licensee has made a sufficient case for all or some of its over-delivery or under-delivery to be deemed justified (Stage 6); and
 - evaluate the costs associated with over-delivery and under-delivery.

General Requirements

- 8.3. The general requirements are set out in the RIIO-1 NOMs Incentive Methodology.
- 8.4. We are not requiring the licensee to use a proforma template for its narrative submissions. However, the narrative submissions should, as a minimum, include the sections set out below.

Stage 1/2 Submission Narrative Requirements

- 8.5. The licensee's Stage 1/2 narrative submission should include the following sections as a minimum:
 1. Executive summary – short overview of the main points of the narrative document.
 2. Asset definitions and intervention definitions – an explanation of the asset and intervention definitions the licensee has applied, as well as any assumptions that it has applied in order to report data in accordance with the definitions.

3. General assumptions – explanation, including limitations, of any assumptions not covered under the 'Asset and intervention definitions' section, that the licensee has found necessary to apply in order to populate the RIIO-1 NOMs Closeout Data Template. Where possible these should be related to individual worksheets.
4. RIIO-1 Targets - explanation of the without intervention and with intervention risk values reported on worksheet 3.1 and the underlying asset and intervention volumes reported on table 3.1.1, including any embedded assumptions. The licensee should provide details of any variables that were agreed with Ofgem should be fixed for the purpose of implementing the NOMs incentive mechanism, e.g. the cost of carbon, whether any of these have been updated cross-referring to the Relevant Risk Changes discussed in 6 below.
5. RIIO-1 Delivery - explanation of the without intervention and with intervention risk values reported on worksheet 3.2 and the underlying asset and intervention volumes reported on table 3.2.1, including any embedded assumptions and variables that have had a material impact on the results.

The licensee must (where relevant) submit information, on delivery performance against overall risk targets, that includes but is not limited to:

- (i) a narrative describing the licensee's overall asset risk performance during RIIO-1, explaining whether the licensee has delivered its target of monetised network risk;
 - (ii) a narrative explaining how trade-offs between different asset categories/schemes have impacted the overall asset risk performance;
 - (iii) a narrative explaining how trade-offs between different types of intervention have impacted the overall asset risk performance (for example: how the licensee has traded off between asset replacement and refurbishment work);
 - (iv) a narrative of the specific schemes that have either not been delivered or have been delivered in addition to the original programme to show how they have impacted the overall asset risk performance; and
 - (v) a narrative of activities on other non-NOMs intervention activities (such as Legal and Safety in ED or HSE-driven gas mains replacement in GD) that have impacted the overall asset risk performance.
6. Relevant Risk Changes – explanation of each of the Relevant Risk Changes (normalisations) reported on worksheet 3.3.1. Each Relevant Risk Change should be addressed separately. This must include, as a minimum:
 - rationale for any 'free text normalisations' reported,
 - details of the methodological approach used to derive values,
 - rationale for choosing the derivation approach. This applies even when zero values are entered; and
 - explanation of any assumptions applied.

These requirements apply equally to categories of Relevant Risk Changes where the licensee reports zero values and where it reports non-zero values.

7. Methodology for deriving associated costs: a draft methodology setting out how the licensee proposes to derive financial data for its Stage 5 submission. This should include:
 - a. Methodology for deriving, or allocating, allowances by asset category – to be reported on worksheet 4.1.1. Application of the methodology must result in allowances that are consistent with RIIO-1 Final Proposals and related to the funded asset intervention volumes.
 - b. Methodology for deriving, or allocating, expenditure incurred by the licensee in delivering relevant asset interventions over the RIIO-1 period – to be reported on worksheet 4.1.2.
 - c. Methodology for identifying the specific delivery elements (e.g. asset categories, asset sub-categories, interventions, projects) that have contributed to over-delivery or under-delivery.
 - d. Step-by-step Methodology for calculating the costs (or unspent allowances) related to the specific delivery elements identified through the methodology (point c above) and how the effect of any deadband will be accounted for.
 - e. Worked examples to illustrate the application of points a to d above.
- 8.6. See Appendix 1 to the NOMs Incentive Methodology for further detail on Stage 1/2 submission requirements.

Stage 5 Submission Narrative Content

- 8.7. The Stage 5 narrative should be submitted as an addendum to the Stage 1/2 narrative submission.
- 8.8. The licensee may revise the Stage 1/2 narrative submission to reflect any agreements with Ofgem prior to a Stage 5 submission.
- 8.9. The licensee's Stage 5 narrative submission should include the following additional sections as a minimum:
 8. Explanation of the derivation of associated costs - including how this in accordance with the methodologies agreed with Ofgem as part of Stage 5; and
 9. Justification for over-delivery or under-delivery – See Appendix 2 to the NOMs Incentive Methodology. Any justification should align with the identified factors reported on worksheet 4.2 and be supported by relevant CBAs and qualitative evidence.