

# Guidance

## **RIIO-2 Gas Distribution Price Control – Regulatory Instructions and Guidance: Version 1.18**

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Publication date:	17 April 2026
Contact:	Chris Haworth
Team:	Gas Distribution Costs and Monitoring
Telephone:	020 7901 7000
Email:	<a href="mailto:Christopher.Haworth@Ofgem.gov.uk">Christopher.Haworth@Ofgem.gov.uk</a>

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This document provides instructions and guidance to the eight gas distribution network operators to enable them to complete the reporting requirements associated with the gas distribution price control from 1 April 2021 to 31 March 2026.

This is the second gas distribution price control to reflect the RIIO (Revenue = Incentives + Innovation + Outputs) model.

This document contains the gas distribution price control cost, outputs, financial and revenue Regulatory Instructions and Guidance (“RIGs”).

The purpose of this document is to provide a framework to allow Ofgem<sup>1</sup> to collect accurate and consistent information from the eight gas distribution network operators (Licensees).

A number of licence conditions require the eight gas distribution networks to provide us with this information. The main licence condition for the purposes of this document is Standard Special Condition A40: Regulatory Instructions and Guidance (“RIGs Licence Condition”).

This guidance applies for reporting from 1 April 2021 to 31 March 2026.

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<sup>1</sup> Ofgem is the Office of the Gas and Electricity Markets Authority established under section 1 of the Utilities Act 2000. The terms ‘the Authority’, ‘Ofgem’, ‘we’ and ‘us’ are used interchangeably in this document.

# Guidance

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# Guidance

## 1. Introduction

### Chapter Summary

The chapter sets out the purpose and structure of the regulatory instructions and guidance (RIGs) which will apply for the gas distribution network operators (GDNs) for RIIO-GD2. It also sets out guidance on the process for reporting under the regulatory instructions and guidance and our audit requirements.

### Background

- 1.1 This is the second price control to be conducted under our new RIIO (Revenue = Incentives + Innovation + Outputs) model. Through RIIO-GD2, we are setting the regulatory framework to apply to gas distribution companies from 1 April 2021 to 31 March 2026.
- 1.2 The RIGs provide a framework which enables Ofgem to collect data from the GDNs during the RIIO-GD2 period in a consistent format. We collect data to enable us to administer the Special Conditions of the licence (the conditions which relate to the price control) which include monitoring the performance of GDNs against our final proposals, monitor compliance with price control obligations and to allow analysis between price controls and at the subsequent price control review.
- 1.3 The RIGs inform the GDNs about the information we plan to collect, guide them on how to provide this information and enable the GDNs to put systems in place to collect the data to the detail we require.
- 1.4 The RIGS also collect provisional total expenditure<sup>2</sup> (totex) data for use in the Annual Iteration Process.
- 1.5 For RIIO-GD2, there is no longer a separate Revenue Workbook (GD2 Revenue workbook) as the revenue elements of reporting have moved into the Cost & Volume (C&V) RRP and the Price Control Financial Model (PCFM). For guidance on the completion of the Revenue Workbook, please see Chapter 4 of this document and Chapter 4 of the PCFM Guidance.

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<sup>2</sup> Totex is provisional as it may be adjusted as a result of subsequent efficiency reviews or for the correction of any errors either after the 31 July or in subsequent years.

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## Legal framework

- 1.6 For RIIO-GD2 the reporting requirements have been consolidated in a single new licence condition:
- Standard Special Condition A40: Regulatory Instructions and Guidance (the RIGs Licence Condition).
- 1.7 The RIGs Licence Condition sets out the scope and governance arrangements for the RIGs.
- 1.8 The RIGs Licence Condition consolidates the reporting related provisions, which were previously included within a number of licence conditions, into a single condition. Having a single licence condition has not altered the nature of the information that the GDNs need to provide.

## Components of the RIGs

### Overall structure

- 1.9 The RIGs comprise of the following:
- Template for reporting the data (in MS Excel format)
  - Instructions and guidance on how to complete the associated workbooks and report the data (this document)

### RIGs templates

- 1.10 The data templates have been designed to be consistent with RIIO-GD2 final proposals. Where possible we have consolidated previous reporting requirements into the RIGs.

Key points to note when completing the tables are:

- Some cells in some tables have been designed to link to cells in other tables. These links must be retained by the GDN in the version submitted to Ofgem. Failure to do so will also be considered non-compliance with the RIGs.
- The RIGs tables are colour coded to reflect the action required. Yellow cells represent input fields. Light grey is used to denote cells containing a formula. White cells are used where cells do not need to be completed.

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- The base year (price base) for costs is 2018/19, therefore, all costs should be provided in 2018/19 prices and forecasts include impacts of real price effects, but not inflation.
- Unless otherwise indicated in the guidance document or templates, actual financial values should be provided in £ million to a minimum of three decimal places, and displayed at **two decimal places**, with financial values reconciling with the audited regulatory accounts where applicable or the Regulatory Financial Performance Reporting (RFPR) submission. However, the GDNs 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.
- Workload units and outputs should be reported at the highest reasonable level of accuracy from the 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.
- Unless otherwise indicated in the guidance document or template, workload units and outputs should be displayed to three decimal places.
- Workload and outputs should be entered in the unit of measurement set out in this guidance or in the template.
- Unless otherwise indicated in the guidance or templates financial values should be input as positive values.
- Where a reportable value is zero or not applicable to the licensee then a zero must be input rather than the cell being left blank.

## Instructions and guidance

1.11 The purpose of this document is to provide instructions and guidance to enable GDNs to complete the associated tables. This document provides information on:

- the systems, processes, procedures, recording and provision of the required data;
- reporting units;
- levels of accuracy (including rounding);
- the methodology for calculating or deriving required numbers;

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- the provision of the data to Ofgem (format, frequency etc.);
- any audit or examiner requirements;
- reasons for the data requirement;
- explanations of how Ofgem will monitor, assess, and enforce compliance; and
- a glossary of terms used in the tables.

1.12 For the avoidance of doubt, this document should be read in conjunction with the RIGs Licence Condition.

### *Provision of forecast data*

1.13 There will be a requirement to forecast summary costs, workload and outputs for any remaining years of the RIIO-GD2 price control period. During RIIO-GD2 Ofgem may require forecasting to extend into RIIO-GD3. This requirement will be agreed with the GDNs.

1.14 It is acknowledged that forecasts may not be as accurate as actual reported data. Nevertheless, it is expected that GDNs will take reasonable measures to ensure that forecasts are as robust as possible.

## Commentary

1.15 Alongside the submission of its templates, each GDN must complete the associated commentary. The guidance for this is set out in Chapter 16. A commentary is required in order to:

- Give Ofgem an understanding of annual business performance in terms of; expenditure, workload and outputs.
- Provide a summary of the forecast, including outputs, costs and workload.
- Provide an understanding of material variances against previous year's actuals, forecasts and final proposals for outputs, secondary deliverables, costs and workload.
- To inform Ofgem of any organisational changes / performance improvements, including modification/enhancements to allocation methodology and/or data capture e.g. systems.

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## Errors

1.16 In the event of any errors in the RIGs templates identified after they are sent out to GDNs for completion, the following procedure shall be followed:

- Upon identifying an error, notify Ofgem by email, detailing the nature of the error. Copy the email to representatives from the other companies for their information. Do not correct the error in the version to be submitted to Ofgem.
- Ofgem will respond and if necessary provide guidance on correcting the error.
- Ofgem will maintain a log and correct master template for the following year.

## Reporting under the RIGs

### Timescales for reporting

1.17 The relevant reporting year for the provision of information under the RIGs is from 1 April to 31 March in the following calendar year. The templates for reporting on summary costs, workload and outputs should include forecast expenditure, workload and outputs for each of the remaining years of the RIIO-GD2 price control period.

1.18 Except where stated otherwise, the GDNs must provide the information required under the RIGs as soon as reasonably practicable and in any event not later than 31 July following the end of the relevant reporting year to which such information relates. This is the latest date that GDNs can submit information unless Ofgem has previously consented otherwise in writing.

1.19 All of the RIGS will be submitted on an annual basis. The only exception to this is in the case of the Pension Pack which is required on a triennial basis.

### Form of submission

1.20 Instructions for the electronic submission of the tables will be circulated to the licensee regulation managers in advance of each submission deadline. However, if there is any doubt about the method of submission, the relevant licensee must contact Ofgem.

1.21 The submission must be accompanied by a letter signed by a director on behalf of the licensee confirming that the data is accurate and has been provided in accordance with the RIGs.

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## Resubmissions

- 1.22 The GDNs are required to obtain the agreement of Ofgem, or a person nominated by Ofgem, before resubmitting any information in accordance with these RIGs.
- 1.23 In any such instance the report concerned must be resubmitted in full. The resubmission must only be accompanied by a letter signed by a director where significant changes have been made and where Ofgem and/or the licensee decide such a letter is required. The volume of supporting information the licensee will be required to submit to support any resubmission will be dependent on the nature of any required resubmission.
- 1.24 For each resubmission a detailed explanation must be provided on the changes log in the RIGs listing every cell that has been amended. The explanation must include sufficient commentary to explain the reasons for the required resubmission.

## Review

- 1.25 Once the GDNs have submitted the information to Ofgem, or a person nominated by Ofgem (a reviewer), Ofgem will undertake a detailed review of the information. Such a review may include a visit to each GDN for discussion of the information submitted. Such visits will be agreed with the GDNs in advance.
- 1.26 Where a reviewer has been nominated, the reviewer will enter into an agreement with the licensee to maintain confidentiality on reasonable terms.

## Appointing an examiner

- 1.27 In accordance with the RIGs Licence Condition the licensee must permit a person nominated by Ofgem to examine:
- the systems, processes and procedures for measuring the specified information,
  - the specified information collected by the licensee,
  - the extent to which the systems, process and procedures and the specified information complies with the RIGs.

## Audit requirements in relation to revenue reporting

- 1.28 In accordance with the RIGs Licence Condition, Ofgem will identify the specified information to be audited, the terms on which an auditor is to be appointed by the licensee for that purpose and the nature of the audit to be carried out by that

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person. We will issue an Agreed Upon Audit Procedures (AUP) for use by an appropriate auditor by 31st March of the year of submission.

### Publication and sharing of templates

- 1.29 It will be a requirement for GDNs to publish, on their company websites, certain information from the submitted data templates, relating to their annual performance and forecast. These will be the summary tables (including totex PCFM, summary actual and forecast costs, workloads and outputs) and other licence, quality of service and guaranteed standards of performance measures.
- 1.30 Ofgem will also share the complete data templates with other GDNs, subject to any Ofgem agreed redactions of sensitive information. If agreement to redact is made for one GDN, then the corresponding data will be redacted for all other GDNs.
- 1.31 GDNs should publish the relevant tables (tables 1.01, 1.04, 1.05 and 1.06) and an annual report on price control performance by no later than 31 July following the end of each relevant reporting year. Ofgem will share full data templates<sup>3</sup> between the GDNs by no later than 31 August following the end of each relevant reporting year.
- 1.32 Ofgem may publish any further information contained in the templates but will notify the GDNs in advance of any intention to do so and will make any necessary redactions.
- 1.33 If Ofgem publishes an annual report including analysis of data, for instance benchmarking, then GDNs will be provided with the supporting spreadsheet(s), including transparency of calculations. This will only be provided following sharing of data templates between the GDNs, see 1.30.

### Structure of this document

- 1.34 This document is divided into sections reflecting the different component parts of the RIGs tables. These are as follows:
- Chapter 2 provides general instructions for completing data template tables.
  - Chapter 3 provides instructions for the completion of the series 1 summary tables.
  - Chapter 4 provides instructions for the completion the series 2 revenue tables.

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<sup>3</sup> Subject to agreed redactions

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- Chapter 5 provides instructions for the completion of the series 3 interface tables.
- Chapter 6 provides instructions for the completion of the series 4 operational expenditure (opex) tables.
- Chapter 7 provides instructions for the completion of the series 5 capital expenditure (capex) tables.
- Chapter 8 provides instructions for the completion of the series 6 Repex costs tables.
- Chapter 9 provides instructions for the completion of the series 7 analysis tables.
- Chapter 10 provides instructions for the completion of the series 8 assets tables.
- Chapter 11 provides instructions for the completion of the series 9 output delivery incentives (ODI) tables.
- Chapter 12 provides instructions for the completion of the series 10 price control deliverables (PCD) tables.
- Chapter 13 provides instructions for the completion of the series 11 other policies tables.
- Chapter 14 provides instructions for the completion of the series 12 guarantee standards of performance (GSoP) tables.
- Chapter 15 provides instructions for the completion of the series 13 innovation tables.
- Chapter 16 provides guidance for completing the annual RRP strategic commentary

## Your feedback

1.35 We would like to receive your comments about this guidance. We'd also like to get your answers to these questions:

1. Do you have any comments about the overall quality of this guidance?
2. Do you have any comments about its tone and content?

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3. Was it easy to read and understand?

4. Any further comments?

1.36 Please send any general feedback comments to  
[Christopher.Haworth@ofgem.gov.uk](mailto:Christopher.Haworth@ofgem.gov.uk)

# Guidance

## 2. General instructions for completing data template tables

### Chapter Summary

The purpose of this chapter is to provide general instructions for completing the data template(s) tables by each GDN. This is to enable Ofgem to effectively monitor the performance of the companies in relation to the allowances set as part of RIIO-GD2 Final Proposals and against previous years' submitted actuals and forecast.

### Overview

- 2.1 The data templates comprise a series of tables in a Microsoft Excel workbook. The purpose of the workbook is to facilitate the submission of uniform and comparable financial, workload and outputs information from GDNs. This enables comparison across the GDNs, with final proposals and previous years' performance, and comparative regulation on a consistent basis throughout the RIIO-GD2 period. It consists of a number of data entry and various summary tables. The workbook should support and be consistent with the RIIO-GD2 Final Proposals.
- 2.2 GDNs should submit accurate, and where instructed, audited figures of their costs and revenues for the relevant period. Further guidance is provided in this chapter.
- 2.3 The template has been designed to have single data entry where possible in order to avoid duplication and to facilitate reconciliations and balance checks.

### Accounting policies

- 2.4 The template should be prepared on a cash typical basis (see Glossary). Cash means exclusive of all provisions and all accruals and prepayments that are not incurred as part of the ordinary level of business. All expenses recognised are those expected to be incurred as part of the ordinary level of business.
- 2.5 Use the same accounting policies as in the preparation of the regulatory financial statements, in accordance with UK GAAP or IFRS unless otherwise stated. In the event that the accounting policies applied to prepare the template differ from those used in the regulatory financial statements (for some or all years) you must include appropriate details including quantification of the difference.

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2.6 The template has been separated into the following sections:

- series 1 - Summary tables
- series 2 - Revenue tables
- series 3 – Interface tables
- series 4 – Opex tables
- series 5 – Capex tables
- series 6 – Repex tables
- series 7 – Analysis tables
- series 8 – Individual Asset Data tables
- series 9 – Output Delivery Incentive (ODI) tables
- series 10 – Price Control Deliverables (PCD) tables
- series 11 - Other tables
- series 12 - Quality of service/Guaranteed Standard of Service tables
- series 13 - Innovation tables

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## Gas distribution business

- 2.7 The financial information presented in the template should relate to activities of the GDN whether carried out by the GDN directly or by another party on behalf of the GDN (e.g. related parties or third parties carrying out activities for the GDN). De minimis businesses are to be included where such activities are carried out by the licensee (which has been consented to by Ofgem in accordance with Standard Special Condition A36).
- 2.8 For the purposes of filling out the template, all excluded services and de minimis costs should be reported separately from the transportation costs. Specific columns have been included in the template to capture excluded services costs.
- 2.9 For Cadent, all workload and costs associated with the “Outer Met” area should be reflected in the return for East of England.

## Data entry

- 2.10 As the template is a series of tables in a Microsoft Excel workbook, links and formulae have been included to limit, where possible, the amount of manual data entry required. The workbook cells have not been “locked”, but GDNs are not to change any formulas or formats (including insertion or deletion of rows or columns, moving any cells, or altering any text, figures or formulae in any cells not shaded yellow) without instruction from Ofgem first. If a change is necessary (to correct an error, for example), we will notify all GDNs of the correction to be made.

## Definitions

- 2.11 Appendix 1 contains the detailed glossary of definitions to be used. GDNs must ensure that the definitions are clearly understood and are complied with when entering any data into the template. Where there is doubt or uncertainty, please refer to Ofgem for clarification. This is to ensure consistency and comparability of data entry across GDNs.
- 2.12 The regulatory asset value (RAV) is a key building block of the price control review. RAV represents the value upon which the companies earn a return in accordance with the regulatory cost of capital and receive a depreciation allowance. Additions to the RAV are calculated as a set percentage of totex. The definition of RAV and totex is detailed in Appendix 1 and 2 respectively.

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## Use of estimates and allocations

2.13 Apportionments should be avoided wherever possible. However, where GDNs (and any affiliate or related undertaking of the GDNs) have to do this to complete the tables, the basis of apportionment must be provided. Changes in apportionment should also be highlighted.

## Pipe diameter bands

2.14 It is required that all cost and workload / length data, where reported by pipe diameter band, uses a consistently applied pipe allocation. The Repex Services section defines nine diameter categories, A to I, which are derived by matching the internal pipe diameters of the various pipe materials in use and covers both imperial and metric nominal diameters.

## Uncertainties

2.15 Where tables have been provided for uncertainties (reopeners) e.g. Net Zero, Cyber and Physical Security, these costs should also be included in the associated opex, capex and repex activity tables.

2.16 Where a reopener is triggered there will be a requirement to provide additional information. This will be agreed by Ofgem and the relevant GDNs.

## Additional information

2.17 If GDNs consider additional information beyond that requested is necessary to develop a complete understanding of the information presented in the tables of the template, then such information should be included in an appendix to the submission.

## Template errors

2.18 Where errors in the workbook are identified then Ofgem should be notified as soon as possible. Ofgem will make the necessary corrections, log them in the change log and notify the GDNs.

## Re-Openers

2.19 In relation to re-openers, where licensees report forecast expenditure, licensees should also ensure they report the corresponding forecast allowance.

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### 3. Instructions for completing the summary tables

#### 1.01 Summary Totex

- 3.1 This table summarises actual expenditure and captures a forecast of costs for the remaining years of RIIO-GD2.
- 3.2 Actual current year and forecast data will auto-populate from other tables. GDNs should enter Totex final proposals adjusted with agreed uncertainties. This will auto populate the variance table between actual and forecast costs against adjusted GD2 final proposals.

#### 1.01a Allowance

- 3.3 This table provides a disaggregated breakdown of GDN allowances for RIIO-2. This worksheet includes the following tables:
- Base Allowance: GDNs are required to populate this table with agreed allowances for all the disaggregated cost areas.
  - Single Activity PCDs, Re-openers, Volume drivers, RPEs apply: This table reports variances which impact only one activity in the allowance. This table is auto populated and draws information from a number of Revenue worksheets.
  - Multiple Activity PCDs, Re-openers, Volume drivers, RPEs apply: This table reports variances which can impact multiple activities in the allowance and are subject to RPEs (Real Price Effects). This table is auto populated and draws information from 1.01b MultiActivityVar RPEs worksheet.
  - RPEs: This table is a calculation of the RPEs which are utilised in the three tables above.
  - Multiple Activity PCDs, Re-openers, Volume drivers, RPEs don't apply: This table reports variances which can impact multiple activities in the allowance and are not subject to RPEs. This table is auto populated and draws information from 1.01b MultiActivityVar No RPEs worksheet.
  - Total: This table is a sum of all of the above tables for each year by disaggregated activity.

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### 1.01b MultiActivityVar RPEs

- 3.4 This table captures details for those variables which could impact multiple activities in the Allowance where RPEs do apply. This table compiles of the following, which GDNs are required to complete:
- PCD, Reopener etc: GDNs are required to select the relevant option from the dropdown.
  - Activity: GDNs are required to select the relevant activity that relates to the relevant PCD, Reopeners etc.
  - GDNs should then input the increase in allowance, for the relevant year, for those disaggregated areas. These adjustments are agreed through the reopener/PCD process.

### 1.01c MultiActivityVar No RPEs

- 3.5 This table captures details for those variables which could impact multiple activities in the Allowance where RPEs do not apply.
- 3.6 GDNs should select the relevant dropdowns, as explained in 1.10b MultiActivityVar RPEs, and input the increase in allowance for the relevant year for that disaggregated area. Spend by activity may change in future submissions to reflect Final Determination values that have been received or latest forecasts.

### 1.02 Summary Totex PCFM

- 3.7 The purpose of this table is to provide the Totex expenditure inputs to inform the Annual Iteration Process of the Price Control Financial Model (PCFM). The data from this table will be used to inform the direction of actual Totex (in the sub categories as identified) to populate the PCFM for the reporting year. The information also enables Ofgem to monitor performance against allowances and outputs.
- 3.8 The table draws information from Table 1.01 summary totex.
- 3.9 The table does not distinguish between base expenditure and expenditure incurred under uncertainty mechanisms as the capitalisation rate is the same.

### 1.03 Summary MEAV

- 3.10 Modern Equivalent Asset Valuation (MEAV) is part of the tools used by Ofgem for allowance setting.

## Guidance

3.11 This table summarise data from various tables necessary for calculating the MEAV. The table is auto populated except for certain expenditure areas, where MEAV values for previous years are required to be manually input

### 1.04 Summary Reliability

3.12 This table summarises the output performance of the GDN for reliability including actual and forecast data for the RIIO-GD2 period (and where required, by Ofgem, into RIIO-GD3).

3.13 Instructions for completion: This table is mainly auto populated with data derived from Table 9.03 ODI\_Interruption.

### 1.05 Summary Workload

3.14 This table summarises the actual workloads and provides forecast workloads for the remaining years of RIIO-GD2 period (and where required, by Ofgem, into RIIO-GD3).

3.15 Instructions for completion: This data table auto populates actual volumes from other tables within the pack. GDNs are required to input volumes for forecast years.

### 1.06 Summary Performance Snapshot

3.16 This table summarises GDNs' performance in various key areas.

3.17 Instructions for completion: Actual/current year data mostly auto populate from other tables.

3.18 Domestic and Non-Domestic customer numbers should be taken from the supply points data extracted from Xoserve for the reporting year.

### 1.07 Forecast Costs

3.19 This table requires GDNs to enter their annual cost forecasts at a summary level to feed into the summary tables.

3.20 The purpose of this table is to ensure forecast costs are entered at a high level to reduce the level of detailed reporting and minimise inconsistent costs allocations methods used by GDNs for granular reporting.

3.21 GDNs are required to enter Net expenditure for each of the categories below. GDNs may also enter Gross expenditure and Customers Contributions/Cost Recoveries (Optional) for the below categories.

- Business Support

## Guidance

- Direct Opex
- Load Capex
- Other Capex
- Repex
- NARM
- Uncertainty Mechanism
- Non Controllable Costs

3.22 Net expenditure: Data entry is not required as the net expenditure is auto populated and calculated by subtracting the contribution from gross expenditure.

3.23 Note that Innovation and Bad Debt should not be included in Non Controllable costs.

# Guidance

## 4. Instructions for completing the revenue tables

### Section Summary

This chapter provides an overview to GDNs on the revenue worksheets. These worksheets form the basis of the required inputs to the Price Control Financial Model (PCFM). The PCFM is a core document used in determining company revenues at each annual iteration process (AIP).

### Introduction

- 4.1 GDNs should complete the required data fields of the revenue sheets which is mostly auto populated onto the revenue interface.
- 4.2 The revenue interface holds the necessary formulas to derive the required input terms for the PCFM.
- 4.3 For guidance in completing the worksheets listed below please refer to the latest PCFM guidance.

### Overview of Worksheets

- Price Control Deliverable (PCD)
- Volume Drivers
- Re-Openers
- Pass-Throughs
- Output Delivery Incentive (ODI)
- Other Revenue Allowance (ORA)
- Tax Pools
- Recovered Revenue
- DRS Revenue

### Tables 4.1 – Revenue worksheets

<b>Purpose and use by Ofgem</b>
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# Guidance

These tables contain the necessary algebra as outlined in the licence to convert the cost, output or incentive data provided by Gas Distribution Network (GDNs) companies in the RRP into the required inputs to the PCFM.

## Instructions for completion

Inputs are linked in these tables where the data is contained within the Cost and outputs RRP via the Revenue interface (tab 3.01).

Licensees are still required to input directly to the following tables:

- **2.01 Revenue - PCDs**
- **2.02 Revenue - Volume Drivers**
- **2.03 Revenue - Re-openers**
- **2.04 Revenue-Pass-through costs**
- **2.05 Revenue – ODI**
- **2.06 Revenue – ORA**
- **2.07 Revenue-TaxPoolTotex Alloc**
- **2.08 Revenue - Recovered Rev**

For further guidance in completing the worksheets listed above, please refer to Chapter 3 of the latest PCFM guidance.

- **2.03 Revenue Reopeners**

This table is to include all Re-openers where Final Determination values have been made available. In addition, any Re-openers where the “Y” indicator has been entered against Row 15 of the Re-opener Pipeline log (To be used for PCFM Variable value – RRP table 2.03) are also to be included with values reflective of the Pipeline Log.

- **2.09 Revenue – DRS Revenue**

The purpose of this table is to collect information relating to all Directly Remunerated Services and De Minimis revenues, according to the categories set out in Part C of Special Condition 9.7 (Services treated as Directly Remunerated Services).

## Guidance

Revenues should be input as positive values for each applicable category of DRS for the historical periods. Licensees may forecast their DRS revenues although there is no requirement to include a forecast.

- **3.01 Revenue\_Interface**

See instructions in Chapter 5.

### **Specific definitions for this worksheet**

# Guidance

## 5. Instructions for completing the Interface tables

### 3.01 Interface Revenue

- 5.1 This table summarise the outputs from revenue tables and serves as an interface sheet to the Price Control Financial Model (PCFM) for annual iteration process and other regulatory finance analysis.
- 5.2 Instructions for completion: This table is mainly auto populated with data derived from revenue tables.
- 5.3 Note that RIIO-2 Network Innovation Allowance (NIA), Carry-over Network Innovation Allowance (CNIA) and Vulnerability and Carbon Monoxide Allowance (VCMA) are outside of Totex.

### 3.02 Interface NARM

- 5.4 The purpose of this worksheet is to reconcile data reported through the C&V RRP with data reported through the NARM RRP, and to help align NARM output delivery (reported through the NARM RRP) with the associated costs of delivering those outputs (reported through the C&V RRP).
- 5.5 This worksheet aggregates the intervention volumes and costs for each NARM Asset Category. The NARM RRP contains an equivalent worksheet with intervention volumes and monetised risk by NARM Asset Category. Intervention volumes reported in the C&V RRP and intervention NARM RRP must align for each NARM Asset Category.
- 5.6 This worksheet is auto-populated from the scheme volume and scheme cost worksheets.
- 5.7 The licensee is required to ensure that the NARM intervention volumes reported through the NARM RRP and those reported in the CV RRP are aligned. Should any misalignment occur due to a resubmission of either RRP, then the other RRP must also be resubmitted with input data updated to bring the two submissions back into alignment.
- 5.8 The worksheet is split into two sections:
  - NARM Categorisation (top section)
  - CV Categorisation (bottom section)

# Guidance

## 5.9 NARM Categorisation

This section aggregates the data from 'CV Categorisation' section for relevant NARM Categories.

## 5.10 CV Categorisation

This section is auto-populated from scheme volume and scheme cost worksheets for each CV asset category. The CV Category is mapped against relevant NARM Category. Once agreed this mapping will be fixed for the duration of the price control.

# Guidance

## 6. Instructions for completing the Cost & Volume tables

### 4.01 Opex Cost Matrix

6.1 This table collects details of the operating expenses incurred within the main cost activities by the Gas Distribution Networks (GDNs) to support benchmarking, trend analysis, and monitoring performance against the allowances.

#### Controllable costs

6.2 Enter the controllable opex expenditure by activity type. The activities are split into the following tiered levels to aid understanding and analysis:

- Price controlled activities
  - Work Management
  - Operations Management
  - Customer Management & Network Support
  - System Control
  - Emergency
  - Repairs
  - Maintenance
  - SIU
  - Other Direct Activities
  - Business Support Costs
  - Training and Apprentices
  
- Non Price controlled activities
  - De minimis
  - Excluded services
  - Metering
  - Consented

## Guidance

6.3 For each Activity type, above enter expenditure by the following expenditure types

- Net Staff Costs (Including Agency Costs)
- Contractor Labour
- Materials
- Professional and Consultancy Fees
- Non-Salary Staff Costs (Including T+S)
- Rent and Rates
- Transport and Plant
- Interruptible Contracts
- Other
  
- Disallowed Related party and Substantial Outsourcing Margins
  - Work Management
  - Work Execution
  - Business Support Costs
  - Training and Apprentices
  
- Allowed Related party and Substantial Outsourcing Margins
  - Work Management
  - Work Execution
  - Business Support Costs
  - Training and Apprentices
  
- Customer Contributions / Cost Recoveries: These costs should only be reported under the relevant row for each expenditure category.

\*Compensation payments in relation to standards of performance should be excluded from this section.

## Guidance

### Non-controllable activity, pension related and network innovation costs

Enter the total opex expenditure for each non-controllable item under total operating costs.

Non-controllable expenditure items include:

- Shrinkage
- Ofgem Licence
- Network Rates
- Established pension deficit recovery plan payment
- NTS Pension Recharge
- NTS exit costs
- Network Innovation (ex IRM)
- Innovation Roll-out expenditure (IRM)
- Other - any other non-controllable item not allocated above – which can be aggregated if below £0.1m, but otherwise must be specified individually.

## 4.02 Business Support Allocation

6.4 The purpose of this table is to provide the allocation of group gross cash controllable costs for business support (including any cost transfers to/from direct activity functions of the company's organisation) that are charged to the UK regulated network businesses, and other non-regulated businesses. It captures the costs allocated to Capex and Repex. It also provides the allocation of operational and non-operational costs for certain activities, and the number of end users for IT&T.

6.5 This table should be completed once in each RRP submission, showing the direct network business support costs and the costs allocated from the group for the relevant GDN.

6.6 For each activity, input the costs allocated to each GDN, other businesses (UK regulated), and other non-regulated businesses.

6.7 Input the following additional detail:

- IT & Telecoms
- Property Management
- Insurance
- HR & Non-Operational Training
- Audit, Finance & Regulation

## Guidance

- Procurement
- Stores & Logistics
- CEO & Group Management

### 4.03 Training & Apprentices

6.8 The table records the gross costs, contributions and volumes related to employees engaged on formal training and apprentice programmes, including staff costs as well as other operational training costs.

6.9 Gross costs are divided into the following sections:

- Trainee/Apprenticeship Programme Costs
  - Staff costs
  - Training costs
  - Administration costs
  - Non-Programme Costs

6.10 Contribution costs relate to external funding which should be input as negative values.

6.11 Volumes consist of average FTE apprentices/trainees, split by which year of the programme they are in.

6.12 GDNs are required to split their training and apprentice gross costs and volumes into categories of apprentice/trainees:

- Craftsperson Apprentices
- Engineer Apprentices
- Graduate and Management Trainees

### 4.04 Maintenance

6.13 The purpose of this table is to provide an analysis of maintenance activities annual spend, based on net costs.

6.14 There are two cost sections, Routine and Non-Routine maintenance. Include all maintenance costs, including site husbandry and other general site maintenance.

6.15 Both sections consist of the following categories:

## Guidance

- NTS Offtakes
- LTS Pipelines
- PRS
- Storage
- Distribution Mains
- Governors
- Services & MOBs
- LPG/LNG Networks
- Other Routine/Non-Routine Maintenance

6.16 Each category is further split into sub-categories.

6.17 The total maintenance costs should agree to the maintenance activity detailed in the direct opex cost matrix table 4.01

6.18 Definitions of Routine and Non-Routine maintenance items are detailed in the glossary in Appendix 1.

### **4.05 LP Gasholders**

6.19 This table collects costs and volume information on low pressure gasholders demolition programme.

6.20 The information enables Ofgem to monitor the costs of decommissioning, mothballing and demolition of gasholders, against the agreed secondary deliverables.

6.21 Gross and contribution cost are required to be completed with each broken down to opex and capex elements.

#### Gross and contribution

6.22 Opex is further split to:

- Full demolition
- Partial demolition
- Decommission
- Mothball

## Guidance

- Other

6.23 Capex is also split to:

- Storage (Non-LTS)
- Other

### Volume

6.24 Data required is split by:

- Intervention (further split by below)
- Full demolition
- Partial demolition
- Decommission
- Mothball
- Other
- Number of LP Gasholders
- LP Gasholder Capacity stated in millions of cubic metres (mcm).

## 4.06 Land Remediation

6.25 This table collects information on costs and volumes of statutory and non-statutory land remediation on gasholder and non-gasholder sites. The information will enable Ofgem to understand the volume and costs associated with land remediation activities.

6.26 Land remediation definition:

- On gasholder site is remediation carried out on GDN landholdings which have had gasholders demolished since April 2008 or have gasholders remaining on site at the time of the remediation.
- on non-gasholder is remediation carried out on GDN landholdings which have had all gasholders demolished prior to April 2008.

6.27 Instructions for completion:

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- For all items listed on the table, enter the number or expenditure as appropriate.
- Statutory remediation is the work required to satisfy the minimum legal requirements for a site's current use, which reduces the contaminated land risks to a point whereby the site no longer presents significant risks of significant harm to human health, controlled waters and the wider environment.
- Non-statutory remediation is the work required to satisfy the minimum legal requirements for a site's proposed change of land use, which incorporates a greater scope of work and more stringent standards to be achieved, which reduces the contaminated land risks to a point whereby the site no longer presents significant risks of significant harm to human health, controlled waters and the wider environment for the proposed change of land use.
- Routine statutory monitoring and maintenance includes desk top studies, intrusive site investigations (including drilling, trial pitting, vacuum excavation pitting etc.), qualitative and quantitative risk assessments and modelling, groundwater, ground gas and vapour monitoring regimes and general redundant site clearance to maintain serviceability of monitoring locations.

6.28 The net costs should be entered for each category. All costs should be input as positive values. Forecasts should exclude RPEs.

### **Statutory activities**

6.29 Enter costs and volumes (in whole numbers) for the following activities:

- Routine site monitoring and maintenance
- Statutory remediation of non-gasholder sites
- Statutory remediation of gasholder sites

### **Non-statutory activities**

6.30 Enter costs and volumes (in whole numbers) for the following activities:

- Non-statutory remediation of non-gasholder sites
- Non-statutory remediation of gasholder sites

# Guidance

## Volumes

6.31 Enter data for the following activities:

- Area of land remediated (in square metres to nearest whole number). The area of land remediated refers to the area of land which has undergone remediation/treatment (for example the area of an excavation), not the entire surface area of the GDN landholding which include area where remediation has taken place.
- Number of sites remediated (whole number).

## 4.07 Shrinkage

6.32 This table records shrinkage gas split by component and local distribution zone (LDZ) which allows for the monitoring of annual shrinkage volumes and costs.

6.33 Costs reported should be the actual costs incurred in procuring the gas for shrinkage as determined under the UNC.

6.34 The total costs on this table are linked to table 4.01 Opex cost matrix.

6.35 Complete the summary table with the following data:

- Throughput volumes – data by LDZs.
- Shrinkage volumes – data by LDZs and further split by:
  - Leakage volume
  - Own use volume
  - Theft volume
- Shrinkage costs data by LDZs and further split by:
  - Cost of gas(p/kWh)
  - Prior year cost adjustment
  - Shrinkage cost

## 4.08 Gas Theft

6.36 The tables collect data on theft of gas investigations, including the cost of investigations and the money that has been successfully recovered through investigations.

6.37 This data enables Ofgem to understand the scale of GDNs' gas theft investigations and cost recovery activities. This will assist in monitoring GDNs'

## Guidance

progress to tackle gas theft and assist Ofgem in monitoring the effectiveness of the gas theft incentive on GDNs.

6.38 Complete the summary table with the following data:

- The number of suspected/reported incidences of theft
- The number of investigations carried out by GDNs
- The number of cases where cost recovery attempted
- The number of successful cases
- The total cost of investigations
- The total cost of cost recovery activity
- The amount of money recovered for gas stolen
- The amount of money recovered for investigation and cost recovery costs
- Money recovered for stolen cash (record as negative figures)

6.39 Theft of gas should include cases reported to the GDNs or cases where the GDN itself suspects theft of gas.

6.40 Cost of investigations are costs incurred up to the point at which the GDN decides on whether to attempt cost recovery. This may include the cost of case handler, cost of letters, site visits etc. Include any additional information in the commentary on the breakdown on of the investigation costs.

6.41 The number of cases where cost recovery attempted include the number of cases in which following an investigation the GDN attempts cost recovery activities (through courts or otherwise). This may include debt recovery, solicitor costs etc. Include additional information in the commentary on the methods of cost recovery used. If applicable also include comment on the reasons why cost recovery was not attempted.

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### 4.09 Third Party Damage and Water Ingress

6.42 This table provides guidance for reporting Guaranteed Standards of Performance GSOP payments to domestic and non-domestic consumers and compensation for third-party damage and water ingress incidents.

6.43 Enter the following data:

- the number of domestic/non-domestic premises not restored within the prescribed period.
- the number and value of domestic/non-domestic payments made under the 3<sup>rd</sup> party and water ingress arrangements

6.44 Non-domestic is split by where annual usage:

- does not exceed 73,000 kwh
- exceeds 73,0000 kwh.

6.45 GDNs can choose to make additional ex gratia payments where they consider it to be appropriate or make such payments where an exemption applies. These should be reported under 'ex gratia' in the template. The scope of ex gratia payments is outlined in the Glossary.

### 4.10 Third Party Damage and Water Ingress (Restoration Details)

6.46 This table provides details on the number of properties restored after a third-party damage and water ingress within each 24 hour timeslot.

6.47 This data is split between:

- Domestic
- Non-domestic less 73,000 kwh
- Non-domestic over 73,0000 kwh.

### 4.12 Streetworks

6.48 This table records all annual street works expenditure and associated workload for the following areas:

- NRSWA
- TMA/T(S)A:

## Guidance

- (i) Permits
- (ii) Fixed penalty notices
- (iii) Administration costs
- (iv) Other costs (contractors inclusive)
- (v) S74A Lane rental (contractors inclusive)
- (vi) S74 Daily Charge Rates / Overstay charges (contractors inclusive)
- (vii) Other Street Works costs - Penalties
- (viii) Other Street Works Costs - Inspections
- (ix) Highway Authorities
- (x) Streetworks costs broken down by activity

6.49 The above data should be separated out between existing or new highway authority.

6.50 For TMA/T(S)A the costs should be the incremental costs following the implementation of a permit scheme by a highway authority (HA).

6.51 Costs and workloads associated with permit schemes or lane rental schemes introduced before 1 April 2021 should be input under “Existing HAs”.

6.52 Costs and workloads associated with permit schemes or lane rental schemes introduced on or after 1 April 2021 should be input under “New HAs”.

### **NRSWA**

6.53 All business as usual NRSWA costs should be reported in this table.

- Enter the number of where a 'Works stop' has been submitted within the reporting period (excluding those cancelled).

### **Permit Schemes**

6.54 TMA/T(S)A (include only incremental costs over and above NRSWA)

- Enter the total number of permits granted and total number of variations, analysing variations between chargeable and non-chargeable.
- Enter total length in kilometres of mains decommissioned and mains reinforced within the Network boundary/year
- Enter number of projects associated with permits.
- Enter the net costs for permits granted and chargeable variations

## Guidance

6.55 The number of permits should be the actual number of all works, within the Highways Authority (HA) that have schemes operating that will be subject to a permit charge.

### **Administration:**

6.56 This category relates to costs over and above NRSWA:

- Enter the number of training hours and number of FTEs trained for TMA activities.
- Enter the non-field based costs e.g. back office, admin & training.
- Enter field-based administration costs and workload, including:
  - traffic management schemes including traffic control apparatus (special signage) and crew,
  - Traffic Management Plans,
  - site meetings to ensure the requirements of the Traffic Managers (inspections) are met,
  - pre-site surveys to meet the planning requirements,
  - field based administration - other

### **Fixed Penalty Notices (FPNs) broken down by:**

6.57 For this category:

- Enter the volume (approved FPNs) and cost (Invoiced Paid/Received) of FPNs for contravention of NRSWA within the reporting period.

### **Other costs broken down by:**

6.58 This category consists of:

#### **Workload**

- Parking bay suspensions
- Temporary traffic restriction orders (including TTRO & TTRN)
- Other Workload.

#### **Cost**

- Parking bay suspensions
- Traffic Restriction Orders (including TTRO & TTRN)
- Back-office administration

## Guidance

- Traffic management schemes including traffic control apparatus (special signage) and crew
- Traffic Management Plans
- Site meetings to ensure the requirements of the Traffic Managers (inspections) are met
- Pre-site surveys to meet the planning requirements,
- Field based administration - other
- Scottish Road Work Register (where applicable)
- Other costs
- Cost incurred due to changes in legislation

### **S74A Lane rental (contractors inclusive)**

6.59 For this category:

Enter the

- Number of jobs
- Number of days
- Costs total days lane rental costs, and
- Lane rental avoidance costs – These costs cost incurred by a GDN in order to avoid a lane rental charge, for example costs of overtime or enhanced materials.

The above will be entered at the following activity level:

- Repex
- Connections
- Mains reinforcements
- Repairs

### **S74 Daily Charge Rates / Overstay charges (contractors inclusive)**

6.60 For this category:

Enter

- Permits/notices issued which are subject to S74 overrun charges
- S74 Charges resolved and Paid
- Number of days where S74 overrun has been incurred
- Cost (Paid) of Overrun Charges

# Guidance

## **S74 Other Streetworks Costs – Penalties**

6.61 For this category:

Enter

- Number Of Prosecutions incurred under TMA/NRSWA
- Costs resulting from prosecution (Including Legal costs)
- Number of Improvement Notices Served by Highway Authorities

## **S74 Other Streetworks Costs- Surveys**

6.62 For this category:

Enter numbers and costs for the following:

- Non-compliant
- Sample Inspections
- Compliance Surveys

## **Highway Authority**

6.63 For this category:

Enter

- Total Number of Highway Authorities within Network Boundaries (including part Authorities)
- Total Number of HA's Operating Noticing Schemes only
- Total Number of HA's Operating Permitting Schemes (chargeable or non-chargeable)
- Total Number of HA's Operating Lane Rental & Permit Schemes

## **Streetworks costs broken down by activity**

6.64 For this category:

Enter

- Work Management
- Emergency
- Repairs
- Maintenance
- Other
- Tier 1 repex
- Other repex

## Guidance

- Connections
- Mains reinforcement
- Other costs including productivity

### **4.13 Streetworks schemes (Permits and lane rentals) – GDNs not required to complete this table**

6.65 This table provides details of ongoing streetworks schemes at the end of each regulatory year. The schemes are broken down by street permits or through lane rentals.

6.66 Enter details of the following:

- Name of highway authority
- New scheme introduced during current reporting period (Yes or No)
- Date introduced

### **4.14 Smart Metering**

This worksheet captures costs and workload volumes associated with the smart meter rollout programme, and the allocation of these costs across different activities.

Instructions for Completion:

Enter the costs and volumes for the categories as follows:

- Work management
- Emergency
- Repairs
- Maintenance
- Business support
- ODA
- Other Capex
- Other Repex Services

### **4.15 Statutory Independent Undertakings (SIU)**

6.67 This table collects information on costs and workload for Statutory Independent Undertakings (SIU).

6.68 The information will enable Ofgem to understand the workload and costs associated with SIUs across Opex, Capex and Repex.

## Guidance

- 6.69 **Gross Costs:** for each category/activity, enter the gross costs incurred/forecasted. For any additional activities not captured by the predefined activities, use the Other fields to specify an activity description.
- 6.70 **Contributions (Excluding Cross-Subsidy):** for each category/activity, enter any contributions received, not including income from the cross-subsidy, which is to be captured in the cross-subsidy table below. For any additional activities not captured by the predefined activities, use the Other fields to specify an activity description.
- 6.71 **Volumes - Total Demand (1-in-20 Peak: Severe LDC):** enter the demand in mcm/d under 1-in-20 conditions for each SIU.

### 4.16 FTE

- 6.72 This table collects details regarding the GDNs Full Time Equivalent (FTE) staff numbers within the main cost areas.
- 6.73 Enter the average net FTE staff numbers for each opex activity (including related parties staff numbers), broken down into the following categories:
- GDN own Employee FTE
  - GDN own Apprentices/Trainees FTE
  - Contract Labour FTE\*
  - Related Party FTE\*
- 6.74 \*For external contract and related party FTEs calculation, reasonable assumptions should be made on the labour element of the contract value to derive a proxy staff cost. This can be divided by average staff cost per grade to arrive at an estimated FTE number.
- 6.75 The above is further split by activity sub-class aligned with Price controlled and non-controlled activities listed in 4.01 (Opex Cost Matrix).
- 6.76 Any FTEs charged directly to Capex / Repex or charged from Opex to Capex / Repex should be entered into the relevant Capex and Repex rows, so that adding them to the Total Operating Opex FTE will equate to total FTEs across Totex.
- 6.77 Note that FTEs exclude allocations for overtime, for example
- Employee doing full time hours = 1 FTE
  - Employee doing 80% hours = 0.8 FTE
  - Employee doing full time hours and 20% overtime = 1 FTE

## Guidance

6.78 If FTEs are not recorded automatically into these activities, then they should be allocated on a best endeavours basis in line with salaries and wages. FTEs should be reported to the nearest whole FTE.

### **4.17 DRS**

6.79 The purpose of this table is to collect information relating to each category of DRS as set out in Special Condition 9.7 (Services treated as Directly Remunerated Services).

6.80 Costs should be input as positive values for each applicable category of DRS as set out in Special Condition 2.9 (Services treated as Directly Remunerated Services). Licensees may forecast their DRS costs although there is no requirement to include a forecast.

6.81 If consented and de Minimis services are reported outside of the GD business, please do not complete the information but state this in the narrative.

## Guidance

### 7. Instructions for completing the Capital Expenditure (Capex) tables

#### 5.01 LTS, Storage and Entry

- 7.1 This table collects expenditure and incurred workload data to date for LTS pipelines, storage, pressure reduction stations (PRS), NTS offtakes, and distribution network embedded gas entry points.
- 7.2 This table is used to understand the costs and scale of individual projects and their associated incurred workload to date to enable comparative analysis of expenditure between networks. The data will be used to support benchmarking, trend analysis, and monitoring performance against the allowances.
- 7.3 There are five distinct LTS, Storage & Entry categories as follows:
- LTS pipelines
    - Reinforcement
    - Diversions
    - Replacement
    - Storage (Linepack)
    - Pipeline (Other Capex)
  - Storage (non-LTS)
  - PRS
  - NTS Offtakes
  - Distribution network embedded gas entry points (including <7bar)
- 7.4 Where the work is remedial in nature and does not upgrade or extend the life of the asset it will be recorded as opex on table 4.04 Maintenance. OLI Run remedial activities are also captured on table 4.04.
- 7.5 Expenditure and workload for LTS capital works associated with the removal of gas holders should be captured in this table, however costs and workload for the removal of low pressure holders (abandonment, demolition and remediation) should be captured under work management (table 4.01) and LP Gasholder (table 4.05). Network reinforcement <7barg should be captured under reinforcement (table 5.02).

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- 7.6 Storage (non-LTS) - Do not enter any associated capex expenditure for low pressure (LP) gas holder demolition in this table. This expenditure should be entered in the opex table 4.05 LP gasholders.
- 7.7 Exclude LTS and Storage (Non LTS ) projects related to SIU from this table; instead , record SIU related costs in 4.15 Statutory Independent Undertaking (SIU) under Other Capex.
- 7.8 Named projects >0.5m. - Record projects where the total gross expenditure over the life of the project exceeds £0.5m. Where a single project consists of individual cost elements less than £0.5m, but the project total exceeds £0.5m, this should be identified as one integrated project (for example, offtake+ pipeline+ two PRSs). The elements of the projects should be listed separately against the appropriate activity table and the same project name should be used to identify the associated costs and incurred workload to date.
- 7.9 Projects with a gross value <£0.5m - Aggregate the costs of the projects where total spend per project is <£0.5m and input the total on the relevant row of each table.
- 7.10 Project Specifications for all individually identified projects input the following supporting data as applicable:
- Project Output – contains a dropdown list of the key output deliverable i.e. PCD, Volume Driver or NARM driving each named project to select.
  - Project Name
  - Diameter (mm)
  - Load / Non Load related
  - Piggable length (km)
  - Non-piggable length (km)
  - Maximum Design Operating Pressure (barg)
  - Maximum Design Capacity (mcm/d or mcm/h)
- 7.11 Gross Expenditure - Input the gross expenditure for each project and the aggregate total for projects where total spend per project is below £0.5m.
- 7.12 Contributions - Input the contributions received for each project, if any, and the aggregate the total contributions for projects where total spend per project is <£0.5m input.
- 7.13 Workload - For each cost, input the corresponding incurred workload to date for all asset categories.

# Guidance

## Memo – LTS

The purpose of this section is to verify alignment of the data reported in this RRP with data reported through the NARM RRP. The data reported in this section will be used to auto-populate ‘3.02 NARM\_Interface’. The data reported through the Cost and Volumes RRP must reconcile with data reported through the NARM RRP. ‘3.02 NARM\_Interface’ worksheet and counterpart ‘N1.1 Intervention Summary’ worksheet in the NARM RRP will help confirm alignment between the NARM output delivery (reported through the NARM RRP) with the associated costs of delivering those outputs (reported through the CV RRP). Intervention volumes reported in the CV RRP and interventions reported in the NARM RRP must align for each NARM Asset Category.

The licensee is required to split both workloads and costs into NARM (i.e. workloads and costs related to NARM Funding Category A1) and into Non-NARM (i.e. total workload and costs minus those in NARM Funding Category A1) for the current and prior reporting years for each listed NARM Asset Category. The equivalent forecast workloads and costs must be reported on the relevant section of worksheets ‘1.05 Summary Workload’ and ‘1.07 Forecast Costs’ respectively.

The licensee is required to ensure that the NARM intervention volumes reported through the NARM RRP and those reported in the CV RRP are aligned. Should any misalignment occur due to a resubmission of either RRP, then the other RRP must also be resubmitted with input data updated to bring the two submissions back into alignment.

The licensee must provide explanation of the methodology it has applied in populating the data in this section in its supporting narrative.

## 5.02 Reinforcement (<7barg)

7.14 This table collects gross costs, contributions and volume data for general and specific reinforcement on the below 7 bar network, including governors. Reinforcement above 7 bar network is captured on table 5.01 LTS, Storage & Entry.

7.15 The table collects sufficient data to support a meaningful comparison of unit costs between activities and networks. The data will be used to support benchmarking, trend analysis, and monitoring performance against allowances.

7.16 All expenditure should be inclusive of capitalised overheads.

## Guidance

7.17 Volumes (All Diameters & Pressures) Enter the total workload in kilometres of mains installed for each project. The workload figure should include all diameters and pressure bands installed as part of that project.

### 5.03 Reinforcement – Projects > £0.5m

7.18 In this table details for projects with a gross value of >£0.5m are individually identified with specific costs and asset details relating to them.

7.19 Enter details of the following:

- Named Projects
- Category
- Start Year
- End Year
- Pressure Tier
- Mains
- District Governors – IP
- District Governors – MP

7.20 Named projects >0.5m. - Record Reinforcement projects where the total gross expenditure over the life of the project exceeds £0.5m. Where a single project consists of individual cost elements less than £0.5m, but the project total exceeds £0.5m, this should be identified as one integrated project. The elements of the projects should be listed separately against the appropriate activity table and the same project name should be used to identify the associated costs to date.

### 5.04 Governors

7.21 This table collects data relating to district and service governor replacement and decommissioning activities.

7.22 This table is used to understand the costs and associated workload so as to enable comparative analysis of expenditure between networks. The data will be

## Guidance

used to support benchmarking, trend analysis, and monitoring performance against allowances.

- 7.23 Governor data relating to reinforcement and connection activities is captured on tables 5.02 and 5.05 respectively.
- 7.24 District governors are broken down by intervention type, and also by governor inlet pressure. Service governors are broken down by customer type. For district governors, data is collected for four categories:
- Full Replacement
  - Housing Replacement only
  - Refurbishment (incl. Component Replacement)
  - Decommission
- 7.25 Gross Costs: Enter the gross expenditure by intervention and governor type.
- 7.26 Contributions: Enter the contributions received, if any, by intervention and governor type.
- 7.27 Workload: Enter the number of governors replaced or decommissioned by intervention and governor type.

### Memo – Governors

The purpose of this section is to verify alignment of the data reported in this RRP with data reported through the NARM RRP. The data reported in this section will be used to auto-populate ‘3.02 NARM\_Interface’. The data reported through the Cost and Volumes RRP must reconcile with data reported through the NARM RRP. ‘3.02 NARM\_Interface’ worksheet and counterpart ‘N1.1 Intervention Summary’ worksheet in the NARM RRP will help confirm alignment between the NARM output delivery (reported through the NARM RRP) with the associated costs of delivering those outputs (reported through the CV RRP). Intervention volumes reported in the CV RRP and interventions reported in the NARM RRP must align for each NARM Asset Category.

The licensee is required to split both workloads and costs into NARM (i.e. workloads and costs related to NARM Funding Category A1) and into Non-NARM (i.e. total workload and costs minus those in NARM Funding Category A1) for the current and prior reporting years for each listed NARM Asset Category. The equivalent forecast workloads and costs must be reported on the relevant section of worksheets ‘1.05 Summary Workload’ and ‘1.07 Forecast Costs’ respectively.

## Guidance

The licensee is required to ensure that the NARM intervention volumes reported through the NARM RRP and those reported in the CV RRP are aligned. Should any misalignment occur due to a resubmission of either RRP, then the other RRP must also be resubmitted with input data updated to bring the two submissions back into alignment.

The licensee must provide explanation of the methodology it has applied in populating the data in this section in its supporting narrative.

### 5.05 Connections

7.28 This table collects expenditure and workload data for the provision of new mains and services to supply new and existing domestic and non-domestic premises.

7.29 Governors forming part of any new connections and not associated with network reinforcement are captured here. Any associated network reinforcement is captured in tables 5.01 LTS & Storage and 5.02 Reinforcement.

7.30 This table is used to understand the costs and scale of individual projects and their associated workload to enable comparative analysis of expenditure between networks. The data will be used to support benchmarking, trend analysis, and monitoring performance against the allowances.

7.31 Instructions for Completion:

This table collects data by key work types i.e. mains, services (including governors), IP Inlet, MP Inlet and risers by four activity categories: new housing, existing housing, non-domestic fuel poor connection.

Further, mains installed is required to be split by two diameter bands: above and below 180mm.

#### Gross Expenditure and Contributions

Enter gross expenditure and contribution for the categories and activities listed.

#### Volume

In addition to the categories and activities listed provide data for Design & Quotation.

## Guidance

This is the number of quotations/capacity design studies provided by the licensee for customer connections. This data is required to monitor the initial stages of the connections process.

### FPNES volume driver cap against delivery

This table is used to monitor performance against FPNES volume cap drivers as set out in the company specific annexes of Final Determinations Table 7. Enter volume driver cap number and annual connection figures for existing domestic homes only.

### Fuel poor connections

This table collects fuel poor connections expenditure and workload data at an aggregated level and should reconcile to the fuel poor connections totals in the above Connections table.

Input costs and associated number of connections at an aggregated level for each of the categories below:

- One off Connections
- Community Scheme Connections
- Other Scheme Types (UIP/iGT) Providers [UIP] and Independent Gas Transporters [iGT])

Ofgem may require detailed information for each scheme and require GDNs to have such detailed information available.

Memo - Fuel Poor Funded Projects – Winter 2022/23 Ofgem agreed to allow GDNs to repurpose underspend in FPNES funding to support Fuel Poor Initiatives for winter 2022/23. The funding will follow Vulnerability and Carbon Monoxide Allowance (VCMA) criteria which is currently reported in 11.04. This is an interim reporting measure for 2022/23 only.

This memo table collects information on individual project names and the associated gross costs.

## 5.06 Other Capex

7.32 This table collects data for Other Capital Expenditure for the following categories:

## Guidance

- Network split by
  - Security
  - PSUP (CNI Security)
  - Pipelines (Inc overcrossings, sleeves, CP, valves)
  - Electrical and mechanical instrumentation
  
- Non network
  - IT and Telecoms
  - Plant, tools & equipment
  - Vehicles
  - Property and workspace
  - Other – including compensation
  
- Memo item - Non-operational IT Capex (Uncertainty Mechanism)
  - This is the aggregate (network and non-network) costs cost incurred relating to uncertainty mechanism mechanisms. The data is for reference purposes and already included in the network and non-network costs.

### Expenditure

7.33 Gross expenditure and contribution: Enter the gross expenditure and contribution for each category.

7.34 Net expenditure: Data entry is not required as the net expenditure is auto populated and calculated by subtracting the contribution from gross expenditure.

7.35 For security costs this should include costs for specific security upgrades and network wide security projects but should exclude:

- Security costs already included in any other table, where the security cost was included within an overall rebuild or new site development.
- Security costs associated PSUP, which are captured on table 5.10.

### 5.07 Other Capex Projects > £0.5m

7.36 This table captures named projects over £0.5m.

7.37 The data will be used to support benchmarking, trend analysis, and monitoring performance against the allowances.

## Guidance

7.38 Complete the following data requirements:

- Output – Select from the drop down menu what type of output the project is contributing towards i.e. NARM related; PCD or Volume driver.
- NARM risk area – If the Output is NARM related, specify the risk area.
- Asset/Activity Category- Select the relevant Capex category the project falls in:
  - Systems Operations
  - IT and Telecoms
  - Xoserve
  - Plant, tools & equipment
  - Land, buildings, furniture and fitting
  - Vehicles
  - Security
  - PSUP
  - Specify project name.
  - Annual cost- Enter Gross and Contribution cost for the year.

7.39 Named projects >0.5m. - Record Other Capex projects where the total gross expenditure over the life of the project exceeds £0.5m. Where a single project consists of individual cost elements less than £0.5m, but the project total exceeds £0.5m, this should be identified as one integrated project. The elements of the projects should be listed separately against the appropriate activity table and the same project name should be used to identify the associated costs and incurred workload to date.

### 5.08 Vehicles

7.40 These tables collect data for Zero Emission Vehicles and Non Zero Emission Vehicles. This is a subset of tab 5.06 Other Capex. The costs entered in this tab should match the value of tab 5.06 vehicles section.

## Guidance

- 7.41 Zero emissions vehicles consist of electric vehicles or other zero emissions vehicles e.g. Hydrogen vehicles such that they conform the commercial fleet EV PCD in line with Chapter 2 of GD Annex - Final Determination document.
- 7.42 Non Zero Emissions vehicles are all other vehicles not conforming to the commercial fleet EV PCD. This includes petrol, diesel and hybrid vehicles.
- 7.43 The worksheet makes provision to capture data on both Capex and Opex in order to make comparable assessment for companies operating different procurement models for these assets.
- 7.44 All data should be entered for the following types of vehicles:

### Zero Emission Vehicles:

- Cars
- Small Van
- Medium Van
- Large Van
- 4x4
- Support Van

### Non Zero Emission Vehicles

- 4x4
- Cars
- LGV
- HGV

- 7.45 Volumes Population: Enter total vehicle population and number of EV charging points.
- 7.46 The entered costs should be directly associated with the price control relate only.
- 7.47 For each year specified, the following data should be entered for the following sections;

### Net:

- Total
- Capex
- Opex

- 7.48 This should include all costs for servicing, tax, insurance, fuel and lease costs where appropriate.

# Guidance

## 5.09 Cyber Resilience

7.49 The purpose of this table is to inform Ofgem of the opex and capex spend operating a functional cyber resilience activity. Costs should be completed on a net basis.

7.50 Costs are stated within the categories Baseline and Uncertainty Mechanisms

Baseline: Enter total Cyber Resilience (IT & OT) opex and capex costs incurred each year for costs relating to outputs set either at Final Determinations or following the 2021 Cyber Resilience IT/OT re-openers.

Uncertainty Mechanism: Enter total Cyber Resilience (IT & OT) opex and capex costs incurred each year for costs relating to outputs set following the 2023 and 2024 Cyber Resilience IT/OT re-openers. For reporting years 2021/22 and 2022/23 these cells should be left blank unless funding for these years has been agreed within the January 2023 re-opener final determinations. Where costs incurred in 2023/24 as part of the agreed January 2024 re-opener Final Determinations these will be added onto the previous reporting costs for that year.

If there is any discrepancy between the figures reported in the RRP and the figures reported in the Cyber Resilience PCD Reporting template the licensee is to provide narrative explaining the reason for the difference.

## 5.10 Physical Security

7.51 The purpose of this table is to inform Ofgem of the opex and capex spend on core physical security in relation to Government's Physical Security Upgrade Programme (PSUP) and the refreshment of PSUP-related IT and Technical assets during the price control. Note that this sheet is specifically for PSUP-related physical security costs and not for any other business as usual physical resilience work.

### Capex

7.52 GDNs must provide information for all sites (new and existing) where physical security has been upgraded, or where work is currently being (or planned to be) carried out, in relation to the PSUP.

7.53 Data reported split by:

- Existing Projects – These projects commenced in RIIO-1 and planned to be completed in GD2.

## Guidance

- New Projects – These are PSUP projects initiated during RIIO-2 and this further split by projects funded in the GD2 Final Determinations and other projects funded from other sources e.g. under uncertainty mechanisms.
- PSUP Asset replacement- These are investments to enhance PSUP solutions as recommended in BEIS/CPNI guidance on PSUP assets. The data will provide assurance to Ofgem on GDNs investments in IT and Technical assets to improve security within sites.

### 7.54 Input the following:

- Project Reference- For Existing and Baseline projects these should correspond with GD1 and GD2 Final Determinations documents references respectively.
- Start date - The start date must be when the licensee begins designing the site-specific operational requirement (SSOR) solution.
- Finish date- The end date must be when the completed works are signed off (by CAST) as meeting the SSOR. Where dates are not known, the planned start/end dates must be populated.
- Status – Select the applicable status i.e.
  - To be constructed - PSUP site identified, works awaiting sanction and/or award prior to commencement of design, construction or works of any form.
  - Under construction - PSUP site sanctioned and/or awarded. Works associated with delivery have now commenced.
  - Complete - The works are complete when they receive Technical 2 sign off as meeting the SSOR and are operationally accepted by the Alarm Receiving Centre (ARC) and final costs determined (in line with the contractual warranty period).
  - Other – When all the above are non-applicable. Provide details in the annual commentaries.
- Project spend GD2- For existing projects input total GD2 costs. The data will enable Ofgem to capture the full project cost.

## Guidance

- Asset replacement- This is split by:
  - IT assets consist of server and network infrastructure, such as workstations, video storage, servers. KVM switches, evidence switches and network lockers.
  - Technical assets are those installed within the enhanced PSUP solution, such as CCTV system, PID system, Access control systems and security lighting.
- Record annual costs stated in gross values.

### **Opex**

7.55 GDNs should only provide an aggregated Opex cost split by site occupation type i.e., full or shared occupation. This data split will assist Ofgem in developing the unit costs for PSUP.

### **Volume**

7.56 GDNs should enter the number of PSUP sites split by site occupation type. This data will enable Ofgem to develop unit costs for PSUP.

## Guidance

### 8. Instructions for completing the iron pipes Replacement Expenditure (Repex) tables

#### 6.01 Repex Contributions

- 8.1 This table captures contributions costs relating to repex. Costs are recorded at the aggregate level for each repex activity.
- 8.2 Contribution costs relate to external funding received by the GDN for the completion of repex activities. Contribution costs should be input as negative values.

#### 6.02 Repex Mains Tier-1

- 8.3 These tables capture the net costs, volumes and specifications related to Tier-1 Repex as enforced by the HSE under its policy for the Iron Mains Risk Reduction Programme.
- 8.4 Costs are collected on a mains commissioned basis. This is the total cost associated with both decommissioning the existing main and commissioning a new replacement main. Costs are assigned against the characteristics (i.e. material and diameter band) of the main being commissioned.
- 8.5 Volumes are divided into two sections:
  - Mains Commissioned: these sections capture the volumes of new mains which are installed and commissioned.
  - Mains Decommissioned: these sections capture volumes of existing metallic mains which are decommissioned.
- 8.6 For both Mains Commissioned and Mains Decommissioned, mains are first categorised based on the metallic assets they are replacing. Each asset is then categorised by diameter band. Metallic asset categories are defined as follows:
  - Cast Iron and Spun Iron
  - Ductile Iron
  - Steel
    - ≤2"
- 8.7 Net Costs: for Mains Commissioned enter the total annual net costs related to each asset category, entered separately for each predefined diameter band.

## Guidance

8.8 Volumes: for both Mains Commissioned and Mains Decommissioned, enter the total annual volume related to each asset category, entered separately for each predefined diameter band.

8.9 Specifications:

- Length of Mains Inserted Live: enter the total length of mains inserted using the live insertion technique.
- Length of Mains Inserted Dead: enter the total length of mains inserted using the dead insertion technique.
- Length of Mains Open Cut: enter the total length of mains installed via open cut (open trench) excavation.
- Length of Mains Commissioned – Other Techniques: enter the total length of mains commissioned via techniques other than insertion (live or dead) or open cut.
- Lay-to-Abandon: enter lay to abandon percentage repex tier 1 activity

### Memo – Repex Tier 1

The purpose of this section is to verify alignment of the data reported in this RRP with data reported through the NARM RRP. The data reported in this section will be used to auto-populate '3.02 NARM\_Interface'. The data reported through the Cost and Volumes RRP must reconcile with data reported through the NARM RRP. '3.02 NARM\_Interface' worksheet and counterpart 'N1.1 Intervention Summary' worksheet in the NARM RRP will help confirm alignment between the NARM output delivery (reported through the NARM RRP) with the associated costs of delivering those outputs (reported through the CV RRP). Intervention volumes reported in the CV RRP and interventions reported in the NARM RRP must align for each NARM Asset Category.

The licensee is required to split both workloads and costs into NARM (i.e. workloads and costs related to NARM Funding Category A1) and into Non-NARM (i.e. total workload and costs minus those in NARM Funding Category A1) for the current and prior reporting years for each listed NARM Asset Category. The equivalent forecast workloads and costs must be reported on the relevant section of worksheets '1.05 Summary Workload' and '1.07 Forecast Costs' respectively.

# Guidance

The licensee is required to ensure that the NARM intervention volumes reported through the NARM RRP and those reported in the CV RRP are aligned. Should any misalignment occur due to a resubmission of either RRP, then the other RRP must also be resubmitted with input data updated to bring the two submissions back into alignment.

The licensee must provide explanation of the methodology it has applied in populating the data in this section in its supporting narrative.

## 6.03 Repex Mains Tier-2A

8.10 These tables capture the net costs, volumes and specifications related to Tier-2A Repex as enforced by the HSE under their policy for the Iron Mains Risk Reduction Programme.

8.11 Costs are collected on a mains commissioned basis. This is the total cost associated with both decommissioning the existing main and commissioning a new replacement main. Costs are assigned against the characteristics (i.e. material and diameter band) of the main being commissioned.

8.12 Volumes are divided into two sections:

- **Mains Commissioned:** these sections capture the volumes of new mains which are installed and commissioned.
- **Mains Decommissioned:** these sections capture volumes of existing metallic mains which are decommissioned.

8.13 For both Mains Commissioned and Mains Decommissioned, mains are first categorised based on the metallic assets they are replacing. Each asset is then categorised by diameter band. Metallic asset categories are defined as follows:

- Cast Iron and Spun Iron
- Ductile Iron

8.14 **Net Costs:** for Mains Commissioned enter the total annual net costs related to each asset category, entered separately for each predefined diameter band.

8.15 **Volumes:** for both Mains Commissioned and Mains Decommissioned, enter the total annual volume related to each asset category, entered separately for each predefined diameter band.

8.16 **Specifications:**

## Guidance

- Length of Mains Inserted Live: enter the total projected length of mains inserted using the live insertion technique.
- Length of Mains Inserted Dead: enter the total projected length of mains inserted using the dead insertion technique.
- Length of Mains Open Cut: enter the total projected length of mains installed via open cut (open trench) excavation.
- Length of Mains Commissioned – Other Techniques: enter the total length of mains commissioned via techniques other than insertion (live or dead) or open cut.
- Lay-to-Abandon: enter lay to abandon percentage repex Tier 2A activity

### Memo – Repex Tier 2A

The purpose of this section is to verify alignment of the data reported in this RRP with data reported through the NARM RRP. The data reported in this section will be used to auto-populate ‘3.02 NAR Interface’. The data reported through the Cost and Volumes RRP must reconcile with data reported through the NARM RRP. ‘3.02 NARM Interface’ worksheet and counterpart ‘N1.1 Intervention Summary’ worksheet in the NARM RRP will help confirm alignment between the NARM output delivery (reported through the NARM RRP) with the associated costs of delivering those outputs (reported through the CV RRP). Intervention volumes reported in the CV RRP and interventions reported in the NARM RRP must align for each NARM Asset Category.

The licensee is required to split both workloads and costs into NARM (i.e. workloads and costs related to NARM Funding Category A1) and into Non-NARM (i.e. total workload and costs minus those in NARM Funding Category A1) for the current and prior reporting years for each listed NARM Asset Category. The equivalent forecast workloads and costs must be reported on the relevant section of worksheets ‘1.05 Summary Workload’ and ‘1.07 Forecast Costs’ respectively.

The licensee is required to ensure that the NARM intervention volumes reported through the NARM RRP and those reported in the CV RRP are aligned. Should any misalignment occur due to a resubmission of either RRP, then the other RRP must also be resubmitted with input data updated to bring the two submissions back into alignment.

## Guidance

The licensee must provide explanation of the methodology it has applied in populating the data in this section in its supporting narrative.

### 6.04 Repex Mains Tier-2B

8.17 These tables capture the net costs, volumes and specifications related to Tier-2B Repex as enforced by the HSE under their policy for the Iron Mains Risk Reduction Programme.

8.18 Costs are collected on a mains commissioned basis. This is the total cost associated with both decommissioning the existing main and commissioning a new replacement main. Costs are assigned against the characteristics (i.e. material and diameter band) of the main being commissioned.

8.19 Volumes are divided into two sections:

- Mains Commissioned: these sections capture the volumes of new mains which are installed and commissioned.
- Mains Decommissioned: these sections capture volumes of existing metallic mains which are decommissioned.

8.20 For both Mains Commissioned and Mains Decommissioned, mains are first categorised based on the metallic assets they are replacing. Each asset is then categorised by diameter band. Metallic asset categories are defined as follows:

- Cast Iron and Spun Iron
- Ductile Iron

8.21 Net Costs: for Mains Commissioned, enter the total annual net costs related to each asset category, entered separately for each predefined diameter band.

8.22 Volumes: for both Mains Commissioned and Mains Decommissioned, enter the total annual volume related to each asset category, entered separately for each predefined diameter band.

8.23 Specifications:

- Length of Mains Inserted Live: enter the total projected length of mains inserted using the live insertion technique.
- Length of Mains Inserted Dead: enter the total projected length of mains inserted using the dead insertion technique.

## Guidance

- Length of Mains Open Cut: enter the total projected length of mains installed via open cut (open trench) excavation.
- Length of Mains Commissioned – Other Techniques: enter the total length of mains commissioned via techniques other than insertion (live or dead) or open cut. Other techniques do not include robotic intervention, which is captured separately in the Robotic Intervention table.
- Lay-to-Abandon: enter lay to abandon percentage repex Tier 2B activity  
Repex

### Memo – Repex Tier 2B

The purpose of this section is to verify alignment of the data reported in this RRP with data reported through the NARM RRP. The data reported in this section will be used to auto-populate '3.02 NAR Interface'. The data reported through the Cost and Volumes RRP must reconcile with data reported through the NARM RRP. '3.02 NAR Interface' worksheet and counterpart 'N1.1 Intervention Summary' worksheet in the NARM RRP will help confirm alignment between the NARM output delivery (reported through the NARM RRP) with the associated costs of delivering those outputs (reported through the CV RRP). Intervention volumes reported in the CV RRP and interventions reported in the NARM RRP must align for each NARM Asset Category.

The licensee is required to split both workloads and costs into NARM (i.e. workloads and costs related to NARM Funding Category A1) and into Non-NARM (i.e. total workload and costs minus those in NARM Funding Category A1) for the current and prior reporting years for each listed NARM Asset Category. The equivalent forecast workloads and costs must be reported on the relevant section of worksheets '1.05 Summary Workload' and '1.07 Forecast Costs' respectively.

The licensee is required to ensure that the NARM intervention volumes reported through the NARM RRP and those reported in the CV RRP are aligned. Should any misalignment occur due to a resubmission of either RRP, then the other RRP must also be resubmitted with input data updated to bring the two submissions back into alignment.

The licensee must provide explanation of the methodology it has applied in populating the data in this section in its supporting narrative.

# Guidance

## 6.05 Repex Mains Tier-3

8.24 These tables capture the net costs, volumes and specifications related to Tier-3 Repex as enforced by the HSE under their policy for the Iron Mains Risk Reduction Programme.

8.25 For Cadent's London network, costs and workloads associated with the London Medium Pressure project should be excluded from this table and reported separately in Table 10.05.

8.26 Costs are collected on a mains commissioned basis. This is the total cost associated with both decommissioning the existing main and commissioning a new replacement main. Costs are assigned against the characteristics (i.e. material and diameter band) of the main being commissioned.

8.27 Volumes are divided into two sections:

- Mains Commissioned: these sections capture the volumes of new mains which are installed and commissioned.
- Mains Decommissioned: these sections capture volumes of existing metallic mains which are decommissioned.

8.28 For both Mains Commissioned and Mains Decommissioned, mains are first categorised based on the metallic assets they are replacing. Each asset is then categorised by diameter band. Metallic asset categories are defined as follows:

- Cast Iron and Spun Iron
- Ductile Iron

8.29 Net Costs: for Mains Commissioned, enter the total annual net costs related to each asset category, entered separately for each predefined diameter band.

8.30 Volumes: for both Mains Commissioned and Mains Decommissioned, enter the total annual volume related to each asset category, entered separately for each predefined diameter band.

8.31 Specifications:

- Length of Mains Inserted Live: enter the total projected length of mains inserted using the live insertion technique.
- Length of Mains Inserted Dead: enter the total projected length of mains inserted using the dead insertion technique.
- Length of Mains Open Cut: enter the total projected length of mains installed via open cut (open trench) excavation.

## Guidance

- Length of Mains Commissioned – Other Techniques: enter the total length of mains commissioned via techniques other than insertion (live or dead) or open cut. Other techniques do not include robotic intervention, which is captured separately in the Robotic Intervention table.
- Lay-to-Abandon: enter lay to abandon percentage repex Tier 3 activity

### Memo – Repex Tier 3

The purpose of this section is to verify alignment of the data reported in this RRP with data reported through the NARM RRP. The data reported in this section will be used to auto-populate ‘3.02 NARM\_Interface’. The data reported through the Cost and Volumes RRP must reconcile with data reported through the NARM RRP. ‘3.02 NARM\_Interface’ worksheet and counterpart ‘N1.1 Intervention Summary’ worksheet in the NARM RRP will help confirm alignment between the NARM output delivery (reported through the NARM RRP) with the associated costs of delivering those outputs (reported through the CV RRP). Intervention volumes reported in the CV RRP and interventions reported in the NARM RRP must align for each NARM Asset Category.

The licensee is required to split both workloads and costs into NARM (i.e. workloads and costs related to NARM Funding Category A1) and into Non-NARM (i.e. total workload and costs minus those in NARM Funding Category A1) for the current and prior reporting years for each listed NARM Asset Category. The equivalent forecast workloads and costs must be reported on the relevant section of worksheets ‘1.05 Summary Workload’ and ‘1.07 Forecast Costs’ respectively.

The licensee is required to ensure that the NARM intervention volumes reported through the NARM RRP and those reported in the CV RRP are aligned. Should any misalignment occur due to a resubmission of either RRP, then the other RRP must also be resubmitted with input data updated to bring the two submissions back into alignment.

The licensee must provide explanation of the methodology it has applied in populating the data in this section in its supporting narrative.

## 6.06 Repex Mains Other

8.32 These tables capture the net costs, volumes and specifications related to other types of Repex mains activities not captured within the HSE’s three-tier system or diversions. This includes iron mains greater than 30 metres from a building (iron

## Guidance

>30m), steel mains greater than 2 inches in diameter (steel >2”), and three categories of other policy and condition mains: medium pressure ductile iron (Other Policy & Condition - MPDI), replacement of polyethylene (Other Policy & Condition - PE) and other mains, which do not fall into any other repex category (Other Policy & Condition (excl. MPDI)). Additionally, there is a section within this table to capture Repex projects which fall under the Capital Projects PCD. Costs and volumes for these projects should only be reported within the Capital Projects section and not included in any other definition of Repex mains or services.

8.33 Costs are collected on a mains commissioned basis. This is the total cost associated with both decommissioning the existing main and commissioning a new replacement main. Costs are assigned against the characteristics (i.e. material and diameter band) of the main being commissioned.

8.34 Volumes are divided into two sections:

- Mains Commissioned: these sections capture the volumes of new mains which are installed and commissioned.
- Mains Decommissioned: these sections capture volumes of existing metallic mains which are decommissioned.

8.35 For both Mains Commissioned and Mains Decommissioned, mains are first categorised based on the metallic assets they are replacing. Each asset is then categorised by diameter band. Metallic asset categories are defined as follows:

- Cast Iron and Spun Iron
- Steel
  - >2"
- Other Policy & Condition Mains (Excl. MPDI)
- Other Policy & Condition Mains - MPDI
- Other Policy & Condition Mains - PE

8.36 Net Costs: for Mains Commissioned, enter the total annual net costs related to each asset category, entered separately for each predefined diameter band.

8.37 Volumes: for both Mains Commissioned and Mains Decommissioned, enter the total annual volume related to each asset category, entered separately for each predefined diameter band.

8.38 Specifications, with each category split by asset group (e.g. Tier-1):

## Guidance

- Length of Mains Inserted Live: enter the total projected length of mains inserted using the live insertion technique.
- Length of Mains Inserted Dead: enter the total projected length of mains inserted using the dead insertion technique.
- Length of Mains Open Cut: enter the total projected length of mains installed via open cut (open trench) excavation.
- Length of Mains Commissioned – Other Techniques: enter the total length of mains commissioned via techniques other than insertion (live or dead) or open cut. Other techniques do not include robotic intervention, which is captured separately in the Robotic Intervention table.
- Lay-to-Abandon: enter lay to abandon percentage repex mains other activity

### Memo – Repex Tier Other

The purpose of this section is to verify alignment of the data reported in this RRP with data reported through the NARM RRP. The data reported in this section will be used to auto-populate '3.02 NARM\_Interface'. The data reported through the Cost and Volumes RRP must reconcile with data reported through the NARM RRP. '3.02 NARM\_Interface' worksheet and counterpart 'N1.1 Intervention Summary' worksheet in the NARM RRP will help confirm alignment between the NARM output delivery (reported through the NARM RRP) with the associated costs of delivering those outputs (reported through the CV RRP). Intervention volumes reported in the CV RRP and interventions reported in the NARM RRP must align for each NARM Asset Category.

The licensee is required to split both workloads and costs into NARM (i.e. workloads and costs related to NARM Funding Category A1) and into Non-NARM (i.e. total workload and costs minus those in NARM Funding Category A1) for the current and prior reporting years for each listed NARM Asset Category. The equivalent forecast workloads and costs must be reported on the relevant section of worksheets '1.05 Summary Workload' and '1.07 Forecast Costs' respectively.

The licensee is required to ensure that the NARM intervention volumes reported through the NARM RRP and those reported in the CV RRP are aligned. Should any misalignment occur due to a resubmission of either RRP, then the other RRP must also be resubmitted with input data updated to bring the two submissions back into alignment.

## Guidance

The licensee must provide explanation of the methodology it has applied in populating the data in this section in its supporting narrative.

### 6.07 Repex Mains Diversions

8.39 This table collects details of costs incurred and the volumes and specifications associated with carrying out rechargeable mains diversions and non-rechargeable mains diversions associated with Repex.

8.40 Data reported on this table is to include those diversions that involve the decommissioning of iron mains that fall within the scope of the HSE enforced Policy for Iron Mains Risk Reduction Programme.

8.41 The Cost categories have one section:

- **Mains Commissioned:** these sections capture the costs related to the installation and commissioning of new mains.

8.42 The Volumes category is divided into two sections:

- **Mains Decommissioned:** these sections capture the volumes related to the decommissioning of existing metallic mains.
- **Mains Commissioned:** these sections capture the volumes related to the installation and commissioning of new mains.

8.43 For both Mains Commissioned and Mains Decommissioned, mains are categorised into three asset groups. Each asset is then categorised by diameter band. The asset groups are defined as:

- Tier 1 (excluding steel  $\leq 2$ " )
- Other

The Other category captures all other types of mains that are not in Tier 1 categories.

8.44 Within each of the two main sections, diversions are further classified as either

- Rechargeable Diversions, or
- Non-Rechargeable Diversions

8.45 The difference between the above classifications is that rechargeable diversions include a Contributions block.

8.46 **Net Costs:** if applicable, enter the total annual net costs related to each asset category, entered separately for each predefined diameter band.

## Guidance

8.47 Gross Costs: if applicable, enter the total annual gross costs related to each asset category, entered separately for each predefined diameter band.

8.48 Contribution Costs: if applicable, enter the total annual contribution costs related to each asset category, entered separately for each predefined diameter band.

8.49 Volumes: enter the total annual volume related to each asset category, entered separately for each predefined diameter band. This represents the length of mains commissioned.

8.50 Specifications, with each category split by asset group:

- Length of Mains Inserted Live: enter the total projected length of mains inserted using the live insertion technique.
- Length of Mains Inserted Dead: enter the total projected length of mains inserted using the dead insertion technique.
- Length of Mains Open Cut: enter the total projected length of mains installed via open cut (open trench) excavation.

Length of Mains Commissioned – Other Techniques: enter the total length of mains commissioned via techniques other than insertion (live or dead) or open cut. Other techniques do not include robotic intervention, which is captured separately in 6.11\_Robotic Intervention table.

- Lay-to-Abandon: enter lay to abandon percentage repex mains diversion activity.

### Memo – Repex Mains Diversions

The purpose of this section is to verify alignment of the data reported in this RRP with data reported through the NARM RRP. The data reported in this section will be used to auto-populate '3.02 NARM\_Interface'. The data reported through the Cost and Volumes RRP must reconcile with data reported through the NARM RRP. '3.02 NARM\_Interface' worksheet and counterpart 'N1.1 Intervention Summary' worksheet in the NARM RRP will help confirm alignment between the NARM output delivery (reported through the NARM RRP) with the associated costs of delivering those outputs (reported through the CV RRP). Intervention volumes reported in the CV RRP and interventions reported in the NARM RRP must align for each NARM Asset Category.

The licensee is required to split both workloads and costs into NARM (i.e. workloads and costs related to NARM Funding Category A1) and into Non-NARM

## Guidance

(i.e. total workload and costs minus those in NARM Funding Category A1) for the current and prior reporting years for each listed NARM Asset Category. The equivalent forecast workloads and costs must be reported on the relevant section of worksheets ‘ 1.05 Summary Workload’ and ‘1.07 Forecast Costs’ respectively.

The licensee is required to ensure that the NARM intervention volumes reported through the NARM RRP and those reported in the CV RRP are aligned. Should any misalignment occur due to a resubmission of either RRP, then the other RRP must also be resubmitted with input data updated to bring the two submissions back into alignment.

The licensee must provide explanation of the methodology it has applied in populating the data in this section in its supporting narrative.

### 6.08 Mains Decommissioned

8.51 This table summarises the level of risk removed on an annual basis.

8.52 Complete the four summary tables listed:

- Total mains risk remaining at end of reporting year (incidents/year)
  - As extracted from MRPS
- Baseline Risk Removed Summary (incidents/year x10<sup>6</sup>)
- % Length of Iron Mains Decommissioned which has calculated averaged risk (km)
- Length Decommissioned Main (km)

8.53 Year 8 of RIIO-GD1 should be used as the baseline against which RIIO-GD2 Risk Removed is measured.

### 6.09 Repex Services

8.54 These tables capture the net costs, volumes and specifications related to service interventions both associated with mains replacement and not associated with mains replacement.

8.55 Costs and volumes are divided into the following categories, based on the asset class of the parent main:

- Tier 1 (excluding steel <=2")
- Tier 2A

## Guidance

- Tier 2B
- Tier 3
- Iron Mains >30m from a building
- Steel Mains ≤2” in diameter
- Steel Mains >2” in diameter
- Other Policy & Condition (Incl. MPDI and PE)
- Diversions: Non-Rechargeable
- Diversions: Rechargeable

8.56 There is a separate category for Services Not Associated with Mains Replacement.

8.57 Net Costs: if applicable, enter the total annual net costs related to each asset category, entered separately for each type of service intervention.

8.58 Volumes: enter the total annual volume related to each asset category, entered separately for each type of service intervention. This represents the length of mains commissioned.

8.59 Specifications, with each category split by asset group:

- Reinstatement (% of gross costs): if applicable, enter the proportion of gross costs that are attributable to reinstatement costs.

### Memo – Repex Services

The purpose of this section is to verify alignment of the data reported in this RRP with data reported through the NARM RRP. The data reported in this section will be used to auto-populate ‘3.02 NARM\_Interface’. The data reported through the Cost and Volumes RRP must reconcile with data reported through the NARM RRP. ‘3.02 NARM\_Interface’ worksheet and counterpart ‘N1.1 Intervention Summary’ worksheet in the NARM RRP will help confirm alignment between the NARM output delivery (reported through the NARM RRP) with the associated costs of delivering those outputs (reported through the CV RRP). Intervention volumes reported in the CV RRP and interventions reported in the NARM RRP must align for each NARM Asset Category.

The licensee is required to split both workloads and costs into NARM (i.e. workloads and costs related to NARM Funding Category A1), Price Control Deliverable, Volume Driver and into Non-NARM (i.e. total workload and costs minus those in NARM Funding Category A1) for the current and prior reporting years for each listed NARM Asset Category. The equivalent forecast workloads

## Guidance

and costs must be reported on the relevant section of worksheets ‘ 1.05 Summary Workload’ and ‘1.07 Forecast Costs’ respectively.

The licensee is required to ensure that the NARM intervention volumes reported through the NARM RRP and those reported in the CV RRP are aligned. Should any misalignment occur due to a resubmission of either RRP, then the other RRP must also be resubmitted with input data updated to bring the two submissions back into alignment.

The licensee must provide explanation of the methodology it has applied in populating the data in this section in its supporting narrative.

### 6.10 Iron Stubs

8.60 This table captures the net costs and volumes related to the decommissioning of iron stubs. The definition of a Tier 1 stub is contained within each GDNs safety case agreed with the HSE.

8.61 Costs and volumes are divided into the following categories, based on the asset class of the parent main:

- Replacement by open cut
- Risk managed – remote foam bagging
- Parent Main Cut-Out
- Other techniques
- Stub Not Found
- Stubs left in Situ

8.62 Stub Not Found is defined as a job where asset records indicate a stub exists, but no stub is found during follow-up investigation.

8.63 Net Costs: if applicable, enter the total annual net costs related to each asset category, entered separately for each type of service intervention.

8.64 Volumes: enter the total annual volume related to each asset category, entered separately for each predefined diameter band. This represents the total length of stubs being replaced and the number of individual stubs being replaced under each asset category.

# Guidance

## 6.11 Robotic Intervention

- 8.65 This table is intended to provide details of any costs and workloads related to robotic intervention techniques within Repex and Opex (e.g. CISBOT).
- 8.66 The cost and workload data reported within this table should be reported separately from that in corresponding tables (i.e. Tier 3), rather than as a subset of the corresponding data.
- 8.67 Enter net costs and volume for each asset category. The asset categories are:
- Tier 2A
  - Tier 2B
  - Tier 3
  - Iron >30m
  - Other Policy & Condition
- 8.68 Net Costs: if applicable, enter the total annual net costs related to each asset category, entered separately for each predefined riser length sub-category.
- 8.69 Volume: enter the length of gas mains on which robotic interventions have been undertaken for each category, entered separately for each predefined diameter band.

### Memo – Robotic Intervention

The purpose of this section is to verify alignment of the data reported in this RRP with data reported through the NARM RRP. The data reported in this section will be used to auto-populate ‘3.02 NARM\_Interface’. The data reported through the Cost and Volumes RRP must reconcile with data reported through the NARM RRP. ‘3.02 NARM\_Interface’ worksheet and counterpart ‘N1.1 Intervention Summary’ worksheet in the NARM RRP will help confirm alignment between the NARM output delivery (reported through the NARM RRP) with the associated costs of delivering those outputs (reported through the CV RRP). Intervention volumes reported in the CV RRP and interventions reported in the NARM RRP must align for each NARM Asset Category.

The licensee is required to split both workloads and costs into NARM (i.e. workloads and costs related to NARM Funding Category A1) and into Non-NARM (i.e. total workload and costs minus those in NARM Funding Category A1) for the current and prior reporting years for each listed NARM Asset Category. The equivalent forecast workloads and costs must be reported on the relevant section of worksheets ‘1.05 Summary Workload’ and ‘1.07 Forecast Costs’ respectively.

# Guidance

The licensee is required to ensure that the NARM intervention volumes reported through the NARM RRP and those reported in the CV RRP are aligned. Should any misalignment occur due to a resubmission of either RRP, then the other RRP must also be resubmitted with input data updated to bring the two submissions back into alignment.

The licensee must provide explanation of the methodology it has applied in populating the data in this section in its supporting narrative.

## 6.12 Risers

8.70 This table captures the net costs and volumes related to the replacement, refurbishment and isolations of risers associated with multiple occupancy buildings. This table also collects information with regard to the risk associated with the GDNs' riser populations, including the number of inspections and expectations around future intervention levels.

8.71 For Gross Costs [and Contribution Costs] risers are first categorised by the type of intervention being undertaken. Each asset is then categorised by the number of floors to which gas is supplied in the building. The types of intervention are as follows:

- Planned replacement
- Replacement on failure
- Planned refurbishment
- Refurbishment on failure
- Planned Permanent Isolation
- Permanent Isolation on Failure

8.72 Net Costs: if applicable, enter the total annual net costs related to each asset category, entered separately for each predefined riser sub-category.

8.73 Volumes: enter the total number of riser interventions related to each asset category, entered separately for each predefined riser sub-category. The sub-categories are:

- Number of risers
- Number of customers

## Guidance

Where number of customers is defined as the number of supply points.

- 8.74 Riser risk control: enter the total number of risers attributable to each risk control metric, entered separately for each predefined riser sub-category.

### Memo – Risers

The purpose of this section is to verify alignment of the data reported in this RRP with data reported through the NARM RRP. The data reported in this section will be used to auto-populate '3.02 NARM\_Interface'. The data reported through the Cost and Volumes RRP must reconcile with data reported through the NARM RRP. '3.02 NARM\_Interface' worksheet and counterpart 'N1.1 Intervention Summary' worksheet in the NARM RRP will help confirm alignment between the NARM output delivery (reported through the NARM RRP) with the associated costs of delivering those outputs (reported through the CV RRP). Intervention volumes reported in the CV RRP and interventions reported in the NARM RRP must align for each NARM Asset Category.

The licensee is required to report workloads and costs of NARM assets (i.e. workloads and costs related to NARM Funding Category A1). The equivalent forecast workloads and costs must be reported on the relevant section of worksheets '1.05 Summary Workload' and '1.07 Forecast Costs' respectively.

The licensee is required to ensure that the NARM intervention volumes reported through the NARM RRP and those reported in the CV RRP are aligned. Should any misalignment occur due to a resubmission of either RRP, then the other RRP must also be resubmitted with input data updated to bring the two submissions back into alignment.

The licensee must provide explanation of the methodology it has applied in populating the data in this section in its supporting narrative.

### 6.13 Dynamic Growth

- 8.75 The aim of this table is to record the decommissioned workload associated with Tier 1 Repex mains that has been driven by dynamic growth rather than upfront baseline workload – i.e. any incremental workload resulting from risk migration during the price control period.

- 8.76 Enter number (km) for the following categories:

- Population at beginning of year

## Guidance

- Dynamic growth - previously unrecorded assets
- Dynamic growth - <30m boundary changes
- Length Decommissioned
- Population at end of year

## Guidance

### 9. Instructions for completing the analysis tables

#### 7.01 Related Party Transactions

- 9.1 The purpose of this table is to provide an analysis and understanding of the nature and size of services provided to the distribution business and other GB regulated network businesses by each related party. The information is split between whether the profit margin is allowed or not allowed under Ofgem's rules.
- 9.2 Input a description of the services provided by each related party. Input as positive numbers the turnover data for the related party as charged to the distribution business, other regulated network businesses and external customers. Input as negative numbers the respective costs incurred.
- 9.3 Where the total charge from a related party to the distribution business is less than £500k per annum that related party does not need to be included on this table.
- 9.4 Whether a related party margin is allowed or not, is defined in the glossary in appendix 1.

## Guidance

### 10. Instructions for completing the assets tables

#### 8.01 LTS & Entry Assets

10.1 This table collects non-financial data movements in total length of pipelines (by diameter and operating pressure) during the period. Also includes sundry other LTS population data.

10.2 We collect this data to understand changes in the pipeline assets and the changes that investment will make over the period.

10.3 Instructions for Completion:

10.4 This table collects asset data by size and pressure tier and tracks installation and removal. For decommissioned or removed assets enter a negative figure.

Diameter Band, design operating pressure and installations

10.5 For each of the diameter bands (km), pressure (bar) and number of installations (NTS offtakes, distribution network embedded gas entry points (including <7bar), PRSs and AGIs) enter the following:

- Population b/f from previous year.
- Any adjustments to population b/f, where this is material, an explanation is required.
- Enter associated km/bar installed.
- Enter associated km/bar decommissioned as a negative.

#### 8.02 Capacity and Storage

10.6 The table collects non-financial data movements in the amount of storage capacity (by storage type).

10.7 We collect this data to understand the changes in the volume of any contracted seasonal storage and the (contracted or planned) capacity of supplies into the LTS over the period.

10.8 Data is split across the categories below:

Brought Forward – Enter the usable capacity brought forward from the previous year.

Linepack – split volume by LTS and NTS Flex for installed and booked

## Guidance

Commission - enter the useable capacity commissioned in the specified year.

Brought Forward & Commissioned in Year – Sum of usable capacity brought forward from previous year and usable capacity commissioned within year. Include booked NTS Flex.

Decommission - enter the useable capacity decommissioned. Entry should be in negative numbers.

Asset population - enter the total annual asset population in terms of the number of assets. In the case of low-pressure gasholders, this should be the number of operational gasholders.

Adjustment to capacity - enter any reported adjustments made to the useable capacity. Adjustments downwards should be entered as a negative number.

Offtake capacity and Linepack-

Under All off-takes Max Design Capacity and Linepack: enter

- mcm usable b/f
- Adjustments to mcm b/fwd
- Revised mcm b/fwd
- Installed
- Decommissioned
- mcm usable c/f

Under Booked NTS capacity - enter the Flat Capacity daily volume as an aggregate for all NTS offtakes for the year.

Under Contracted NTS Linepack – enter the Contracted NTS Linepack volume

10.9 The above category except for Asset population and Offtake Capacity is further split by:

- Storage – data stated in mcm
- Linepack – Split out by LTS & NTS Flex. Data stated in mcm/d
- Capacity – data also stated in mcm/d

### 8.03 Distribution Network

10.10 The table collects pipeline, governor and services asset population data and detailed movements in in the distribution pipeline asset population though the reporting period.

## Guidance

10.11 This enables Ofgem to monitor changes in assets and the reasons for those changes, over time and between GDNs. This will also assist in identifying the remaining iron mains risk reduction programme workload and progress towards achieving completion of the programme.

10.12 Instructions for completion:

Distribution Mains Population:

10.13 Enter the Adjusted Total in-service mains b/f i.e. brought forward pipeline data from the previous year's population and any adjustments by pipe material (PE, steel, CI, SI, DI and other) and pressure tier. Similarly enter the iron mains population (the aggregate of CI, SI and DI) broken down between those main <30m of a property and those >30m of a property.

10.14 Enter the end of year asset population by pipe diameter band, material type and pressure tier, again additionally identifying iron mains <30m and >30m of a property.

Governors:

10.15 Enter the number of district, service, non domestic I&C (>200scmh) and non-domestic I&C (<200scmh) governors for the following:

- Adjusted Population b/f from previous year
- Enter number installed (new) - Installed New contains all new governors whether that is a new install or new due to replacement, so that both counting in year movement and carry forward calculations. The new section is to just advise how many of the new are due to replacement activities.
- Enter number decommissioned

Services:

10.16 Enter the total number of services (excluding multi-occupancy buildings) by material type (PE, steel, mixed PE/steel and Other) at the end of the year.

### 8.04 Capacity and Demand

10.17 The table collects data by exit zone based on the 1 in 20 planning scenario and annual throughput.

## Guidance

10.18 Collect this data to understand the basis on which capacity-based investment is judged to be required by the GDN.

10.19 Instructions for Completion:

### Name

Enter the name of each offtake.

For each offtake enter the following:

### Offtake name

Enter the name of the offtake. Include proposed offtakes from the year in which they will be constructed.

### NTS Exit Zone

Enter the exit zone number. The completed returns should show the offtakes listed by exit zone, alphabetically within each zone.

### Demand

Enter the demand in mcm/d under 1 in 20 conditions for each offtake.

### Flow Flat Required

Enter the flat capacity daily volume in mcm/d for each offtake under 1 in 20 conditions.

### Flow Flex Required

Enter the Flex capacity daily volume in mcm/d for each offtake under 1 in 20 conditions.

### Peak Rate

Enter the peak rate in mcm/h taken through each of the offtakes.

### Min Inlet @ SOD

Enter the minimum inlet pressure at Start of Day (barg). This is the inlet pressure required to pack the linepack system to the full stock position.

### Min Inlet @ EOD

Enter the minimum inlet pressure at End of Day (barg). This is the end of the storage day, i.e. when linepack systems are expected to be at minimum stock values.

## Guidance

### Total volume of storage needed

Enter the total volume of storage needed for each zone.

Enter the total for each zone against the first named offtake only.

### Total volume of storage available

Enter the total volume of storage available for each zone (excluding use of NTS flex). This should include available LP holder volume, available linepack, HP bullets, and other storage volumes. Enter the total for each zone against the first named offtake only.

### Number of sites with a current interruptible contract

Enter the number of sites with a current interruptible contract purchased through the auction process.

### Peak interruptible capacity

Enter the total capacity in mcm/d which would have to be constructed in the network to provide a firm supply should interruptible contracts not be available

### Capacity interrupted on peak day

Enter the capacity interrupted on the peak day of the reporting year in mcm/d to ensure network capacity remained available to firm consumers.

## 8.05 Capacity Output

10.20 The table collects capacity outputs data.

10.21 We collect this data as basis of assessment of delivery of capacity outputs by the GDN.

10.22 Instructions below are a guide. Companies will use common assumptions as developed through the capacity working group:

### Summary capacity utilisation

Enter the number of sites (offtakes and PRSs) at the appropriate capacity utilisation.

### Baseline capacity data

Enter name of LDZ

For each LDZ enter the following data as at 31 March:

## Guidance

- Supply point SOQ - total daily supply point off take quantity in LDZ (GWh).
- DM SHQ - total hourly supply point off take quantity for daily metered customers in LDZ (GWh).
- Peak day demand (mcm/d)

# Guidance

## 11. Instructions for completing the ODI tables

### 9.01 Customer Satisfaction

11.1 This table collects the results of the customer satisfaction survey ODI.

11.2 Each GDN must carry out the three customer satisfaction surveys on a monthly basis and submit the results of these surveys on an annual basis to Ofgem.

11.3 There is a table for each of the three customer satisfaction surveys:

- Planned work survey
- Emergency response and repair survey
- Connections survey

11.4 Enter the number of customers, scoring between 1 and 10, for all activities listed under each survey table.

11.5 There is also a table to separate out the customer satisfaction survey results from Priority Services Register (PSR) customers. This forms part of the vulnerability reputational ODI.

11.6 Definitions and detailed reporting requirements are set out in Appendix 4.

Form of the surveys: the surveys and covering letter that accompanies the surveys must follow the standard templates set out in Appendices 4-7 of this document.

### 9.02 Customer Complaints

11.7 The purpose of this table is to provide a framework for the collection and provision of accurate and consistent complaints data by GDNs to Ofgem.

11.8 The table is divided into two sections – complaints to the GDN and complaints to the Energy Ombudsman. For both sections enter the number of complaints for each of the following four categories:

- complaints concerning emergency response and repair work
- complaints concerning planned work
- complaints concerning connections services
- complaints concerning other issues including (but not limited to) reinstatement and excavation, communication and engineering work where they have not been recorded under the listed categories.

## Guidance

11.9 Complaints to the GDN - enter the number for each of the following:

- telephone complaints received
- written complaints received
- complaints resolved by the end of the first working day (day+1)
- complaints resolved between day+2 and 31 working days
- complaints resolved after 31 working days
- repeated complaints
- deadlock letters issued by the GDN to the complainant

11.10 Complaints to the Energy Ombudsman -enter the number for each of the following:

- Complaints taken up within the Ombudsman terms of reference
- Complaints taken up outside the Ombudsman terms of reference
- Total number of complaints taken up by the Ombudsman for resolution
- Final decisions issued by the Ombudsman
- Ombudsman decisions in favour of the complainant

11.11 A complaint taken up by the Ombudsman should be recorded for the relevant reporting month it was received, however, the final outcome (where it is not in favour of the GDN) would then be reported in the month of when the outcome was received and agreed by all parties e.g. Ombudsman complaint received within TOR in February, but the final decision is agreed in April.

11.12 Where a reportable value is zero or not applicable to the licensee, a zero must be input rather than a cell being left blank.

11.13 For definitions and detailed reporting requirements refer to Appendix 3.

### 9.03 Interruptions

#### ODI interruption

## Guidance

11.14 This table collects information on GDNs network reliability, enabling Ofgem to monitor progress in achieving the targeted outputs.

11.15 Instructions for Completion:

### Customer numbers

Enter the number of customers at the start and at the end of the reporting year.

### Non-contractual interruptions

#### Planned interruptions

Enter the number of planned interruptions and the duration of each interruption by cause.

#### Unplanned interruptions

Enter the number and duration of unplanned interruptions, excluding major incidents. by cause.

### 3rd Party Delays

For unplanned interruptions that are not part of major incidents, enter the total number of minutes attributable to delays caused by 3<sup>rd</sup> parties, divided between MOBs and non-MOBs and in the following categories, divided between those where the clock is stopped and those where it is not:

#### Clock Stopped Categories

Weather: as described in scenario (i) of Clock Stopping

Emergency Services: as described in scenario (ii) of Clock Stopping

Customer-driven delay: as described in scenarios (ii) and (iii) of Clock Stopping

Asbestos: as described in scenario (v) of Clock Stopping

Local authority requests a delay to the reinstatement of gas for safety-related reasons: as described in scenario (vi) of Clock Stopping.

#### Clock Not Stopped Categories

Planning permission / Building regulations: Where work cannot proceed until permission for this has been granted by a local government or other relevant authority.

Physical access issues: Where work cannot proceed due to personnel and equipment being unable to access the site. This includes situations where

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access is physically blocked; where the site is unsafe; where scaffolding must be erected before work can start; and where parking restrictions prevent work being carried out.

Other: Any other situation where work cannot proceed due to a third party.

### 9.04 Interruptions (Major incidents)

Enter details of major incidents by the following:

- Network name
- Cause, type, description – select from the drop-down menu
- Date of incident
- Incident name
- No. of customers interrupted
- Total duration of incident (minutes)

### 9.05 Collaborative Streetworks

11.16 The purpose of this table is to collect details on the collaborative streetworks projects undertaken by the networks.

11.17 This data enables Ofgem to understand the nature and scale of collaborative streetworks projects, which will assist in monitoring the progress of this new incentive.

11.18 Project Name – Enter the relevant project name.

11.19 Project ID - Enter the relevant project ID.

11.20 Project Length – Include the total length of gas assets involved in the project, together with the total length of the project road closure length and length of overlap between gas assets, if applicable.

11.21 Level of Collaboration – According to the Collaboration Manual: A guide to the coordinated delivery of utility infrastructure published by the London Borough of Croydon with Atkins and flux

11.22 Estimated Days Saved – An estimate of the reduction in the number of days of streetworks disruption as a result of the collaboration

11.23 Estimated Cost of Collaboration – An estimate of the additional costs incurred to facilitate the collaboration (where such estimates can be captured) including the

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additional cost of planning, legal costs, operational costs and inefficiencies resulting from timing and coordination.

- 11.24 Project Completion Date – The date on which the project was deemed completed.
- 11.25 Project Completion Year – The reporting year in which the project was deemed completed
- 11.26 Link to Narrative – A link to the project information published on the ENA Smarter Networks portal, which may take the form of a link to the relevant publication on the GLA website or information portal.

### 9.06 Carbon Monoxide Awareness

11.27 This table collects data relating to carbon monoxide (CO) awareness. The table records the number of customers reached through CO awareness initiatives and average CO awareness as measured through a common survey.

11.28 This forms part of the vulnerability reputational ODI.

11.29 The data requirements are:

Number of consumers reached through CO awareness initiatives

- Enter the total number of people who have engaged with CO awareness initiatives which are run and/or funded by the GDNs.

Average CO awareness score (as reported via a common survey)

- Enter the average pre-discussion and post-discussion CO awareness scores from all CO awareness surveys carried out in the Regulatory Year. The survey should be a common survey that is agreed and used by all GDNs. The survey should be completed both before and following a CO awareness session run or funded by the GDN.

Number of CO awareness surveys

- Enter the number of customers who have completed a CO awareness survey in the Regulatory Year.

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### 12. Instructions for completing the Price Control

#### Deliverable tables

#### **10.1 Personalising Welfare Facilities (Cadent only)**

12.1 This table records the number and cost of additional welfare provisions provided to eligible customers through Cadent's bespoke personalising welfare facilities PCD in the event of a gas supply interruption.

#### 12.2 PSR Customers

- Enter the number of PSR Customers who have received additional welfare provisions in row 17.
- Enter the £m net costs of additional welfare provisions provided to PSR Customers in cells row 12.

#### 12.3 Non-PSR Customers

- Enter the number of non-PSR Customers who have received additional welfare provisions in row 18.
- Enter the £m net costs of additional welfare provisions provided to non-PSR Customers in cells row 13.

#### **10.2 Remote Pressure Management (SGN only)**

12.4 This table records the delivery of SGN's Remote Pressure Management PCD as set out in SpC3.29, providing details of the number of District Governors that have been equipped with Remote Pressure Management

12.5 Enter the costs and quantity of Remote Pressure Management Equipment installed during the year.

#### **10.3 Gas Escape Reduction (SGN only)**

12.6 This table records the delivery of SGN's Gas Escape Reduction PCD as set out in SpC3.31, providing details of the number of regions that have sets of Gas Escape Reduction equipment, along with the associated costs.

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12.7 Enter the quantity and associated costs of Gas Escape Reduction equipment units purchased during the year, and the current status of all depots in terms of number of units.

### 10.4 Intermediate Pressure Reconfiguration (SGN only)

12.8 This table records the delivery of SGN's Intermediate Pressure Reconfiguration PCD in its Scotland network, as set out in SpC3.28. It captures information regarding the service replacements and small PRI installation.

12.9 Enter net costs and workload volumes for service replacements and small PRI installations.

### 10.5 London Medium Pressure (Cadent only)

12.10 This table records the delivery of Cadent's London Medium Pressure PCD in its London network, as set out in SpC3.27. It captures information on the costs and workloads of Tier 3 iron mains, iron mains >30m from a building, steel mains >2" in diameter and district governors.

12.11 The cost and workload volumes for the London Medium Pressure project should only be reported in this table and should be excluded for the reporting of Tier 3 mains in Table 6.05 and the reporting of iron mains >30m from a building and steel mains >2" in diameter in Table 6.06.

12.12 Enter net costs and workload volumes for Tier 3 iron mains, iron mains >30m from a building, steel mains >2" in diameter and district governors associated with the London Medium Pressure project.

12.13 Specifications, with each category split by asset group:

- Length of Mains Inserted Live: enter the total projected length of mains inserted using the live insertion technique.
- Length of Mains Inserted Dead: enter the total projected length of mains inserted using the dead insertion technique.
- Length of Mains Open Cut: enter the total projected length of mains installed via open cut (open trench) excavation.

Length of Mains Decommissioned – Other Techniques: enter the total length of mains decommissioned via techniques other than insertion (live or dead) or open cut.

- Lay-to-Abandon: enter lay to abandon percentage repex mains diversion activity.

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## 10.06 Biomethane improved access rollout

12.14 The purpose of this table is for SGN to provide Ofgem with an update on its delivery of the outputs as required by SpC 3.30 Biomethane improved access rollout Price Control Deliverable.

12.15 SGN is required to report on the rollout of three technologies expected to increase biomethane volumes on the network. These technologies specified in SpC 3.30 are: propane management solution, reverse compression optimised capacity and smart control of biomethane in the network.

12.16 To complete the template, SGN is to report on the rollout of any of the specified technologies by providing:

- Site of the technology rollout (sites are specified within SpC 3.30).
- The project title for that rollout.
- A description and update of that technology rollout, including:
  - the use and feasibility of establishing local billing zones,
  - key risks that are likely to impact the delivery output (i.e. costs overruns, delays in delivery time and non-realisation of the expected biomethane access to its network).
- The expected or confirmed project delivery date
- Net actual and forecast cost of each project rolling out the three technologies

## Guidance

### 13. Instructions for completing the Other Policies tables

#### 11.01 Distributed Gas Connections

13.1 With our trajectory towards Net Zero, and the potential for more gas connection requests to distribution networks in RIIO-2, the GDNs should continue to keep detailed records on the costs associated with each distributed gas connection.

13.2 This also includes specific data regarding the nature of the connection (for instance the source of gas, whether this comes from a renewable source and a record of the GDN delivering these connections).

13.3 For each distributed gas connection, enter the following information:

- GDN project reference/name
- Date of completed connection
- Source of gas (biomethane, coalbed methane etc.)
- Working days taken to provide an initial capacity study (following receipt of capacity enquiry application)
- Working days taken to provide full capacity study/detailed analysis study (following receipt of payment for full study)
- Total capacity connected (scmh)
- GDN reinforcement capacity capital costs (£k)
- GDN facility capital costs – if applicable (£k)
- GDN facility opex costs – if applicable (£k)
- Total GDN cost of connection (£k)
- Approach main charge paid by connectee (£k)
- Connection charge paid by connectee (£k)
- Transportation credit – if applicable (£k)

13.4 The commentary should contain any additional information or explanation which will enhance the understanding of the information provided.

13.5 Any price-controlled costs for distribution gas connections should be captured in tables 4.04 Maintenance and 5.01 LTS Storage & Entry, and associated asset data is captured in table 8.01LTS & Entry Asset.

#### 11.02 Responding to telephone calls (Standard Special Condition D10)

13.6 This table provides guidance on the reporting performance against Standard Licence Condition D10 relating to responding to telephone calls within timescale.

13.7 Enter total calls:

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- received on specified numbers
- answered within timescale

13.8 Percentage of telephone calls answered within timescale is auto populated in the summary Standard Licence Condition D10 tab.

13.9 Data should be captured in accordance with the requirements of SSC D10.

### **11.04 Vulnerability and Carbon Monoxide Allowance (VCMA)**

13.10 The VCMA provides use-it-or-lose-it (UIOLI) funding for GDNs to use on VCMA Projects focused on vulnerability and CO safety initiatives that go beyond activities that are funded through other price control mechanisms or required through licence obligations.

13.11 This table records the total gross costs incurred and committed for VCMA projects by year, broken down into spend on Company Specific VCMA Projects and Collaborative VCMA Projects.

13.12 This table records the registered VCMA Projects including the cost of the VCMA Project, whether it is a company specific or Collaborative VCMA Project and who the Project Partners are. GDNs should populate forecast of full VCMA allowances under Company Specific and Collaborative VCMA project costs.

13.13 Data requirements are:

- VCMA Project title -Enter the VCMA Project title, as written on the Project Eligibility Assessment form. This should include all VCMA projects undertaken, or forecast to be undertaken, within the RIIO-GD2 price control.
- Total gross cost of VCMA Project - Enter the total gross cost of the VCMA Project, including any contributions by other parties.
- Total gross GDN cost of VCMA Project attributable to Network - Enter the total gross cost of the VCMA Project that is funded by the Network.
- Company specific or Collaborative VCMA Project? - Enter whether the VCMA Project is a company specific or Collaborative VCMA project.
- List of Project Partners - Enter Project Partners (including any other GDNs) and third parties involved in the VCMA Project.
- VCMA Project start year – Enter the year the VCMA Project started in.
- VCMA Project end year – Enter the year the VCMA Project ended in. If the project has not yet ended, this should be an estimated end year.

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### 11.05 Re-Opener Pipeline Log

13.14 This table records information relating to all future Re-opener applications and Re-openers yet to receive a Final Determination but with greater emphasis on those due to be submitted within the next 12 months/regulatory year. Any Re-opener applications that have received Final Determinations by the submission deadline are to be excluded from the Pipeline Log. Authority triggered Re-openers are also to be excluded from the Pipeline Log however they are to be included within the Annual Iteration Process (AIP) for allowance setting purposes. This table will be used by Ofgem for ongoing monitoring purposes and for sourcing the estimated value of the adjustment to baseline allowances which will feed into the relevant Re-opener PCFM Variable Value and will be reflected in its allowed revenue at the next Annual Iteration Process.

13.15 The information is to be forecast as far as is reasonably practicable.

13.16 The fields to be completed as follows:

- Re-opener mechanism (All) .These field have been pre-populated.
- Licence condition: The Special Licence Condition number for the relevant Re-opener mechanism
- Relevant paragraph of licence condition: the specific paragraph number of the Special Licence Condition of the relevant Re-opener mechanism
- Likely date of submission: relevant application window
- Probability of submission: low, medium or high
- Estimated value of adjustment to baseline allowances: a value in £m for Opex/Capex/Repex/Totex for each regulatory year, which will feed into the relevant Re-opener PCFM Variable Value

13.17 The following fields (under Details of application) are intended as free text boxes. Information can be provided in the appendances of the RRP strategic commentary accompanying the annual RRP submissions.

- Trigger for application (e.g. change in legislation)
- Outline of needs case
- Methodology used to arrive at preferred option
- Outline of preferred option
- Evidence used to justify level of costs requested

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Any broader regulatory/policy issues. Information should be brief for future Re-openers that are yet to be submitted and provide more detail for those applications expected in the next 12 months/regulatory year. Where applications have been submitted but Final Determinations are not yet available, application values are to be included within the Pipeline Log.

### 11.05a Other Re-opener Appendix

13.18 This table is related to the information in ` 11.05 Re-opener Pipeline log ` and is intended to collate a breakdown of individual projects with a greater detail.

13.19 The fields to be completed as follows:

- Re-opener mechanism
- Project name: breakdown of individual projects even if under the same re-opener
- Description of project including brief description of driver for project and any interdependencies
- Likely date
- Project start date: the actual date of physical work
- Project end date
- Planned submission date
- Scope of submission: needs case, options and costs
- Probability of submission: low, medium, high
- Has there been recent engagement with Ofgem on the project?: some details on the nature of engagement and detail Ofgem colleague.
- Lifetime cost (£m): Sum of all costs related to a project over its lifetime including beyond RIIO 2 period.

### 11.06 Business Carbon Footprint

13.20 The purpose of this table is to collect data on the licensee's scope 1 and 2 business carbon footprint (BCF) including shrinkage.

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- 13.21 The annual table will ultimately show a percentage change against a pre-agreed base year to demonstrate the licensee's performance in comparison to its RIIO-2 BCF target.
- 13.22 In terms of the pre-agreed base year, GDNs should be using the base year they committed to in their business plans where they set targets to reduce BCF. This data will be published by Ofgem as part of a report on all licensees performance across the RIIO-2 outputs.
- 13.23 The licensee must report on its scope 1 and 2 BCF for the regulatory reporting year.
- 13.24 The reporting methodology must be compliant with the principles of the Greenhouse Gas Protocol (GHG Protocol). In summary, the BCF reporting must be:
- Relevant: the inventory must reflect the substance and economic reality of the company's business relationships, not merely its legal form
  - Complete: all relevant emission sources must be included (although in practice lack of data or cost of gathering could be a limiting factor)
  - Consistent: accounting approaches, inventory boundary and calculation methodology must be applied consistently over time
  - Transparent: information on the processes, procedures, assumptions and limitations of the BCF reporting must be disclosed in a clear, factual, neutral and understandable manner, enabling internal and external verifiers to attest to its credibility
  - Accurate: GHG measurements, estimates, or calculations must be systemically neither over nor under the actual emissions value, as far as can be judged, and that uncertainties be reduced as far as practicable
- 13.25 The licensee must report on all Scope 1 and Scope 2 emissions on an 'operational control' basis, i.e. report all emissions from operations on which the licensee has full authority to introduce and implement its operating policy.
- 13.26 A licensee that forms part of a larger corporate group must provide a brief introduction outlining the structure of the group. The commentary must detail which organisations are considered to be within the reporting boundary for the purpose of this exercise.
- 13.27 Guidance on completing the tables for Scope 1:

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- Energy consumption: enter the tCO<sub>2</sub>e for energy consumption. Note that natural gas, diesel and other fuels are all categorised as fuel combustion and must be converted to tCO<sub>2</sub>e on a Gross Calorific Value (Gross CV) basis.
- Transport: enter the tCO<sub>2</sub>e for direct commercial vehicles and business mileage.
- Direct commercial vehicles are the transportation (often a fleet of vehicles) used in the day to day operation of the business.
- Business mileage is that undertaken by staff travelling to locations that are other than their normal place of work or moving between sites for purposes such as meetings in company provided/managed vehicles.
- Direct commercial vehicle emissions calculations should be based on fuel consumption, which includes fuel used, for example, in compressors, pumps, generators, Stihl saws and strimmers bought on vehicles fuel cards. The appropriate conversion factors will be applied.

13.28 In cases where emission factors for specific transport means are not available (we are aware of this issue for helicopters, but there may be some other instances) the equivalent tonnes of carbon dioxide (tCO<sub>2</sub>e) must be estimated and summed to the closest means of transport (e.g. “air” for helicopters). The methodology and assumptions used for estimating/measuring these emissions must be included in the commentary.

13.29 The Department for Energy Security and Net Zero (DESNZ) guidelines provide for a range of emission conversion factors for transport means, with the aim to provide the best possible estimate of emissions from the vehicle portfolio owned and/or operated by the company. The reporting must, as far as reasonably practicable, use the full range of emission conversion factors available (as applicable to the range of means of transport actually used by the company) unless there is a compelling case for using another conversion factor.

13.30 DESNZ allows for road transport to be entered in terms of both distance and fuel consumption.

13.31 Business road transport, including company cars and casual users, will be measured in mileage.

13.32 Guidance on completing the tables for Scope 2:

- Electricity purchased: enter the emissions for electricity purchased as both the ‘location based’ (according to the factor for the “Grid Rolling Average”

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unless there is a compelling case for using another conversion factor) and ‘market based’ (according to individual electricity supply contract details<sup>4</sup>).

13.33 Guidance on completing the tables for Scope 3 (optional): it is desirable but not essential that the licensees also report on its scope 3 emissions. This will ensure that reporting captures all significant emissions arising from the development and operation of the licensee's Distribution System, regardless of the legal entity carrying out each activity. The licensees are to define the boundary of Scope 3 emissions in accordance with the GHG Protocol. The licensees can amend sub-types listed ‘spare’ to define the sub-type of emissions most relevant to them under each category.

- PE pipe: enter the PE pipe emissions which relate to the procurement of PE pipe used in network activities.
- Contractor vehicles: enter the emissions for contractor vehicle which arise from work undertaken on the network by contractors not directly employed by the GDN.
- Rail/Air/Ferry: enter the emissions from third party transport services including emissions from private vehicles for business mileage. Apportionment of emissions across a corporate group to the GDN business units must be undertaken through an existing finance allocation model.

### 11.07 Environmental - Other

13.34 The purpose of this table is to provide a framework for the collection and provision of accurate and consistent information on environmental measures. The data is required in order to monitor performance under the different measures, as well as monitoring key drivers of that performance.

13.35 Complete the table for the following environmental indicators and for all items listed for each indicator:

13.36 Broad environmental measure (biomethane and other unconventional gas connections)

- Virgin aggregate
- Spoil to landfill

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<sup>4</sup> As per the definitions in Environmental Reporting Guidelines, HM Government, March 2019.

## Guidance

- ISO 14001 major non-conformities

### 13.37 Broad Environmental Measure

- For all items listed enter the number or scmh as appropriate.
- Include additional information in the commentary which is considered pertinent such as the reasons for any delays in finalising connections.

### 13.38 Virgin Aggregate

- Virgin aggregates refers to excavation activities on the operational gas distribution network and excludes abnormal workload such as gasholder demolition and land remediation.
- Enter the volume of virgin aggregate (virgin quarried stone/gravel) used as a percentage of total imported backfill (sand/fine fill and virgin stone/gravel/recycled aggregate) excluding tarmacadam.
- Enter the tonnes of imported virgin aggregate which is used to monitor against business plan forecasts.
- The commentary should contain supplementary information which will assist in explaining any notable year-on-year variations.

### 13.39 Spoil to Landfill

- Enter the volume of spoil from excavation activities on the operational gas distribution network disposed as a waste into a permitted/licensed landfill as a percentage of total spoil excavated.
- Enter, in tonnes, the spoil disposed as a waste at a permitted/licensed landfill.
- Spoil to landfill excludes abnormal workload such as gasholder demolition and land remediation.
- The commentary should contain supplementary information which will assist in explaining any notable year-on-year variations.

### 13.40 ISO 14001 Major Non-conformities

- The number of major non-conformities identified in the annual ISO 14001 independent audit process must be reported at group level. Details of any major non-conformity should be included in the commentary.

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### 11.08 Job Completion Lead-Time (NGN)

13.41 The purpose of this table is to provide data on the percentage and number of connection/alteration requests that NGN has completed within 20 days of receipt of payment for the connection/alteration.

13.42 The data is required to:

- Help reduce the time between customers paying for a standard connection (or alteration) service and NGN completing the work
- Monitor NGN's performance against agreed targets
- Increase number of completed jobs within 20 working day period
- Improve customer satisfaction by faster connections and alterations.

13.43 Definition of Total completed jobs: Works for a connection or alteration service at sites where flow rates are below 275kWh per hour completed within 20 working days of receipt of payment for the service.

13.44 Guidance on completing the table:

- Number of completed works for connections or alteration service at qualifying sites: enter the number of total completed jobs within 20 working days of payment.
- Proportion of total jobs completed works: enter the percentage of total completed jobs within 20 working days of payment.

### 11.09 Net Zero Development

13.45 This table records funds claimed from the Net Zero Development initiative. The Data required is split into below:

- Net zero pre-construction works and small net zero projects - are low and no regret capital projects ([Link](#)) that have a high Net Zero impact but are not captured by other mechanism.
- Net zero and re-opener development fund- are early developments on projects that network companies may bring forward through re-opener, but which is not funded elsewhere in the price control.
- Net zero re-opener – Are projects which may have gone through the above processes and approval provided Ofgem to undertake the main project.

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## Instructions for Completion

- 13.46 Insert project name.
- 13.47 For narrative reference – Provide brief description of the project and when outputs are expected to be realised.
- 13.48 Cost per annum – This should be stated on net cost basis.

## **11.10 High Rise Building Plans (Cadent)**

- 13.49 This table records the number of High-Rise Building Plans completed in each of the Cadent Gas Distribution Networks during the regulatory year.
- 13.50 The target performance for the related ODI R is set out in Table 11 of RIIO-2 Final Determinations – Cadent Annex.
- 13.51 A High-Rise Building is defined as any Multiple Occupancy Building of at least six floors.
- 13.52 A High-Rise Building Plan is a management plan for each High-Rise residential building that Cadent supplies where its management plan is aligned with the principles recommended by the Independent Review of Building Regulations and Fire Safety (Hackitt review) published in May 2018.
- 13.53 Number of plans done in the regulatory year is the actual number of High-Rise Building Plans completed during the regulatory year.

## **11.11 PREs, Reports and Repairs**

- 13.54 This table collects data on Public Reported Escapes (PREs) network condition and timeliness of repairs.
- 13.55 This data is used to understand the trend in PREs and the overall system condition.
- 13.56 Instructions for Completion:

### **PREs**

Enter the number of PREs for each of the categories listed.

- Controlled
- Uncontrolled

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- Other: Non-Gas

Under each of the above categories provide data for the following:

- Gas Escapes/Emergencies
- Responded-to within Timescale
- Percentage responded-to within Timescale

## Reports

### Network related

Enter the number of gas escapes/other via:

- Distribution Mains
- Service
- Distribution Mains Interface

### Non-Network related

Enter the number of reports with:

- No Trace
- CO Confirmed & Suspected
- Other

## Repairs

### Mains

- Enter the number of mains condition repairs by diameter.
- Enter the number of repairs and reports following mains interference damage.

### Services

- Enter the total number of service condition repairs.
- Enter the number of repairs and reports following service interference damage.

### Repairs Within 28-days

- Enter the total number of repairs undertaken between 0-7 days and 8-28 days.

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## Repairs beyond 28-days

- Enter the total number of repairs undertaken between
  - 29-35 days.
  - 26-42 days.
  - 23-49 days.
  - 50-56 days.
  - >56 Days
  - Median Repair Time >28 Days

## 11.12 Safety Output

13.57 This table collects information on key safety metrics related to each GDNs' gas network. These metrics provide important context for assessing the repx programme, which is a safety-driven programme.

13.58 GSMR gas in buildings (GIB) events - Enter the number of GIB events reportable under GSMR/RIDDOR (i.e. GIB events where concentrations are 20% LEL and above or the release of gas is greater than 10kg) by the asset types shown, against the respective material, diameter band and pressure tier.

13.59 Other Network GIB events- The data in this table applies to GIBs of any level of gas concentration but not up to reportable limits, i.e. it excludes those GIB events which are reported in the table above

13.60 Enter the number of network GIB events by the asset types / causation type shown, against the respective material, diameter band and pressure tier. Where the cause of the escape is third party interference, do not also report the event against a specific asset type – this will ensure a single event is not double counted. The total number of network GIB events by pressure tier is auto-populated by summing the above tables.

13.61 Reportable Non-network emergency jobs - Enter the number of emergency jobs where an unsafe downstream installation (i.e. meter, installation pipework or appliance) has been discovered and reported to the Health and Safety Executive.

13.62 Loss of containment reported under COMAH- Enter the number of incidents and tonnes of gas lost for incidents involving the release of gas reported under COMAH.

13.63 Cast/spun iron fractures and ductile iron corrosion failures - Enter the number of SI/CI fractures or DI corrosion of mains by material, diameter band and pressure.

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13.64 Network incidents - Enter the number of incidents where gas (excluding Carbon Monoxide Incidents) from a network pipe causes death, RIDDOR reportable injury or significant structural damage (> £10,000 estimated repair cost) caused by iron mains (by diameter) or service pipes.

13.65 Repair (annual network risk) - Enter the total accumulative repair risk (10x6). The value reported here is the number of incidents.

### 11.13 Covid 19 Impact

13.66 The table records the controllable gross costs related to the impact of Covid-19 on the costs of each GDN, capturing both internal and external costs (contractors inclusive).

13.67 Instructions to complete - Controllable costs are broken out into three sections:-

- Incremental costs (not usually incurred) such as
  - PPE
  - Transport
    - Operating costs such as hire, fuel
    - Capital purchase
  - IT equipment
  - Any other
- Fixed/ Stranded Costs (incurred costs but no workload)
  - Contractor costs fixed
  - Unproductive resource
- Cost saved (costs normally incurred in usual business operations but saved through Covid impact)
  - Travel & Subsistence
  - Facilities

13.68 Enter the above costs broken down further by the categories below:

- Work Management
- Work Execution
- Business Support
- Connections
- Network management Capex
- Other Capex inc IT/vehicles etc...
- Mains replacement
- Other repex
- Other

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### 14. Instructions for completing the Guaranteed Standards of Performance tables

#### 12.01 Guaranteed Standards of Performance (GSOP)

- 14.1 The Gas Act 1986 (“the Gas Act”) allows the Gas and Electricity Markets Authority (“the Authority”), with the consent from the Secretary of State for Business, Enterprise and Regulatory Reform to make regulations for GSOPs for Gas Transporters (GTs).
- 14.2 GSOPs set service levels that must be met in each individual case. If a GT fails to meet the service level specified in the Regulations, it must make a payment to the customer affected.
- 14.3 This table captures the requirements for Standard Special Condition (SSC) D10 Quality of Service Standards excluding SSC D10 2 (g) which is captured in table 11.11 PREs, Reports and Repairs in Chapter 13.
- 14.4 Enter the data for all items under each GSOP listed. The percentage value of payments cells are auto populated. Details of payments per GSOP are listed in Appendix 9.
- 14.5 GSOP compensation payment should only be recorded in this table, not any other table in the Regulatory Reporting template.
- 14.6 The revised GSOPs apply to GTs and took effect from 1 April 2021. These set service levels that must be met in each individual case.
- 14.7 Appendix 9 details:
- each guaranteed standard;
  - the minimum level of compensation; and,
  - where relevant, the cap to the level of compensation payable to customers by GTs in the event of a failure to meet the guaranteed standard.
- 14.8 To discharge the obligation to make payments to a customer under the GSOPs GTs can make the payments directly to a customer, where applicable to another GT for onward transmission to a customer, or under arrangements in Paragraph 1 of Licence Condition SC20 to shippers for prompt onward transmission via suppliers to the customer.

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- 14.9 GTs can choose to make additional ex gratia payments where they consider it to be appropriate or make such payments where an exemption applies. These should be reported under ‘ex gratia’ in the template. The scope of ex gratia payments is outlined in the Glossary.
- 14.10 It should be noted that for all standards, references to the “number of payments” requires the licensee to detail the number of individual payments made to customers. For example, a customer who received three payments for one standard, following a three-day failure by the GT, would be recorded as three individual payments. This is distinct from the number of customers where the relevant standard was not met which is recorded separately, for example, the “number not provided within timescale”.

### **12.02 Summary of Licence Condition D10 – Quality of service standards**

- 14.11 This provides guidance on the reporting performance against Standard Licence Condition D10.
- 14.12 This table is mainly auto populated with data from other tables.
- 14.13 Data should be captured in accordance with the requirements of SSC D10.

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### 15. Instructions for completing the Innovation tables

#### 13.01 Network Innovation Allowance

- 15.1 Network Innovation Allowance (NIA) is a set allowance that the licensee can use to spend each year on innovation projects. NIA is over and above base revenue.
- 15.2 NIA expenditure is required to monitor the total amount spent by Licensees in order to align with the regulatory accounts. Allowable NIA Expenditure is required to monitor the amounts being claimed through the NIA funding mechanism.
- 15.3 This table captures the amounts spent under the NIA. Costs reported in this table must be incurred in accordance with the most recent version of the RIIO-2 NIA Governance Document<sup>5</sup>, as published by Ofgem.
- 15.4 Note that where GDNs are collaborating on a particular project each GDN should only enter its own costs.
- 15.5 The amount of NIA that can be recovered is calculated as set out in Special Condition 5.2 and must not exceed the licensee's stated allowance as specified in the RIIO-2 Final Determinations.
- 15.6 Instructions for completion:
- For the expenditure by project section, GDNs should input details of each RIIO-2 NIA activity / project its unique reference number, name and status. GDNs should also provide reporting year actual and remaining RIIO GD2 forecast expenditure.
  - Unrecoverable NIA Expenditure - GDNs should input details of any expenditure that has been declared as Unrecoverable NIA Expenditure by Ofgem in accordance with the RIIO-2 NIA Governance Document. Internal resource costs should not be included within unrecoverable NIA Expenditure.
  - GDNs should also report how much of their Total NIA Expenditure that has been spent on internal resources.

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<sup>5</sup> The RIIO-2 NIA Governance Document can be accessed here: <https://www.ofgem.gov.uk/energy-policy-and-regulation/policy-and-regulatory-programmes/network-price-controls-2021-2028-riio-2/network-price-controls-2021-2028-riio-2-riio-2-network-innovation-funding/network-innovation-allowance-riio-2>

## Guidance

### 13.02 Network Innovation Competition – Completion of this table is optional.

15.7 This table collects expenditure from the Network Innovation Competition (NIC) Project account for any RIIO-1 NIC project that is being implemented. The expenditure is recorded by project.

15.8 Instructions for completion:

Enter the project name and total assigned expenditure/income for each of the categories listed:

- Funding by project
- Halted Project Revenue
- Disallowed Project Revenue
- NIC Royalties Revenues by project
- NIC Directly Attributable costs
- NIC Retained Royalties Revenues by project

15.9 Expenditure incurred on NIC projects should be in accordance with the Project Direction issued by Ofgem and the NIC Governance Document<sup>6</sup>.

### 13.03 Carry-Over Network Innovation Allowance (CNIA)

15.10 The CNIA allows the GDNs to spend and recover any remaining unspent NIA funds from the last year of RIIO-GD1 (2020-21) within the first year of RIIO-GD2 (2021-22), providing those projects were started before 31 March 2021 and comply with the NIA Governance Document.

15.11 Instructions for completion:

Enter the amount of allowable carry-over allowance allocated to the categories listed below:

- Load not related capex expenditure
- Asset replacement capex expenditure
- Other capex expenditure
- Opex

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<sup>6</sup> NIC Governance Document: <https://www.ofgem.gov.uk/publications/version-31-gas-network-innovation-competition-governance-document>

## Guidance

- Non-operational capex

15.12 Complete the eligible expenditure by activity/ project providing:

- Activity / project unique ref
- Activity / project name
- Status (completed, in progress, stopped, other - please specify)

15.13 In accordance with Special Condition 5.3, input the following to complete the table:

- Total of any third-party income or contributions towards projects.
- Unrecoverable CNIA expenditure.
- Licensee's NIA percentage in 2020/21, base revenue for 2020/21 formula year, Eligible NIA Expenditure for formula year 2020/21, Eligible NIC Bid Preparation Costs for formula year 2020/21. These inputs enable the calculation of maximum CNIA that can be recovered (this is formula driven – no data required).
- CNIA to be recovered (this is formula driven – No data required)

### 13.04 Strategic Innovation Fund (SIF) expenditure

15.14 The object of SIF is to support network innovation that contributes to the achievement of Net Zero target, while delivering net benefits to energy consumers. It intends to coordinate network innovation funding with other public sector funding initiatives, thereby ensuring greater flexibility and strategic alignment in innovation funding and eliminating both unnecessary duplication and funding gaps.

Instructions for completion:

- GDNs should input details of each SIF project it receives funding providing the outturn and forecast expenditure for RIIO GD2. The different SIF categories are all defined in the SIF Governance Document.<sup>7</sup>

SIF revenue and cost associated with the following categories should be input:

- SIF Halted Project Revenues
- SIF Disallowed Expenditure

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<sup>7</sup> SIF Governance Document: <https://www.ofgem.gov.uk/publications/sif-governance-document>

## Guidance

- SIF Royalties by project
- SIF Directly Attributed Costs
- SIF Returned Royalty Income by project
- Retained SIF Royalties by project

15.15 GDNs should input details of each SIF project it receives funding providing the outturn and forecast expenditure for RIIO GD2. The different SIF categories are all defined in the SIF Governance Document<sup>8</sup> published in August 2021.

15.16 SIF revenue and cost associated with the following categories should be input:

- Halted project revenues
- Disallowed Project Revenues
- Royalties Revenues by project
- Directly Attributed Costs
- Royalties Return Income by Project
- Retained Royalties by Project

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<sup>8</sup> SIF Governance Document: <https://www.ofgem.gov.uk/publications/sif-governance-document>

## Guidance

### 16. Guidance for completing the annual RRP strategic commentary

#### Introduction

16.1 GDNs submit to Ofgem their completed RRP returns by 31 July following the end of each reporting year. These should be accompanied by supporting strategic commentary.

16.2 The main purposes of the RRP strategic commentary are to:

- Provide a useful executive summary of performance against RIIO, focussing attention on distilling key messages of the drivers of performance and presenting clear strategic insights.
- Provide a summary of the key outputs the GDN has delivered during the year and set them in context of the delivery of overall RIIO-GD2 price control outputs. The commentary should also explain any risks to achieving these outputs.
- Present the differences between allowances and actual/forecast spend, and provide a narrative that explains the drivers of this cost performance.

16.3 Whilst the RRP tabs are discrete and are arranged by cost categories; your commentary should also be reflective of the totex approach and how this links with outputs. All data should be easily reconcilable to the RRP tables.

#### Outline Structure of RRP strategic commentary

16.4 The submitted strategic commentary should follow the outline structure below.

Section	Content
Strategic Summary	<b>Company performance:</b> Summarised analysis of company view of performance in RIIO-GD2 by the CEO.
Strategic Summary	<b>Business plan delivery:</b> High-level update on delivery of the business plan, focusing on key management and asset management initiatives, any other relevant updates, and key risks with associated mitigating actions.

# Guidance

Strategic Summary	<b>Company strategy:</b> Update on overall strategy, including how strategy and objectives will deliver performance targets.
Strategic Summary	<b>Board update:</b> Brief Chairman’s update on Board activities and areas of focus.
Purpose and scope	<b>Indicative length:</b> 2–5 pages.
Purpose and scope	<b>Key audience:</b> Ofgem; Head of Gas Operations Networks; Senior Manager; RIIO-GD2 team.
Purpose and scope	<b>Timeframe:</b> Entire RIIO-GD2 performance (to date and forecasts).
Purpose and scope	<b>To understand – performance focus:</b> What the GDN sees as important indicators of performance, key highlights, and areas for improvement or focus for the remainder of the price control.
Purpose and scope	<b>To understand – business plan changes:</b> Any material changes from the business plan, what the GDN is actively doing to influence performance (financial, output, and cost), the impact or projected impact on performance, and the current and future condition of the network.
Purpose and scope	<b>To understand – risks:</b> Key risks to delivery for consumers within and beyond the current price control, and planned or existing mitigation actions.
Purpose and scope	<b>To understand – strategy link:</b> If and how performance to date and forecast performance has influenced company strategy going forward.
Purpose and scope	<b>To understand – governance:</b> Board composition and set-up, key areas of Board focus, and whether and why this focus has changed in the current

## 1. Outputs summary

## Guidance

GDNs should provide a high-level summary of annual output performance for the outputs set out below. Guidance on the RAG rating is given below. GDNs can use the table below or their own graphics.

<b>Output category</b>	<b>Output</b>	<b>RAG</b>
<b>Meeting the needs of consumers and network users</b>	<b>Consumer vulnerability minimum standards</b>	
<b>Meeting the needs of consumers and network users</b>	<b>Fuel poor connections (no.)</b>	
<b>Meeting the needs of consumers and network users</b>	<b>Complaints metric</b>	
<b>Meeting the needs of consumers and network users</b>	<b>Guaranteed standards of performance</b>	
<b>Meeting the needs of consumers and network users</b>	<b>Emergency response – 97% controlled gas escapes</b>	
<b>Meeting the needs of consumers and network users</b>	<b>Emergency response – 97% uncontrolled gas escapes</b>	
<b>Meeting the needs of consumers and network users</b>	<b>Loss of supply – duration of unplanned interruptions (excluding Cadent)</b>	
<b>Meeting the needs of consumers and network users</b>	<b>Loss of supply – duration of unplanned interruptions – MOBs (Cadent only)</b>	
<b>Meeting the needs of consumers and network users</b>	<b>Loss of supply – duration of unplanned interruptions – non-MOB (Cadent only)</b>	

## Guidance

<b>Meeting the needs of consumers and network users</b>	<b>Planned interruptions survey (score out of 10)</b>	
<b>Meeting the needs of consumers and network users</b>	<b>Emergency response and repair survey (score out of 10)</b>	
<b>Meeting the needs of consumers and network users</b>	<b>Connections survey (score out of 10)</b>	
<b>Maintaining a safe and resilient network</b>	<b>Repex – Tier 1 mains replacement</b>	
<b>Maintaining a safe and resilient network</b>	<b>Repex – Tier 1 services</b>	
<b>Maintaining a safe and resilient network</b>	<b>Capital projects</b>	
<b>Delivering an environmentally sustainable network</b>	<b>Shrinkage and environmental emissions</b>	
<b>Delivering an environmentally sustainable network</b>	<b>Biomethane connections information</b>	
<b>Delivering an environmentally sustainable network</b>	<b>Environmental action plan and annual environmental report</b>	
<b>Delivering an environmentally sustainable network</b>	<b>Business Carbon Footprint (BCF) reporting</b>	
<b>Delivering an environmentally sustainable network</b>	<b>Carbon monoxide awareness</b>	

# Guidance

<b>Delivering an environmentally sustainable network</b>	<b>Introduce distributed gas entry standards (scmh connections)</b>
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## RAG rating:

RAG	Definition
G	GDN has successfully achieved an annual output <b>or</b> is on-target to meet the five-year output commitment.
A	GDN is <b>at risk of failing</b> the five-year output commitment.
R	GDN has <b>failed to achieve</b> an annual output <b>or</b> is forecasting failure against the five-year output commitment.

## 2. Totex drivers

GDNs should provide a high-level summary of totex cost drivers. These can be upward and/or downward cost pressures to date and forecast. Underspends and overspends should be explained in terms of categories: efficiencies, external factors, price control settlement, mix between categories and other factors.

### Category

1. efficiency: an improvement in how things are being done, resulting from, for example, innovation and more efficient working practices.
2. external factors: factors outside of the control of GDNs and unforeseeable at the time of setting the price control. This includes areas such as weather and economic conditions.
3. provision in the price control settlement: assumptions made within the RIIO-GD2 settlement that have varied against the actual position.

## Guidance

4. mixed: are cost under/overspends having a mix of the above categories. GDNs are required to provide an estimate percentage of the categories making up the mixed figure.

For sector costs and comparative analysis, Ofgem may issue GDNs an excel template to complete with additional details on the above categories.

Section	Content
Performance Summary	<b>Outputs, incentives and innovation</b>
Performance Summary	<b>Financial performance:</b> Totex, allowed revenue versus allowance, and company view of customer bill impacts.
Performance Summary	<b>Totex drivers:</b> Summary of key totex drivers, including any new drivers compared with previous years.
Purpose and scope	<b>Indicative length:</b> 20–30 pages.
Purpose and scope	<b>Key audience:</b> RIIO-GD2 team.
Purpose and scope	<b>Timeframe:</b> Entire RIIO-GD2 performance (to date and forecasts).
Purpose and scope	<b>To understand – key messages:</b> Outputs, incentives, innovation, and financial performance for the reporting year; view for the whole of RIIO-GD2; and expected outturn position at the end of RIIO-GD2. Clear linkages should be made between costs and outputs. Innovation commentary should be high level and focus on where innovation has driven overall performance, totex efficiency, or output delivery.
Purpose and scope	<b>To understand – totex drivers detail:</b> Further detail behind the totex driver summary table, including what is driving performance against RIIO allowances, whether current performance is enduring, what has mainly driven performance to date, and what is expected to drive performance in future years.

## Guidance

Section	Content
Additional appendices	<b>Applicability:</b> Additional appendices may be included at the discretion of the company.
Purpose and scope	<b>Key audience:</b> RIIO-GD2 team.
Purpose and scope	<b>Timeframe:</b> To be stated by the GDN.
Purpose and scope	<b>Potential scope – missed outputs:</b> Explanation of any missed outputs, the drivers for missing the target, and an overview of the strategy or plan (with timelines) for resolution.
Purpose and scope	<b>Potential scope – data assurance detail:</b> Where not already provided through data assurance reporting, or where further explanation is required, additional information at the individual table level. This may include allocation methodologies, systems used to populate worksheets, and explanations of anomalies.
Purpose and scope	<b>Potential scope – data methodology changes:</b> Explanation of any changes in data methodologies (for example forecasting) and the effect these changes have on reporting.
Purpose and scope	<b>Potential scope – uncertainty and risk:</b> Detailed description of any new uncertainty or risk and its potential consequences for performance within RIIO-GD2 and/or beyond.
Purpose and scope	<b>Potential scope – organisational changes:</b> Details of any organisational changes, including changes to company structure, and the potential effect on future performance.

### Published report requirements

16.5 The GDNs will also publish relevant tables (tables 1.01, 1.04, 1.05 and 1.06) and an annual report on their price control performance by no later than 31 July following the end of each reporting year. This publication should be consistent with the RRP strategic commentary submitted to Ofgem.

# Guidance

## Appendices

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## Appendix 1 - Glossary

- 16.6 The purpose of this appendix is to provide definition of the terms included in these instructions and in the associated tables.
- 16.7 This appendix provides definitions of key terms included in these Instruction and Guidance and in the Templates. Where no definition is given for specific gas-related terms, the definition of those terms in the Gas Act 1986 (as amended), standard conditions, standard special conditions and special licence conditions of the gas transporter's licence applicable to the GDNs should be applied, similarly for standard accounting terms, IFRS/IAS and/or UK GAAP and Companies Act 2006 (or 1985 where still relevant) (“CA85”) definitions should be applied.
- 16.8 In the circumstance where no definition is given the licensee should include in explanatory notes details of the treatment it has applied and inform Ofgem of the omission. Where a definition set out in this appendix is not the same as that applied by a licensee for other purposes, the definition set out herein must be used in the preparation of the business plan data template.

# Guidance

## **1 in 20 peak demand**

The level of aggregate demand of firm gas customers which is expected, based on historical weather data derived from at least the previous 50 years and other relevant factors, is likely to be exceeded (whether on one or more days) only in 1 year out of 20 years.

## **3rd Party Delay**

A period during an unplanned interruption where the restoration of supply to the ECV is delayed due to external factors.

## **Actioned repairs**

The number of reports which result in a physical permanent repair taking place. The number of repairs should be counted using the following examples (see also repairs):

Includes:

- ECV repair – recorded as service repair;
- permanent repairs only; and
- multiple joint repairs – one repair recorded per joint (can have same report).

Excludes:

- internal reports;
- no escapes/no trace found; and
- any repair not linked to a PRE (maintenance).

## **Affiliate**

Has the meaning given in Standard Condition 1 of the gas transporter's licence applicable to the Licensees.

See also related party and related undertaking.

## **Agency costs**

# Guidance

Costs associated with agency staff.

## **Agency staff**

Persons who are not under a direct contract of employment with the licensee or an affiliate of the licensee but are hired through a third party or employment agency.

Excludes professional services.

## **AGI**

Above Ground Installation - a defined site which does not include pressure reduction equipment, for example a block valve installation.

## **Allowable NIA expenditure**

Allowable NIA Expenditure is the total expenditure that can be recovered from the NIA. It includes Bid Preparation Costs and Eligible NIA Expenditure.

## **Annual iteration process**

The annual iteration process is the process of annually updating the variable (blue box) values in the price control financial model and running the model in order to provide updated Allowed Revenue.

## **Application development**

Costs associated with the development of applications before they are put into the production.

## **Application maintenance & support**

The costs of maintaining and supporting applications that are in production. Includes minor enhancements and bug fixes.

## **Application server support**

Costs involved in maintaining computer servers.

# Guidance

## **Apprentice/trainee recruitment costs**

Costs associated with recruitment of trainees and apprentices.

## **Apprentice and trainee programme FTEs**

First to fourth year apprentices should be calculated on an FTE basis. For example, if an individual employee is engaged on the first year of a programme for the first three months of a reporting year and progresses to the second year of the programme for the remaining nine months, then that individual will count as 0.25 first year FTEs and 0.75 second year FTEs.

## **Area of land (land remediation)**

The physical footprint of land that has been remediated.

## **Asset error correction report**

A report of an instance in which the records of a licensee do not accurately describe the location or nature of the licensee's pipe assets.

## **Asset management (inc Network policy)**

This covers the activity of managing the Network's assets. The costs collated under Asset Management should be cost incurred in the following areas within the Network:

- Network Planning;
- Network Integrity (including gas quality monitoring);
- Network Capacity;
- LTS Investment/Analysis;
- Network/Engineering Policy/Procedures (covering all policies of the Network e.g. records transfer and brought in services & materials). Excludes HSE policy, see operations management;
- Network Development/Analysis; and

# Guidance

- Management of redundant sites & remediation programmes.

## **At risk iron mains**

Mains which fall within the criteria specified under the Health and Safety Executive's (HSE) enforcement policy for the iron mains risk reduction programme.

## **Atypical costs**

The total costs (less credits and receipts) of resources employed in response to an atypical event. Includes- direct and indirect resources utilised to assist in dealing with the atypical event.

### Excludes

- depreciation of capitalised costs relating to 'atypical events';
- late payment interest related to fines and penalties; and
- any general apportionment of indirect costs.

## **Atypical event**

A specific event or incident that is not expected to recur regularly under normal circumstances due either to its size or nature. Includes severe weather events; and restructuring.

Excludes cost overruns or cost arising from delays in completing a project or programme.

## **The "Authority"**

Has the meaning given in standard condition 1 of the gas transporter's licence applicable to the Licensees.

## **Average system pressure**

The average operating pressure of the Licensees' system. This can be calculated and used in their leakage models.

# Guidance

## **Base distribution network transportation activity revenue**

Has the meaning given in Special Condition 1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions).

## **Board members and other**

Staff and other costs of Board members and other corporate costs not fitting into other categories.

## **Brokers fees**

The fee charged by an insurance broker for arranging insurance cover.

## **Business telecoms**

The cost involved in supporting the network of business telephone, mobile and desk phones. It does not include the costs of maintaining the operational telephony linking network assets.

## **CAI**

Closely associated indirect costs. Costs that support the operational activities. Closely associated indirect costs includes network policy (including research and development), network design and engineering, engineering management and clerical, wayleaves administration, control centre, system mapping and health and safety functions.

GDN's do not have closely associated indirect cost category. Please see transmission and electricity distribution RIGs for detailed definitions of activities within the closely associated category.

## **Capex allowance**

The assumption for capital expenditure requirements included in the RIIO-GD2 Price Control Review: Final Proposals (December 2020) to calculate allowed revenue.

# Guidance

## Capital expenditure (“capex”)

Any expenditure which, for the purpose of the regulatory accounts, has been included in the value of the fixed assets of the gas distribution business provided that:

(a) the expenditure conforms with at least one of the following:

- the expenditure relates to the purchase, development or construction of a new asset;
- the expenditure will increase the capacity or functionality of the distribution assets;
- the expenditure will significantly reduce the ongoing maintenance of the assets; and/or
- the expenditure will extend the service life of distribution assets beyond that expected when the assets were originally installed; and

(b) The expenditure is determined in accordance with applicable accounting standards.

Excludes

- Replacement expenditure;
- capitalised interest;
- Established pension deficit costs; and
- revaluation amounts.

## Capitalised labour

Labour costs included within capex/repex rather than opex

## Capitalised replacement

Mains replaced where overall network capacity is increased as a result of a network reconfiguration or replacement of an existing main with a larger one, in accordance with GDNs own capitalisation procedures. Whilst this is a capital expenditure is reported in the repex section as it is a mains replacement driven activity.

# Guidance

## **Captive insurer**

An insurance entity that is a related party.

See also: Related party, affiliate and insurance captive.

## **Captive insurance**

Insurance cover provided by an insurance entity that is a related party

- Premiums invoiced - the amount charged to the policy holders for insurance cover provided.
- GBRA/P&L- the GBRA (General Business Revenue Account) details the insurance transactions and P & L (Profit and Loss Account) details any non-insurance related income and expenses of the company.
- Total written premiums - the total amount charged for the insurance cover provided.
- Reinsurance costs - the amount paid out to third party reinsurance companies for reinsurance cover.
- Net premium - The premium income after the deduction of reinsurance costs.
- Claims costs - the amounts paid out as insurance claims and claims related fees.
- Underwriting expenses - the amounts paid out in expenses required to conduct the insurance business (broker fees, actuarial fees).
- Underwriting profit - the insurance profit/ (loss) for the year.
- Investment income - the amount generated from the investment of the company's assets.
- Operating expenses - the amount paid for the general running expenses of the company.
- Retained profit / (loss) - the profit or loss generated by the company for the year.

## Guidance

- Unrealised investment gain - the amount arising from an increase in market value of assets available for sale.
- Total movement in SH funds - the sum of the retained profit/ (loss) and the unrealised investment gain/ (loss).
- UK tax adjustment - the amount charged to the group for UK taxation
- Assets - the resources held by the company that have an economic value.
- Non-insurance liabilities - the amounts owed to the general (non-insurance) creditors of the company.
- Gross loss reserves - the amounts expected to be paid out in insurance claims relating to current and past policy periods.
- Reinsurance assets - the amounts recoverable from reinsurers under reinsurance contracts purchased.
- Shareholders' funds - the value of the company and amount attributable to the shareholders of the company.
- Annual retained risk - the sum of the maximum exposure on all insurance policies issued in the year.
- Excess capital adequacy- Shareholders' funds less annual retained risk.
- Loss ratio - the ratio of expenses to net premium income

### **Cash atypical**

Costs which are not typical cash costs, and which are not incurred as part of the ordinary level of business.

Includes

- cash payments incurred in response to an atypical event (not part of the ordinary level of business activities);
- costs resulting from Severe Weather Events;
- costs resulting from restructuring, including redundancy costs; and

## Guidance

- fines and penalties (including for late payments) from tax authorities (e.g. VAT, PAYE compliance, National Insurance and corporation tax penalties).

### Excludes

- all accruals and prepayments;
- all provisions (as defined by CA1985 and accounting standards) whether incurred as part of ordinary level of business activities or otherwise;
- cash payments for the utilisation of a provision;
- typical cash costs;
- fines and penalties paid under TMA or NRSWA; and
- early retirement costs, except as a result of redundancy (i.e. early retirement costs for staff where the post is retained as typical and not atypical).

See also: Atypical costs and atypical event.

### **Cash controllable costs**

The normal ongoing cash operating costs, excluding non-recurring / one off cost that are controllable by the transmission company.

### **CAST**

Centre for Applied Science and Technology (CAST)

### **CI**

Cast Iron – an iron pipe used on the distribution network

### **CEO and group management**

#### **(business support activity)**

Includes:

- Communications - communication within the UK businesses, internal communications, external communications, media relations, issues management, regional communications, community relations, community awareness, branding, events management;

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- Group Strategy- function has the responsibility of evaluating the strategic options of the Group;
- Legal / Risk and Compliance/ Company Secretary - legal department, the management corporate governance for all companies to ensure they comply with legislation, regulations and best practice;
- Corporate Responsibility and investor relations - corporate responsibility and interaction with institutional equity investors and market analysts, management of rating agencies also advertising, charity and sponsorship arrangements;
- Board Members and Other – staff and other costs of Board members and other corporate costs not fitting into other categories; and
- Non-executive & group directors’ labour costs (where they are not carrying out specific departmental duties) and Board meeting costs.

### Excludes:

- Insurance management;
- Legal advice relating to way leaves/servitudes/easements; and
- Group costs relating to specific activities e.g. HR, Finance, Audit, Regulation, Taxation, HSE, Insurance, etc. (include under the specific cost category).

### **Clock Stopping**

GDNs may stop accruing customer minutes lost, i.e. stop the clock, for the purposes of RRP reporting and the unplanned interruptions financial incentive if one, or more, of the scenarios set out below applies, and no further work to provide a restoration is possible.

GDNs may stop the clock in the following scenarios:

- (i) Where access to the GDN’s equipment necessary to restore supplies is not possible because all roads that would otherwise give access are blocked or impassable (such that a four wheel drive vehicle that is suitable for off-road conditions could not pass) because of adverse weather conditions or weather-related damage. The clock must be restarted when the first road route is reopened.

## Guidance

- (ii) Where access necessary to restore supplies is explicitly prevented by the emergency services or social services<sup>9</sup>. The GDN may stop the clock for the period where access is denied, but must restart the clock as soon as access is available.
- (iii) Where the GDN is unable to proceed with work to provide a restoration until a Customer has given permission or otherwise made it possible for this to go ahead. This includes situations where:
  - a. a Customer requests that restoration work (permanent or temporary) on its premises is delayed.
  - b. The GDN has made a buy-out offer to the Customer, and the Customer is considering whether to accept.
  - c. The Customer has not yet provided access to the property, and no further work is possible until this occurs. This includes any situation where there is a physical impediment to access that the Customer has sole control over.

In such situations, the GDN may stop the clock at the point at which no further work is possible, and must then restart at the time when the customer enables work to recommence.

- (iv) Where a GDN has not been able to contact a Customer, despite the GDN's reasonable efforts, and access to the Customer's premises is necessary to provide a restoration, the GDN may stop the clock. The clock should only be stopped from the moment access is necessary to the Customer's premises, not from when the GDN has failed to make contact with the Customer. The clock should not be stopped if a restoration can be made without accessing the Customers premises. The clock must be restarted at the earlier of:
  - a. The start of the next working day after the customer enables access.
  - b. The time when work recommences.
- (v) Where work cannot proceed due to the presence of asbestos in the property, the clock may be stopped for the duration of the 14 day notice period required by the HSE. The clock should be restarted at the end of the 14 days, regardless of when the work to resolve the asbestos issue is started.

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<sup>9</sup> A Police Force, an Ambulance Service, a Fire and Rescue Service or Her Majesty's Coastguard

# Guidance

## **Communications**

Communication within the UK businesses, internal communications, external communications, media relations, issues management, regional communications, community relations, events management.

## **Connected System Exit Point (CSEP)**

CSEP has the meaning given in the Uniform Network Code (Transportation Principal Document, Section A3.3).

For clarity, each CSEP interrupted counts as one customer regardless of the number of end users whose premises are connected to the CSEP. Interruptions to CSEP customers which are not associated with an interruption on the GDN are excluded.

## **Consented activity**

Activities carried out (and costs and revenues attributed or allocated to such activities) that would be de minimis were it not that the Authority had specifically consented to it being treated as outside the de minimis cap.

## **Consultation & publicity (TMA conditions)**

It is a condition of this permit that the activities hereby permitted shall not be carried out unless a site information board(s) is displayed on the site at all times for the duration of the works. This must be displayed in a prominent place at all times so that it may be read easily by the public, clearly displaying the correct Permit/Linked permit/remedial permit\* reference number. For Immediate Works the display of the correct Permit reference number is required by 10.00am on the next working day after the works have started on site.

## **Consumer Prices Index Including Owner Occupiers' Housing Costs**

Has the meaning given in Special Condition 1.1 (Interpretation and definitions).

## **Contractor**

# Guidance

A third party that has entered into contractual relations with the GDN or related party thereof to supply goods and/or services.

Excludes

- staff employed on a temporary basis or via a recruitment agency by the licensee or an affiliate of the licensee;
- third parties providing professional services; and
- related parties.

## **Contractor costs**

The charges invoiced by contractors.

Excludes charges for materials provided by the contractor where the cost of such materials has been separately identified by the contractor (where materials are identified separately and costed, they should be included in materials).

## **Contributions**

Payments to the GDN or related party for works undertaken that are not covered by Use of System Charges.

Includes:

- capital contributions or customer contributions; and
- de minimis contributions.

## **Contribution rate (or employer contribution rate)**

Employer contributions to a pension scheme that are not pension deficit payments, expressed as a percentage of pensionable salaries. Excludes any salary sacrifice payments.

## **Controllable activity costs**

Those operating activity costs that are deemed as part of the price control allowances as being within the control of the licence holder.

# Guidance

## **Controlled gas escape or other controlled gas emergency**

a gas escape or other gas emergency where the person reporting the escape or other emergency, after carrying out (or causing to be carried out) the actions advised by the telephone service, advises the operator that the escape of gas or other emergency appears to have ceased.

All other gas escapes are considered uncontrolled.

## **Corporate responsibility**

### **and investor relations**

Corporate responsibility and interaction with institutional equity investors and market analysts also advertising, charity and sponsorship arrangements.

## **Cost benefit analysis (CBA)**

The economic assessment taking account of the costs and benefits of a proposed investment to support decision making.

## **Cost Recoveries**

The economic assessment taking account of the costs and benefits of a proposed investment to support decision making.

Financial recovery received from a third party such as for an insurance claim. These costs should be reported as negative values.

## **Craftsperson apprentice**

Apprentices who are being trained to attain or retain skills commensurate with Level 1, 2 or 3 Jointers, Overhead Linesman, Fitters, Multi-skilled trades set out by Energy and Utility Skills.

## **Customer**

Any person to whose premises or pipe-line system gas has been conveyed by a GDN. Customers should be identified from their unique Supply Meter Point Reference

## Guidance

Number (MPRN) or connected system exit point (CSEP) location. The method adopted by GDNs to identify customers from their MPRNs or CSEPs shall be agreed in advance with the Gas and Electricity Markets Authority (the "Authority").

### **Customer contribution (related to connections)**

Financial contribution received from a customer in respect of the provision of a new connection to the GDN's network. These cost should be reported as negative values.

Includes

- contribution(s) made to a related party undertaking connection to the GDN's network; and
- refundable contribution(s) (which will be reversed when refund actually made to the customer).

Excludes de minimis contributions.

### **Customer management**

Customer management can be split into two main areas:

Customer Services:

- Costs of call centres (including NGG charge for emergency service)
- Customer services departments, who handle enquiries/complaints, monitor standards etc.

Commercial/Contract Management: covering costs of commercial/contract department, who manage all types of contracts for the whole of the business.

Excludes costs incurred, at the discretion of the GDN, in excess of the minimum scheme costs required to meet the customer's specific needs.

### **Customer minutes lost**

The period of time between the start and end of an interruption (interruption start and interruption end are defined in this glossary), less any periods that can be attributable to Clock Stopping. Where the interruption spans two reporting periods, it should be allocated to the period in which it finished.

# Guidance

## **Data centre**

A facility used to house computer systems and associated components, such as telecommunications and storage systems, redundant/backup power supplies and redundant data communications connections.

## **Decommissioned Gasholders**

Gasholders that have been parked at low level and are not being regularly filled and emptied. Decommissioned holders still retain gas and the potential to be recommissioned in the future. For the purpose of annual reporting gasholders that continue to be required for winter operation are considered as being “operational” even if they are “decommissioned” during summer months. Only those holders that are no longer required as parts of GDN storage plans are considered as being “decommissioned”.

## **Decommissioning (related to mains)**

means, in relation to any main: (a) removing the main from physical operation, or (b) inserting a new polyethylene main for which the existing main acts merely as a guide, or (c) applying an internal lining of sufficient strength and durability to comply with Regulation 5 of the Pipelines Safety Regulations 1996, or (d) any other means of rendering the existing non-polyethylene main safe as agreed with HSE, and “decommissioned” is to be read accordingly.

## **De minimis activity**

Activities undertaken by the licensee which are not within the definitions of the gas transportation, metering, meter reading or LNG storage businesses and for which the Authority has not given specific consent, and which are subject to the limitation provided for in Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing) of the gas transporter's licence applicable to the Licensees and the National Transmission System (NTS).

## **De minimis contributions**

# Guidance

Financial contributions received from a customer or third party in respect of the provision of capital expenditure for the de minimis business undertaken by the licensee or an affiliate of the licensee and not disclosed with de minimis turnover/income.

## **De minimis costs**

Expenditure incurred in the provision of de minimis activity.

## **De minimis revenues**

Revenues received from the provision of de minimis activity.

## **Deferred revenue expenditure (DRE)**

In the corporation tax and capital allowance context means allowed revenue expenditure which has been accounted for by posting the expense somewhere on the balance sheet (whether to fixed or current assets) rather than by writing it off immediately to the profit and loss account /income account as it is incurred. The expenditure is then usually written off to the profit and loss account/income account over a period of time, by being charged as an expense or depreciated; and is tax deductible in line with capital expenditure when charged to the profit and loss account/income account.

## **Deficit repair payments**

Payments made by a sponsoring employer to the pension scheme trustees to repair a deficit in a defined benefit pension scheme –see also pension incremental deficit funding payments and pension established deficit funding payments.

## **Defined benefit (DB) pension scheme**

A pension scheme where the benefits that accrue to members are normally based on a set formula taking into account the final salary and accrual of service in the scheme. It is also known as a final salary pension scheme.

## **Defined contribution (DC) pension scheme**

# Guidance

A pension scheme where the benefits that accrue to members are based on the level of cash contributions made to an individual account and the returns on those funds are used to provide a cash amount to purchase an annuity on retirement.

## **Depot**

A building other than an office (see definition below) used for operational purposes.

## **Desktop services**

The costs involved in supporting desktop hardware and software.

## **DI**

Ductile Iron – an iron pipe material used on the distribution network

## **Digitise**

The process of making asset information available to view on the GDNs' geo-spatial information system.

## **DIMP**

Ductile iron medium pressure- Ductile iron pipelines operating within the medium pressure (MP) range.

## **Direct activity**

This includes the following activities:

- Work Management (i.e., Asset Management, Operations Management, Customer Management, and System Control);
- Work Execution (i.e., Emergency, Repairs and Maintenance);
- Statutory Independent Undertaking; and
- Other Direct Activities.

# Guidance

## **Directly attributable costs**

The costs of maintaining and managing Foreground Intellectual Property Rights (IPR).

## **Direct benefits**

Direct Benefits are the benefits of a Project accruing to the Network Licensee during the Project implementation and comprises any expenditure included within the Network Licensees Business Plan for RIIO-T2/GD2 that will be saved as a result of undertaking the Project.

## **Direct labour**

That part of the GDN's own workforce and that of a material related party service provider that can clearly identify which system assets and/or operational premises their effort is being expended upon, evidenced by time sheets / time writing that records the amount of time spent. For the avoidance of doubt and to ensure consistency and comparability across Licensees, the costs associated with direct labour should only be in relation to those field staff that are actually physically performing work on the network, i.e., specific, identifiable physical, system assets.

## **Disallowed project revenues**

Disallowed Expenditure is any revenue received by the Licensee from the NTS Operator under the NIC Funding Mechanism that the Authority determines has not been spent in accordance with the applicable provisions of the NIC governance document or the terms of the relevant Project Direction.

## **Distribution network**

Has the meaning given in Special Condition 1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions).

## **DN Entry**

Relates to assets supplying gas into a distribution network such as onshore gas fields, storage sites or biogas facilities.

## **Domestic premises (in relation to replacement activities)**

## Guidance

Premises at which a supply is taken at a rate which is reasonably expected to exceed 73,200 kilowatt hours per year. For the purposes of field data collection for replacement activities, premises installed with a U16, or larger meter are assumed to exceed supply and consumption of 73,200 kWh should fall within this category.

### **Domestic (in relation to the connections activity and reporting guaranteed standards of performance)**

Has the meaning given in Special Condition 1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions).

Relates to assets supplying gas into a distribution network such as onshore gas fields, storage sites or biogas facilities.

Premises at which a supply is taken at a rate which is reasonably expected to exceed 73,200 kilowatt hours per year. For the purposes of field data collection for replacement activities, premises installed with a U16, or larger meter are assumed to exceed supply and consumption of 73,200 kWh should fall within this category.

Domestic customer: a customer supplied or requiring to be supplied with gas at a domestic premises (but excluding such customer in so far as he is supplied at premises other than domestic premises).

Domestic premises: premises at which a supply is taken or to be taken wholly or mainly for domestic purposes.

### **Early retirement deficiency (“ERDCs”) contributions**

Means the cost of providing enhanced pension benefits granted under severance arrangements prior to 1 April 2004 which were not fully matched by increased contributions.

### **Easements**

An interest in land owned by another that entitles its holder to a specific limited use of that land. Short term rights to specific limited use of land are referred to as wayleaves. The term encompasses the Scottish equivalent, servitude.

See also servitude and wayleave.

### **Eligible NIA expenditure**

## Guidance

Means the amount of expenditure spent or accrued by the Network Licensee in respect of Eligible NIA Projects and forms part of Allowable NIA Expenditure as set out in Part B of the NIA Licence Condition.

### **Eligible NIC bid preparation costs**

Means the amount of expenditure spent or accrued by the Network Licensee when preparing submissions for the Network Innovation Competition that appear to have been spent in such a way that satisfies the requirements of the NIA governance document as are necessary to enable the projects to be funded under the provisions of this condition.

### **Eligible NIC projects**

Means a Project undertaken by a Network Licensee that appears to the Authority to satisfy such requirements of the NIC governance document as are necessary for the Project to be funded under the NIC.

### **Emergency**

Direct activity costs of providing service to respond to the number of calls leading to jobs that are closed off with a status:

- Service Escape;
- LP Mains Escape;
- MP Mains Escape;
- IP Mains Escape;
- HP Mains Escape;
- Internal Escape (of Gas and CO) for each year;
- Other
  - Meter Problem E.g. Meter Regulator Lock-up, ETM Problem;
  - Other Problem E.g. Bird Trapped, Boiler Not Working, Incorrect Callout;
  - Faulty Appliance E.g. Appliance unsafe or emitting CO; and
  - No Trace e.g. No gas or CO found.

# Guidance

## Includes:

- Water Ingress;
- No Gas Service Governor Failure or other Network Problem;
- **All waiting time for FCOs; and**
- **All activity specific TMA costs.**

## Excludes:

- Meter repairs (Excluded Services);
- Consultancy services (Work Management);
- Emergency Advertising - TV Ads (Indirect-CEO);
- Emergency Call Centre Costs - Public Reports;
- Leakage control surveys (Maintenance – Other);
- Maintenance - Mains & Services (Maintenance – Other);
- Tools & consumables (Other Direct); and
- Rechecks (repairs).

## **Emergency control valve (ECV)**

Emergency control valve means the valve for shutting off the supply of gas in an emergency, being a valve intended for use by a consumer of gas.

## **Employee – ongoing contributions**

Employee contributions to either a DB or DC pension scheme, excludes any payments made by means of salary sacrifice.

## **Employer – ongoing contributions**

Employer contributions to either a DB or DC pension scheme. Includes PPF levies (paid through normal ongoing contributions) and pension scheme administration costs (paid

## Guidance

through normal ongoing contributions), Excludes any payments made by means of salary sacrifice.

### End-users

Typically end users' relates to individuals (FTEs) and not devices, except where individuals share devices. A single individual using multiple devices counts as one end user. The number of end-users will never exceed the FTE count of employees plus contractors plus other users.

An end user is defined as an individual (typically **either an employee or contractor**) that spends **at least 10% of his or her time using a network company provided, funded, supported computing device** that is part of the network company's IT infrastructure (i.e., desktops, laptops, hand held devices, etc.) to support his or her business functions. The user must have direct access to internal applications/systems to execute specific transactions on behalf of the network company. Examples: (i) full time employee, working 40 hours per week uses several devices for a total 20 hours per week – counts as one end user, (ii) a part-time employee working 20 hrs per week uses several devices for a total of 2 hours per week – counts as 0.5 end users, (iii) a contractor engaged 20 hours per week on network company business using his or her own devices for 10 hours and network company devices for one hour – counts as zero end users.

- The end user count does NOT include casual users of voice response systems, mobile phones, and pagers.
- The end user MAY include some **users that are not employees or contractors** (i.e., agents/brokers/ dealers/distributors/supply chain partners), but only if they are using a computing device provided, funded, and supported by the network company at least 10% of their time, and use network company applications/systems to execute specific business transactions. These **'other' users** must be named users on the network company systems and use the network company's IT support organisation.
- Smart phone users should only be counted if the user uses the smart phone as the primary device to access internal applications and does this for at least 10% of his or her time. Smart phone users are NOT to be counted if the phone is only used for voice calls and email.
- Only count end users once even if they have multiple devices.

## Guidance

- Shared devices used in multiple labour shifts or for groups of people should be counted as a single end user per shift. Do not count each user separately since the device is shared. Network printers should not be counted as a workstation. Example: there are 4 employees using one PC at a workstation. This would count as 1 end user. If the scenario occurs across 3 shifts, this should be counted as 3 end users.

### **Engineer apprentice**

Apprentices being trained on an apprenticeship programme leading to qualification as an engineer.

### **Environmental conditions (TMA conditions)**

For the activities hereby permitted, the following working methodology [insert methodology] shall only take place between [start time] and [end time] on weekdays and/or [start time] and [end time] on Saturdays and/or [start time] and [end time] on Sundays or Bank Holidays and must not continue beyond these times.

### **EOD**

End of day in relation to capacity and demand from NTS Offtake.

### **Established deficit**

Means the difference between assets and liabilities, determined at any point in time, attributable to pensionable service up to 31 March 2013 and relating to Regulated Business Activities under Pension Principle 2. The term applies equally if there is a subsequent surplus.

### **Established pension deficit recovery plan payment**

means that portion of a deficit repair recovery plan payment relating to the established deficit, i.e. for the difference between assets and liabilities, determined at any point in time, attributable to pensionable service up to 31 March 2013 and relating to Regulated Business Activities under Pension Principle 2 and which is determined in accordance with the *Energy Network Operators' Price Control Pension Costs - Regulatory*

# Guidance

*Instructions and Guidance: Triennial Pension Reporting Pack supplement including pension deficit allocation methodology document.*

## **Exceptional items maintenance**

Exceptional items are those not of a routine, or repetitive nature, that are not expected to recur more than once in 8 years, with a value >£0.5m.

## **Ex gratia compensation payment**

Discretionary compensation payment to customers not covered by the guaranteed standards of performance compensation scheme. These include any payments made above and beyond the mandatory payment, for example in relation to a failure to meet the standard but for a non-qualifying group, good-will payments even when the standard has been met, payments made when an exemption applies, and voluntary scheme payments (separately reported in column K in Table 8.3 for connection guaranteed standards (Appendix 9 paragraph 1.129)).

Includes payments to customers who have experienced dissatisfaction.

Excludes

- Payments to customers who have experienced a financial loss (include under Finance and Regulation); and
- any payments in respect of employees.

## **Excluded services**

Any activities or engagements undertaken by the licensee or any affiliate or related undertaking of the licensee as part of the transportation business, but which are not remunerated through formula revenues. Includes services that have been determined by the Authority to be Excluded Services in line with the principles outlined in Special Condition 4C (Supplementary provisions of the revenue restrictions in respect of the Distribution Network) of the gas transporter's licence applicable to the Licensees. Also includes the provision of meter work services by the GDN to the licensee's metering business.

## **Existing housing**

# Guidance

In respect to connection activities, it is defined as the connection of existing domestic properties to the gas distribution network, including one-off domestic premises and those that are connected to network extensions (infill).

## **Expenditure justification (in relation to other capex)**

For projects that cost >0.5m, enter the amount of expenditure for each project under the relevant justification categories. Expenditure can be allocated to more than one category as necessary.

- Customer - this category shall be used where the investment is being justified to increase the service or benefit to customers (e.g. increased security of supply).
- Growth - this category shall be used where the investment is intended to increase the capacity of the network assets to deliver a higher level of output.
- Mandatory - this category shall be used where the investment is enforced upon the network by regulation, legislation or Health & Safety.
- Renewal - this category shall be used where the investment is enforced upon the network-by-network assets coming to the end of their economic life.

## **External customers**

Depending on definition of group. Other group may include other UK regulated networks (where not already specifically detailed) plus non-regulated group companies.

## **External funding**

Funding from anybody (for example the National Employment Service) – either paid directly to a third-party training provider or to the network company or its parent company - towards any trainee/apprentice programme costs.

## **FCO - contract labour**

First Call Operative Contracted labour-whose primary role is to deliver the emergency activity.

# Guidance

## **FCO - direct labour**

Directly employed labour whose primary role is to deliver the emergency activity.

## **Finance, audit & regulation (Business support activity)**

Performing the statutory, regulatory and internal management cost and performance reporting requirements and customary financial and regulatory compliance activities for the network.

### **Includes:**

- Process of payments and receipts;
- time sheet evaluation where not part of the payroll process;
- financial & risk management - e.g. credit & exposure management;
- Financial planning, forecasting & strategy;
- Financial accounting;
- Management accounting;
- Investment accounting;
- Treasury management;
- Transportation income accounting;
- Pricing;
- Statutory & regulatory reporting;
- Tax compliance & management;
- Internal audit & management of the relationship with external audit function;
- External audit fees; and
- Cost of regulatory department.

### **Excludes:**

- Insurance costs (include under Insurance); and
- Any of the IT systems associated with finance, audit and regulation (include under IT & Telecoms).

## **Formula year**

means a period of twelve months commencing on 1 April at 06:00 hours, the first such Formula Year (t=1) commencing 1 April 2013

# Guidance

## **Fuel poor**

In relation to connections, is the activity associated with providing new connections to premises not previously connected to the network that are occupied by individuals eligible to receive a fuel poor voucher

## **Full-time equivalent (FTE)**

The number of normal hours worked by an employee divided by the normal hours of a full-time member of staff in an equivalent role according to his or her contract of employment.

## **Gas in building events (GIB)**

Events which involve the accumulation of gas within the confines of a building. GIB events have the potential to lead to explosive gas-air mixtures which if ignited may cause property damage, injury or loss of life.

## **Gas transporter licensee**

Means the holder of a licence granted under section 7 of the gas act 1986

## **GDN**

Gas distribution network - has the same meaning as that given to the term "distribution network" in special condition e1 of the gas transporter's licence applicable to the licensees from 1 April 08.

## **General reinforcement**

Reinforcement for load growth associated with individual premises expected to consume 73,200 kWh per annum or less, and for general load growth where this cannot be associated with specific requests for a new or an increased load or an interruptible to firm load transfer.

## **Governor**

## Guidance

Pressure reduction equipment installed in a gas pipeline system having an inlet pressure up to 7 bar, to reduce the operating pressure of gas to a lower level. See also definitions below.

- Component replacement (governors)- The replacement of individual components within a governor installation as opposed to the wholesale replacement of all principal governor stream components, for e.g. filter, slamshuts, regulators, relief valves, non-return valves and stream isolation valves.
- District governor - Pressure reduction equipment having an inlet pressure of up to 7 bar installed in the distribution mains network to reduce the operating pressure of gas to a lower operating pressure.
- Domestic Service governors - Governors installed as part of service pipe infrastructure serving up to two domestic premises.
- IP/LP renewal - Intermediate to low pressure governor installed to replace existing piece of equipment due to either a capacity constraint or obsolescence.
- ERS modules - A specific type of below ground district governor installation.
- Service IP/LP governors (connections) - Intermediate pressure to low pressure service governor.
- Non-domestic service governors - Service governors serving non-domestic premises.
- Service MP/LP governors (connections) - A medium pressure to low pressure service governor.

### **Graduate and management trainee**

Employees engaged on graduate training programmes and other formal management training programmes.

### **Gross emergency costs**

The full cost of providing 24/7 emergency service with no allocation to other activities. This will include the full cost (pay, pensions, overtime) of FCOs, both direct labour and contractors and where any additional top-up labour is required e.g. during peak periods. These costs will not include cost associate with vehicles or equipment.

### **Gross cash controllable costs**

# Guidance

Cash controllable costs before capitalisation.

## **Gross expenditure**

Total expenditure including all contributions (net expenditure + contributions).

## **Group**

For these purposes (tables 3.4, 3.5, 3.6) a group consists of a parent company and its participating interests (participating interest as defined in transmission and gas distribution licenses).

Definition of 'group' for this purpose may be different for different companies depending on the levels at which they can realistically provide the data. Group should as minimum include all U.K regulated network companies.

## **Licensee group definitions for reporting**

- Cadent – UK regulated network
- National Grid - to include all UK regulated networks plus all other group companies
- NGN - single UK regulated network
- SGN - Limited to SGN's UK regulated networks
- SHE Transmission - All SSE companies in receipt of services from SSE Services Ltd
- SPTL - To include all UK regulated networks plus all other group companies
- WWU - Single UK regulated network

## **Halted Project Revenues**

Any revenues received by the Licensee from the NTS Operator under the NIC Funding Mechanism in respect of an Eligible NIC Project which have not yet been spent, or otherwise committed, at the time that the Authority requires that project to be halted in accordance with the applicable provisions of the NIC governance document or the terms of the relevant Project Direction.

# Guidance

## **High pressure vessels**

Equipment used for the storage of gas at high pressure.

## **HP**

High pressure- gas pressure operating above 7 barg.

## **HR & non-operational training**

This would include provisions of the HR function i.e., the full range of professional activity for an individual's career path from recruitment to retirement and post retirement where applicable, e.g. management and administration of pension payments (NB PPF scheme administration costs are excluded) and from related professional advice to directly resolving grievances for staff.

### **Includes:**

- Costs of payroll and pension's management and operation;
- Facilitating staff performance, development and reviews.
- Industrial and employee relations including HR strategy, policies and procedures;
- Monitoring equal employment opportunities; and
- HR advice to management, succession planning and also retentions and rewards.

### **Excludes:**

- Pension Scheme Administration and PPF levy costs;
- Pension deficit repair payments relating to the "established deficit" and for the avoidance of doubt, all unfunded early retirement deficiency costs (ERDC) post 1 April 2004.

## **Non-Operational Training**

Facilitating and operating training courses of a non-technical nature for office-based staff.

# Guidance

**Includes:**

- Staff who organise and provide non-operational training and maintain employees training records;
- Cost of running the non-operational training costs e.g. course fees; and
- Leadership development training.

**Excludes:**

- Any operational training costs;
- Non-operational costs associated with formal training and apprentice programmes (included under training & apprentices);
- Time of employees attending training (include as labour costs under the relevant activity for non-operational);
- HSE costs (include under Closely Associated Indirect costs);
- IT systems associated with HR & Payroll (include under IT & Telecoms); and
- IT & Property management costs associated with Non-Ops Training (include under IT & Property costs respectively).

**HSE**

Health and Safety Executive

**HSE programme mains**

Mains which fall within the criteria specified under the Health and Safety Executive's (HSE) enforcement policy for the iron mains risk reduction programme

**HSE three tier approach**

This refers to the HSE's Enforcement Policy for the Replacement of Iron Gas Mains, which enforces actions to be taken to iron pipes in three discreet diameter tiers.

**Inadequate integrity**

Mains which do not qualify under the HSE's enforcement policy, but which are necessary to immediately replace or part-replace on a reactive basis owing to the

## Guidance

discovery of their poor condition, to maintain compliance with Pipeline Safety Regulations. These mains are deemed uneconomical or impractical to effect a repair and are discovered as the result of emergency or other work activities

### **Income related to Controllable Opex Activity Costs**

Income collected from third parties in relation to pipeline damage, service alterations, disconnections etc.

### **Incremental deficit**

Means the difference between assets and liabilities, determined at any point in time, attributable to pensionable service after 31 March 2013 and relating to Regulated Business Activities under Pension Principle 2. The term applies equally if there is a subsequent surplus.

### **Incremental pension deficit recovery plan payment**

means that portion of a deficit repair recovery plan payment relating to the incremental deficit, i.e. for the difference between assets and liabilities, determined at any point in time, attributable to pensionable service after 31 March 2013 and relating to Regulated Business Activities under Pension Principle 2 and which is determined in accordance with the Energy Network Operators' Price Control Pension Costs - Regulatory Instructions and Guidance: Triennial Pension Reporting Pack supplement including pension deficit allocation methodology document.

### **Incremental ring-fence compliance costs**

Costs that have necessarily been incurred as a direct result of complying with the additional ring fence condition requirements introduced by the Authority's licence modification direction dated 1 February 2013. Incremental costs reported may be one-off or ongoing in nature and must not have been included in any other cost reporting category. A comment should be included describing the nature of the costs that have been reported.

### **IGT**

Independent Gas Transporter

# Guidance

## **IFRS/IAS**

International Financial Reporting Standards (IFRS)/ International Accounting Standards (IAS)

## **Independent Network**

Has the same meaning as given to the term "independent system" in Standard Condition A1 of the Gas Transporter Licence.

## **Statutory Independent Undertakings**

See Independent Networks.

## **Indirect activities:**

- The separately defined activities of:
- Stores and procurement / logistics;
- IT and telecoms;
- Property management;
- Human resources and non-operational training;
- Training & apprentices;
- Audit, finance and regulation;
- Insurance; and
- CEO and group management / legal and company secretary / community awareness.

## **Inflation**

The general rate of increase in prices. The inflation measure used by Ofgem in price control calculations is the Consumer Prices Index including owner occupiers' housing costs (CPIH).

## **Innovation**

# Guidance

Innovation can be specifically identified where projects deliver outputs and business functions which are materially different to those previously delivered.

Some innovation projects may, in exceptional circumstances, be considered for removal from benchmarking assessments. Improved delivery of business-as-usual functions will not be considered innovation for exclusion from benchmarking assessments.

## **Insurance (Business support activity)**

Support and expertise to develop the business risk profile, managing the claims process and provision of information and understanding to the business in relation to insurable and uninsurable risks.

Includes:

- Insurance premiums;
- Insurance premium tax;
- Insurance contract negotiating and monitoring;
- Insurance claim processing;
- Insurance risk management;
- Payments relating to uninsured claims;
- Costs of in house insurance team; and
- Brokers fees.

## **Insurance premiums**

Cost of insurance premiums including insurance premium tax and brokers fees.

Loss or damage due to adverse events

Insurances that protect against loss or damage caused to licensee's property or trade by adverse events.

- Property - buildings and contents  
Buildings and contents including fire, lightning, explosion, riot, malicious damage, storm, flood, impact by aircraft, road and rail vehicles, escape of water from tanks or pipes and sprinkler leakage.

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- **Engineering failure**  
Engineering insurance cover against electrical or mechanical breakdown for machinery, including computers.
  
- **Crime and theft Includes:**
  - Crime;
  - Theft; and
  - Money
  
- **Goods in transit**  
Loss or damage of goods (machinery, materials etc.) while in licensee's own vehicles or when sent by carrier.  
Includes: Marine cargo
  
- **Business interruption**  
Cover for loss of income and extra expenses, including any increased working costs and extra accountants' fees incurred, resulting from damage to a licensee's property or assets.
  
- **Trade credit insurance**  
Cover against the risk of bad debt due to the insolvency or default of trade debtors.
  
- **Motor vehicles**  
Cover against third party legal liability for injury to others and damage to their property arising from the use of vehicles on the road and against damage to licensee's vehicles.
  
- **Legal expenses**  
Cover against the cost of taking or defending legal action including legal costs such as solicitors' fees and expenses, the cost of barristers and expert

## Guidance

witnesses, and court costs and opponent's costs if awarded against the licensee in civil cases.

- Network assets  
includes Property (towers & poles, etc.)
  
- Terrorism and sabotage  
Cover against loss due to deliberate acts of terrorism or sabotage.
  
- Network assets Aviation  
Cover against losses associated with ownership and operation of aircraft.  
Includes: Business services allocation.
  
- Other (loss or damage due to adverse events)

### Third party legal liability

Cover against licensee's legal liabilities in the event of some aspect of the licensee's business causing damage or harm to a third party or their property.

- Employers' liability

Cover against legal liability for injury, disease or death to employees sustained by them and arising from their employment. Employees for this purpose may include, in addition to those under a contract of employment, apprentices and other trainees, agency staff, and contractors.

- Public and product liability and professional indemnity

Cover against legal liability to pay damages to members of the public for death, bodily injury or damage to their property which occurs as a result of a licensee's business activities.

## Guidance

- Environmental impairment liability

Cover against losses and liability arising from damage to property due to pollution or environmental damaged caused by a network company's regulated business operations.

### Employee

Cover that protects a network company and its employees against the consequences of serious illness, injury or death, and the effects these events could have on the network company's employees, on their families, and on the network company's business.

- Personal accident and sickness insurance

Cover paid for, fully or in part, by a network company that pays benefit to an employee unable to work as a result of an accident or sickness. Where the cost of cover is shared between Network Company and employee, or where the network company recovers part of the cost from employees, then only the network company's net contribution should be reported.

- Income protection insurance

Cover paid for, fully or in part, by a network company that provides income to an employee to compensate for the loss of earnings through incapacity resulting in inability to work. Where the cost of cover is shared between Network Company and employee then the network company's contribution should be reported. Where the cost of cover is shared between Network Company and employee, or where the network company recovers part of the cost from employees, then only the network company's net contribution should be reported.

- Private medical insurance

Private medical cover paid for, fully or in part, by a network company. Where the cost of cover is shared between Network Company and employee, or where the network company recovers part of the cost from employees, then only the network company's net contribution should be reported.

## Guidance

- Life assurance
 

Cover paid for, fully or in part, by a Network Company that provides financial security for employees' dependants and protect the profitability of the business upon death of an employee. Where the cost of cover is shared between Network Company and employee, or where the network company recovers part of the cost from employees, then only the network company's net contribution should be reported.
- Travel
 

Includes: Overseas travel and Personal accident/travel.
- Directors & officers
 

Includes: Primary and excess directors' and officers' liability.
- Employment practice liability
 

Cover against claims made for alleged acts of discrimination, harassment or inappropriate employment conduct.

### Internal reports

See reports.

### Interruptions

A loss of gas supply upstream of, or at, the customer's first emergency control valve (ECV). This includes planned and unplanned non-contractual network supply interruptions. Contractual network supply interruptions and interruptions not caused by any of the activities defined as Planned Non-Contractual Interruptions or Unplanned Non-Contractual Interruptions are excluded.

### Interruption end

The interruption end is the date and time at which gas is made available to the ECV by the GDN's personnel or the Customer confirms that gas should not be restored to the property. the restoration of supply.

# Guidance

## **Interruption start**

The interruption start time is the earlier of:

- the date and time at which the supply of gas to the premises is shut off by the GDN's personnel (or in some emergency situations, by the customer);
- the date and time at which plant is isolated by the GDN's personnel; or
- the date and time initially logged by the call centre following calls received to the Emergency Services number in respect of multiple losses of supply arising from a single cause.

## **Interruptible contracts**

For the purposes of other direct activities, interruptible contracts means the costs associated with the procurement of interruptible contracts

## **IP**

Intermediate Gas Pressure in the range from 2 to 7 barg.

## **IT & Telecoms capital expenditure**

Costs associated with purchasing, replacing and upgrading IT Infrastructure IT Systems, and any directly impacted telecoms assets. Infrastructure includes hardware and communications equipment such as PCs, servers and LAN. IT Systems includes application system such as work management systems, asset management system and financial systems.

## **IT & telecoms (Business support activity)**

Provision of IT services for the day-to-day service delivery.

Includes:

- The purchase, development, installation and maintenance of non-operational computer and telecommunications systems and applications.

## Guidance

- Provision of IT services for the day to day service delivery and includes the cost of Help Desk, data centres, IT application development, maintenance and support; establishing and maintaining IS infrastructure projects (IT Network Provision, Network Maintenance, Servers support/services).
- Voice and data telecoms (e.g. WAN, landline rental and call charges, ISDN data and costs/rental of mobiles except where costs are charged directly to user departments).
- Developing new software for non-operational IT assets including the costs of maintaining an internal software development resource or contracting external software developers. This will include any cost of software licences to use the product where those costs cover more than one year.
- Installing new or upgrading software, other than where it is capitalised. This does not include upgrading of software that is included within the costs of annual maintenance contracts for the software.
- Maintenance and all the operating costs of the IT infrastructure and management costs and Applications cost. This includes any annual fee for the maintenance of software licences, whether or not they include the right for standard upgrades or 'patches' to the software as they become available.
- IT applications maintenance and running costs.
- IT new applications software and upgrade costs.

### **Excludes:**

- IT equipment which is used exclusively in the real time management of network assets, but which does not form part of those network assets.
- Any of the property costs associated with IT & Telecoms (include under Property Management), except where the cost of specific IT environmental control systems can be distinguished from other property costs.

### **Inspection**

# Guidance

The checking of the external condition of network assets.

Includes

- helicopter and foot patrols;
- all asset surveys of whatsoever nature and purpose, including asset condition surveys;
- inspection of tools (including lifting tackle inspections and PAT testing); and
- reading gauges.

**Excludes**

- use of diagnostic testing equipment;
- supervisory input to plan workloads and manage staff (include under operations management);
- data review except the initial recording on site (include under asset management);
- inspection of non-system assets (include under Property Mgt);
- any of the costs associated with the indirect activities as defined in this appendix; and
- any of the costs associated with maintenance.

## **Insurance captive**

See captive insurer.

## **Internal reports**

See reports.

## **Investment income**

Means the income received on pension scheme assets, net of investment management fees where it is deducted from investment income.

## **Investment management expenses**

## Guidance

Means any pension scheme investment management expenses which are charged separately or have not been implicitly allowed for in the “Change in market value of investments” item or as a deduction from the “Investment income” item.

### **Iron mains**

Mains constructed from an iron material, including spun iron, cast iron and ductile iron.

### **Labour (excluding employer pension costs)**

Costs including any form of payment, consideration or other benefit, paid or due to or in respect of employees, including the costs of temporary or agency staff.

Includes:

- gross salaries and wages of all employees, including payments resulting from bonus and profit-related payment schemes;
- employer’s National Insurance contributions;
- salary sacrifice payments;
- sick pay;
- sickness benefits;
- private health insurance;
- (non pension related) retirement awards;
- death in service benefits;
- paid leave;
- standby costs;
- subsistence;
- medical insurance costs;
- childcare assistance; and
- welfare costs.

### **Excludes**

- professional services;
- contractors; and
- car allowances.

# Guidance

## **Land, Building, Office, Furniture and Fittings (incl telecoms driven by office moves)**

Capital expenditure related to the purchase, upgrading and fitting out of all buildings, including depots and offices. This includes any telecoms investment directly driven by the above.

### **Lane rental - S74A**

Section 74A - Charge determined by reference to duration of works. Payment to the highway authority a charge determined, in the prescribed manner, by reference to the duration of the works where the Secretary of State (Department for Transport) has approved it for the purposes of the regulations by order made by statutory instrument. The regulations may prescribe different rates of charge according to:

- (a) the extent to which the surface of the highway is affected by the works;
- (b) the place and time at which the works are executed, and
- (c) Such other factors as appear to the Secretary of State to be relevant.

### **Land remediation - Gas holder demolition**

The remediation of land on holder static sites to meet the obligations under environmental or other reasons, for example, to prepare the land for alternative use.

### **Land remediation – Non-gas holder demolition**

See “statutory remediation” and “non-statutory remediation”.

### **Lateral**

A horizontal pipe, connected to a riser that conveys gas along one floor level within a building and includes any branches supplying individual or groups of premises.

### **LDC**

Load Duration Curve.

# Guidance

**LDZ**

Local Distribution Zone.

**Leakage factor (%)**

Leakage expressed as a percentage of throughput.

**Leakage volume (GWh)**

Quantity of leakage from the gas distribution network as measured in GWh.

**Leased (property) (table 3.6)**

Any premises on which the regulated businesses pay rent. Where rent is paid to a related party then ownership of the premises and the leasing arrangements should be explained.

**Legal / comp secretariat (table 3.6)**

Legal department, the management corporate governance for all companies to ensure they comply with legislation, regulations and best practice.

**Licence fees**

Payments by the licensee to the Authority determined in accordance with standard condition 3 of the gas transporter's licence applicable to the Licensees.

**Licensee**

Has the meaning given in standard special condition A3 (Definitions and Interpretation) in the gas transporter's licence applicable to the Licensees.

**Linepack**

Linepack is the volume of gas held within the Local Transmission System by virtue of its pressure, principally to meet diurnal storage needs of the network.

# Guidance

## **LNG IU**

Costs of providing Liquid Natural Gas to Independent Undertakings.

## **Load related**

Activities on assets that are driven by the need for additional network capacity for provision of gas volume and storage.

## **Load related Capex**

Capital expenditure in relation to load related activities. See “load related”.

## **Local conditions (TMA conditions)**

Local conditions imposed by a Highway Authority in relation to TMA

## **Low pressure gas holders (mcm)**

Column, spiral guided vessels or MAN (waterless) holders associated with the storage of natural gas at low pressures less than 75 mbarg. Volume measured in millions of cubic metres (mcm).

## **Low risk assets**

Means assets where the focus is on protecting capital and gaining a modest return (e.g. gilts).

## **LP**

Low Pressure in the range of 0-75 mbarg.

## **LTS**

# Guidance

Local Transmission System is the pipeline system operating at >7 barg that transports gas from NTS offtakes to distribution systems. Some large users may take their gas direct from the LTS.

## **LTS diversion**

A rechargeable or non rechargeable diversion of an LTS pipeline.

## **LTS pipeline**

Local Transmission System pipeline system transporting gas from an Offtake or other Direct Feed to the gas distribution systems or a specific large customer.

## **LTS pipelines and installations**

Local Transmission pipeline with associated installations including pig traps and above ground installations (AGI).

## **LTS PRS**

Local Transmission System pressure reduction station.

## **LTS storage project**

New asset constructed on the Local Transmission System primarily to provide diurnal storage for a GDN.

## **Mains (distribution)**

Pipes used to distribute gas at a pressure  $\leq 7$  barg to more than two supply points (or with the potential to supply more than two supply points) but not including risers.

## **Mains replacement prioritisation system (mrps)**

The computer system and algorithm used to calculate the risk of an incident from an individual metallic gas pipe.

# Guidance

## **Mains replacement driven service transfers**

The disconnection of an existing service from a main and subsequent reconnection onto a new main.

## **Maintenance**

Maintenance is the examination of plant and equipment within the Network. These include costs associated with operational property and IT.

These activities are split into three activities: routine, non-routine and exceptional items maintenance (see separate definitions).

## **Major incidents**

For regulatory reporting purposes is defined as a major incident when there is a loss of supply to greater than 250 customers following a single incident.

## **Management services**

IT directors and other costs of running the IT function not covered by other areas.

## **Materials**

The physical components that go into the make-up of a tangible asset or are used for maintenance or other duties for the activities undertaken by the licensee and related parties.

Includes:

- tangible items that become part of the network assets;
- small tools, equipment and consumables utilised to allow work on the network and to undertake other activities;
- purchase, rent or lease of vehicles (only where they are “non-operational new assets & replacement”);
- fuel for the operational fleet (include under the Vehicles and Transport activity);  
and

## Guidance

- materials provided by a contractor where the costs have been separately identified; and postage and stationery.

### Excludes:

- company cars;
- procurement management; and
- storage of the materials unless the purchase price includes the cost of storage by the supplier.

### **Maximum design capacity**

Maximum design capacity of an asset measured in million cubic meters per hour (mcm/h).

### **Maximum design outlet pressure**

Maximum design outlet pressure is used (with other criteria) for the purposes of sizing the asset.

### **MEAV**

The Modern Equivalent Asset Value is the cost of creating an equivalent new network and essentially captures a weighted average of the Licensees asset volume. The MEAV for the Licensees is calculated from reported assets in the business plan data templates and the new build unit cost for the following assets:

- LTS assets;
- NTS offtakes;
- Distribution network embedded gas entry points;
- PRSs;
- AGIs;
- Capacity and storage assets;
- Distribution mains;
- Governors;

# Guidance

- Number of services; and
- Multiple occupancy buildings (MOBs) supply infrastructure.

## **Metering activity**

Is the activity of providing “metering services”, which has the meaning defined in standard special condition A3 (Definitions and Interpretation) of the gas transporter's licence applicable to the Licensees.

## **MOD Term [TO and SOMOD for SO]**

The term of that name included in the formula for Base Transmission Revenue (System Operator Internal Revenue) set out in Special Condition 3A (or Special Condition 4A for SO) of the Electricity Transmission licence. It represents the incremental change to base revenue for the Relevant Year concerned, ascertained in accordance with the methodologies set out in this Handbook. The value of the MOD term is calculated through the annual iteration of the ET1 Price Control Financial Model (see Chapter 1) and is specified in a direction given by the Authority by 30 November in each Relevant Year.

## **MOP**

Maximum operating pressure

## **MP**

Medium Pressure is the gas pressure operating in the range from above 75 mbarg to 2 barg.

## **MP/LP renewal**

Medium to low pressure regulator renewed for reasons other than to facilitate demand.

## **Mothballed holders**

## Guidance

Mothballed gasholders: gasholders that have been physically isolated (cut and capped, removal of spool) and purged to air. The potential for recommissioning at some point in the future is significantly reduced.

### **Methodology conditions (TMA conditions)**

For the activities hereby permitted on this site, as agreed, the works methodology employed will be [Hand Dig/Directional Drilling/Moling/Other (Delete as Appropriate)] throughout the duration of the works activity.

### **Multi-occupancy buildings (MOBs).**

Buildings containing a minimum of three individual premises, each with a separate supply point and supplied via an internal or external riser, and where at least one of those premises is more than two floors above ground level. The premises may be domestic, non-domestic, or a combination of the two. Buildings where all premises on the third floor or above are supplied through individual pipes, with the meter and ECV located at a lower level, are not included. MOBs are categorised as medium-rise (3 – 5 floors), high-rise (6 – 9 floors) or high risk (10+ floors).

### **NTS offtake**

Capital expenditure associated with construction of a new connection and offtake site directly from the National Transmission System as well as modifications/upgrades to existing offtakes.

### **Net cash controllable costs**

Cash controllable after capitalisation.

### **Net debt**

Net debt is the net borrowing of a business at a given date.

## Guidance

Net debt includes:

- Cash at bank;
  - Bank overdrafts;
  - Short term investments;
  - External borrowings (adjusted to reflect the ultimate liability in sterling resulting from any cross currency swaps relating to that debt instrument and excluding the impact of fair value adjustments and accrued interest);
  - Inter-company borrowings;
  - Short term loans to related parties (except where they have demonstrated the characteristics of being long term in nature, for example by repeated renewal); and
  - Long term loans to related parties only where they can be justified as for the benefit of the regulated business and are not in the nature of a distribution.
- 
- Inter-company debtors/creditors/working capital: where these can clearly be identified as such, they are excluded. However, if they cannot, because the licensee does not clear these balances on a regular basis, they will be treated as effective intercompany loans and included in net debt.

Net debt excludes:

- Year end balances of fair value adjustments on derivatives in regulatory accounts (except cross currency swaps);
- Unamortised issue costs;
- Fixed asset investments where not readily converted to cash;
- Preference shares;
- Long term loans to related parties except where they can be demonstrated as for the benefit of the regulated business and are not in the nature of a distribution; and
- Short term loans to related parties except where they have characteristics of long term loans.

### **Net emergency costs**

The cost of the emergency activity following the allocation FCOs' time and costs to other activities e.g. repairs, maintenance, repx, other price controlled activities and

# Guidance

non-price controlled activities (de minimus, metering, consented and excluded services).

## **Net interest**

Net interest includes actual net interest (payable less receivable) for the price controlled business extracted from regulatory accounts, used on an accruals basis and total interest on index-linked debt based on the charge to the income statement in regulatory accounts.

Interest includes:

- Actual net interest (payable less receivable) for the price controlled business extracted from regulatory accounts, used on an accruals basis; and
- Interest on index-linked debt based on the charge to the income statement in regulatory accounts (i.e., on an accruals basis).

Interest excludes:

- Any interest that would otherwise be included, but which does not qualify for corporation tax relief;
- Movements relating to pension fund liabilities reported in the regulatory accounts within net interest;
- Fair value adjustments (e.g. losses on derivatives);
- Dividends on preference shares;
- The cost of retiring long term debt early (including exceptional debt redemption costs);
- Debt issuance expenses (including amortisation charges relating to discounts on debt issuance that had previously benefitted from a deduction against taxable profits); and
- The cost of maintaining committed undrawn liquidity backup lines (i.e., commitment fees).

## **Net internal area (NetIA)**

# Guidance

As per the Valuation Office Agency<sup>10</sup> definition (as at 19 March 2013):

Broadly speaking the usable area within a building measured to the face of the [internal finish](#) of perimeter or party walls ignoring skirting boards and taking each floor into account.

NetIA will include:

- Perimeter skirting, moulding, or trunking;
- Kitchens;
- Any built in units or cupboards occupying useable areas (subject to height exclusion below);
- or similar dividing elements; and
- Open circulation areas and entrance halls, corridors and atria.

**NetIA will exclude:**

- Toilets and associated lobbies (but extra measurements may be required for shops where they are either in excess of normal staff requirements considering the type and size of shop) or it is apparent additional toilets have been installed);
- Cleaners' cupboards;
- Lift rooms, boiler rooms, tank rooms, fuel stores and plant rooms other than those of a trade process nature;
- Stairwells, lift wells, those parts of entrance halls, atria, landings and balconies used in common or for the purpose of [essential access](#);
- Corridors and other circulation areas where used in common with other occupiers or of a [permanent essential nature](#);
- Areas under the control of service or other external authorities.
- Internal [structural walls](#), walls (whether structural or not) enclosing excluded areas, columns, piers, chimney breasts, other projections, vertical ducts etc.;
- The space occupied by permanent air conditioning, heating or cooling apparatus and ducting which renders the space substantially unusable having regard to the purpose for which it is intended;
- Areas with headroom of less than 1.5m;<sup>11</sup> and
- Car parking area.

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<sup>10</sup> Valuation Office Agency definition: <http://www.voa.gov.uk/corporate/Publications/comp.html>, accessed 19 March 2013

<sup>11</sup> Note: this figure is given in error as 15m in the Valuation Office definition of 19 March 2013

# Guidance

## **Net staff cost (including Agency)**

Staff costs net of capitalised costs and staff costs associated with repex.

Gross Staff costs net of capitalised costs and costs associated with Repex. Gross Staff Costs include the following:

- Salaries and Wages prior to any salary sacrifice, including Bonus / PRP payments;
- Employer National Insurance contributions;
- Overtime, Standby and Other Allowances, including car allowances;
- Pension payments;
- Share based schemes;
- Sick pay, sickness benefits;
- Ongoing employer pension costs; and
- Pension incremental deficit funding.

## **Network extensions**

Extensions of the gas distribution network to premises not currently connected to the gas pipeline network. Also referred to as infill.

## **Network Innovation**

Costs associated with Innovation that are recoverable under the Network Innovation Allowance, Network Innovation Competition, and the Innovation Rollout Mechanism.

## **Network Innovation Allowance (NIA)**

Has the meaning given to that term in Special Condition 5.2.

## **Network Innovation Competition (NIC)**

Has the meaning given to that term in Special Condition 7.7.

## **Network (LAN & WAN)**

The costs involved in implementing and supporting the computer networks, Local Area Network (LAN) and Wide Area Network (WAN).

# Guidance

## **Network rates**

Prescribed rates levied on distribution network assets as determined and set by the Valuation Office Agency (VOA) in England and Wales Electricity Supply Industry (Rateable Values) (England) Order 2005 and Scottish Assessors Association (SAA) in Scotland.

## **Network regulation**

Any reasonable costs associated with network regulation, i.e., any costs that the network company would not reasonably have incurred were it operating in a non-regulated environment.

## **New connections**

The costs incurred to connect new supply points to the gas distribution network.

## **New housing**

Costs associated with connecting new build properties to the gas distribution network.

## **New infrastructure costs**

In respect only of IT & Telecoms activity, see definition under IT & Telecoms activity.

## **New Roads and Street Works Act (NRSWA)**

The New Roads and Street Works Act 1991 (NRSWA) provides a legislative framework for street works activities by undertakers (including public utilities).

## **NIA pass through Amount**

Is the pass-through factor and has the value of 0.9. Licensees can only pass 90% of the value of NIA expenditure through to their customers.

## **NIC funding**

# Guidance

Funding received from customers via the NTS Operator for Eligible NIC projects. The NIC funding amount will be directed by the Authority in accordance with the NIC governance document.

## **NICF**

The amount directed by the Authority to be recovered by National Grid Gas on behalf of all gas distribution and transmission licensees.

## **No escape/no trace**

See reports.

## **Non Controllable Activity Costs**

Those operating activity costs that are deemed as part of the price control allowances as not being within the direct control of the licence holder.

## **Non-domestic (in relation to replacement activities)**

Premises at which a supply is taken at a rate which is reasonably expected to exceed 73,200 kilowatt hours per year. For the purposes of field data collection for replacement activities, premises installed with a U16, or larger meter are assumed to exceed supply and consumption of 73,200 kWh should fall within this category.

## **Non-domestic (in relation to the connections activity and reporting guaranteed standards of performance)**

Non-domestic customer: any customer other than a domestic customer

Non domestic premises: any premises other than domestic premises

## **Non-load related**

Activities on assets that are not driven by the need for additional network capacity, for example safety or asset integrity driven work.

## **Non-operational Gasholders**

# Guidance

LP gasholders that are not operational.

See also operational gasholders.

## **Non-operational premises**

Are premises used by people (e.g. stores, depots and offices) and which are not operational premises.

Includes:

- stores;
- depots; and
- offices.

## **Non-operational training**

Training for activities or skills neither specifically required for working on or with the operational assets of the business nor working in a manner to promote and maintain the health and safety of employees, contractors, customers and the public.

## **Non-piggable mains**

Mains inspected in accordance with OLI4 procedures.

## **Non-price controlled activities**

Business activities that are not part of the RIIO-GD2 price control, these include:

- De minimis activities
- Excluded services
- Metering Activities
- Consented Activities

See also separate definitions

## **Non-productive time – FCOs**

any time when the FCO is not available to respond to emergency call outs or other work allocated by the GDN to an FCO – includes training, briefing, holidays, sickness etc.

# Guidance

## **Non-programme costs**

Ongoing operational training costs including continuing professional development

## **Non-rechargeable diversions**

Mains diversions that are not rechargeable to a third party. This may be due to the nature of the wayleave/easement that is in place (e.g. lift and shift agreements) or because the GDN wishes to move the main for its own purposes (e.g. soil, erosion, landslip).

## **Non-routine maintenance (NRM)**

Non Routine Maintenance activities are those which are irregular in both timing and costs and have a material effect on cost from year to year. Typically, the requirement to carry out these activities should arise between 2 – 8 years, i.e., activities are known, but not likely to happen on an annual basis.

Examples of such activities are:

- repainting of PRS after 6 yearly painting survey;
- repainting of District Governors after 6 yearly painting survey;
- OLI runs;
- Holder painting;
- Holder handrails;
- maintenance of above ground exposed crossings;
- river crossings/sub-sea surveys;
- river/ditch cross repairs;
- maintenance work required as a result of pressure surveys;
- consequential follow-up surveys;
- winter trigger surveys;
- inspections of above ground exposed inspections;
- water bath heaters;
- DSEAR, site signage;
- pipeline marker remedial;
- asbestos surveys;
- vibration migration; and
- crop claims and land drainage.

# Guidance

## **Non Salary Staff Costs**

Costs associated with the employment of direct employees, but which do not form part of Net Staff Costs. Includes the following:

- Travel and Accommodation, Subsistence, Employee Relocation
- Employee Entertainment and Gifts
- Other Expenses including one off vehicle hire and telephony where charged directly to user departments

## **Non-smart metering related**

All non-smart metering related PREs - see smart metering related.

## **Non-statutory remediation**

Non-statutory remediation is the work required to satisfy the minimum legal requirements for a site's proposed change of land use, which incorporates a greater scope of work and more stringent standards to be achieved, which reduces the contaminated land risks to a point whereby the site no longer presents significant risks of significant harm to human health, controlled waters and the wider environment for the proposed change of land use.

## **NRSWA**

See "New Road and Streetworks Act"

## **NTS**

The National Transmission System is high-pressure system consisting of terminals, compressor stations, pipe-line systems and offtakes. The NTS is designed to operate at pressures up to 85 barg. NTS pipe-lines transport gas from terminals to NTS offtakes.

## **NTS Exit Costs**

Charges from the NTS for the use of NTS Exit Flat and Flex capacity

## **NTS Offtakes and Distribution network embedded gas entry points**

# Guidance

The Offtake is the installation defining the boundary between the NTS and the Local Transmission System (LTS) or a very large customer. The Offtake installation includes various equipment including metering and pressure regulation. Distribution network embedded gas entry points also feed gas into the LTS but from other sources i.e., renewable gas resources.

## **NTS Pension Recharge**

Payments made by the licensee to meet the charge made by the NTS Operator to the Distribution Network for legacy pension liabilities pre DN sales.

## **NTS (TO) Exit Capacity Charge**

means the charge in p/peak Day kWh/d for NTS exit capacity as set out in the NTS Gas Transportation Statements published pursuant to Standard Special Condition A4 (Charging – General) and Standard Special Condition A5 (Obligations as Regard Charging Methodology) of National Grid Gas plc’s gas transporter licence in respect of the NTS.

## **Office**

A property is defined as an office if its primary function is to accommodate office based staff during their business hours.

## **Offtake**

An offtake is the installation defining the boundary between NTS and LTS or a very large consumer. The offtake installation includes equipment for metering, pressure regulation and more.

## **Ofgem**

The Office of Gas and Electricity Markets.

# Guidance

## **Ofgem licence**

Gas transporter licence granted by Ofgem to Licensees under section 7 Gas Act 1986.

## **Ongoing DB contributions**

The current employers' cash service cost of funding defined benefit pension obligations.

## **Ongoing DC contributions**

The current employers' cash service cost of funding defined contribution pension obligations.

## **Operating expenditure ("opex")**

The operating costs of the GDN excluding capital expenditure (capex), costs under the mains replacement programme, depreciation, amortisation, profit on sale of assets, release of deferred contributions and charges/releases of provisions.

## **Operational gasholders:**

Holders that are available and intended for use immediately or in the foreseeable future to provide diurnal storage to the LDZ or local strategic support for specific MP or IP networks. Holders used only for relatively short time periods in a year are classed as being operational.

## **Operational IT & Telecoms**

IT equipment which is used exclusively in the real time management of network assets, but which does not form part of those network assets.

## **Operational premises**

Premises which contain network assets and are not maintained for accommodating people e.g. Substations, Boiler Stations, Holder Stations, Compressor Stations, Governor Houses etc.

# Guidance

## **Operational training**

Includes operational training and graduate trainees and apprentices.

Includes training Workforce Renewal new recruit, Operational Upskilling and Operational Refresher Training.

Operational Upskilling - covers all training (whether classroom based or on-the-job) where employee's skill level is increased in order to undertake activities requiring a higher skill level or to undertake activities requiring a different skill set (e.g. multi-skilling or redeployment) or the undertake activities via more efficient / effective processes. (Does not cover, e.g. routine operational refreshers, and safety briefings, non-operational training courses e.g. MS Excel, training for CPD purposes once qualified e.g. accountant).

Apprentices are engaged under approved apprentice's schemes. Trainees are employed under a formal training programme.

Includes:

- Classroom training.
- On the job training.
- Trainer and course material/running costs (classroom training).
- Training admin.
- Costs of staff that organise and provide operational training and maintain employees training records.

Excludes:

- HSE costs (include under Health, Safety & Environment).
- IT & Property management costs associated with Ops Training and Training Centres (include under IT & Property costs respectively).

## **Operations management (including contract management)**

This should only cover the cost of the day to day planning and supervision of the operatives and contractors working within the work execution processes. For example:

- First line managers (non-field staff)

## Guidance

- Depot Manager etc.
- Also includes the costs of the Safety, Health and Environment section (compliance).
- Operations Support:
  - Covering support costs in depots (which include TMA/NRSWA activities);
  - Plant protection;
  - Digitisation;
  - Dispatch;
  - Data quality;
  - Work scheduling;
  - Updating records (including DR4); and
  - HSE policy

Excludes: Staff that carry out the operational activity (including E&I).

### **Opex allowance**

The assumption for operating expenditure requirements included in the RIIO-GD2 price control review.

### **Opex activities**

Opex activities are:

- Work management
- Emergency
- Repairs
- Maintenance
- Independent undertaking
- Other direct activities
- IT & telecoms
- Property management
- HR
- Insurance
- Finance, audit and regulation
- Procurement

## Guidance

- Stores & logistics
- Training & apprentices
- CEO

### **Original capacity (LP gasholders)**

The design storage capacity of a holder

### **Other adjustments**

Any adjustments not falling under the defined categories. These should be explained in narrative.

### **Other apprentice/trainee admin costs**

Other programme costs other than net staff, training, and recruitment costs.

### **Other cost recoveries**

In relation to atypical costs only, means any form of remuneration or cost recovery or reimbursement received by the licensee, other than 'insurance proceeds received' resulting from an 'atypical event'.

### **Other capex**

This refers to actual other capital expenditure (AOC) as in the GD2 Price Control Financial Handbook.

### **Other capex - Other**

Where the following activities are carried out on the mains distribution asset, and upgrade or extend the useful life of the mains assets then they should be included under the 'Other category' in Other Capex. The type of activities include:

- Cathodic protection activities
- Valve activities
- Special / Over crossings
- Bank Erosion

## Guidance

- Sleeves
- Pipeline protection measures (Pipelines)
- Climate Change / resilience measures (LTS)
- Where these activities are carried out on LTS assets etc. they will be recorded on table 'LTS and Storage'
- 

### **Other direct activities (ODA)**

Other operational activities not covered elsewhere Includes:

- Odorant
- Major incidents net cost (see definition)
- Interruptible contracts
- Xoserve
- Compensation payments
- Tools & consumables
- Reinstatement (inspections)
- Easement/wayleave costs LTS and non-LTS
- Procurement of interruptions/NTS flat

### **Other enduring meter work jobs**

specialist legacy work activities associated mainly with non domestic distribution metering equipment

### **Other group**

Depending on definition of group. Other group may include other UK regulated networks (where not already specifically detailed) plus non regulated group companies.

### **Other HSE mandatory mains**

Mains not mandated under the HSE's Enforcement Policy for the Replacement of Iron Gas Mains, but that is subject to other HSE Policy.

### **Other insurance costs**

# Guidance

All insurance department costs except for insurance premiums and brokers fees.

## **Other non-domestic service work**

Any other work carried out on non domestic services not captured elsewhere.

## **Other policy and condition mains**

The replacement of distribution mains and services not captured under the HSE policy workload. This includes non standard materials and mains selected to be replaced on a condition basis in accordance with policy.

## **Other storage (mcm)**

Volume of storage from GDN assets excluding LTS linepack and NTS flex.

## **Overstay penalties**

Penalties payable to Local Authorities as a result of overrunning of works in accordance either with the New Roads and Street Works Act 1991 or with the Traffic Management Act 2004 (and its Scottish equivalent).

## **Overrun charges S74**

Section 74 to NRSWA - Charge for occupation of the highway where works unreasonably prolonged. Payment of a charge to the highway authority where (a) the duration of the works exceeds such period as may be prescribed, and (b) the works are not completed within a reasonable period.

## **Own property**

In respect of insurance only refers to all assets owned by the licensee.

## **Owned (property)**

# Guidance

Any premises used by the regulated businesses that are in group ownership and where the regulated businesses do not pay rent.

## **Own use factor (%)**

Own use volume expressed as a percentage of throughput.

## **Own use volume (GWh)**

Quantity of gas used for operational purposes as measured in GWh.

## **Partially demolished Holders**

Holders that are in the process of having their guided frames and tanks demolished.

## **PE**

Polyethylene (PE) is a form of plastic used for manufacturing gas distribution mains and services.

## **Pension deficit funding cost**

Cost incurred by a sponsoring employer paid to the pension scheme trustees to repair a deficit in a defined benefit pension scheme –see also pension incremental deficit funding payments and pension established deficit funding payments.

## **Pension hedging and contingent asset costs**

Costs of (a) hedging certain risk in a pension scheme (e.g. longevity, interest and RPI); and (b) a sponsoring employer funding a contingent asset provided to the pension scheme, incurred directly by the employer.

## **Pension incremental deficit funding**

Costs means the annual funding costs of the Incremental Deficit, the latter means the difference between the assets and liabilities, determined at any point in time, attributable to post 31 March 2013 pensionable service and relating to Regulated

# Guidance

Business Activities and which is determined in accordance with the Energy Network Operators' Price Control Pension Costs - Regulatory Instructions and Guidance: Triennial Pension Reporting Pack supplement including pension deficit allocation methodology.

## **Pension ongoing funding – actual employer contributions**

Employer ongoing contributions actually paid in cash during the regulatory year to a pension scheme (before salary sacrifice).

## **Pension Protection Fund (PPF)**

The Pension Protection Fund was established to pay compensation to members of eligible defined benefit pension schemes when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension scheme to cover Pension Protection Fund levels of compensation.

## **Pension scheme administration costs**

The administrative costs for the operation of a pension scheme (excluding interest and taxation) including salaries and on costs of pension scheme administrators and all other associated costs of administering the pension scheme, whether borne by the scheme directly or the employer(s) and not recovered from the scheme.

Includes:

- actuarial consultancy fees;
- pensioners payroll;
- third party administration fees;
- pensions administration system licence and support costs;
- legal advisers fees;
- recruitment costs;
- pension secretariat;
- policy and strategy;
- administration consultancy;
- auditors fees;
- custodian fees;
- communication consultancy fees;
- general office costs (printing/IT support/publications etc.);

## Guidance

- investment consultancy fees;
- investment management fees;
- tracing agency fees;
- member communication costs;
- trustee remuneration; and
- trustee training costs.

### **Excludes:**

- Cost incurred by the licensee in administering the collection and payment of contributions;
- Costs of actuaries engaged by the licensee as advisors to the license

### **Pensionable salaries**

For a pension scheme, the current salaries of the active members which are considered when assessing the future pension benefits under that scheme, and which are multiplied by the contribution rate to calculation the current cash service cost.

### **Pension trustees indemnity (recharged to pensions)**

Cover that protects a network company and /or its pension funds and/or its employees and trustees against claims made by third parties for breach of trust, maladministration and wrongful acts arising from the actions of the trustees to the pension funds.

### **Pensioners**

Individuals in receipt of a pension from the pension scheme.

### **Permit scheme costs**

Those costs incurred to comply with obligations under any order or regulations made pursuant to Part 3 of the Traffic Management Act 2004 which impose a permit scheme, otherwise known as lane rentals.

Chargeable permit variation costs are costs associated with permit variations initiated by the GDN (not by the permit authority).

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References to the Traffic Management Act 2004 are to be interpreted as, in relation to Scotland, the Transport (Scotland) Bill as enacted.

## **Physical security expenditure**

Costs incurred, or expected to be incurred, by the licensee for the purposes of implementing any formal recommendation or requirement of the Secretary of State to enhance the physical security of any of the sites within the licensee's Distribution System.

## **Piggable mains**

Mains inspected in accordance with OLI1 procedures.

## **Planned interruptions**

An interruption that occurs as a result of planned non-contractual work, other than those occurring as an inadvertent consequence of such work. Non-contractual interruptions resulting from the GDN's planned activities and include all non-contractual interruptions resulting from the planned activities set out below.

For the avoidance of doubt, GDNs should exclude major incidents when reporting the overall number and duration of non-contractual interruptions resulting from the planned activities.

- Customer/shipper initiated service alterations - any change to a service pipe or associated GDN plant at the request of a customer or shipper. For example, an alteration to route or size of service pipe for a housing extension. Required notice – by appointment.
- Customer or Local Authority initiated mains diversions - diversion of pipe-lines and mains at the request of a Local Authority, highway authorities, developer, agent of a developer, landowner, or any other agency. For example, a new development will encroach on the location of the pipe-line or main and will be diverted for safety reasons. Required notice – by appointment.
- GDN initiated - Mains replacement driven service transfers or replacement or any other GDN initiated operation in association with planned programmes of work. A relay and subsequent transfer will count as two non-contractual

# Guidance

interruptions. For example, safety and asset maintenance related replacement.  
Required notice – five working days for customers due to be interrupted.

## **Planned replacement**

Replacement made in accordance with a previously made plan rather than in reaction to particular event such as an emergency.

## **Plant, tools and equipment**

Includes fixed plant and machinery forming part of the gas transportation network, part of a gas installation, or used to process gas, as well as tools and other equipment used for the day to day management of the gas network.

## **PON**

Pipe Object Number.

## **PEMS**

Post Emergency Metering Services.

## **PPF levy**

The risk-based and the non-risk (i.e., scheme) based levies paid by a defined benefit pension scheme to the Pension Protection Fund in accordance with the Pensions Act 2004.

## **Premiums invoiced**

The amount charged to the policy holders for insurance cover provided.

## **Price controlled activities**

All activities that are part of the RIIO-GD2 price control.

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## Procurement (Business support activity)

Responsible for the procurement of goods & services in the support of the business operations, through the management of procurement contracts with suppliers.

Includes:

- The cost of carrying out market analysis.
- Identifying potential suppliers, undertaking background review, negotiating contracts, purchase order fulfilment & monitoring supplier performance.
- Setting up and maintaining vendor accounts within the accounting system and maintaining e-procurement channels.
- Setting procurement guidelines and monitor adherence to the guidelines.
- Excludes:
- Any of the IT systems associated with procurement (include under IT & Telecoms).
- Stores & Logistics - The activity of managing and operating stores (include under Closely Associated Indirects for transmission and record in separate stores and logistics category in table 3.1 for gas distribution).
- Vehicles and Transport - the activity of managing, operating and maintaining the commercial fleet and mobile plant (include under Closely Associated Indirects).
- Professional and Consultancy
- Consultancy services employed by the licensee or related party.
- Includes
- non-engineering services provided on a consultancy basis
- subscriptions to trade bodies including the Energy Networks Association (ENA); and
- typically, items such as legal services, audit fees, taxation services.

## Excludes

- direct employee costs or agency fees (include under “Labour (excluding employer pension costs)”);
- contracted services of individuals provided through a personal service company (include under “Labour (excluding employer pension costs)”);
- engineers whether employed on a consultancy basis or not (include under ‘Labour (excluding employer pension costs)’ or Contractors, depending on the legal status of their engagement; and

## Guidance

- analytical engineering work (include under ‘Labour (excluding employer pension costs)’ or Contractors, depending on the legal status of their engagement.

### **Profits of an insurance captive**

To be reported in accordance with the rules for accounting for insurance companies (and before tax).

### **Property (total floorspace)**

Building footprint (square metre) whether in use or not and there is an associate cost (e.g. rent/lease, depreciation, business rates and/or utility cost).

### **Property management (Business support activity)**

The activity of managing, providing and maintaining non-operational premises i.e., premises used by people such as stores, offices and depots. This should include costs such as rent, rates (business), and utilities costs including electricity, gas and water, maintenance/repair costs of premises and also should include the provision of the facilities / property services such as reception, security, access, catering, mailroom, cleaning and booking conferences. The costs of property surveyors should also be included here.

Includes:

- Stores, depots, offices (including training centre buildings & grounds);
- Rent paid on non-operational premises;
- Rates and taxes payable on non-operational premises;
- Utilities including electricity, gas and water (supply and sewerage);
- Inspection and maintenance costs of non-operational premises;
- Facilities management costs including security and reception; and
- Training centre buildings & grounds.
- Control rooms and data centres.

Excludes:

## Guidance

- Any costs relating to operational property (i.e. premises which contain network assets and are not maintained for accommodating people e.g. Substations, Boiler Stations, Holder Stations, Compressor Stations, Governor House etc. (include under operational property);
- Any IT systems associated with property management (include under IT & Telecoms);
- Depreciation and profit/loss on Fixed Assets Relocation costs to or from non-operational premises; and
- Network rates.

### **Protection (protection apparatus)**

A group of one or more protection relays and/or logic elements designated to perform a specified protection function.

### **PRS**

A pressure reduction station having an inlet pressure greater than 7 bar.

### **Public reported escape (PRE)**

The number of unique addresses public reported escapes received by the GDN for which a FCO will be called out.

### **Purge and relight after domestic service work**

Re-commissioning of a customer's gas supply service and appliances following interruption.

### **Qualifying mains**

Iron mains within 30m of a property which therefore fall within the scope of the HSE enforcement policy for the replacement of iron gas mains.

### **Quality of service**

## Guidance

Measures of performance used to monitor the quality of service provided to customers. The measures include customer interruptions, short interruptions to supply, speed and quality of telephone response and guaranteed and overall standards.

### **RAV additions**

Expenditure added to the RAV in the year.

### **Rechargeable Diversions (RD)**

Mains diversion projects qualifying for a customer contribution.

### **Refurbishment**

An activity on an asset beyond routine maintenance intended to extend the life of the asset, but not replacing the asset.

### **Regulatory accounts**

Has the meaning given in standard special condition A30 of the gas transporter's licence applicable to the Licensees?

### **Regulatory Asset Value("RAV")**

The value ascribed by Ofgem to the capital employed in the licensee's regulated distribution or (as the case may be) transmission business (the 'regulated asset base'). The RAV is calculated by summing an estimate of the initial market value of each licensee's regulated asset base at privatisation and all subsequent allowed additions to it at historical cost and deducting annual depreciation amounts calculated in accordance with established regulatory methods. These vary between classes of licensee. A deduction is also made in certain cases to reflect the value realised from the disposal of assets comprised in the regulatory asset base. The RAV is indexed to CPIH in order to allow for the effects of inflation on the licensee's capital stock. The revenues licensees are allowed to earn under their price controls include allowances for the regulatory depreciation and also for the return investors are estimated to require providing the capital.

# Guidance

## **Regulatory Year**

A period of 12 months beginning on the 1st of April of the year within the price control and ending on the 31st of March of the following year.

## **Reinforcement expenditure**

The costs incurred to provide additional general network capacity to meet load demand.

See also “Customer-specific reinforcement”; and “general reinforcement.”

## **Reinstatement**

The cost of making good the highway, verge or footpath to a permanent standard after excavation including labour costs, contractor costs, materials purchased, cost of waste disposal and any taxes or levies imposed on waste disposal.

## **Relaid services**

Customer's gas service pipe relaid as part of site work.

## **Related party**

Is an affiliate, a joint venture of the licensee or of an affiliate or an associate of the licensee or of an affiliate or a relevant associate of the licensee.

## **Related party margin**

The profit or loss recorded on a transaction with an affiliate being the excess or deficit on actual direct costs and indirect costs (including financing costs) fairly attributable to the transaction or the charge and the cost of providing that transaction.

## **Related undertaking**

Has the meaning given in standard condition 1 of the gas transporter's licence applicable to the Licensees?

See also: affiliate, related party

# Guidance

## Remedial work

Work undertaken in order to remedy defects identified by either inspection or maintenance. Remedial works excludes minor repairs carried out at the same time as the maintenance visit.

## Repairs

The repair of mains and services following public reported escapes.

(See also “actioned repairs” and “emergency”)

Includes:

- Materials;
- Anaerobic Sealant;
- Repair Find and Fix Costs;
- Iron Fittings;
- Pipe Costs;
- Plastic Fittings;
- Specialist Materials;
- Repair Income;
- Waste disposal costs for the repair activity;
- Reinstatement for the repair activity;
- Reprogrammed repairs re-checks;
- Repair NRSWA Costs; and
- Repair TMA Costs.

**Excludes:**

- Reinstatement – inspections (Other Direct);
- No trace rechecks (Emergency);
- Leakage control surveys (maintenance other);
- Maintenance - Mains & Services (Maintenance Other);
- Tools & consumables (Other Direct);
- GSMR Cut offs (Maintenance Other); and
- Consultancy services (Work Management);

# Guidance

See also emergency

## **Replacement expenditure (repex)**

Repex is expenditure on replacing component mains and services, where the replacement does not lead to an increase in the capacity or extends the life of the network.

## **Replacement on failure**

The abandoning of an existing asset and commissioning of a new pipe-line following physical failure of the asset in-situ.

## **Replacement services - domestic**

Workload and costs associated with service replacement activity to domestic consumers.

## **Replacement services - non-domestic**

Workload and costs associated with service replacement activity to non-domestic consumers.

## **Reports**

Reports fall into two categories:

- Reports Emergencies – Network Related: This category includes the number of jobs where a repair individual/team attends and that are closed off with a status:
  - Mains condition report (escape)
  - Service condition report (escape)
  - Interference (damage)
  - "No Gas" Service Governor Failure, Water Ingress or other Network Problem
  
- Reports Emergencies – Non Network Related: This category includes the number of jobs that are closed off with a status:

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- Internal Escape - Internal Escape of gas or CO related "Faulty Appliance" e.g. Appliance unsafe or emitting CO
- Other - "Meter Problem" e.g. Meter Regulator Lock-up, ETM Problem; "Other Problem" e.g. Bird Trapped, Boiler Not Working, Incorrect Callout; "No Trace" e.g. No gas or CO found

### **Restructuring**

The act of re-organising a business for the purpose of making the organisation more efficient.

Includes redundancy costs (inc. ERDCs)

Excludes early retirement costs (inc. ERDCs)

### **Retail Prices Index (RPI)**

Has the meaning given in Special Condition 1.1 (Interpretation and definitions) of the National Gas Transmission Plc Gas Transporter License.

See also: Inflation

### **Retail prices index forecast growth rate**

Has the meaning given in Special Condition 1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions).

### **Retained NIC royalties**

Total royalties earned through all NIC projects to be retained by the licensee.

### **Return seeking assets**

Means assets which may be exposed to greater risk, but where the potential return is higher than low risk assets (e.g. equities).

### **Returned Royalties Income**

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Revenue earned from intellectual property generated through eligible NIC projects less any Directly Attributable Costs, and that is payable to customers under the NIC, as calculated in accordance with the NIC governance document.

## **RIGs**

Regulatory Instructions and Guidance

### **RIIO-GD1**

First Gas Distribution Price Control Review covering years 2013-2021 based on the Revenue=Incentives+Innovation+Outputs model

### **RIIO-GD2**

Second Gas Distribution Price Control Review covering years 2022-2026 also based on the Revenue=Incentives+Innovation+Outputs model

## **Riser**

A Riser is defined as the pipe arrangement supplying a premise which has more than two floors above ground level and supplies more than two meter points. The external below ground pipe supplying the riser should be classified as a main up to the building line. The remaining pipe, irrespective of arrangement (horizontal, vertical, etc.) is all classified as Riser pipe. Where a premise has two floors or fewer, all of the pipes should be treated as mains & services based upon the relevant definitions.

## **Risk threshold (or risk action threshold)**

The risk score agreed between the Licensee and the HSE for tier 2 iron mains forming part of the licensee's approved iron mains risk reduction programme under the Pipeline Safety Regulations, Regulation 13.

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## Road space conditions (TMA conditions)

Materials plant and storage road - It is a condition of this Permit that surplus material excavated as a consequence of the activities must be removed from the public highway within [x hours] (e.g. 24) of being excavated. For the activities hereby permitted all material and plant not required for [insert period] shall not be stored on site from (insert date) and until (insert date). It is a condition of this permit that advance agreement is given by the Permit Authority for the Works Promoter to place or store materials, plant and/or equipment outside of the defined working space.

Occupation dimensions - The activities hereby permitted shall occur only within the area [insert description of area or provide traffic management plan reference] including the relevant and required signing, lighting and guarding.

Traffic space dimensions - For the activities hereby permitted [X]m must be maintained for pedestrians and/or [Y]m must be maintained for vehicles. It is a condition of this permit that the activities hereby permitted may only occur when a minimum road space of x metres is available to all pedestrian traffic at all times.

## Routine maintenance

Routine Maintenance can be described as those activities that are recurring and largely predictable in both costs and timing. There should be an immaterial year on year movement in the cost of routine maintenance. In this category costs include property cost associated with operational assets.

### Examples of such activities to be classed as routine are:

- site overhauls;
- distribution mains & services;
- pig trap maintenance;
- repair governor equipment;
- hedge maintenance/inspection on easement;
- drainage profile checks;
- repairing fencing;
- CP remedial work;
- fire water systems;
- pressure system remedial;
- operational site drainage;
- compressor work;

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- asset modification (e.g. check/top up water levels, holder stock, filter changes, helium bottle change, ad hoc holder work)
- cladding repairs;
- alarm testing/resetting;
- calibration;
- valve maintenance;
- all surveys (e.g. CP, TDI and high rise buildings surveys), excluding winter trigger survey and consequential follow-up surveys;
- pipeline patrols;
- CEME fee;
- test points;
- instrument maintenance;
- gas quality maintenance; and
- alterations & diversions.

As can be seen from the above examples, routine maintenance should be the maintenance costs the Network incurs in carrying out their general site visits.

### **Routine site monitoring and maintenance**

Routine statutory site monitoring and maintenance includes desk top studies, intrusive site investigations (including drilling, trial pitting, vacuum excavation pitting etc.), qualitative and quantitative risk assessments and modelling, groundwater, ground gas and vapour monitoring regimes and general redundant site clearance to maintain serviceability of monitoring locations.

### **Royalties Revenues**

Revenue earned from intellectual property generated through eligible NIC projects.

### **RPE**

Real Price Effects

### **Salary sacrifice scheme**

# Guidance

A scheme which allows employers to pay additional pension contributions on behalf of the employee in return or as substitution for a reduction (or sacrifice) in salary; and as a consequence there is a saving to the employee in taxation and for both employee and employer in National Insurance contributions.

## **Security (excluding PSUP)**

Capital expenditure on enhancing or replacing security related assets for all sites excluding expenditure on the sites included in table 4.3 'LTS & Storage' and security costs associated with Physical Security Upgrade Programme (PSUP) which are captured on table 4.8.

The main security assets include fencing, alarms, surveillance cameras and gates. In addition, there may be other minor security expenditure assets.

## **SCADA**

Supervisory Control and Data Acquisition. A generic name for control systems that operate over a large area such as system control systems of a GDN.

## **Service alteration**

Changes to the position and/or size of a customer's service pipe and associated plant including regulators, meters, valves, loggers etc.

## **Service test and transfer**

The disconnection of an existing PE service from an existing distribution main and reconnection onto a replacement or alternative distribution main. This activity includes the pressure testing and physical transfer of a re-commissioning service.

## **Servitude**

Term used in Scotland for a permanent right of access (in England and Wales this is termed an easement).

See also Easement and wayleave.

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## **Share based payments**

The cost of share based payments provided to staff, determined in accordance with UK GAAP.

## **Shipper**

Shipper has the meaning given to "gas shipper" in section 48(1) of the Gas Act 1986.

## **Shrinkage**

Gas lost from the distribution system due to leakage, theft and gas used for operational purposes.

## **Shrinkage factor (%)**

Shrinkage expressed as a percentage of throughput.

## **SI**

Spun Iron- an iron pipe material used on the distribution network.

## **SOD**

Start of day.

## **Software licences**

The Licence fees incurred in respect of the use of IT application software.

## **Specific reinforcement**

Relates to assets installed for the purpose of providing additional network capacity necessary in order to meet the specific requirements of customers for new or augmented demand connections. Where the minimum scheme to meet the customer's specific requirements is implemented, the full cost of reinforcement assets should be included under this heading, even when, due to the use of standard plant and equipment ratings, the minimum scheme provides extra capacity. Where a scheme in

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excess of the minimum scheme is implemented, at the discretion of the GDN, any costs in excess of the minimum scheme costs should be included under General Reinforcement.

## **Standby costs**

Are the costs incurred when employees are on standby to be called upon if required in the event of a specified occurrence in accordance with their terms of employment.

## **Statutory remediation**

Statutory remediation is the work required to satisfy the minimum legal requirements for a site's current use, which reduces the contaminated land risks to a point whereby the site no longer presents significant risks of significant harm to human health, controlled waters and the wider environment.

## **Storage**

A Gas Distribution Network asset used to store gas to be used for balancing network pressures. Storage includes LTS linepack but excludes NTS flex (gas provided from the NTS to aid balancing).

## **Stores & logistics**

The activity of managing and operating stores.

Includes:

- Delivery costs of materials or stock to stores;
- Labour and transport costs for the delivery of materials or stock from a centralised store to a satellite store/final location (and vice versa), taking into account the stock management policies;
- Monitoring stock levels; and
- Quality testing of materials held in stores.

Excludes:

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- Costs of oil or other insulation medium (report under the activity for which it is used, egg maintenance, faults);
- Any of the IT systems associated with stores/logistics (include under IT & Telecoms);
- Any property management and maintenance costs of depots/stores locations (include under property management); and
- Vehicles and Transport - the activity of managing, operating and maintaining the commercial fleet and mobile plant (include under Vehicles and Transport).

### Streetworks

Work undertaken by utility companies in the highway including work carried out under NRSWA which covers the following:

- TMA/T(S)A;
- overrun charges - S74;
- lane rental - S74A; and
- other streetworks activities, such as inspections, surveys and coring.

### Streetworks- existing HAs

Highways Authorities where TMA has been implemented and included as part of the TMA the re-opener decision (published 20 December 2011 - Ofgem reference 189/11).

See Traffic Management Act

### Streetworks- new HAs

Highways Authorities that have implemented TMA/T(S)A which were not included as part of the re-opener decision (published 20 December 2012 - Ofgem reference 189/11).

### Supply Meter Point Reference Number

Supply Meter Point Reference Number (MPRN) has the meaning given in the Uniform Network Code (Transportation Principal Document, Section G1.9.2(a)).

# Guidance

## **Supply Point**

Supply point has the meaning given in the Uniform Network Code (Transportation Principal Document, Section G1.1.1(a))

## **System control**

System control process is to ensure the safe flow of gas through the network, ensuring the supply is sufficient to meet the demand of gas on a daily basis.

The costs shown here should represent:

- The cost of running the control room (e.g. staff costs of resource working within the control room).

Along with:

- Salary costs;
- Travel & subsistence;
- Training costs for the delivery of system control migration;
- Any other non salary costs associated with these resources; and
- Mast Rentals

Should also include any residual SOMSA charges from NGG.

## **System Operations capital expenditure**

Systems operation capex costs associated with replacing and upgrading systems used within the system operations. It includes those IT systems and infrastructure costs which are driven by system operations. See Opex for Systems Operation Activity definition.

## **Tele-control network**

In respect only of IT & Telecoms activity, see definition under IT & Telecoms activity.

## **Theft (%)**

# Guidance

Theft of gas volume from the distribution network expressed as a percentage of throughput.

## **Theft volume (GWh)**

Quantity of gas stolen from the distribution network as measured in GWh.

## **Tier 1 main (T1)**

An iron pipe having a diameter of 8 inches and below qualifying for decommissioning under the HSE's Enforcement Policy for the Replacement of Iron Gas Mains.

## **Tier 1 stub**

The definition of a Tier 1 stub is contained within each GDNs safety case agreed with the HSE.

## **Tier 2A main (T2A)**

An iron pipe having a diameter of above 8 inches and below 18 inches above a risk action threshold and therefore qualifying for decommissioning, remediation or risk-assessed for continued use under the HSE's Enforcement Policy for the Replacement of Iron Gas Mains.

## **Tier 2B main (T2B)**

An iron pipe having a diameter of above 8 inches and below 18 inches below a risk action threshold. These pipes may be subject to decommissioning or other risk management measures were justified by a cost-benefit analysis under the HSE's Enforcement Policy for the Replacement of Iron Gas Mains.

## **Tier 3 main**

An iron pipe having a diameter of 18 inches and above. These pipes may be subject to decommissioning or other risk management measures were justified by a cost-benefit analysis under the HSE's Enforcement Policy for the Replacement of Iron Gas Mains

# Guidance

## Timing and duration conditions (TMA conditions)

Include:

- **Date constraints**

The activities hereby permitted shall not commence before the Proposed Start Date and must commence within the valid starting window period or in the case of Immediate Works by the Actual Start Date contained in the application for immediate works and once the activities have commenced the activities must take no more than [x number of] days in total to be completed. The Proposed Start Date, Actual Start Date and Estimated End Date are as defined in the current EToN specification. The activities hereby permitted shall not commence before the Proposed Start Date or in the case of Immediate Works the Actual Start Date contained in the application for immediate works and must end by the Estimated End Date provided on this permit.

- **Time constraints**

The activities hereby permitted shall only take place between [start time] and [end time] on weekdays and [start time] and [end time] on Saturdays and [start time] and [end time] on Sundays or Bank Holidays.

- **Out of hours working.**

## Top-up contract labour costs

The use of contractors during peak periods of demand used to assist in the delivery of the emergency activity e.g. use of repex contractors during severe weather.

## Top-up direct labour costs

The use of direct labour, normally employed in other areas of the business, during peak periods of demand used to assist in the delivery of the emergency activity.

## Totex

Refer to the appendix titled “Definition of Totex” in the guidance notes for a full definition of Totex.

# Guidance

## **Traffic Management Act (TMA)**

The Traffic Management Act 2004 (Transport (Scotland) Act 2005 (T(S)A) for Scotland), introduced to reduce congestion and disruption on the road network. This allowed highway/local authorities (HA/LA) the opportunity to implement a permit scheme. Also makes provisions to amend NRSWA under schedule 1-4.

It includes:

- Permits;
- fixed penalty notices (FPNs);
- administration; and
- other costs, such as productivity impact.

Excludes Other Street works/S74

See also NRSWA

## **Traffic Management Act (TMA) conditions (productivity)**

This relates to conditions that are applied by highway authorities when issuing a TMA permit for streetworks activities. These are the additional conditions, over and above what was previously applied by highway authorities, following the introduction of a TMA permit scheme. The condition that should be reported for both costs and workload are as follows:

- Timing and Duration Conditions - date constraints, time constraints, out of hours working;
- Road space conditions - materials plant and storage, road occupation dimensions, traffic space dimensions;
- Traffic management provisions - light signals and shuttle working, traffic management changes;
- Methodology conditions;
- Consultation & publicity;
- Environmental conditions; and
- Local conditions - awaiting definition from NGG.

# Guidance

## Traffic management provisions (TMA conditions)

Include:

- Light signals and shuttle working - The activities hereby permitted shall only take place when temporary traffic control is deployed by use of x (where x determines type of control portable signals, stop/go etc.)
  1.
    - Traffic management changes - The activities hereby permitted shall not commence until approval for [temporary traffic restrictions] has been given for the duration of the works. The works comprised in [specified part B] of the activities hereby permitted shall not be commenced before the works comprised in [specified part A] are completed. The works comprised in [specified part A/B] of the activities hereby permitted shall be subject to and shall occur only when the following traffic management measures are in place [or as attached in schedule].

## Training & Apprentices

Training and apprentices cover (i) the costs of any operational training and (ii) the cost of training any employees engaged on approved formal training or apprentice programmes (either operational or non-operational).

Includes:

- Cost of staff who organise and provide training, and maintain the individual employee training/apprentice records;
- Cost of running training courses;
- Fees paid to external training providers for provision of training;
- Cost of externally advertising training and apprentice programmes;
- Salary cost of apprentices or trainees whilst engaged on a training or apprentice programme; and
- Cost of ongoing professional development for operational staff.

Excludes:

## Guidance

- Any non-operational training costs falling under ‘HR and non-operational training’;
- Property costs of training facilities. These should be recorded under ‘property’; and
- Cost of general staff induction training programmes (should be recorded under ‘HR & non operational training’).

### **Training centre**

A property is defined as a training centre if its primary function is to accommodate staff while on operational or non-operational training courses or programmes.

### **Transport and wheeled plant –opex costs**

Costs associated with the use of transport and plant.

Includes:

- short term hire and lease costs;
- servicing and maintenance; and
- vehicle tax.

### **UK GAAP**

UK Generally Accepted Accounting Principles.

### **Ultimate controller**

Has the meaning given in standard condition A3 (Definitions and Interpretation) of the gas transporter's licence applicable to the Licensees?

### **Unplanned interruptions**

Non-contractual interruptions resulting from unplanned activities, or as an inadvertent consequence of planned work. Unplanned interruptions may be attributed to one of the categories below:

- As an inadvertent consequence of planned work – Interruptions of supply that occur as a consequence of planned work, but in a location that was not expected to be affected.

## Guidance

- Asset failures – Interruptions arising from damage to or failure of network assets. Asset failure interruptions should be categorised by type of asset and cause as follows:
  - Asset type
  - MOB riser (in MOB's of 3 to 5 floors)
  - MOB riser (in MOB's of 3 to 5 floors)
  - MOB riser (in MOB's of 3 to 5 floors)
  - Mains
  - Services
  - ECVs
  - Other
  - Cause
- Third party cause – An occurrence of isolation of a supply point resulting from third party action which reduces the capability of a GDN's pipeline, mains and associated control equipment or service pipes and associated control equipment. It also includes interruptions necessitated by release of gases from plant and pipework not owned or operated by a GDN, and as necessitated by requests from civic authorities. For example, contractor severing a GDN's pipeline, a customer piercing a service pipe, third party water ingress incidents or police requests for supply to be disconnected.
- Condition-related – All other asset failure interruptions.

For the avoidance of doubt, GDNs should exclude major incidents when reporting the overall number and duration of unplanned interruptions.

### **Unrecoverable NIA project expenditure**

Means expenditure on a NIA Project the Authority has determined does not satisfy the requirements of the NIA governance document.

# Guidance

## **Value for Money (VFM1)**

Audit carried out by consultants who provide a view as to whether quotations provided by contractors are efficient (value for money).

## **Value for Money (VFM2)**

Audit carried out by consultants that provide a view as to whether the final costs for the completed works are efficient (value for money).

## **Vehicles**

Capital expenditure on the purchase of new gas network vehicles. This includes cars, car derived vans, LGVs and HGVs

## **Wayleave**

Access to property granted by a landowner for up to one year for a consideration.

See also easements.

## **Wayleaves**

### **administration activity**

The activity of obtaining, managing and administering wayleaves, substation rents, easements and servitudes

# Appendix 2 - Definition of total expenditure (totex)

## **Introduction**

16.9 The Regulatory Asset Value (RAV) is a key building block of the price control review. RAV represents the value upon which the companies earn a return in accordance with the regulatory cost of capital and receive a depreciation allowance. Additions to the RAV are calculated as a set percentage of total expenditure (totex). Totex is dealt with as follows:

## Guidance

- an agreed percentage of totex (see below) will be funded as slow money (i.e., as an addition to RAV)
- the remainder will be funded as fast money (i.e., which is expensed and funded in the year of expenditure)

16.10 At the end of each year of a price control, as part of the Annual Iteration Process, we will publish an updated GD2 Price Control Financial Model (PCFM) which will give an indicative updated RAV for each licensee. In ascertaining these values it is important that the treatment of expenditure that GDNs incur in this period is consistent with the principles and specific issues set out in the final proposals – that is, the same constituents of costs are included as totex. We add all costs on a normal accruals basis. This excludes provisions, except for the actual cash utilisation thereof.

### Definition of totex

16.11 The annual net additions to RAV will be calculated as a percentage of totex. Totex consists of all the expenditure relating to a GDNs regulated activities with the exception of:

- all costs relating to de minimis activities;
- all costs relating to excluded services activities (with the exception of capex relating to sole use exit connections);
- pension deficit repair payments relating to the established deficit and for the avoidance of doubt, all unfunded early retirement deficiency costs (ERDC) post 1 April 2004;
- costs associated with specific incentive schemes.
- all statutory or regulatory depreciation and amortisation;
- profit margins from related parties (except where permitted as defined below);
- costs relating to rebranding a company's assets or vehicles following a name or logo change;
- fines and penalties incurred by the licensee (including all tax penalties, fines and interest) except if, exceptionally Traffic Management Act costs can be shown to be efficient;
- compensation payments made in relation to standards of performance;

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- bad debt costs and receipts (subject to an ex post adjustment to allowed revenues);
- any cost reporting which is not on a normal accruals basis as referred to in paragraph 1.2 above;
- costs in relation to pass-through items, including business rates (except for business rates on non-operational buildings); and
- interest, other financing and tax costs<sup>12</sup> (except for business rates on non-operational buildings and stamp duty land tax).
- any costs or Legal fees incurred relating to an application for a Judicial Review or an appeal to the CMA in respect of a decision made by Ofgem<sup>13</sup>.

It should also be noted that:

- any change in the Totex amount for the licensee under the Totex Incentive Mechanism (TIM) is included as an adjustment to fast/ slow money;
- pension deficit repair payments relating to any incremental deficit (i.e. not part of the established deficit) are considered to be part of the licensee's labour costs and as such are part of Totex; and
- customer contributions (which mainly relate to connection works) and other proceeds received (including from legal and insurance claims) that relate to the distribution business are treated as an offset to Totex expenditure, unless specifically subject to different treatment under the Cost and Revenue reporting RIGs.

16.12 For avoidance of doubt, in each case normal ongoing pension service costs will follow employment costs in each activity to RAV.

16.13 Costs added to RAV are all intended to refer to costs incurred by the licensee or a related party of the licensee undertaking regulated business activities. Where those costs are recharged to the licensee, they should not include any internal

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<sup>12</sup> Tax costs include corporation tax, capital gains tax, payroll taxes, recoverable valued added tax and network rates

<sup>13</sup> Notwithstanding the above, Ofgem shall pay all legal fees and cost awarded against it by the Judicial review body and the CMA.

## Guidance

profit margins of the licensee or related party, except where permitted. The treatment of related party margins is set in the paragraphs below.

16.14 Costs that are eligible for a reopener mechanism will follow the totex treatment as set out above at the time they are incurred.

### Deductions from RAV

16.15 The following items are not included in the costs added to the RAV but are netted off additions to the relevant cost categories in carrying out the RAV roll forward calculation:

- cash proceeds of sale (or market value of intra-group transfer) of operational assets – by netting off the proceeds from the calculated additions to RAV
- cash proceeds of sale of assets as scrap – by netting off the proceeds from the calculated additions to RAV
- amounts recovered from third parties in respect of damage to the network – by netting off the proceeds from the calculated additions to RAV

**These deductions from RAV will be made (on an NPV neutral basis) as an adjustment to totex in any given year. Other RAV requirements**

#### Efficient costs

16.16 Ofgem reserves the option to disallow costs from the RAV for any of these categories if they do not relate to the regulated business or are demonstrably inefficient or wasteful. We will specifically review all costs in relation to restructuring of a company's business or operations in relation to corporate transactions, including the associated redundancy costs to satisfy ourselves that these costs are efficient and will deliver future savings for the benefit of the consumer.

#### Restated costs

16.17 For all costs, in whatever category, activity or exclusion, where a company makes any restatement of costs, we will apply these in the year in which they were originally incurred rather than in the year of the restatement.

#### Related party costs

16.18 Related party costs are only included within totex to the extent that they represent the cost of services required by the GDNs business. Costs for services

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recharged to the licensee by a related party<sup>14</sup> will only be admissible if the licensee would otherwise have needed to carry out the service itself or procure it from a third party. We expect these services and associated costs to be itemised and justified. Such costs are only included to the extent that they satisfy the criteria regarding the prohibition on cross-subsidy in the relevant standard or standard special licence condition unless GDNs already hold derogations.

- 16.19 All companies and related parties charging the licensee should be able to demonstrate they have a robust and transparent framework governing the attribution, allocation and inter-business recharging of revenues, expenses, assets and liabilities. There should be documented procedures to demonstrate compliance with EU Procurement directives and implementing national legislation where these apply.
- 16.20 We expect the network company to be able to justify the charge by reference to external benchmarking, or by reference to market-related testing, or tendering. We expect related parties to be able to support their charges by either service level agreements or contracts; and that such contracts would be finalised on a timely basis and not remain in draft for an unreasonable period<sup>15</sup>.
- 16.21 The attribution of costs relating to shared services must be on a demonstrably objective basis, not unduly benefiting the regulated company or any other company or organisation and be based on the levels of service or activity consumed by each entity. We expect GDNs to document the basis on which they approve these at board level and provide evidence of this together with details of how the continuing assessment and challenge, annually takes place.
- 16.22 The basis should be consistent from year to year and where there are changes the licensee should both document and justify them.
- 16.23 The method used to attribute costs from the related party to the licensee and to activities should be transparent and the revenues, costs, profits, assets and liabilities separately distinguishable from each other.

### Related party margins

- 16.24 We will exclude related party profit margins from costs added to RAV unless the related party concerned earns at least 75 per cent of its turnover from sources

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<sup>14</sup> A related party is a term used to cover both Affiliate and Related Undertakings as defined in Standard Licence Condition 1 for electricity transmission and standard special licence condition for gas transportation

<sup>15</sup> Whilst not defined, we expect GDNs to demonstrate to our satisfaction why a period in excess of 6 months was reasonable

## Guidance

other than related parties and charges to the licensed entity are consistent with charges to external customers. For this purpose, we consider an entity to be a related party if it is an affiliate or related undertaking or if that entity and the network company have any other form of common ownership. A key indicator of entities being in common ownership is that they are affiliates of the ultimate controller (or controllers where there is more than one).

- 16.25 Where network operators utilise captive insurance companies, these shall be excluded from the related party exclusion. We will not allow any excess losses relating to these captive insurers (to the extent that they are covered by captive insurers) to be funded by customer.
- 16.26 When an entity ceases to be a related party, for example on a change in ultimate controller, then from the time it ceases to be a related party its margins will be allowable, if it meets the following requirement. There must be an unambiguous demonstration that its charges to the distribution business (in the original or amended contract) remain competitive and are in line with market rates, or the contract was re-tendered and that there was more than one bidder.
- 16.27 Whilst not precluding other demonstrations of competitiveness, we consider that an open competitive tender is likely to be the clearest indicator. In the absence of an open competitive tendering exercise, we will seek strong evidence that the terms of any contract are competitive.
- 16.28 Irrespective of whether the network company demonstrates competition, and they no longer disallow margins, the licensee must arrange to comply with the requirements of the relevant standard or standard special licence condition (on the maintenance and provision of information). It must continue to report the former related party's costs and margins as if it were still a related party for the remainder of the price control period. The data is required in order for us to be able to monitor performance against the price control and carry out cost analysis to inform future reviews.
- 16.29 Where a principal related party resource provider<sup>16</sup> ceases to be a related party during a price control period, for example on the restructuring of a group, we shall continue to treat them as a related party until the end of that price control period and we will continue to disallow the margins charged. At the next price control period the margins will be allowed provided that there is unambiguous

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<sup>16</sup> A principal related party resource provider is one that has a contract to operate or manage a substantial part of a licensee's day-to-day operations, and that the licensee entered into the contract before or as part of the arrangements for a change in ultimate controller, or controllers, where there is more than one

## Guidance

demonstration that the charges to the regulated business (in the original or amended contract) remain competitive and are in line with market rates, or that the contract is re-tendered and that there is more than one bidder.

### Appendix 3 - Customer Complaints

16.30 The instructions for completing the customer complaints inputs are detailed in chapter 10. This appendix details the definitions and reporting requirements for customer complaints handling.

16.31 GDNs must report all complaints falling within the scope of the definition of complaint and consumer complaint specified in the Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008 (“the Standards”) subject to the definitions and guidance contained in these RIGs. For the reporting requirement contained in these RIGs, the definition of Relevant Consumer in the Standards has been expanded<sup>17</sup> to enable reporting across all types of consumers.

#### Definitions

16.32 Complaint means any expression of dissatisfaction made to an organisation, related to any one or more of its products, its services or the manner in which it has dealt with any such expression of dissatisfaction, where a response is either provided by or on behalf of that organisation at the point at which contact is made or a response is explicitly or implicitly required or expected to be provided thereafter.

16.33 Complaint means a complaint, other than network outage report, which is made against a regulated provider either (a) by a person in that person’s capacity as a relevant consumer in relation to that regulated provider; or (b) by a person acting on behalf of such a relevant consumer.

16.34 Where it is unclear if a relevant consumer or a person acting on behalf of a relevant consumer is wishing to have their contact treated as a complaint, the GDN may ask them the question for clarification.

16.35 Relevant consumer in the context of the RIGs means any one or more of the following:

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<sup>17</sup> The Consumer Complaints Handling Standards only cover domestic consumers and micro business consumers. For the ODI measure we have extended the coverage to include other types of consumers, such as large business consumers.

## Guidance

- (a) *a person who is a consumer in relation to gas supplied by a regulated provider, or*
- (b) *a person who is a consumer in relation to services provided by a regulated provider.*

16.36 Unless otherwise expressed, reference to days will mean working days which shall be interpreted as any day other than a Saturday, Sunday, Christmas Day, Good Friday or a day which is a bank holiday within the meaning of the Banking and Financial Dealings Act 1971.

### Instructions

16.37 We request GDNs to record and report complaints which:

- relate to the regulated products and services of the GDNs, and
- may be substantially covered by other, established forms of redress, and which must be passed on to the relevant party for resolution by the redress scheme.

16.38 We request GDNs to report information on the number of complaints according to the following categories:

- the number of complaints concerning emergency response and repair work (including unplanned loss of supply),
- the number of complaints concerning planned work,
- the number of complaints concerning connections services (including connection quotations or pre-quotation enquiries as well as the delivery of connection services and disconnections),
- the number of complaints concerning other issues including (but not limited to) reinstatement and excavation, communication and engineering work where they have not been recorded under the above categories.

16.39 GDNs' systems do not need to be able to extract complaints from separate categories of relevant consumers (i.e., from domestic and micro business consumers).

### Reporting requirements

16.40 This section provides examples of scenarios that the GDNs must record and report as complaints:

- where a customer reports a loss of supply and expressly complains about there being an ongoing problem with the quality of their supply, the ongoing issue must be recorded as a complaint,

## Guidance

- during a planned interruption a customer complains that the interruption started earlier than had been notified,
- Complaints from MPs, Independent Connections Providers (ICPs), Independent Gas Transporters (IGTs) and other customer representatives,
- Complaints concerning the GDNs' product and/or service,
- If a claim for compensation is received and is accompanied by an expression of dissatisfaction, then this must be recorded as a complaint

The following are examples of scenarios that must not be recorded as complaints:

- where a customer calls to report an unplanned loss of supply,
- where, during a planned interruption, the customer calls to report a loss of supply,
- where a claim for compensation is received and is not accompanied by an expression of dissatisfaction,
- where the matter arises as the result of a road traffic accident, slip, trip or fall,
- where the matter concerns a utility, telecommunications company or local authority in respect of damage caused to the assets of that utility, telecommunications company or local authority,
- where the matter relates to contractual disputes with commercial/industrial customers
- where the customer makes contact to pursue a claim under the Guaranteed Standards of Performance (unless expressly complaining at the same time),
- wayleave disputes and landowner negotiations<sup>18</sup>,
- Where a builder/contractor/customer disputes the invoice for damaging GDN apparatus, and
- Claims for loss of business resulting from a GDN action,
- Claims for loss of earnings, and
- Claims for personal injury.

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<sup>18</sup> Complaints about the GDNs service during works undertaken must be captured as a complaint

# Guidance

## Resolved complaints

### Definitions

16.41 A resolved complaint is a consumer complaint in respect of which there remains no outstanding action to be taken by the regulated provider, including processing any goodwill payments. In this case, the complaint has either (i) been resolved to the satisfaction of the relevant consumer who made that consumer complaint or on whose behalf that consumer complaint was made, or (ii) although the consumer is not openly satisfied with the outcome, the consumer has agreed that the regulated provider has taken all action reasonably expected.

### Instructions

16.42 A complaint must not be treated as resolved until the customer is satisfied, or is reasonably believed to be satisfied, with the outcome of any actions taken by the GDN or agrees the regulated provider has taken all action reasonably expected. This will include awaiting the results of any monitoring process undertaken and subsequent actions (such as system reinforcement) before closing the complaint concerned.

### Reporting Requirements

*GDNs must not record and report the following scenarios as resolved complaints:*

- where a course of action has been agreed with the customer but not yet completed, or
- where further information or contact from the customer is pending.

16.43 Where a GDN carries out the action(s) that it had stated it would do in order to resolve a complaint and obtains confirmation from the customer, either written or oral, that the customer is satisfied with the work carried out, then the time at which all of those actions had been completed must be taken as the time that the complaint is resolved. For example, a complaint is deemed to be resolved in D+1 where a GDN carries out the action(s) that it had stated it would do in order to resolve a complaint and receives confirmation from the customer on the next working day after the complaint is received that the customer is satisfied with the work carried out.

16.44 All complaints, regardless of the method of receipt, must be treated as received on the working day that the complaint is made. For the avoidance of doubt a complaint received by 23:59 on day D must be treated as being received on day D.

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- 16.45 Any complaint resolved by 23:59 on day D or D+1 must be treated as being resolved by D+1. Any complaint resolved after D+1 and up to 31 days later is deemed to be resolved in D+31.
- 16.46 If the GDN completes the work within D+1 or D+31 but is unable to contact the customer for confirmation after the work is carried out, the GDN can then write to the customer to confirm that the customer is satisfied. If after 10 days from the day the letter was sent out there is no response from the customer, the GDN should treat this complaint as resolved in D+1 or D+31. If the customer comes back within 10 working days to report otherwise, the complaint should be treated as unresolved. If the customer comes back after D+10 to report otherwise the complaint will be classed as unresolved.
- 16.47 If after exhausting the company's internal complaints handling process (including a deadlock letter being sent to the customer by the GDN) the customer is still not satisfied, but does not pursue external redress (e.g. the Energy Ombudsman or Ofgem for determination) then the GDN may treat the complaint as resolved on the date of deadlock being issued to the customer (for example: where a deadlock letter is sent to a customer on D+29 and the customer does not pursue external redress then the complaint should be treated as resolved on D+29).
- 16.48 If the customer pursues external redress (e.g. Energy Ombudsman or Ofgem for determination)
- 16.49 where the final decision from the external redress is in favour of the GDN, the complaint should still be treated as resolved on that of the date of the deadlock being issued;
- 16.50 where the final decision from the external redress is in favour of the complainant, the complaint should be reopened and treated as resolved on the date of all actions being carried out as per the outcome of the external redress.
- 16.51
- 16.52** Where a deadlock letter is not yet issued and customer applies to the Ombudsman at a point where it has been 8 weeks or more since the customer complained to the GDN, we would expect the original complaint not to be reported as resolved until the outcome of the Ombudsman investigation has been concluded.
- 16.53** Where a complaint spans a regulatory year (for example, is received in March but resolved in April), performance should be reported in the latter regulatory year.

### Repeated complaints

# Guidance

## Definitions

16.54 A repeated complaint is where the customer makes contact to express dissatisfaction with the same or substantially the same matter that was the subject of a previously resolved complaint within a 12-month period.

## Reporting requirements

16.55 The following are examples of complaints which must be recorded as repeated complaints:

- a customer complaint regarding the unacceptable quality of reinstatement carried out in their drive. The GDN carries out further work to the satisfaction of the customer and resolves the complaint. The reinstatement fails, within 12 months of the resolution date, and the customer complains,
- an MP complains about the number of interruptions a certain constituent has received and the GDN duly informs the MP that it has identified the issue and rectified the fault, thus resolving the complaint. The MP/customer/other customer representative contacts the company, within 12 months, to raise the same issue and it is the repaired, or replaced, piece of equipment that is faulty.

16.56 The following are examples of scenarios not to be recorded as repeated complaints:

- where the previously resolved complaint was resolved more than 12 months before the GDN receives a similar or substantially the same complaint from the customer, or
- where the GDN receives a similar or substantially the same complaint from the customer relating to a matter that has been the subject of an Energy Ombudsman finding in favour of the GDN in the last 12 months.

## Escalated Complaints

16.57 An escalated complaint is a complaint where a consumer remains dissatisfied with the response provided by the regulated provider and should be escalated in line with the GDNs published complaints handling procedure until it either becomes a resolved complaint or it exhausts all relevant forms of redress available such as issuing a deadlock letter to the customer.

16.58 An escalated complaint will still be classified as an unresolved complaint until the time of deadlock or final decision from external redress.

# Guidance

## Deadlock letters

### Definitions

16.59 A deadlock letter is a final response from the GDN to the customer in which the position of the GDN is stated to be different from that of the customer.

### Reporting requirements

16.60 A GDN must record all those letters it has issued where its stance could reasonably be interpreted as being at odds with that of the customer.

## Energy Ombudsman decisions in favour of the complainant

### Definitions

16.61 An Energy Ombudsman decision in favour of the complainant is one where the GDN is required to make a payment over and above that previously offered to the complainant, change its processes beyond what it had previously indicated to the complainant that it would, or both.

### Reporting Requirements

16.62 A GDN must not record as Energy Ombudsman decisions in favour of the complainant instances where the decision is as favourable (or less) to the customer as the offer previously made by the GDN to the customer.

## Appendix 4 - Customer Satisfaction Survey Definitions and Detailed Reporting Requirements

16.63 The instructions for completing table 9.01 Customer Satisfaction Survey are detailed in chapter 10. This appendix details definitions and detailed reporting requirements.

16.64 Each GDN must carry out the three customer satisfaction surveys on a weekly/monthly basis and submit the results of these surveys to Ofgem on an annual basis. Each survey should reflect the views of a sample of customers who are likely to have experienced certain aspects of the GDN's customer service, where the relevant service areas are emergency response and repair, planned work and connections services.

16.65 This chapter details:

## Guidance

- the form of the customer satisfaction surveys and the manner in which they are to be conducted,
- the provision of information to the independent third parties appointed to carry out the surveys,
- the sample selection and timing of the surveys,
- the method of calculating the results of the customer survey, and
- the arrangements for reporting the survey results to Ofgem.

### Form of the surveys

16.66 Each GDN is required to appoint an independent third party, such as a market research company, to undertake regular customer satisfaction surveys according to the following default channels:

- Planned work – Postal
- Emergency and response work - Telephone with an option for postal or online.
- Connections work – Telephone or e-mail (based on customer preference)

16.67 Each GDN can appoint a different third party to carry out the survey, but prior notification must be given to Ofgem of any change to provider. Ofgem reserves the right to audit the GDN's customer satisfaction survey arrangements to ensure that they are compliant with the RIGs.

16.68 GDNs (or their appointed third party) must not use financial or non-financial incentives to encourage customers to return completed surveys.

16.69 Surveys must be completed independently by the customer and if they do require any support, this should only be provided by the Independent third party and not the GDNs.

16.70 If a GDN wishes to use a format that is different to the standard templates, they may apply to Ofgem for permission to do so. Any additional survey questions should appear after the questions required by the template.

16.71 GDNs must satisfy themselves that in undertaking these customer surveys they comply with the relevant data protection and other information legislation.

### Provision of information to the independent third party

# Guidance

## Survey population

16.72 For each week/month, GDNs must provide to the independent third party all relevant details of customers who have experienced an activity specified in Table A5.1 since the beginning of the month for which records are available, as well as any customers that experienced the activity in previous months but whose details were not presented for sampling in that month. The provision of information is subject to certain exclusions specified below.

**Table 9.01 Customer survey population**

Activity	Population
Planned work	Customers of the GDN who, during the relevant month, were affected by planned work carried out by the GDN on service pipes that was likely to cause an interruption to their gas supply.
Emergency and repair	Customers of the GDN who, during the relevant month, were affected by work carried out on service pipes that was likely to be associated with an unplanned interruption to their gas supply, and/or contacted the gas emergency telephone line to report a gas leak or an interruption to their gas supply.
Connections	Domestic customers and non-domestic customers consuming less than 73,200 kWh per annum who initiated work completed during the relevant month on a new gas connection or an alteration to an existing gas connection. This excludes customers whose dealings with the GDN were via a gas supplier, independent gas transporter, or utility infrastructure provider (UIP).

## Exclusions

16.73 Customers who have been sent a customer satisfaction survey for any of the activities in accordance with Special Condition 4.2 in the previous twelve months.

16.74 Customers who have been surveyed against the wrong service type or has accidentally been provided with a survey but has not been impacted by work carried out/does not have a gas supply.

16.75 Where there is evidence of discrimination (in the survey response) – including but not limited to racism, sexism, or religious discrimination or discrimination against any of the other protected characteristics of the Equality Act 2010.

## Guidance

- 16.76 For telephone-based surveys, if the interviewer does not clarify the GDN’s visit they are seeking scores for or leads/influences the customer to give a certain score, or the customer is clearly confused by the scoring scale.
- 16.77 Where the customer is unable to adequately complete the survey.
- 16.78 If the interview has been completed when the respondent has mentioned smelling gas, or a carbon monoxide alarm activated.
- 16.79 For telephone-based surveys, if the interviewer does not adequately clarify the responsibilities of the GDN in relation to unrelated third parties/supplier or there is clear confusion around the GDN responsibilities and therefore the scoring is not valid.
- 16.80 GDNs may exclude a customer from the survey if the customer has experienced or is living within the vicinity of other customers that have experienced a major gas emergency situation such as an explosion or an incident involving carbon monoxide. In such cases the GDN does not need to provide the relevant customer's details to the third party. Please note customers that has experienced major incidents defined as affecting >250 customers are to be surveyed. The reference to major gas emergency situations is where there is a risk of loss of life, as opposed to extended/large scale interruptions.
- 16.81 Each GDN should inform Ofgem when the results are submitted of the number of customers that have been excluded from the data sent to the third party for sampling and the reasons for the exclusion.

### Sample selection and frequency of the surveys

#### Number of customers to be sampled

- 16.82 The appointed independent third party is required to select the samples for each survey randomly from the information provided by the GDN. The number of customers surveyed should be sufficient to ensure that a statistically robust sample of responses is returned by customers to the GDN. Table A5.2 sets out the minimum number of survey forms that should be completed and returned to the GDN for each type of survey in each quarter.

**Table A5.2 Minimum sample sizes (per quarter)**

Type of survey	Minimum number of surveys returns
Emergency response and repair	600

## Guidance

Planned work	450
Connection services	100% of customers

16.83 We would expect the minimum quarterly targets to be spread across each month in the quarter, subject to meeting the minimum requirements.

16.84 If the number of survey forms returned for any survey in any quarter exceeds the minimum number, then the results should be calculated from all of the completed surveys.

### Frequency of the surveys

16.85 Each GDN is required to undertake the surveys on a weekly basis (monthly for Planned work) with a one-week lag after work/contact with the customer.

### Calculating the results of the survey

16.86 This section sets out how GDNs should calculate the results from the returned customer surveys.

16.87 The survey has a number of screening questions and questions that ask customers to score the GDN's performance. For the purposes of the RIGs, those questions which ask the customer to score the GDN's performance are termed 'relevant' questions'.

16.88 The customer satisfaction survey results for the relevant questions should be scored on a scale of one to ten, where a score of one indicates that the respondent is very dissatisfied and a score of ten indicates that the respondent is very satisfied.

- While most questions in the customer satisfaction survey are relevant, the customer satisfaction surveys will be scored on one question only. These will be Question 1 on all surveys: 'Overall, how satisfied are you with the service that you received from [insert GDN]?'

16.89 Where Ofgem provides a template, GDNs and their third parties should calculate the results of the survey in accordance with the template.

### Reporting arrangements

## Guidance

16.90 Where Ofgem provides a customer satisfaction table to report performance, GDNs must submit the information in the format specified in the table.

16.91

16.92 Each GDN must publish its annual results on its website within one month of the results being provided to Ofgem. Ofgem will also publish the annual results on its website.

16.93 Any surveys that are returned to the market research company after the agreed GDN monthly reporting deadlines will be included in the month they are received, providing this is within the same reporting year. Any surveys returned after the cut-off date for annual reporting will not be included in any reporting.

# Guidance

## Appendix 5 - Customer Satisfaction Survey Covering Letter

Gas Customer

[Customer Address]

[Date]

Dear Gas Customer,

### **We want to know what you think**

[Company] is responsible for ensuring that gas is piped safely and efficiently across the [geographical area], irrespective of who you choose as your gas supplier.

[Company] is always looking for ways to improve the service it offers to gas customers. To help in this process [Company] has commissioned [agency name], an independent company, to conduct a survey on its behalf. The results of this survey will also be reported to Ofgem, the industry regulator, and published on its website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)).

I enclose a questionnaire which seeks your views on the service provided by [Company] [when responding to your call to the gas emergency phone line and/or carrying out a repair to the gas pipes to your property]/[when replacing the gas mains outside your property]/[completing connections work at your property].

The questionnaire should only take a couple of minutes to complete and any answers you give will be treated in complete confidence. Please tick the box at the end of the survey if you would like any information which personally identifies you to be destroyed. Please return the survey using the enclosed pre-paid envelope or alternatively, please complete the survey via the following website link: [insert link].

# Guidance

If you need help to complete this survey, for instance if English is not your first language or you are blind or partially sighted, please contact us on [insert agency details]. If you have an issue that you would like to discuss directly with [company], please contact the [Company] Customer Service Team on [insert details].

Your views are valuable to us, and we would like to thank you for your help in completing this survey.

Yours faithfully,

[Insert name]

**Safety note:** If you smell gas, please call the national 24-hour gas emergency service on freephone 0800 111 999 (calls will be recorded and may be monitored).

## Appendix 6 - Planned Work Survey

[Company name's] records show that they carried out work on your incoming gas supply. Please complete the questionnaire using a black pen to put a cross in the appropriate boxes like this . Where the question asks you to indicate your level of satisfaction, please rate your level of satisfaction on a scale of one to ten.

- Overall, how satisfied are you with the service that you received from [insert GDN]?

Very dissatisfied												Very satisfied
	1	2	3	4	5	6	7	8	9	10		

- How satisfied were you with [insert GDN]'s efforts to inform you about the gas replacement work affecting you?

# Guidance

Very dissatisfied

1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

Very satisfied

3. What would have been your preferred method of notification?

E-mail  
  Letter  
  Text  
  Phone call  
  Face to face

4. If your gas supply was interrupted during our works, how satisfied were you that your gas supply was available to use as soon as possible?

Very dissatisfied

1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

Very satisfied

5. For how many hours was your gas supply interrupted?

0-4  
  5-8  
  9-12  
  13-16  
  17-23  
  24+  
  I don't know

6. How satisfied were you that our engineers were respectful to you and your property whilst the work was in progress? (e.g. kept the work area as tidy as possible, used overshoes / dust sheets to protect your property)?

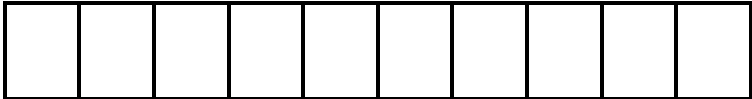
Very dissatisfied

1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

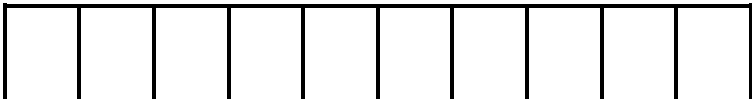
Very satisfied

# Guidance

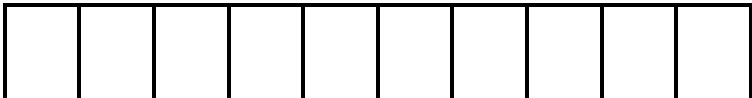
7. How satisfied were you with the communication from [insert GDN] (or their contractors) while the work was being carried out?

Very dissatisfied  Very satisfied

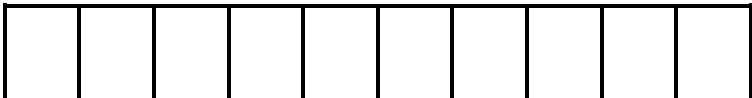
8. After the work was completed, how satisfied were you with the length of time that it took to restore the area? (e.g. backfilled any holes)

Very dissatisfied  Very satisfied

9. Whilst the work was being carried out, how satisfied were you with the professionalism of the on-site team?

Very dissatisfied  Very satisfied

10. How easy was it to deal with [insert GDN]?

Very dissatisfied  Very satisfied

11. How could [insert GDN] have communicated better with you about the replacement works in your area?

## Guidance

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12. Is there one thing you think (GDN) should change or improve upon?

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13. Please state which of the following age groups you fall into:

24 or below     25-34     35-44     45-54     55-64     65 or above

[insert name of 3rd party provider] protects your privacy under the General Data Protection Regulation (GDPR). Our full policy can be viewed here: [insert website of 3rd party provider general privacy notice]

All information given will be treated as strictly confidential and only your feedback will be shared with [insert GDN]. If you are happy for us to pass on your customer details alongside your responses, please opt in by ticking the box below.

I am happy for my personal details to be shared with [insert GDN] alongside my feedback.

# Guidance

## Appendix 7 – Emergency Response and Repair Survey Template

[Company name's] records show that:

- you reported a leak or interruption to your incoming gas supply; and/or
- they carried out a repair on your incoming gas supply.

Please complete the questionnaire using a black pen to put a cross in the appropriate boxes like this . Where the question asks you to indicate your level of satisfaction, please rate your level of satisfaction on a scale of one to ten.

1. Overall, how satisfied are you with the service that you received from [insert GDN]?

Very dissatisfied												Very satisfied
	1	2	3	4	5	6	7	8	9	10		

2. If you called the national gas emergency telephone service (0800 111 999), how satisfied were you with the information and safety advice provided by the advisor?

Very dissatisfied												Very satisfied
	1	2	3	4	5	6	7	8	9	10		

3. When the engineer arrived at your property how satisfied were you that you were informed about the gas emergency process?

---

# Guidance

Very  
dissatisfied

1	2	3	4	5	6	7	8	9	10	

Very satisfied

4. If your gas supply was interrupted, how satisfied were you that your gas supply was restored as soon as possible? (Please note that interruption here means the loss of the incoming gas supply to your property rather than an engineer disconnecting specific appliances for safety reasons.)

Very  
dissatisfied

1	2	3	4	5	6	7	8	9	10	

Very satisfied

5. How satisfied were you with the way [insert GDN] communicated with you while your supply was interrupted?

Very  
dissatisfied

1	2	3	4	5	6	7	8	9	10	

Very satisfied

6. How satisfied were you that our engineers were respectful to you and your property whilst the work was in progress? (e.g. kept the work area as tidy as possible, used overshoes / dust sheets to protect your property)?

Very  
dissatisfied

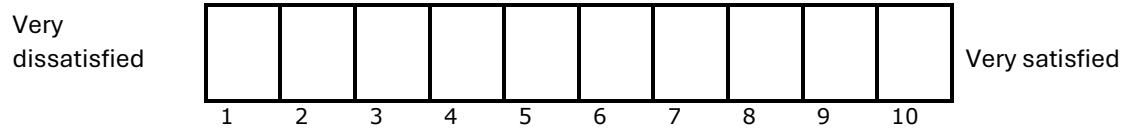
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Very satisfied

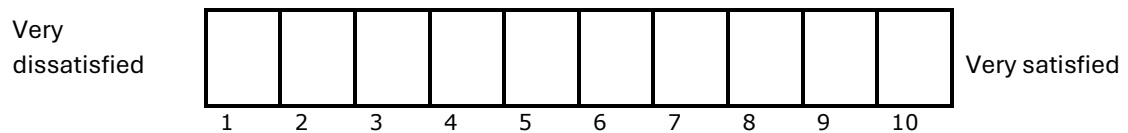
# Guidance



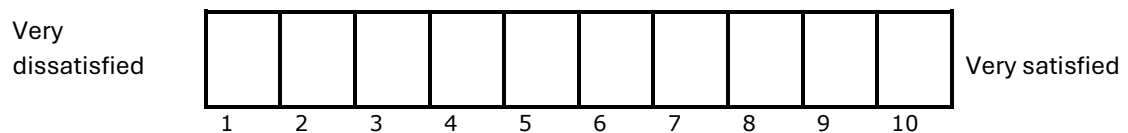
7. If we needed to dig down onto your gas supply pipes in order to carry out repairs, how satisfied were you with the length of time that it took to restore the area (e.g. backfilled any holes).



8. How satisfied were you with the professionalism of the workforce that carried out the work at your property?

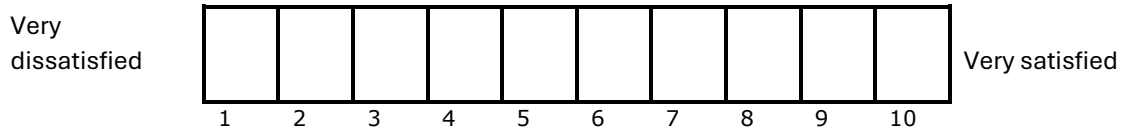


9. How satisfied were you that you were left feeling safe and reassured by the engineer(s) involved?



10. How easy was it to deal with [insert GDN]?

# Guidance



11. How could [insert GDN] have communicated better with you about the gas emergency process?

---

---

12. Is there one thing you think (insert GDN) should change or improve upon?

---

---

13. Please state which of the following age groups you fall into:

24 or below    25-34    35-44    45-54    55-64    65 or above

[insert name of 3rd party provider] protects your privacy under the General Data Protection Regulation (GDPR). Our full policy can be viewed here: [insert website of 3rd party provider general privacy notice]

## Guidance

All information given will be treated as strictly confidential and only your feedback will be shared with [insert GDN]. If you are happy for us to pass on your customer details alongside your responses, please opt in by ticking the box below.

I am happy for my personal details to be shared with [insert GDN] alongside my feedback.

## Appendix 8 – Connections Survey Template

[Company name's] records show that they issued you a quotation and / or carried out work to lay a new connection, or to alter an existing gas supply to your property. Please complete the questionnaire using a black pen to put a cross in the appropriate boxes like this . Where the question asks you to indicate your level of satisfaction, please *rate your level of satisfaction on a scale of one to ten.*

7. Overall, how satisfied are you with the service that you received from [insert GDN]?

Very dissatisfied	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Very satisfied
	1	2	3	4	5	6	7	8	9	10	

8. Can you confirm if you applied for your connection/alteration via the phone, website, postal or another method?

Phone  Website  Telephone  Postal  Other

9. How easy did you find completing the application process for your new connection / alteration?

# Guidance

Very dissatisfied

1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

Very satisfied

10. How satisfied were you with the time taken to provide the quotation?

Very dissatisfied

1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

Very satisfied

11. How satisfied were you with the date you were given to complete the work?

Very dissatisfied

1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

Very satisfied

12. Whilst the work was being carried out, how satisfied were you with the professionalism of the on-site team?

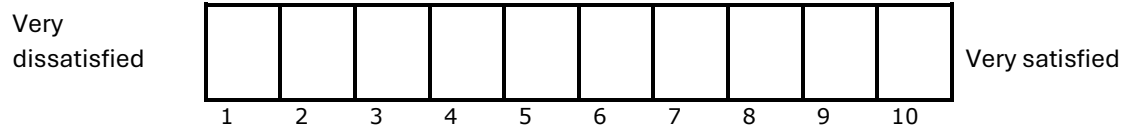
Very dissatisfied

1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

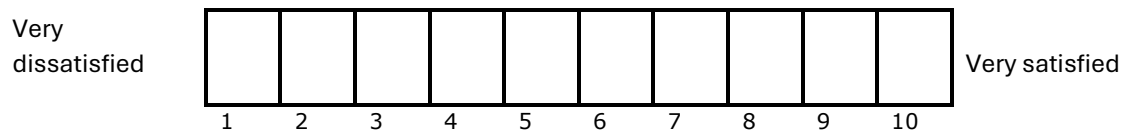
Very satisfied

13. How satisfied were you that our engineers were respectful to you and your property whilst the work was in progress? (e.g. kept the work area as tidy as possible, used overshoes /dust sheets to protect your property)?

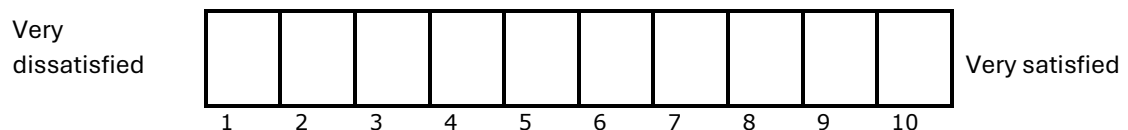
# Guidance



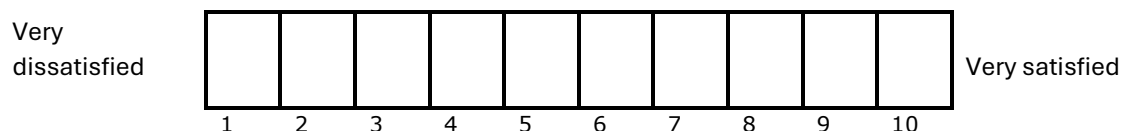
14. Once the work was completed, how satisfied were you with the length of time that it took to restore the area? (e.g. backfilled any holes)?



15. How satisfied were you with the communication from (insert GDN) (or their contractors) while the work was being carried out?



16. How easy was it to deal with [insert GDN]?



## Guidance

17. How could [insert GDN] have communicated better with you about the connections process?

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18. Is there one thing that you think [insert GDN] should change or improve upon?

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19. Please state which of the following age groups you fall into:

24 or below    25-34    35-44    45-54    55-64    65 or above

[insert name of 3rd party provider] protects your privacy under the General Data Protection Regulation (GDPR). Our full policy can be viewed here: [insert website of 3rd party provider general privacy notice]

All information given will be treated as strictly confidential and only your feedback will be shared with [insert GDN]. If you are happy for us to pass on your customer details alongside your responses, please opt in by ticking the box below.

I am happy for my personal details to be shared with [insert GDN] alongside my feedback.

# Guidance

## Appendix 9 – Guaranteed Standards of Performance

- 16.94 The instructions for completing table 12.1 Guaranteed standards of performance (GSOPs) are detailed in chapter 14. This appendix explains the GSOPs contained in the Gas (Standards of Performance) Regulations 2005 SI No. 25719 (“the Regulations”) and detailed reporting requirements.
- 16.95 The reporting requirements for Independent Gas Transporters (“IGTs”) are not the same as those for the eight regional Gas Distribution Networks (“GDNs”). GDNs are required to provide data on all of the areas covered by this document. IGTs are only required to report on performance against the GSOPs. This document does not apply to GTs in respect of the National Transmission System.
- 16.96 This guidance is subordinate to the Regulations and to the GT licence. This document does not change, alter or amend any definition or obligation contained within any of those other documents. In case of any inconsistency, the Regulations and GT licence take precedence over this guidance.
- 16.97 GSOPs set service levels that must be met in each individual case. If a GT fails to meet the service level specified in the Regulations, it must make a payment to the customer affected.
- 16.98 To discharge the obligation to make payments to a customer under the GSOPs GTs can make the payments directly to a customer, where applicable to another GT for onward transmission to a customer, or under arrangements in Paragraph 1 of Licence Condition SC20 to shippers for prompt onward transmission via suppliers to the customer.
- 16.99 Where the GT has to make a payment to the customer, these payments will be made automatically without the customer needing to make a claim.
- 16.100 GTs can choose to make additional ex gratia payments where they consider it to be appropriate or make such payments where an exemption applies.
- 16.101 It should be noted that for all standards, references to the “number of payments” requires the licensee to detail the number of individual payments made to customers. For example, a customer who received three payments for one standard, following a three-day failure by the GT, would be recorded as three individual payments. This is distinct from the number of customers where the relevant standard was not met which is recorded separately.

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<sup>19</sup> The Gas (Standards of Performance) Regulations 2005 [http://www.opsi.gov.uk/si/si2005/uksi\\_20051135\\_en.pdf](http://www.opsi.gov.uk/si/si2005/uksi_20051135_en.pdf); The Gas (Standards of Performance) (Amendment) Regulations 2021, <https://www.legislation.gov.uk/uksi/2021/257/made>

## Guidance

16.102A more detailed explanation of the standards and exemptions follows the table, including an explanation of the exemptions specific to each standard. The table at the end of this appendix also sets out the individual regulations relevant to each GSOP as presented in the Gas (Standards of Performance) Regulations SI 2021.

Activity	Population
Planned work	Customers of the GDN who, during the relevant month, were affected by planned work carried out by the GDN on service pipes that was likely to cause an interruption to their gas supply.
Emergency and repair	Customers of the GDN who, during the relevant month, were affected by work carried out on service pipes that was likely to be associated with an unplanned interruption to their gas supply, and/or who contacted the gas emergency telephone line to report a gas leak or an interruption to their gas supply.
Connections	Domestic customers and non-domestic customers consuming less than 73,200 kWh per annum who initiated work completed during the relevant month on a new gas connection or an alteration to an existing gas connection. This excludes customers whose dealings with the GDN were via a gas supplier, independent gas transporter, or utility infrastructure provider (UIP).

### GSOP1 (Regulation 7) - Supply restoration.

16.103 Gas Transporters (“GTs”) must restore customers’ gas supplies within 24 hours following unplanned interruptions on their network. Where a GT fails to do this, it must pay domestic customers £60, and non-domestic customers £100. GTs are required to pay further compensation of £60 or £100 for each subsequent period of 24 hours until the customer’s supply is restored to the ECV of the premises. Payments will be indexed yearly to CPIH and rounded to the nearest £5.

16.104 GTs are exempt from making compensation payments to a customer under this regulation in respect of a particular incident, if that incident:

- causes disruption to more than 30,000 customers' premises.
  - was caused by the customer who would otherwise be due payment under GSOP1;
- or

## Guidance

- was caused by severe weather conditions or other circumstances of an exceptional nature, provided that the GT took all reasonable steps to prevent the circumstances from occurring and from causing an extended interruption.

16.105 Where an interruption is caused by a GT whose pipe-line system is not connected to the customer's premises, and provided that the GT responsible for the interruption has been informed within five days following the end of the interruption of the number of customers affected, whether each of those customers are domestic or non-domestic and of the duration of the interruption for each customer, the GT causing the interruption shall be liable for the compensation payments. The liable GT can make the payment(s) to the customer directly, to the GT whose pipe-line system is connected to the customer's premises or to the relevant shipper.

16.106 Compensation arrangements under GSOP1 do not apply to customers whose annual gas consumption exceeds 73,200 kWh per year. Compensation arrangements for these customers are set out in the Uniform Network Code.

### **GSOP2 (Regulation 8) – Reinstatement of customers' premises.**

16.107 Following the completion of work to a service pipe and any associated work to a distribution main where the pipe or main lies under or within the premises of a customer, GTs are required to reinstate those premises within 5 working days.

16.108 For priority domestic customers, a GT is required to reinstate the premises within 3 working days. This applies to customers who are registered on the PSR at least one month prior to the commencement of reinstatement work. For priority domestic customers who have been registered for less than one month, the timeframe of reinstatement within 5 working days will apply to them.

16.109 GSOP2 requires GTs to ensure that a customer's premises are reinstated to a reasonable standard having regard to its condition before the start of the works. In particular, access routes to buildings on those premises should be reinstated so that they are reasonably fit to be used as they were before the start of the works.

16.110 A customer's premises shall be deemed to have been reinstated where:

- any drive, path or other route used to obtain access to any building on the customer's premises and any building or structure on those premises has been replaced or repaired so that the drive, path, other route, building or structure is reasonably fit for the type of access or use for which it was used prior to commencement of the work; and
- any other part of the premises, including any garden or lawn, has been reinstated, so far as is reasonably practicable, to a reasonable standard and

## Guidance

with reasonable care and skill having regard to its condition prior to commencement of the work.

16.111 GTs failing to meet this standard shall pay £100 to domestic and £200 to non-domestic customers and shall make further payments of £100 or £200 for each succeeding period of 5 working days (or 3 working days for PSR customers) during which the failure occurs.

16.112 Payments will be indexed yearly to CPIH and rounded to the nearest £5.

16.113 GTs are exempt from making compensation payments under this regulation if the work on the service pipe or distribution main:

- was requested by the customer who would otherwise be due compensation under GSOP2 and the work related to the connection or alteration to the connection of the customer's premises; or
- was required as a result of the act or default of a customer or a person under the customer's control.

### **GSOP3 (Regulation 9) – Priority domestic customers**

16.114 A priority domestic customer is a domestic customer (who are registered more than one month prior to the commencement of the works) in respect of whom the relevant details are included on the Priority Service Register maintained by gas suppliers in accordance with the gas suppliers' licence have been provided to the relevant gas transporter.

16.115 This standard requires that where there is an interruption to the conveyance of gas to a priority domestic customer's premise or to fittings at those premise of a priority domestic customer whose details have been supplied to a GT, the GT must provide alternative cooking and heating facilities at the customer's premises.

16.116 Where a GT has notified the customer of a service interruption, it must provide alternative facilities within 4 hours of the start of the interruption.

16.117 Where a GT has not notified the customer of a service interruption and the interruption affects less than 250 customers, it must provide alternative facilities within 4 hours of the start of the interruptions. Where the interruption affects 250 or more customers, it must provide the facilities within 8 hours of the start of the interruption.

16.118 For major incidents (>250 customers) that last longer than 48 hours, companies should offer a hot meal to all PSR registered customers and access to hot water to

## Guidance

PSR customers on needs codes 23 and 37 every 24 hours (excluding the first 48 hours) until supply is restored at the customer's premises or gas fittings. The initial 48 hours is calculated from the start of the interruption. Subsequent 24 hour periods for access to a hot meal and hot water should be based upon the start time.

- 16.119 The alternative facilities that must be provided are, in respect of heating, an electric fan heater and, in respect of cooking, a single ring electric or bottled gas appliance or, in either case, any reasonably equivalent appliance.
- 16.120 GTs are exempt from making compensation payments under GSOP3 if the customer declines alternative or additional facilities offered to them by the GT.
- 16.121 If the GT does not deliver the necessary facilities to the customer's premises but instead makes those facilities available to customers for collection at a reasonably convenient location for the customer and notifies the customer of that location then, provided that the GT could reasonably have expected the customer to have collected or arranged for the collection of the facilities, the GT will be deemed to have complied with this standard.
- 16.122 In each case, where a GT fails to meet the required standard, a compensation payment of £50 shall be made to the customer every 24-hour period up to a cap of £500. Subsequent 24 hour periods will start from the end of the 4 or 8 hour period when facilities should be offered.
- 16.123 In the case of major incidents, the initial 48 hour period is calculated from the start of the interruption. Subsequent 24 hour periods for access to a hot meal and hot water should be based upon the start time.
- 16.124 In calculating whether a GT has complied with the initial provision of heating and cooking facilities under GSOP3, the period from 10:00pm – 6:00am is excluded from the calculation.
- 16.125 For the provision of a hot meal, this should be offered to all priority domestic customers in the form of hot food delivered to customer's premises or made available by collection, a food voucher, or a reasonably equivalent alternative.
- 16.126 For the provision of hot water, this should be for customers that meet Needs Codes 23 (medically dependent on showering) and 37 (water dependent for medical reasons).<sup>20</sup>

### Application of Guaranteed Standards for connections

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<sup>20</sup> The official list of industry PSR needs codes (description of vulnerabilities) are available [here](#).

## Guidance

16.127 Guaranteed standards 4 – 11 (GSOP4 – GSOP11), inclusive, do not apply:

- to the conveyance of gas at a pressure of greater than 7 bar;
- to developments of at least five new build domestic or non-domestic premises;
- for complex connections/works of sufficient complexity, as per the Statutory Instrument
- for excluded connections, as per the Statutory Instrument
- where relevant, if the customer requests a deferral.

16.128 GTs are exempt from the requirement to make payments to customers under Guaranteed Standards 4 – 11 (GSOP4 – GSOP11), inclusive, in any of the circumstances mentioned in the paragraphs describing the individual standards below and, generally, if:

- a GT cannot provide an accurate quotation within the relevant time scale because the quotation will include costs that can only be negotiated with and paid to a third party.
- consents required from third parties cannot be obtained by reasonable endeavours.
- in the case of a quotation not requiring a site visit, a GT makes an incorrect assumption in providing that quotation as a result of the customer providing incorrect or incomplete information.
- where the service relates to the provision of metering services as defined in the GTs licence; and
- where a GT considers a request to be frivolous or vexatious

### **GSOP4 (Regulation 10(3)(a)), GSOP5 (Regulation 10(3)(b)(i-iii)) and GSOP6 (Regulation 10(b)(iv-vii)) – Provision of quotations**

16.129 GTs are required under GSOP4 to provide a standard quotation within 4 working days of receiving a request from a customer for a quotation for a new connection, an alteration to an existing connection up to and including 275kWh per hour, or a disconnection less than 2 bar gauge. If the GT fails to meet this standard, it shall pay both domestic and non-domestic customers compensation of £20 and a further £20 for each working day that the failure continues, up to a maximum of £500 or the quotation sum, whichever is lower.

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- 16.130 If a non-standard quotation is required, the GT shall, under GSOP5, provide the customer with the quotation within 11 working days from receipt of the request for connection an alteration to an existing connection up to and including 275kWh per hour, and other disconnections less than 2 bar gauge. A compensation payment of £20 will be due to both domestic and non-domestic customers if this standard is not met. Further payments of £20 will also be payable for each working day that the failure continues, up to a maximum of £500 or the quotation sum, whichever is lower.
- 16.131 If a non-standard quotation is required and the connection or alteration exceeds 275kWh per hour, or it relates to disconnections greater than or equal to 2 bar gauge or diversions, GSOP6 specifies that GTs have 21 working days from receipt of the request for connection within which to provide the quotation. A compensation payment of £40 will be due to both domestic and non-domestic customers if this standard is not met. Further payments of £40 will also be payable for each working day that the failure continues, up to a maximum of £1000 or the quotation sum, whichever is lower.
- 16.132 In each of these cases, if a GT provides a quotation that is later found to be inaccurate for the purposes of GSOP7, it shall be deemed to have failed to comply with the relevant standard.

### **GSOP7 (Regulation 10(4)) – Challenges to the accuracy of quotations**

- 16.133 This standard requires that GTs must refund any overcharge that has been paid by customers who receive and challenge inaccurate quotations for a new connection, the alteration of an existing connection, a disconnection or a diversion. Cap and payments are reflected by GSOPs 4, 5 or 6.
- 16.134 Such a challenge by a customer regarding the accuracy of a quotation must be made and found to be inaccurate in accordance with any accuracy scheme published by the GT.

### **GSOP8 (Regulation 10(3)(c)) – Responses to land enquiries**

- 16.135 GTs must respond to a land enquiry in respect of a new connection, the alteration of an existing connection or a disconnection within 5 working days and must pay compensation of £80 to both domestic and non-domestic customers if this standard is not met.
- 16.136 Further compensation payments of £80 will be due to customers for each subsequent working day during which the failure occurs, up to a maximum of 6 times the prescribed sum (£480) in respect of an enquiry relating to a new connection, the alteration of an existing connection up to and including 275kWh per hour, or a disconnection less than 2 bar gauge, or a maximum of 12 times the

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prescribed sum £960 for enquiries relating to a new connection, the alteration of an existing connection above 275kWh per hour, or disconnections greater than 2 bar gauge.

### **GSOP9 (Regulation 10(3)(d)(i-ii)) and GSOP10 (Regulation 10(3)(d)(iii-iv)) – Provision of dates for commencement and substantial completion of connection work**

16.137 GSOP9 provides, within 17 working days of receipt of a customer's acceptance of a quotation for a new connection or the alteration of an existing connection of up to 275kWh per hour, that GTs must provide customers with dates for the commencement and substantial completion of the work. GTs failing to comply with this standard shall make a payment of £40 to domestic and non-domestic customers and further payments of the same amount for each working day on which the failure continues up to a maximum of 12 times the prescribed sum (£480) or the contract sum, whichever is lower.

16.138 GSOP10 provides, within 20 working days of receipt of a customer's acceptance of a quotation for a new connection or the alteration of an existing connection of above 275kWh per hour, that GTs must provide customers with dates for the commencement and substantial completion of the work. GTs failing to comply with this standard shall make a payment of £80 to domestic and non-domestic customers and further payments of £80 for each working day on which the failure continues up to a maximum of 12 times the prescribed sum (£960) or the contract sum, whichever is lower.

### **GSOP11 (Regulation 10(3)(e)) – Completion of work on the agreed date**

16.139 Under this standard, GTs are required to substantially complete connections on the date agreed with the customer. GTs failing to meet this standard, must make a payment to the customer of the amount specified in the table below and further payments of the same amount for each working day until the works are substantially complete, up to the level of the relevant cap, also specified in the table.

<b>Contract sum</b>	<b>Compensation payment due</b>	<b>Cap on compensation payments</b>
Up to and including £1,000	£40	The lesser of £400 or the contract sum
Over £1,000 but not exceeding £4,000	The lesser of £200 or 5% of the contract sum	50% of the contract sum

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Over £4,000 but not exceeding £20,000	£200	50% of the contract sum
Over £20,000 but not exceeding £50,000	£200	£10,000
Over £50,000 but not exceeding £100,000	£300	£18,000

### **GSOP12 (Regulation 12) – Payments to customers under these Guaranteed Standards**

- 16.140 GSOP12 provides that, where payment is due to a customer under any of the Guaranteed Standards described in this document, GTs must dispatch a note to the customer (or their supplier) advising that payment is due and also make the payment within 10 working days. GTs failing to comply with this standard must make a payment of £40 to the customer.
- 16.141 GSOP1 provides that a GT can be liable for payments to a customer whose premises are not connected to its pipe-line system. In these circumstances, the liable GT is required to make those payments, or make payments to the GT whose pipe-line system is connected to the customer's premises to be passed on to the customer. The liable GT is required to do so within 10 working days. GTs failing to comply with this standard must make a payment of £40 to the customer.
- 16.142 Where a GT receives such a payment to be passed on to the customer, GSOP 12 provides that the GT receiving payment must pass this payment on to the customer within 5 working days. GTs failing to meet this standard are required to make a payment of £40 to the customer.
- 16.143 A GT is exempt from this standard if there is a genuine dispute between that GT and the customer over whether a payment is due.
- 16.144 GTs can comply with the requirements of GSOP 12 by making the payment to the relevant shipper, provided that it does so in compliance with the terms of Licence Condition SC20 of the GT licence.

### **GSOP13 (Regulation 10A) – Notice of planned interruption**

- 16.145 Where a GT intends to carry out planned maintenance or replacement work to its pipe-line system that will cause an interruption to the supply of customers' premises, GSOP13 provides that the GT must give each affected customer no less than 7 working days' notice of when the interruption is expected to commence

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and stating the need for the interruption. GTs failing to meet this standard must pay £40 to domestic customers and £100 to non-domestic customers.

### **GSOP14 (Regulation 10B) – Responding to complaints**

16.146 This standard requires that GTs receiving written complaints or verbal complaints to a specified customer service telephone number to which the GT reasonably expects that the customer will anticipate a response shall provide a substantive response within 5 working days. GTs failing to meet this standard must make a payment of £40 to the customer.

16.147 Where a GT receives such a complaint and is unable to provide a substantive response within 5 working days, either because a site visit is required or because it needs to make enquiries of a person who is not one of its officers, employees or agents, it shall, within that 5 working day period, write to the customer including the information of whom the customer can contact regarding the complaint. It shall also state that a substantive response will be provided within 10 working days of receipt of the complaint. GTs failing to meet this standard must make a payment of £40 to the customer.

16.148 The GT is then required to provide a substantive response within this 10-working day period. GTs failing to meet this standard must make a payment of £40 to the customer.

16.149 In any instance where a payment is due to a customer under this standard, a further payment of £40 shall be due to the customer for each period of five working days that the failure continues, up to a maximum of £200.

16.150 GTs are not required to make payments under GSOP14 if:

- the customer informs the GT before the relevant response is due that they do not wish the GT to take any action in relation to the complaint;
- where a GT needs to contact the customer or a person who is not one of its officers, employees or agents, the GT has not received a reply from the relevant person or has not been able to contact them, having taken all reasonable steps to have done so, and having notified the customer within the relevant period that this is the case;
- where a site visit is required, the customer has requested an appointment after the time when the response would have been due; or
- the GT reasonably considers that the complaint was frivolous or vexatious.

16.151 GTs should also be aware of the implications of the complaint handling standards. Under the Consumers, Estate Agents and Redress Act 2007, Ofgem is

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required to make regulations covering the handling of consumer complaints to the regulated Gas and Electricity companies. The standards came into effect on 1 October 2008. For further information, please read the Ofgem document entitled 'Complaint handling standards', details of which can be found in the 'Associated Documents' section above.

### **Generic exemptions from payments under these standards**

16.152 In addition to the exemptions described above, GTs are exempt from the requirement to make payments under GSOP 1 – 13 if:

16.153 the customer informs the GT before the payment becomes due that they do not wish for the GT to take any action in relation to the matter;

16.154 the customer agrees with the GT that action taken by the GT before payment becomes due shall be treated as the action required by the regulation and, if the action taken includes a promise to do something, the GT keeps that promise;

16.155 the customer has failed to provide the GT with information necessary for it to meet a standard, has failed to provide the information to the address or via the telephone number specified to the customer by the GT;

16.156 it was not reasonably practicable for the GT to meet the standard due to:

- severe weather conditions;
- industrial action by the GT's employees or contractors;
- the act or default of a person other than an officer, employee or agent of the GT, or a person acting on behalf of an agent of the GT;
- the inability on the part of the GT to obtain necessary access to premises;
- there being a situation where the GT would breach or be likely to breach an enactment in meeting a standard;
- the effects of an event for which regulations have been made under Part 2 of the Civil Contingencies Act 2004;
- delays caused by the need for the GT to seek a permit for street works under the Traffic Management Act 2004 or Transport (Scotland) Act 2019; or
- other exceptional circumstances beyond the control of the GT but only where the GT has taken all reasonable steps to prevent the circumstances from occurring and to prevent them from having that effect;

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16.157the GT reasonably considers information provided by the customer to be frivolous or vexatious;

16.158the customer has:

- committed an offence under paragraph 10 or 11 or Schedule 2B of the Act; or
- failed to pay charges to the GT after receiving a notice under paragraph 7 of Schedule 2B to the Act and any action taken or not taken by the GT is in accordance with the relevant section of the Act; or

16.159the GT has disconnected or refused to connect the customer's premises under Schedule 2B of the Act.

16.160In relation to GSOP4-11, all of these exemptions apply. However, in the case of the exemptions applicable under paragraph 4 above, only if the GT has given the customer at least one working days' notice that it would be unable to keep the timed appointment unless it was not reasonably practicable to do so.

16.161In relation to GSOP13, only the generic exemptions at sub-paragraphs 1, 2, 4, 6 and 7 above apply.

### **Indexed payments and payment caps under these standards**

16.162In our Final Determinations, we decided all payments and payment cap levels would be indexed to CPIH against a baseline of January 2021. These payment levels refer to the monthly index published by the Office of National Statistics.

16.163Where there has been sufficient movement in inflation to revise payment levels, the relevant method of calculation can be found in the Regulations. GTs are required to conduct annual assessments to compare CPIH to a baseline of January 2021 and increase or decrease payment levels to the nearest multiple of £5 where CPIH triggers a change. GTs should publish new payment levels (if they are revised) on their own websites before they take effect (in April of each relevant year), to facilitate clarity for consumers.

16.164When payment levels increase, GTs will also be required to increase associated payment caps at a commensurate rate.

16.165For example, this means where a GSOP requires a payment level of £20 with a cap of £200. Assuming inflation of 2% a year against a base year 0, we should expect the GSOP to move to a payment level of £25 in year 6, by which point the indexed payment would have increased to £22.53 and would therefore require rounding to the new nearest multiple of £5. At this point, the cap will also increase

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to £250. We would not expect to see the next increase, until the indexed payment level reached >£27.50 (using this example year 15).

16.166 Where a revised payment level requires tiebreaking<sup>21</sup>, GTs will be required to round the payment level away from zero to the next multiple of £5.

16.167 GTs should apply the updated payment levels to failures that occur after 1 April. This means where payment levels are revised during the period of the failure, the final sum paid to the consumer should reflect payment levels before and after they are revised on 1 April.

### Disputes

16.168 Decisions by GTs not to make a payment under the Regulations can be disputed by customers under section 33AB of the Gas Act 1986.

16.169 Such a dispute may be referred to the Authority for determination. The determination will be made in accordance with the procedure detailed at Schedule 2 to the Regulations.

### Guaranteed Standards of Performance – voluntary scheme

16.170 Ofgem has agreed with GDNs, to extend the connections guaranteed standards (GSOP4 – GSOP11) to apply to customer groups that are not covered under the Regulations through a voluntary scheme. For ease of reporting the Regulation's references have been adopted for reporting performance under the voluntary scheme.

16.171 These customer groups include:

- gas suppliers;
- shippers;
- independent connection providers (ICPs);
- IGTs;
- Gas entry customers; and
- Domestic, non-domestic and mixed developments.

16.172 Reporting against the voluntary scheme (connections guaranteed standards, GSOP4 – GSOP11) for these customer groups should be done separately on the

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<sup>21</sup> This would be where inflation causes the new payment level to be a multiple of £2.50 that is not a multiple of £5.

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relevant section of the worksheet in the regulatory instructions and guidance (RIGs).

### Guaranteed Standards of Performance – Notice of Rights

16.173 Regulation 15(2) of the Regulations requires GTs to prepare a statement describing customers' rights under the guaranteed standards. The statement should cover regulations 7 - 14 and should explain the GSOPs and exemptions from those standards.

16.174 GTs are required to:

- provide a copy of the statement and of any revision to the statement to Ofgem and Citizens Advice before sending the statement to gas suppliers (see below);
- not less than once in any 12 month period, send a copy of the statement to each gas supplier which supplies gas to customers' premises connected to the GTs pipeline system so that it can pass it on to its customers;
- make a copy of the statement available for inspection at its premises; and
- send a copy of the statement in its current form to anyone who requests it.

16.175 It is the GT's responsibility to ensure that the Notice of Rights ("the Notice") is issued to the suppliers so that the information contained in the Notices can be relayed to customers. Under Regulation 15, the Notice should explain the guaranteed standards and any exemptions that may apply.

16.176 It is the responsibility of suppliers to ensure that their customers are fully informed of the GT standards of performance. When forwarding information on to customers on behalf of the relevant GT, a supplier is not compelled to issue copies of the GT's document – the requirement is that they should issue the information on how the standards work and apply. The format of these statements is a matter for suppliers to consider.

### 16.177 Guaranteed Standards of Performance – Regulations in Statutory Instrument

16.178 The table below sets out the specific regulations relevant to each GSOP that can be identified in the Gas (Standards of Performance) Regulations 2005 SI No. 257.

Regulation (GSOP)	When payment is due	Prescribed period	Domestic payment	Non-domestic payment	Cap on payments

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GSOP1 – Reg 7(2)(a)	Supply not restored within the relevant period	24 hours	£60	£100	—
GSOP1 – Reg 7(2)(b)	Each additional 24-hour period supply is not restored	Each 24 hours	£60	£100	No cap
GSOP2 – Reg 8(2)(a)	Premises not reinstated following work to a distribution main	5 working days (general) 3 working days (PSR)	£100	£200	—
GSOP2 – Reg 8(2)(b)(i)	Each additional 3-day period premises of a PSR customer	Each 3 days	£100	N/A	No cap

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	not restored				
GSOP2 – Reg 8(2)(b)(ii)	Each additional 5-day period premises of a general customer not restored	Each 5 days	£100	£200	No cap
GSOP3 – Reg 9(2)(a)	Alternative heating and cooking facilities not provided to PSR customers after notified interruption	4 hours	£50	N/A	£500

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<p>GSOP3 – Reg 9(2)(b)(i)</p>	<p>&lt;250 customers affected, no notice given, alternative facilities not provided</p>	<p>4 hours</p>	<p>£50</p>	<p>N/A</p>	<p>£500</p>
<p>GSOP3 – Reg 9(2)(b)(ii)</p>	<p>&gt;250 customers affected, no notice given, alternative facilities not provided</p>	<p>8 hours</p>	<p>£50</p>	<p>N/A</p>	<p>£500</p>
<p>GSOP3 – Reg 9(2A)</p>	<p>Each additional 24-hour period alternative facilities not provided</p>	<p>Each 24 hours</p>	<p>£50</p>	<p>N/A</p>	<p>£500</p>

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GSOP3 – Reg 9(2B)	Medically dependent customers not provided hot meals/water after 48 hours	Each 24 hours	£50	N/A	£500
GSOP4 – Reg 10(3)(a)	Standard quotation ( $\leq 275\text{kWh}$ or $< 2$ bar disconnection) not provided	4 working days	£20 per working day	£20 per working day	Quotation sum or £500 (lower)
GSOP5 – Reg 10(3)(b)(i–iii)	Non-standard quotation ( $\leq 275\text{kWh}$ or $< 2$ bar disconnection) not provided	11 working days	£20 per working day	£20 per working day	Quotation sum or £500 (lower)

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GSOP6 – Reg 10(3)(b)(iv– vii)	Non-stand ard quotation (>275kWh or ≥2 bar disconnect ion) not provided	21 working days	£40 per working day	£40 per working day	Quotation sum or £1,000 (lower)
GSOP7 – Reg 10(4)	Inaccurate quotation issued and challenged	As applicable	Contract-su m-based (see bands)	Contract-sum-b ased (see bands)	See contract sum caps
GSOP8 – Reg 10(3)(c)	No response to land enquiry	5 working days	£80 per working day	£80 per working day	£480 or £960 (depending on capacity/press ure)
GSOP9 – Reg 10(3)(d)(i–ii)	Dates for works not provided (≤275kWh)	17 working days	£40 per working day	£40 per working day	Quotation sum or £480 (lower)
GSOP10 – Reg 10(3)(d)(iii– iv)	Dates for works not provided (>275kWh)	20 working days	£80 per working day	£80 per working day	Quotation sum or £960 (lower)

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<p>GSOP11 – Reg 10(3)(e)</p>	<p>Connectio n not substantial ly complete by agreed date</p>	<p>As agreed</p>	<p>Contract-su m-based</p>	<p>Contract-sum-b ased</p>	<p>Contract sum or £400 (lower)</p>
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