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## ESO Response to the Statutory consultation on the Electricity System Operator licence drafting modifications published 30 June 2023

Dear David,

Thank you for the opportunity to respond to your Statutory consultation on the Electricity System Operator licence drafting modifications, which was published on 30 June 2023.

### Who we are

As the Electricity System Operator (ESO) for Great Britain, we are at the heart of the energy system, balancing electricity supply and demand second by second.

Our mission, as the UK moves towards its 2050 net zero target, is to drive the transformation to a fully decarbonised electricity system by 2035, one which is reliable, affordable, and fair for all. We play a central role in driving Great Britain's path to net zero and use our unique perspective and independent position to facilitate market-based solutions to the challenges posed by the trilemma.

Our transformation to a Future System Operator (FSO) is set to build on the ESO's position at the heart of the energy industry, acting as an enabler for greater industry collaboration and alignment. This will unlock value for current and future consumers through more effective strategic planning, management, and coordination across the whole energy system.

### Response

The consultation comes in three parts and deals with the licence and each of the Price Control Financial Instruments. Our comments are split depending on which document they relate to.

### Licence Special Conditions

We note the purpose of this consultation is to implement RIIO-2 Business Plan Final Determinations. However, we also note that this consultation does not include an update to the pass-through costs in SpC 4.2 Part F to reflect the decision that FSO transition costs will be classified as pass-through costs rather than totex. We assume that this will be part of the upcoming licence consultation which will follow the policy consultation on wider FSO funding proposals.

We would also like to highlight that there are a number of typographical and reference issues, some of which have been carried over since the consultation earlier this year and others which are mentioned for the first time since we are now able to review a full version of the Special Conditions as published in this consultation. The changes break down to three parts:

- A minor change is required to Standard Conditions as they apply to ESO. This is listed in Appendix 1. We note that Standard Conditions will not be changed as part of the process but suggest that this change should be made at an appropriate point.

- Formula changes for consistency. These are listed in Appendix 2. The reasons for these are to bring consistency to the licence and improve understanding as explained in our response to an earlier consultation<sup>1</sup>. We are aware that some inconsistency remains in the treatment of multiplication of brackets (with both  $(a)(b)$  and  $(a) \times (b)$  being used).
- Typographical and reference changes. These are listed in Appendix 3. In addition to the items noted on here, there are several references throughout the Special Conditions to National Grid Gas plc (NGG). It should be noted that National Grid no longer owns that company, which is now called National Gas Transmission plc. All appropriate references should therefore be changed.

### Price Control Financial Model (PCFM)

Changes to the PCFM as published are minimal. Of the changes that have been made, we note that the formula in row 199 of the SystemOperator sheet (SOPT<sub>i</sub>) has not been extended to allow for the new row inserted in 198 for FSO costs. The formula in cell AP199 should therefore be amended to =SUM(AP194:AP198) and the formula filled across the row to column AT.

Although the available input (blue) cells for FSO costs (row 22) do include all years of RIIO-2, there has not been a decision published or otherwise notified on whether years prior to the current year (31 March 2024) should be entered, and totex restated accordingly. We request specific clarification on what period to include FSO costs in the passthrough line (and for this to be reflected in the Price Control Financial Handbook (PCFH)).

We note the view on the funding of tax for FSO passthrough that is stated in the consultation and look forward to engaging further on this subject.

There are blue input cells available for capitalisation rates in row 176 and we note that Final Determinations<sup>2</sup> included a decision on these with values of 38.3% and 37.6% set for 2023/2024 and 2024/25 respectively. These values should be reflected in cells AR176 and AS177 of the PCFM and the colour of those cells changed from blue to beige to reflect that they will not change further.

### Price Control Financial Handbook (PCFH)

Throughout the PCFH some formulae are reproduced from the licence or inform them. As these are being updated to use consistent notation the same changes need to be reflected in the PCFH. The specific changes required are noted in Appendix 4. We have also listed other typographical corrections required to the PCFH in Appendix 5.

Table 3.1 (which comes after paragraph 3.3 of the consulted PCFH) includes a new row for the FSO pass-through term (FSO<sub>i</sub>). Since this term will need adding to the licence, the location of the added text in the licence will need to be added (and as above we presume that this will be consulted on separately).

We look forward to engaging with you further. Should you require further information on any of the points raised in our response please contact Craig Bell, Regulatory Finance, at [craig.bell@nationalgrideso.com](mailto:craig.bell@nationalgrideso.com).

Our response is not confidential.

Yours sincerely

Jane West

Senior Finance Business Partner, Regulation

<sup>1</sup> <https://www.ofgem.gov.uk/publications/statutory-consultation-proposal-modify-special-conditions-electricity-transmission-licence-held-national-grid-electricity-system-operator-limited-2>

<sup>2</sup> [Business Plan 2 Final Determinations - Electricity System Operator | Ofgem](#) – page 51 of the document

## Appendix 1 -Changes to Standard Conditions

While Standard Conditions cannot be changed as part of this process, we note that these changes should be made in a subsequent change.

Current Text	New Text	Notes
<b>[Standard] Condition C6, paragraph 15</b>		
Nothing in this condition shall impact on the application Special Condition 4C (Balancing Services Activity Revenue Restriction on External Costs).	Nothing in this condition shall impact on the application of Special Condition 4.3 (Balancing Services external costs (BXext)).	Correct spelling, introduce word "of" and correct reference

## Appendix 2 – Formula Changes to Special Conditions

Current Text	New Text	Notes
<b>Special Condition 3.6, paragraph 3.6.3</b>		
$ADJ_t = (TO_{t-1} - TO_{t-1}^*) * (1 + I_{t-1} + 1.15\%)$	$ADJ_t = (TO_{t-1} - TO_{t-1}^*) \times (1 + I_{t-1} + 1.15\%)$	Multiplication operator, remove an unnecessary +
<b>Special Condition 4.2, paragraph 4.2.3</b>		
... $ADJR_t = R_t \frac{PI_t}{PI_{2018/19}} + ADJ_t$ ...	... $ADJR_t = R_t \times \frac{PI_t}{PI_{2018/19}} + ADJ_t$ ...	Multiplication operator
<b>Special Condition 4.2, paragraph 4.2.5</b>		
$PI_m = \begin{cases} RPI_m \text{ if } m < \text{April 2021} \\ PI_{m-1} \left( 0.5 \frac{CPIH_m}{CPIH_{m-1}} + 0.5 \frac{RPI_m}{RPI_{m-1}} \right) \text{ if } m = \text{April 2021} \\ PI_{m-1} \times \frac{CPIH_m}{CPIH_{m-1}} \text{ if } m > \text{April 2021} \end{cases}$	$PI_m = \begin{cases} RPI_m \text{ if } m < \text{April 2021} \\ PI_{m-1} \left( 0.5 \times \frac{CPIH_m}{CPIH_{m-1}} + 0.5 \times \frac{RPI_m}{RPI_{m-1}} \right) \text{ if } m = \text{April 2021} \\ PI_{m-1} \times \frac{CPIH_m}{CPIH_{m-1}} \text{ if } m > \text{April 2021} \end{cases}$	Multiplication operator
<b>Special Condition 4.9, paragraph 4.9.3</b>		
$LSOMOD_t = SOMOD_t * RPIF_t$	$LSOMOD_t = SOMOD_t \times RPIF_t$	Multiplication operator
<b>Special Condition 4.9, paragraph 4.9.4</b>		
$LSOMOD_t = COA * CWACC * \frac{PI_t}{PI_{2018/19}}$	$LSOMOD_t = COA \times CWACC \times \frac{PI_t}{PI_{2018/19}}$	Multiplication operators (2 instances)
<b>Special Condition 4.9, paragraph 4.9.7</b>		
$CWACC_t = \prod_{t=2021/22}^{t-1} (1 + WACC_t)$	$CWACC_t = \prod_{t=2021/22}^{t-1} (1 + WACC_t)$	Subscript t
<b>Special Condition 4.9, paragraph 4.9.8</b>		
$LSOTRU_t = SOTRU_t * RPIF_t$	$LSOTRU_t = SOTRU_t \times RPIF_t$	Multiplication operator

Current Text	New Text	Notes
<b>Special Condition 4.9, paragraph 4.9.9</b>		
$LSOTRU_t = \left[ \frac{RPIA_{t-2} - RPIF_{t-2}}{RPIA_{t-2}} \right] * LPVF_{t-2} * LPVF_{t-1} * SOREV_{t-2} \\ * \frac{PI_t}{PI_{2009/10}}$	$LSOTRU_t = \left[ \frac{RPIA_{t-2} - RPIF_{t-2}}{RPIA_{t-2}} \right] \times LPVF_{t-2} \times LPVF_{t-1} \times SOREV_{t-2} \\ \times \frac{PI_t}{PI_{2009/10}}$	Multiplication operator (4 instances)
<b>Special Condition 4.9, paragraph 4.9.11</b>		
$LSOEMRINC_t = SOEMRINC_t * RPIF_t$	$LSOEMRINC_t = SOEMRINC_t \times RPIF_t$	Multiplication operator

## Appendix 3 – Typographical and Reference Corrections to Special Conditions

Current or Proposed Text	New Text	Notes
<b>Special Condition 1.1, paragraph 1.1.16, definition of Carry-over Network Innovation Allowance</b>		
... Special Condition 4.7 (Carry-over Network Innovation Allowance) ...	... Special Condition 4.8 (Carry-over Network Innovation Allowance) ...	Correct reference
<b>Special Condition 1.1, paragraph 1.1.16, definition of ESO Price Control Financial Model</b>		
(a) That is represented by a workbook in Microsoft Excel® format maintained under that name on the Authority's Website	(a) That is represented by a workbook in Microsoft Excel® format maintained on the Authority's Website	Reference to naming convention removed (has been removed from PCFH)
<b>Special Condition 1.1, paragraph 1.1.16, definition of External costs of the Balancing Services Activity Revenue</b>		
...set out in Part A of Special Condition 4.3 (Balancing Services Activity Revenue Restriction on External Costs).	...set out in Part A of Special Condition 4.3 (Balancing Services external costs).	Correct reference
<b>Special Condition 1.1, paragraph 1.1.16, definition of NIA</b>		
means the network innovation allowance provided by Special Condition 4.6 (The RIIO-2 network innovation allowance).	means the network innovation allowance provided by Special Condition 4.7 (The RIIO-2 network innovation allowance).	Correct reference
<b>Special Condition 1.1, paragraph 1.1.16, definition of NTS System Operation Activity</b>		
has the meaning given to that term in Special Condition 1A.4 of National Grid Gas plc's gas transporter licence.	has the meaning given to that term in Special Condition 1A.4 of National Gas Transmission plc's gas transporter licence.	Correct company name after sale (we presume licence reference is still correct)
<b>Special Condition 1.1, paragraph 1.1.16, definition of RIIO-2 NIA Governance Document</b>		
means the document issued by the Authority in accordance with Part B of Special Condition 4.6 (The RIIO-2 network innovation allowance).	means the document issued by the Authority in accordance with Part B of Special Condition 4.7 (The RIIO-2 network innovation allowance).	Correct reference
<b>Special Condition 1.1, paragraph 1.1.16, definition of Total NIA Expenditure</b>		
means expenditure that satisfies the requirements of the RIIO-2 NIA Governance Document and is partly recovered by the licensee under Special Condition 4.6 (The RIIO-2 network innovation allowance).	means expenditure that satisfies the requirements of the RIIO-2 NIA Governance Document and is partly recovered by the licensee under Special Condition 4.7 (The RIIO-2 network innovation allowance).	Correct reference
<b>Special Condition 2.3, paragraph 2.3.20</b>		

Current or Proposed Text	New Text	Notes
The Compliance Statement must in particular (but without prejudice to the generality of paragraph 2.3.16 set out how the licensee will meet...	The Compliance Statement must in particular (but without prejudice to the generality of paragraph 2.3.16) set out how the licensee will meet...	Introduce close bracket
<b>Special Condition 2.12, paragraphs 2.12.3(c) and 2.12.5(c)</b>		
... in accordance with the RIIO-2 Regulatory Financial Performance Reporting RIGs.	... in accordance with the Regulatory Financial Performance Reporting.	Use definition introduced.
<b>Special Condition 3.3 (title)</b>		
Special Condition 3.3 RIIO-1 Network Innovation Competition (NICF <sub>t</sub> )	Special Condition 3.3 RIIO-1 Network Innovation Competition (NICF <sub>t</sub> )	Subscript t
<b>Special Condition 3.4, paragraph 3.4.1</b>		
The purpose of this condition is to establish arrangements for the SIF and to provide for the calculation of the term SIFF <sub>t</sub> ...	The purpose of this condition is to establish arrangements for the SIF and to provide for the calculation of the term SIFF <sub>t</sub> ...	Subscript t
<b>Special Condition 3.4, Part A (title)</b>		
Part A: Determination of the value of the SIFF <sub>t</sub> term	Part A: Determination of the value of the SIFF <sub>t</sub> term	Subscript t
<b>Special Condition 3.4, paragraph 3.4.4</b>		
The SIFF <sub>t</sub> term is the amount ...	The SIFF <sub>t</sub> term is the amount ...	Subscript t
<b>Special Condition 3.4, paragraph 3.4.5</b>		
... (a) the value of the SIFF <sub>t</sub> term for the licensee ...	... (a) the value of the SIFF <sub>t</sub> term for the licensee ...	Subscript t
<b>Special Condition 4.2, paragraph 4.2.3</b>		
... <i>R<sub>t</sub></i> means Calculated Revenue derived in accordance with Part D; <i>PI<sub>t</sub></i> means the price index term derived in accordance with Part E; and <i>ADJ<sub>t</sub></i> means the AIP adjustment term derived in accordance with Part F. ...	... <i>R<sub>t</sub></i> means Calculated Revenue derived in accordance with Part C; <i>PI<sub>t</sub></i> means the price index term derived in accordance with Part D; and <i>ADJ<sub>t</sub></i> means the AIP adjustment term derived in accordance with Part E. ...	Correct references
<b>Special Condition 4.2, paragraphs 4.2.14 and 4.2.15</b>		

Current or Proposed Text	New Text	Notes
...Tax Review...	...tax review...	The term is undefined.
<b>Special Condition 4.3, paragraph 4.3.2, definition of <math>BSCC_t</math></b>		
... excluding costs within $CSOBM_t$ but ...	... excluding costs within $CSOBM_t$ but ...	Subscript t
<b>Special Condition 4.3, paragraph 4.3.2, terms within 'where'</b>		
$SOTOC_t$	$SOTOC_t$	Subscript t
<b>Special Condition 4.3, paragraph 4.3.4</b>		
The value of $OM_t$ is ....	The value of $OM_t$ is ...	Subscript t
<b>Special Condition 4.4, title</b>		
Special Condition 4.4 Electricity System Operator Reporting and Incentive Arrangements (ESORIt)	Special Condition 4.4 Electricity System Operator Reporting and Incentive Arrangements (ESORIt)	Subscript t
<b>Special Condition 4.4, paragraph 4.4.1</b>		
The purpose of this condition is to calculate the term ESORIt ...	The purpose of this condition is to calculate the term ESORIt ...	Subscript t
<b>Special Condition 4.7, paragraph 4.7.1</b>		
The purpose of this condition is to calculate $NIA_t$ ...	The purpose of this condition is to calculate $NIA_t$ ...	Subscript t
<b>Special Condition 4.8, paragraph 4.8.4</b>		
... the value of $CNIA$ is ...	... the value of $CNIA_t$ is ...	Inserting a subscript t
<b>Special Condition 4.8. paragraph 4.8.4</b>		
... $PI_t$ is the price index calculated in accordance with Part E of Special Condition 4.2 (System Operator Internal Allowed Revenue).	... $PI_t$ is the price index calculated in accordance with Part D of Special Condition 4.2 (System Operator Internal Allowed Revenue).	Correct reference
<b>Special Condition 4.8, paragraph 4.8.5</b>		
For Regulatory Years commencing on or after 1 April 2022, the value of $CNIA_t$ is equal to zero.	For Regulatory Years commencing on or after 1 April 2022, the value of $CNIA_t$ is equal to zero.	Subscript t



Current or Proposed Text	New Text	Notes
<b>Special Condition 4.8, paragraph 4.8.7</b>		
where:  NIAV            the value of NIAV <sub>2020/21</sub> is ...  NGETBR        the value of NGETBR <sub>2020/21</sub> is ...  ENIA            the value of ENIA <sub>2020/21</sub> is ...  BPC            the value of BPC <sub>2020/21</sub> is ...	where:  NIAV            the value of NIAV <sub>2020/21</sub> is ...  NGETBR        the value of NGETBR <sub>2020/21</sub> is ...  ENIA            the value of ENIA <sub>2020/21</sub> is ...  BPC            the value of BPC <sub>2020/21</sub> is ...	Subscript the year identifiers
<b>Special Condition 4.9, paragraph 4.9.4</b>		
... Pl <sub>t</sub> has the value given to it by Part E of Special Condition 4.1; and ...	... Pl <sub>t</sub> has the value given to it by Part D of Special Condition 4.2; and ...	Correct reference
<b>Special Condition 4.9, paragraph 4.9.4</b>		
... For the Regulatory Years commencing on or after 1 April 2024 the value of LSOMOD <sub>t</sub> is zero.	... For the Regulatory Years commencing on or after 1 April 2024 the value of LSOMOD <sub>t</sub> is zero.	Subscript t
<b>Special Condition 4.9, paragraph 4.9.9</b>		
... LPVF <sub>t</sub> has the value derived in accordance with paragraph 4.8.11;  Pl <sub>t</sub> has the value given to it by Part E of Special Condition 4.2; and ...	... LPVF <sub>t</sub> has the value derived in accordance with paragraph 4.9.10;  Pl <sub>t</sub> has the value given to it by Part D of Special Condition 4.2; and ...	Correct references (2 instances)
<b>Special Condition 4.9, paragraph 4.9.10</b>		
The value of LPVF <sub>t</sub> is ...	The value of LPVF <sub>t</sub> is ...	Subscript t
<b>Special Condition 4.9, paragraph 4.9.11</b>		
... for Regulatory Years commencing on or after 1 April 2023 LSOEMRINC <sub>t</sub> is negative £2.03m ...	... for Regulatory Years commencing on or after 1 April 2023 LSOEMRINC <sub>t</sub> is negative £2.03m ...	Subscript t

Current or Proposed Text	New Text	Notes
<b>Special Condition 4.10, numbering</b>		
<i>All paragraph numbers in 4.10 are wrong since the section starts at 4.10.2 – it should start at 4.10.1. The text is okay assuming that the numbering is corrected.</i>		
<b>Special Condition 5.1, numbering</b>		
<i>The numbering of Special Condition 5.1 goes awry after paragraph 5.1.8 but if 5.1.9 in full reads “The Authority will ensure that any modifications of the ESO Price Control Financial Instruments, whether under Part B or otherwise, are promptly incorporated into a consolidated versions of the ESO Price Control Financial Instruments maintained on the Authority’s Website.” then the section will be back on track.</i>		
<b>Special Condition 5.1, paragraph 5.1.10(a)</b>		
publish on the Authority’s Website, the version of the ESO Price Control Financial Model that will be used to calculate and publish the value of the terms ADJRt and SOIARt in accordance with the calculation set out in Part AB of Special Condition 4.21 (System Operator Internal Allowed Revenue Restriction), ahead of each Annual Iteration Process...	publish on the Authority’s Website, the version of the ESO Price Control Financial Model that is proposed to be used to calculate and publish the value of the terms ADJRt and SOIARt in accordance with the calculation set out in Part AB of Special Condition 4.21 (System Operator Internal Allowed Revenue Restriction), ahead of each Annual Iteration Process...	Changing “will be” to “is proposed to be” used. The current wording creates confusion because (a) and (b) are both stated to be used to calculate the terms and the model in (b) will ultimately used, rather than the model in (a).
<b>Special Condition 5.1, paragraph 5.1.11</b>		
The first Regulatory Year in which the Authority will publish a version of the ESO Price Control Financial Model on the Authority’s Website for the purposes of paragraph 5.1.11 will be Regulatory Year 2021/22 and the last Regulatory Year will be 2024/25.	The first Regulatory Year in which the Authority will publish a version of the ESO Price Control Financial Model on the Authority’s Website for the purposes of paragraph 5.1.10 will be Regulatory Year 2021/22 and the last Regulatory Year will be 2024/25.	Correct reference
<b>Special Condition 5.1, paragraph 5.2.13</b>		
paragraph 5.1.5	paragraph 5.1.3	The change appears to us to be incorrect.

## Appendix 4 – Formula Changes in PCFH

Location in PCFH	Current Text	Revised Text
Paragraph 2.5	$R_t \frac{PI_t}{PI_{2018/19}}$	$R_t \times \frac{PI_t}{PI_{2018/19}}$
Paragraph 2.5	$ADJR_t = R_t \frac{PI_t}{PI_{2018/19}} + ADJ_t$	$ADJR_t = R_t \times \frac{PI_t}{PI_{2018/19}} + ADJ_t$
Paragraph 2.11	$value_{2018/19 \text{ prices}} = value_{nominal} \cdot \frac{PI_{2018/2019}}{PI_t}$	$value_{2018/19 \text{ prices}} = value_{nominal} \times \frac{PI_{2018/2019}}{PI_t}$
Paragraph 2.11	$PI_m = \begin{cases} RPI_m \text{ if } m < \text{April 2021} \\ PI_{m-1} \left( 0.5 \frac{CPIH_m}{CPIH_{m-1}} + 0.5 \frac{RPI_m}{RPI_{m-1}} \right) \text{ if } m = \text{April 2021} \\ PI_{m-1} \cdot \frac{CPIH_m}{CPIH_{m-1}} \text{ if } m > \text{April 2021} \end{cases}$	$PI_m = \begin{cases} RPI_m \text{ if } m < \text{April 2021} \\ PI_{m-1} \left( 0.5 \times \frac{CPIH_m}{CPIH_{m-1}} + 0.5 \times \frac{RPI_m}{RPI_{m-1}} \right) \text{ if } m = \text{April 2021} \\ PI_{m-1} \times \frac{CPIH_m}{CPIH_{m-1}} \text{ if } m > \text{April 2021} \end{cases}$
Paragraph 2.15	$RPI_m = RPI_{m-1} \cdot (1 + CYRPIF_m)^{\frac{1}{12}}$	$RPI_m = RPI_{m-1} \times (1 + CYRPIF_m)^{\frac{1}{12}}$
Paragraph 4.23	$Real (CPIH) RFR = (real \ 20yr \ gilt \ yields + 1) * (1 + wedge) - 1$	$Real (CPIH) RFR = (real \ 20yr \ gilt \ yields + 1) \times (1 + wedge) - 1$
Paragraph 6.44	$IBAPA = PSED \frac{LN(1 + DR)}{1 - (1 + DR)^{-irp}}$	$IBAPA = PSED \times \frac{LN(1 + DR)}{1 - (1 + DR)^{-irp}}$
Paragraph 6.47	$\sum_{y \geq rr-1} \frac{PBAPAY(1 + f \cdot DR)}{(1 + DR)^{y+2-rr}} \leq PSED + LO - ABV$	$\sum_{y \geq rr-1} \frac{PBAPAY(1 + f \times DR)}{(1 + DR)^{y+2-rr}} \leq PSED + LO - ABV$
Paragraph 6.52	$\sum_{y \geq rr+1} \left( PPH_y (1 + h_y \cdot PhDR_y) \prod_{t=rr+1}^y \left( \frac{1}{1 + PhDR_t} \right) \right) \leq V_{rr} + ABC$	$\sum_{y \geq rr+1} \left( PPH_y (1 + h_y \times PhDR_y) \prod_{t=rr+1}^y \left( \frac{1}{1 + PhDR_t} \right) \right) \leq V_{rr} + ABC$

## Appendix 5 – Typographical Changes in PCFH

Location in PCFH	Current Text	Revised Text	Notes
Table 3.1	SOIAC <sub>t</sub> CST <sub>t</sub>	SOIAC <sub>t</sub> CST <sub>t</sub>	Subscript t
Paragraph 5.13	SOCT <sub>t</sub> , SOGCA <sub>t</sub> , SOSRCA <sub>t</sub> , SOSBCA <sub>t</sub> , SODRCA <sub>t</sub> and SOIACA <sub>t</sub>	SOCT <sub>t</sub> , SOGCA <sub>t</sub> , SOSRCA <sub>t</sub> , SOSBCA <sub>t</sub> , SODRCA <sub>t</sub> and SOIACA <sub>t</sub>	Space inserted between SOSBCA <sub>t</sub> and SOIACA <sub>t</sub>
Paragraph 5.34	... as per the RIIO-2 Regulatory Financial Performance Reporting Regulatory Instructions and Guidance.	... as per the Regulatory Financial Performance Reporting.	Use definition added to licence conditions
Paragraph 6.47	, and “.” is a symbol for multiply (the mathematical operation of multiplication)	Delete	This sentence can be deleted as the multiplication operator has been standardised per Appendix 1
Paragraph 7.5	Revisions to SOLAR <sub>t</sub> and LSOPHRAV <sub>t</sub> affect the calculation of Allowed Revenue...	Revisions to SOLAR <sub>t</sub> and LSORAV <sub>t</sub> affect the calculation of Allowed Revenue...	Remove erroneous PH from middle of LSORAV <sub>t</sub> term
Paragraph 7.13	SOLAR <sub>t</sub> is derived in accordance with the formula in Part A of Special Condition 4.8 and comprises three legacy adjustments ...	SOLAR <sub>t</sub> is derived in accordance with the formula in Part A of Special Condition 4.9 and comprises three legacy adjustments ...	Reference corrected
Paragraph 7.18	... and extend the calculations on the ‘System Operator’s’ worksheet ...	... and extend the calculations on the <i>SystemOperator</i> worksheet ...	Name of worksheet in PCFM corrected
Paragraph 7.28 (heading before)	<i>LSOMOD<sub>t</sub> values to reflect the closeout of RIIO-ET1</i>	<i>LSOMOD<sub>t</sub> values to reflect the closeout of RIIO-ET1</i>	Subscript t
Paragraph 7.28	... using the same approach as the SOMOD <sub>t</sub> calculation, applying the same time value of money as would apply to SOMOD <sub>t</sub> in 2021/22.	... using the same approach as the SOMOD <sub>t</sub> calculation, applying the same time value of money as would apply to SOMOD <sub>t</sub> in 2021/22.	Subscript t (2 instances)
Paragraph 7.29	The value of LSOMOD <sub>t</sub> for 2023/24 is derived ...	The value of LSOMOD <sub>t</sub> for 2023/24 is derived ...	Subscript t

Location in PCFH	Current Text	Revised Text	Notes
Appendix 1, Glossary, ESO PCFM	... (a) that is represented by a workbook in Microsoft Excel format maintained under that name detailed above, on the Authority's website; and ...	... (a) that is represented by a workbook in Microsoft Excel format maintained on the Authority's website; and ...	Reference to naming convention removed
Appendix 1, Glossary, ESO PCFM	... (b) that the Authority will use to determine the values of the term SOIAR through the application of the Annual Iteration Process, whether under Special Condition 4.2, Part A of ESO licence. ...	... (b) that the Authority will use to determine the values of the term SOIAR through the application of the Annual Iteration Process under Special Condition 4.2, Part A of the ESO licence. ...	Word "whether" removed and "the" inserted before "ESO licence".
Appendix 1, Glossary, Legacy ESO RIIO-1 PCFM	An extended version of the last published RIIO-ET1 PCFM to used to calculate a legacy $SOMOD_t$ value relating to RIIO-ET1 Regulatory Years, for inclusion in the $SOLAR_t$ term.	An extended version of the last published RIIO-ET1 PCFM used to calculate a legacy $SOMOD_t$ value relating to RIIO-ET1 Regulatory Years, for inclusion in the $SOLAR_t$ term.	Word "to" (after PCFM) removed