**National Grid Electricity System Operator (NGESO)**

**Reporting year: 202X/2X**

## Executive Summary

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## Chapter 1 – Table commentary

**1.1 Disposals**

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| **Allocation methodologies** |
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| **Additional commentary** |

**1.2 Price Control Financial Model (PCFM) Inputs Summary**

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| **Allocation methodologies** |
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| **Summary views** (maximum words: 250 per summary section) |
| 1. Please state the value of each Licence Term making up the Internal System Operator Revenue for the previous year and the current year and provide commentary on material differences. |
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| **Additional commentary** |
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**1.3 Pass Through**

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| **Allocation methodologies** |
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| **Additional commentary** |
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* 1. **Tax Pools Inputs**

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| **Allocation methodologies** |
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| **Additional commentary** |
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**2.1 Totex Summary**

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| **Allocation methodologies** |
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| **Summary views** (maximum words: 400 per summary section). The ESO may refer to its six-monthly incentives reporting if necessary. |
| 1. Please summarise outturn costs in the current year and the main drivers. |
|  |
| 1. Please compare outturn costs in the current year to outturn costs in the previous year(s), summarising key changes in the main drivers. |
|  |
| 1. Please summarise the updated forecasts for the remainder of RIIO-2. |
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| 1. Please explain any material differences in the outturn spend and updated forecasts to previous years’ outturn and forecast spend. |
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| **Additional commentary** |
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**2.2 Cost Benchmark Summary**

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| **Allocation methodologies** |
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| **Summary views** (maximum words: 400 per summary section). The ESO may refer to its six-monthly incentives reporting if necessary. |
| 1. Please provide a short summary of the material changes in costs identified in the value for money assessments within the reporting year for each Role. |
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| 1. Please identify and explain any differences from the figures reported against the cost benchmarks in the six-monthly incentives reports within the reporting year. Where these differences are immaterial, minimal explanation is required. |
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| **Additional commentary** |
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**2.3 Related Party Transactions**

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| **Allocation methodologies** |
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| **Additional commentary** |
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**3.1 Opex Summary**

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| **Allocation methodologies** |
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| **Summary views** (maximum words: 400 per summary section). The ESO may refer to its six-monthly incentives reporting if necessary. |
| 1. Please summarise outturn costs in the current year and the main drivers. |
|  |
| 1. Please compare outturn costs in the current year to outturn costs in the previous year(s), summarising key changes in the main drivers. |
|  |
| 1. Please summarise the updated forecasts for the remainder of RIIO-2. |
|  |
| 1. Please explain any material differences in the outturn spend and updated forecasts to previous years’ outturn and forecast spend. |
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| **Additional commentary** |
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**3.2 Salary and Full Time Equivalent (FTE) Numbers**

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| **Allocation methodologies** |
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| **Summary views** (maximum words: 200 per summary section) |
| 1. Year-on-year comparison of:    1. FTE numbers and whether this relates to any changes in the mix of different employee grades. |
| **Additional commentary** |
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**3.3 Provisions**

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| **Allocation methodologies** |
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| **Additional commentary** |
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**4.1 Business Support Costs (BSC)**

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| **Allocation methodologies** |
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| **Summary views** (maximum words: 400 per summary section). The ESO may refer to its six-monthly incentives reporting if necessary. |
| 1. Please summarise outturn costs in the current year and the main drivers. |
|  |
| 1. Please compare outturn costs in the current year to outturn costs in the previous year(s), summarising key changes in the main drivers. |
|  |
| 1. Please summarise the updated forecasts for the remainder of RIIO-2. |
|  |
| 1. Please explain any material differences in the outturn spend and updated forecasts to previous years’ outturn and forecast spend. |
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| **Additional commentary** |
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**4.2 Business Support Costs (BSC) Allocation**

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| **Allocation methodologies** |
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| **Additional commentary** |
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**5.1 Capex Summary**

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| **Allocation methodologies** |
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| **Summary views** (maximum words: 400 per summary section). The ESO may refer to its six-monthly incentives reporting if necessary. |
| 1. Please summarise outturn costs in the current year and the main drivers. |
|  |
| 1. Please compare outturn costs in the current year to outturn costs in the previous year(s), summarising key changes in the main drivers. |
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| 1. Please summarise the updated forecasts for the remainder of RIIO-2. |
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| 1. Please explain any material differences in the outturn spend and updated forecasts to previous years’ outturn and forecast spend. |
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| **Additional commentary** |
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**6.1 Cyber Resilience IT Costs**

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| **Allocation methodologies** |
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| **Additional commentary** |
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**6.2 Pension Administration Costs**

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| **Allocation methodologies** |
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| **Summary views** (maximum words: 400 per summary section). The ESO may refer to its six-monthly incentives reporting if necessary. |
| 1. Please summarise outturn costs in the current year and the main drivers. |
|  |
| 1. Please compare outturn costs in the current year to outturn costs in the previous year(s), summarising key changes in the main drivers. |
|  |
| 1. Please summarise the updated forecasts for the remainder of RIIO-2. |
|  |
| 1. Please explain any material differences in the outturn spend and updated forecasts to previous years’ outturn and forecast spend. |
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| **Additional commentary** |
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**6.3 System Operation (SO) Review Costs**

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| **Allocation methodologies** |
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| **Additional commentary** |
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**6.4 Unfunded Innovation Costs**

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| **Allocation methodologies** |
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| **Additional commentary** |
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**7.1 Non-Activity Based Costs**

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| **Allocation methodologies** |
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| **Summary views** (maximum words: 400 per summary section) |
| 1. Please summarise outturn costs in the current year and the main drivers. |
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| 1. Please compare outturn costs in the current year to outturn costs in the previous year(s), summarising key changes in the main drivers. |
|  |
| 1. Please summarise the updated forecasts for the remainder of RIIO-2. |
|  |
| 1. Please explain any material differences in the outturn spend and updated forecasts to previous years’ outturn and forecast spend. |
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| **Additional commentary** |
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**7.2 Directly Renumerated Services (DRS)**

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| **Allocation methodologies** |
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| **Summary views** (maximum words: 250 per summary section) |
| 1. Current year    1. Describe the outputs delivered through works associated with de minimis spend.    2. Provide information where excluded services have had a notable impact on non-excluded areas. |
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| **Additional commentary** |
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**7.3 Network Innovation Allowance (NIA) Expenditure**

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| **Allocation methodologies** |
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| **Summary views** (maximum words: 250 per summary section) |
| 1. Please list the successfully completed and reported NIA projects. |
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| 1. Please state total spend against allowable NIA expenditure, the 3rd party income / contributions received and confirm that the ESO has adhered to the RIIO-2 NIA Governance Document. |
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| **Additional commentary** |
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**7.4 RIIO-1 Carry Over Network Innovation Allowance (CNIA) Expenditure**

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| **Allocation methodologies** |
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| **Summary views** (maximum words: 250 per summary section) |
| 1. Please list the successfully completed and reported NIA projects carried over from RIIO-1. |
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| **Additional commentary** |
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**7.5 Network Innovation Competition (NIC) Expenditure**

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| **Allocation methodologies** |
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| **Summary views** (maximum words: 600 per summary section) |
| * + - 1. Current year:  1. Summary and status of successful NIC projects including a brief summary of whether conditions set by Ofgem have been met 2. NIC funding allowance for each project – breaking down innovation funding and funding by licensee. 3. NIC expenditure on each project (net and gross) explaining royalties/revenues. 4. Reasons for over or under expenditure. |
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| **Additional commentary** |
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**7.6 Strategic Innovation Fund (SIF) Expenditure**

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| **Allocation methodologies** |
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| **Summary views** (maximum words: 600 per summary section) |
| 1. Current year: 2. Summary and status of successful SIF projects including a brief summary of whether conditions set by Ofgem have been met 3. SIF funding allowance for each project – breaking down innovation funding and funding by licensee. 4. SIF expenditure on each project (net and gross) explaining royalties/revenues. 5. Reasons for over or under expenditure. |
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| **Additional commentary** |
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**8.1 System Operator (SO) Electricity Market Reform (EMR) Data**

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| **Allocation methodologies** |
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| **Additional commentary** |
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## Chapter 2 – Forecasting

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## Appendices

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