



Making a positive difference for energy consumers

Guidance

v3.1 [DRAFT]

Publication date: 30/06/2026

Contact: Lior Bar-El

Team: Network Price Controls

Email: RIIO3@ofgem.gov.uk

Overview:

This document sets out the Regulatory Instructions and Guidance (RIGs) for the RIIO-GT3 gas transmission price control. It explains the information that the gas transmission owner and gas system operator, National Gas Transmission plc (NGT), the licensee, is required to report to Ofgem, and how that information should be prepared and submitted.

The guidance applies to reporting for the RIIO-GT3 period from 1 April 2026 to 31 March 2031. It covers cost, workload, output, asset, revenue and performance reporting requirements, alongside guidance on data quality, assurance and publication.

This document is aimed at those responsible for completing the annual Regulatory Reporting Pack (RRP) data templates who want general and specific guidance on reporting data. It will help ensure that information is reported consistently, supports effective monitoring of performance against licence obligations and Final Determinations, and enables Ofgem to assess outputs, costs and value for consumers.

Formatted: Tab stops: 7.17 cm, Left

Style Definition: Title

Deleted: RIIO-GT2-GT3 Regulatory Instructions and Guidance: Version 2.5

Formatted: Font: 28 pt

Formatted: Title

Deleted: 17 April

Deleted: Daniel Kyei

Deleted: Gas Transmission

Deleted: Telephone: 020 7901 7345
Email: Daniel.Kyei@ofgem.gov.uk

Deleted: provides instructions

Deleted: guidance to

Formatted: Font color: Black

Formatted: Font color: Black

Deleted: -

Deleted:) -

Deleted: enable it

Deleted: complete the

Deleted: requirements associated with

Deleted: -GT2 price control

Deleted: 2021

Deleted: 2026.

Deleted: ¶

Formatted: Font: 12 pt, Font color: Auto, Ligatures: Standard + Contextual

Deleted: ¶

Guidance ~~RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5~~ RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

© Crown copyright 2026

Formatted: Space Before: 6 pt, After: 6 pt, Line spacing: 1.5 lines

The text of this document may be reproduced (excluding logos) under and in accordance with the terms of the Open Government Licence.

Without prejudice to the generality of the terms of the Open Government Licence, the material that is reproduced must be acknowledged as Crown copyright and the document title of this document must be specified in that acknowledgement.

This publication is available at www.ofgem.gov.uk. Any enquiries regarding the use and re-use of this information resource should be sent to psi@nationalarchives.gsi.gov.uk.

Deleted: -----Page Break-----
¶
¶

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Contents

Foreword	7
1. Introduction	8
Background	8
Legal Framework	8
Components of the RIGs	8
Overall Structure	9
RIGs templates.....	9
Instructions and guidance	10
Commentary	11
Errors.....	11
Reporting under the GT RIGs	12
Timescales for reporting.....	12
Resubmissions	12
Review	13
Publication and sharing of templates	13
Structure of this document	14
Context & Related Publications	15
Associated Documents.....	15
Publication	15
Your feedback	16
2. General instructions	17
Introduction	17
Overview	17
Accounting policies.....	17
Structure of the template.....	18
Data entry	19
Definitions.....	19
Use of Estimates and Allocations.....	19
Additional information.....	19
Template errors	20
Re-Openers.....	20
Specific Instructions	20
3. Instructions for completing the totex worksheets	21
Introduction	21
Overview of worksheets.....	21
Specific Instructions	21

Deleted: Foreword 7¶
Background 9¶
Legal Framework 10¶
Components of the RIGs 10¶
Overall Structure 11¶
RIGs templates 11¶
Instructions and guidance 12¶
Commentary 13¶
Reporting under the GT RIGs 14¶
Timescales for reporting 14¶
Resubmissions 14¶
Review 15¶
Publication and sharing of templates 16¶
Structure of this document 17¶
Context & Related Publications 18¶
Associated Documents 18¶
Publication 19¶
Your feedback 19¶
Introduction 20¶
Overview 20¶
Accounting policies 20¶
Structure of the template 21¶
Definitions 22¶
Use of Estimates and Allocations 23¶
Additional information 23¶
Template errors 23¶
Re-Openers 23¶
Interface worksheets 24¶
Table 2.1 Revenue Interface 24¶
Table 2.2 NARM Interface 24¶
Section summary 25¶
Introduction 25¶
Overview of worksheets 25¶
Specific Instructions 25¶
Table 3.1 & 3.2 – Transmission Owner & System Operator Totex 26¶
Table 3.3 – Allowances 26¶
Table 3.4 – Totex summary 26¶
Table 3.5 – Forecast summary 27¶
Table 3.6 – PCDs 27¶
Section summary 28¶
Introduction 28¶
Overview of worksheets 28¶
Tables 4.1 – 4.18 Revenue worksheets 29¶
Section summary 31¶
Introduction 31¶
Overview of worksheets 31¶
Specific Instructions 32¶
Table 5.1 & 5.2 – Transmission Owner and System Operator indirects 32¶
Table 5.3 – Transmission Owner direct opex 44¶
Table 5.4 – System Operator direct opex 45¶
Table 5.5 – Year on year movement of opex costs 46¶
Table 5.6 – Quarry and loss of development 47¶
Table 5.7 – Physical security opex 48¶
Table 5.8 – Provisions 49¶
Table 5.9 – Business support allocation 49¶
Table 5.10 – Full Time Equivalent (Transmission Operator only) 56¶
Section summary 58¶

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Table 3.1 & 3.2 – Transmission Owner & System Operator Totex	21
Table 3.3 – Allowances	22
Table 3.4 – Totex summary.....	22
Table 3.5 – Forecast summary.....	22
Table 3.6 – PCDs	22
4. Instructions for completing the Revenue worksheets	24
Introduction.....	24
Overview of worksheets.....	24
5. Instructions for completing the operational expenditure worksheets	25
Introduction.....	25
Overview of worksheets.....	25
Specific Instructions	26
Table 5.1 & 5.2 – Transmission Owner and System Operator indirects	26
Table 5.3 – Transmission Owner direct opex.....	36
Table 5.4 – System Operator direct opex.....	37
Table 5.5 – Quarry and loss of development	38
Table 5.6 – Physical security opex	39
Table 5.7 – Provisions	40
Table 5.8 – Business support allocation.....	40
Table 5.9 – Full Time Equivalent (Transmission Operator only).....	45
6. Instructions for completing the Capital expenditure worksheets.....	47
Introduction.....	47
Overview of worksheets.....	47
Specific Instructions	48
Table 6.1 – Capex summary	48
Table 6.2 – Specific capex projects.....	51
Table 6.3 – Asset health.....	52
Table 6.4 – Redundant Assets	53
Table 6.5 – Physical security capex.....	54
Table 6.6 & 6.7 – Transmission Owner and System operator non-operational capex....	56
Table 6.8 Resilience	58
Table 6.9 Disposals.....	58
Table 6.10 West import resilience project Price Control Deliverable	59
Table 6.11 Compressor acoustic building replacement Price Control Deliverable	60
Table 6.12 Easement Reinstatement Price Control Deliverable	60
Table 6.13 Removal and remediation of pipe stabbings Price Control Deliverable.....	61
Table 6.14 Actuator replacement Price Control Deliverable	62
Table 6.15 Biomethane use it or lose it allowance	63
Table 6.16 Compressor Breakdown use it or lose it allowance.....	63
Table 6.17 Nitrogen sleeves Price Control Deliverable	64
7. Instructions for completing the gas network data worksheets	65

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Introduction..... 65
 Overview of worksheets..... 65

Specific Instructions 65
 Table 7.1 – Pipeline data 65
 Table 7.2 – Activity indicators 67
 Table 7.3 – Peak Input Demand 68
 Table 7.4 – Output Demand and system performance 68
 Table 7.5 – Compressor performance and utilisation 68
 Table 7.6 – Compressor assets 69
 Table 7.7 – Network Emissions 70
 Table 7.8 – Asset Data 71
 Table 7.9 – Forecast Scenarios 71

8. Instructions for completing outputs and policy worksheets 73
Introduction..... 73
 Overview of worksheets..... 73

Specific Instructions 73
 Table 8.1 – Customer Satisfaction Survey 73
 Table 8.2 – Business carbon footprint 74
 Table 8.3 – Gas constraints 75
 Table 8.4 – Gas constraint events 76
 Table 8.5 – Network Innovation Allowance 76
 Table 8.6 – Carry over Network Innovation Allowance 76
 Table 8.7 – Strategic Innovation Fund 77
 Table 8.8 - Re-Opener application pipeline Log 77
 Table 8.9 – Other Re-Opener application pipeline Log (TO) 79
 Table 8.10– Other Re-Opener application pipeline Log (SO) 79
 Table 8.11 – Net Zero Development 80
 Table 8.12 –Directly Remunerated Services 80

9. Instructions for completing the Gas System Operator worksheets 82
Introduction..... 82
 Overview of worksheets..... 82

Specific Instructions 83
 Table 9.1 – Operating margins 83
 Table 9.2 – NTS shrinkage 83
 Table 9.3 – NTS shrinkage incentive 84
 Table 9.4 – Residual balancing data 84
 Table 9.5 – Demand forecasting (D-1) incentive report overview 85
 Table 9.6 – Demand forecasting adjustment 85
 Table 9.7 – Demand forecasting report (D-2-D-5 overview) 85
 Table 9.8 – Greenhouse gas emissions Compressor Incentive revenue 85
 Table 9.9 – Greenhouse gas emissions venting data 86
 Table 9.10 – Maintenance incentive revenue 87

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Glossary and definitions	89
Alphabetical list	89
Definition of Totex	107
Related party transactions	110
Related party costs	110
Related party margins	111

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Guidance ~~RIIO-GT3– Regulatory Instructions and Guidance: Version 4~~

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Foreword

This document contains the gas transmission price control cost, outputs and financial Regulatory Instructions and Guidance (RIGs). This guidance applies to reporting during the RIIO-~~GT3~~ period from 1 April ~~2026~~ until 31 March ~~2031~~.

Deleted: GT2

Deleted: 2021

Deleted: 2026

Deleted: ¶

The purpose of this document is to provide a framework to allow Ofgem to collect accurate and consistent cost, volume, allowed expenditure and output delivery information from National Gas Transmission plc (NGT). The framework also enables NGT to complete the reporting requirements associated with updating various variable values and performance data in the Price Control Financial Model (PCFM) during the Annual Iteration Process (AIP), which in turn drives Allowed Revenue for the forthcoming Regulatory Year.

~~Several~~ licence conditions require NGT to provide us with this information. The main licence condition for the purposes of this document is Standard Condition A40: Regulatory Instructions and Guidance.

Deleted: ¶
¶

The template has been designed to be consistent with the RIIO-~~GT3~~ Final Determinations and will enable Ofgem to collect the information it needs to assess NGT’s performance.

Deleted: ¶

Formatted: Line spacing: Multiple 1.15 li

1. Introduction

This chapter sets out the purpose and structure of the RIGs which will apply to NGT for RIIO-~~3~~. It also sets out guidance on the process for reporting under the RIGs and our audit requirements.

Background

- 1.1 ~~This is the third~~ price control to be conducted under the RIIO (Revenue = Incentives + Innovation + Outputs) model. ~~Through RIIO-GT3, we are setting the regulatory framework to apply to NGT from 1 April 2026 to 31 March 2031.~~
- 1.2 As part of Ofgem’s regulatory oversight of network companies we collect a wide variety of both qualitative and quantitative information.
- 1.3 The RIGs provide a framework which enables Ofgem to collect data from NGT during the RIIO-~~GT3~~ period. We collect data to enable us to administer the Special Conditions of NGT’s ~~licence~~ (the conditions which relate to the price control) and our price control Final Determinations for NGT. For example, the RIGs allow us to monitor NGT’s performance against the outputs it is required to deliver, calculate any rewards or penalties associated with incentive mechanisms, and to determine adjustments to allowances determined within period, i.e. costs determined through uncertainty mechanisms.

Legal Framework

- 1.4 For RIIO-~~GT3~~ the reporting requirements have been consolidated in a single new licence condition: Standard Special Condition A40: Regulatory Instructions and Guidance (‘the RIGs Licence Condition’).
- 1.5 The RIGs Licence Condition sets out the scope and governance arrangements for the RIGs.
- 1.6 These instructions do not change any definitions or obligations contained within the gas transmission ~~licence~~ and in the event of any conflict, the licence conditions will take precedence.

Components of the RIGs

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Formatted: Font: 24 pt, Font color: Auto

Formatted: Heading 2 (numbered), No bullets or numbering

Formatted: Highlight box

Deleted: 2

Deleted: ¶

Deleted: RIIO-GT2

Deleted: second

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: 2 is

Deleted: electricity and gas transmission companies and gas distribution networks

Deleted: 2021

Deleted: 2026

Deleted: Regulatory Instructions and Guidance (

Deleted:)

Deleted: GT2

Deleted: license

Deleted: <#>The RIGs inform NGT about the information we plan to collect, guide them on how to provide this information and enable NGT to put systems in place to collect the data to the level of detail we require. ¶ The RIGs framework also allows Ofgem to collect data on provisional total expenditure (Totex)¹ for use in the Annual Iteration Process and provides a database of licensee performance upon which Ofgem may draw to set cost proposals at subsequent price reviews. ¶ For RIIO-GT2, there is no longer a separate Revenue Workbook (GT2 Revenue workbook) as the revenue elements of reporting have moved into the C&V RRP and RIIO-GT2 Price Control Financial Model (PCFM). For guidance on the completion of the Revenue worksheets in section 4, please see Chapter 4 of this document and Chapter 4 of the PCFM Guidance. ¶

Deleted: GT2

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: license

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Overall Structure

- 1.7 The RIGs comprise a template (in MS Office Excel format) for reporting the data. This is one element of the wider suite of information provided to Ofgem on an annual basis to enable effective monitoring of NGT’s performance against the outputs it is funded to deliver as part of the RIIO-GT3 settlement. It also allows comparison against previous years’ submitted actual and forecast expenditure.
- 1.8 Other elements include instructions and guidance on how to complete the associated worksheets and report the data (this document).

Deleted: set of templates

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: They are

Deleted: GT2

Deleted: years

Formatted: Ligatures: Standard + Contextual

Deleted:)

RIGs templates

- 1.9 The data templates have been designed to act as a means of recording the basis of the RIIO-GT3 price control Final Determinations. Their content has built on the learning from the RIGs used to monitor the regulatory settlement throughout the RIIO-GT2 period and the reporting requirements developed as part of the RIIO-GT3 Business Plan submission.
- 1.10 The information provided by NGT through the RRP will be subject to annual review and confirmation by Ofgem.
- 1.11 The key points to note in completing the RIGs templates are:
- NGT must take all reasonable steps to ensure the quality of its RIGs data. Quality data will, in all material respects, be accurate, complete and fairly presented.
 - NGT must notify Ofgem of the possibility of any significant revisions to improve data quality. This notification must be issued to Ofgem as soon as it becomes evident to NGT that a reasonable likelihood exists of significant inaccuracies in any of its previously submitted data.
 - Workbooks in these RIGs may link to other workbooks. These links must be retained by NGT in the version submitted to Ofgem. Failure to do so will be considered non-compliant with the RIGs.
 - The RIGs tables are colour coded to reflect the action required (excluding revenue tables).
 - Yellow cells represent input fields.
 - Grey cells denote imported or linked values.
 - Blue cells contain calculations or formulae.
 - Light grey hatched cells are used where cells do not need to be completed.
 - Unless otherwise stated, all financial values should be input in 2023/24 prices. Therefore, data submitted in each year of RIIO-3 should be stated in 2023/24 prices.

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: GT2

Deleted: Regulatory Instructions and Guidance (

Deleted:)

Deleted: GT1

Deleted: GT2

Deleted: though

Deleted:

Deleted: The Licensee

Formatted: Bulleted Normal, No bullets or numbering

Deleted:

Deleted:

Formatted: Ligatures: Standard + Contextual

Deleted: The Licensee

Deleted:

Deleted: the Licensee

Deleted:

Formatted: Ligatures: Standard + Contextual

Deleted:

Deleted: started

Deleted: 2018/19

Deleted:

Deleted: 2

Deleted: 2018/19

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

- The GT3 PCFM works in a constant 2023/24 price base except in respect of some calculations internal to the model that use nominal prices, e.g. Tax and legacy calculations. Values that feed into the PCFM are therefore to be stated in or converted to 23/24 prices.
- 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 one decimal place with financial values reconciling to the audited regulatory accounts. However, NGT is 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 stated in the licence or elsewhere in this document, 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 NGT, then a zero must be input rather than the cell being left blank.

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Deleted: THE GT2

Deleted: 2018/19

Deleted: 18/19

Deleted: ,

Deleted: . Workload

Deleted: NGG

Instructions and guidance

1.12 The purpose of this document is to provide instructions and guidance to enable NGT to complete the associated workbooks. This document provides information on:

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

- 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
- the provision of the data to Ofgem (format, frequency etc)
- any audit or examiner requirements
- reasons for the data requirement
- a glossary of terms used in the workbooks
- provision of forecast data.

Formatted: Bulleted Normal, No bullets or numbering

Provision of forecast data

Deleted: NGT is require to provide

Deleted: expenditure profiles, where applicable,

Formatted: Font: Italic, Font color: Text 1

Guidance ~~RIIO-GT3– Regulatory Instructions and Guidance: Version 4~~

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

1.13 ~~There will be a requirement to forecast summary costs, workload and outputs for any remaining years of the RIIO-GT3 price control period. During RIIO-GT3 Ofgem may require forecasting to extend into RIIO-GT4. This requirement will be agreed with NGT.~~

Deleted: all

Deleted: GT2

Deleted: . Forecast represent NGT’s best view using best endeavours...

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

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: account of all relevant internal and external factors...

Provision of Indirect Cost Allocation Methodology

1.15 NGT must provide its methodology for allocating indirect costs as part of its reporting and subsequently inform Ofgem of any changes to this methodology annually.

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: for

Deleted:

Commentary

Formatted: Ligatures: Standard + Contextual

1.16 Alongside the submission of its templates, NGT must complete associated commentary. A strategic commentary is required in order to:

Deleted: a

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

- provide an executive summary, focussing attention on distilling key messages on the drivers of performance and presenting clear strategic insights at the reporting point in the price control period.

Formatted: Bulleted Normal, Line spacing: single, No bullets or numbering, Tab stops: Not at 4.55 cm

- give Ofgem an understanding of the key drivers of business performance in terms of expenditure, workload and outputs, including reference to the materiality of each driver.

Deleted:

- provide a summary of the key outputs that NGT has delivered during the year and set them in the context of the delivery of the overall RIIO-GT3 price control output package.

Deleted: Provide

Deleted: GT2

- provide a summary explanation of the forecast, including outputs, secondary deliverables, costs and workload.

- provide an understanding of material variances against previous year’s actuals, forecasts and against the opening baseline allowances established by the RIIO-GT3 Final Determinations and any subsequent adjustments.

Deleted: GT2

- inform Ofgem of any organisational changes / performance improvements, including modifications/enhancements to allocation methodology and/or data capture, e.g. systems.

Deleted: modification

Errors

Deleted: ¶

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

- Upon identifying an error, notify Ofgem by email, detailing the nature of the error.

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

- 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 GT RIGs

Timescales for reporting

- 1.18 The reporting year for the provision of information under the RIGs is from 1 April to 31 March in the following calendar year. The excel templates for reporting on summary costs, workload and outputs should include forecasts for each of the remaining years of the RIIO-GT3 price control period where instructed.
- 1.19 Except where otherwise stated, NGT must provide the information required on an annual basis. The information is required under the RIGs as soon as reasonably practicable and in any event not later than 31 July following the end of the reporting year to which the information relates (unless Ofgem has previously consented to a request received from NGT in writing to follow alternative submissions timescales).

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: GT2

Form of submission

- 1.20 Instructions for the electronic submission of the tables will be circulated to NGT regulation managers in advance of each submission deadline. However, if there is any doubt about the method of submission, NGT must contact Ofgem.
- 1.21 The submission must be accompanied by a letter signed by a director on behalf of NGT confirming that the data is accurate and has been provided in accordance with the RIGs.

Resubmissions

- 1.22 NGT is required to seek the agreement of Ofgem or a person nominated by Ofgem before resubmitting any information provided in accordance with these RIGs.
- 1.23 In any such instance the report concerned must be resubmitted in full (unless agreed otherwise). The resubmission must only be accompanied by a letter signed by a director where significant changes have been made and where Ofgem and/or NGT decide such a letter is required. The volume of supporting information NGT 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 in 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 resubmission.

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: the licensee

Guidance ~~RIIO-GT3– Regulatory Instructions and Guidance: Version 4~~

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

1.25 In relation to the detailed return required as part of revenue reporting, this must only be resubmitted where a restatement is necessary in the opinion of the appropriate auditor.

Review

Formatted: Indent: Left: 0 cm, Hanging: 2.25 cm

1.26 Once NGT has submitted the information to Ofgem, Ofgem or a person nominated by it ('a reviewer'), Ofgem will undertake a detailed review of the information. A review may include a visit to NGT for discussion of the information submitted. Such visits will be agreed with NGT in advance.

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted:)

Deleted: the licensee

1.27 Where a reviewer has been nominated, the reviewer will enter into an agreement with NGT to maintain confidentiality on reasonable terms.

Appointing an examiner

Formatted: Indent: Left: 0 cm, Hanging: 2.25 cm

1.28 In accordance with the RIGs Licence Condition, NGT must permit a person nominated by Ofgem to examine:

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

- the systems, processes and procedures for measuring the specified information,
- the specified information collected by NGT,
- the extent to which the systems, processes and procedures and the specified information comply with the RIGs,
- any further information relevant to the RRP submission.

Deleted: the

Formatted: Ligatures: Standard + Contextual

Deleted:

Formatted: Ligatures: Standard + Contextual

Deleted: the licensee

Formatted: Ligatures: Standard + Contextual

Deleted: process

Deleted: complies

Formatted: Ligatures: Standard + Contextual

Deleted: Any

Audit requirements in relation to revenue reporting

1.29 In accordance with the RIGs Licence Condition, Ofgem will identify the specified information, which is to be subject to audit, the terms on which an auditor is to be appointed by NGT for that purpose and the nature of the audit to be carried out by that person. We will issue an Agreed Upon Audit Procedures (AUAP) for use by an appropriate auditor by 31 March of the year of submission.

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: the licensee

Publication and sharing of templates

Formatted: Indent: Left: 0 cm, Hanging: 2.25 cm

1.30 It is a requirement for NGT to publish an annual report on its company website. The report should be published by 30 September following the end of the regulatory reporting year. The report should cover the following as a minimum:

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

- Executive Summary
- Revenue Impact - actual revenue vs allowances for reporting year
- Incentive – performance in the year against targets with potential future highlights
- Innovation – summary of innovation projects,

Deleted: v

Deleted: and

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

- Outputs - performance in the year against targets, outputs forecast to be delivered during the price control period and how these levels vary from the previous year's submission
- Costs:
 - performance in the year against targets for costs and workload where relevant, highlights of future performance, and expected outturn at the end of the price control.
 - uncertainties (including Load related) – a high-level commentary in relation to anticipated impact(s) of any uncertainty mechanism and how this has evolved from the expectations at the time of drafting the Business Plan. Comment on how these have affected forecast capex and output delivery.

1.31 Where possible, the narrative will provide a high-level summary of the five-year estimate of the totex under-/over-spend across the RIIO-GT3 period.

1.32 Additional appendices can be used to provide further detail on specific performance areas including the effect that this has had on reporting. Examples include:

- a deeper explanation of any missed, delayed or deferred outputs
- providing an overview of action being taken to mitigate any perceived delivery risks
- an explanation of changes in data reporting methodologies, disaggregation of costs or organisational structure

1.33 Tables that should be published with / in the report are:

- Totex, actuals against allowances and forecast
- Cost category, e.g. Load, Non-load, Non-operational Capex, Indirect and Network operating opex and other costs, against allowances and forecast.
- Outputs, including customer and stakeholder satisfaction, incremental capacity and gas constraints.

1.34 Ofgem may publish any further information contained in the templates, but will notify NGT in advance of any intention to do so and will make any necessary redactions.

Structure of this document

1.35 This document is divided into sections reflecting the different component parts of the RIGs workbooks. These are as follows:

- Chapter 2 provides general instructions and guidance for completing the interface worksheets.

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Deleted: years

Deleted: –

Formatted: Text - bulleted, Line spacing: single, Bulleted + Level: 3 + Aligned at: 2.54 cm + Tab after: 3.17 cm + Indent at: 3.17 cm

Deleted:

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: GT2

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: (

Deleted:)

Formatted: Text - bulleted, Indent: Left: 0.63 cm, Line spacing: single, No bullets or numbering

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Formatted: Indent: Left: 0 cm, Hanging: 2.25 cm

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

- Chapter 3 provides instructions for completion of totex worksheets.
- Chapter 4 provides instructions for completion of the revenue and interface worksheets.
- Chapter 5 provides instructions for the completion of the operating expenditure worksheets.
- Chapter 6 provides instructions for the completion of the capital expenditure worksheets.
- Chapter 7 provides instructions for the completion of the gas network data worksheets.
- Chapter 8 provides instructions for the completion of the outputs worksheets.
- Chapter 9 provides instructions for the completion of gas system operator worksheets.

Context & Related Publications

1.36 The following list contains related publications which readers may find useful.

Associated Documents

- [RIIO-3 sector specific methodology consultation: RIIO-3 Sector Specific Methodology for the Gas Distribution, Gas Transmission and Electricity Transmission Sectors | Ofgem](#)
- [RIIO3 sector specific methodology decision: RIIO-3 Sector Specific Methodology Decision for the Gas Distribution, Gas Transmission and Electricity Transmission Sectors | Ofgem](#)
- [RIIO-3 Draft Determinations for the Electricity Transmission, Gas Distribution and Gas Transmission sectors: RIIO-3 Draft Determinations for the Electricity Transmission, Gas Distribution and Gas Transmission sectors | Ofgem](#)
- [RIIO-3 Final Determinations for the Electricity Transmission, Gas Distribution and Gas Transmission sectors: RIIO-3 Final Determinations for the Electricity Transmission, Gas Distribution and Gas Transmission sectors | Ofgem](#)
- [Proposed modifications to the RIIO-3 licences and associated documents: Modifications to the RIIO-3 licences and associated documents | Ofgem](#)
- [Modifications to additional RIIO-3 associated documents: Modifications to additional RIIO-3 associated documents | Ofgem](#)

Publication

1.37 Ofgem is bound by the requirements of section [105](#) of the [Utilities Act 2000](#) relating to the disclosure of information.

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Deleted: ¶

Formatted: Indent: Left: 0 cm, Hanging: 2.25 cm

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: <#>RIIO-2 sector specific methodology consultation, 18 December 2018¶
<https://www.ofgem.gov.uk/publications-and-updates/riio-2-sector-specific-methodology-consultation>¶

RIIO2 sector specific methodology decision, 24 May 2019¶

<https://www.ofgem.gov.uk/publications-and-updates/riio-2-sector-specific-methodology-decision>¶

RIIO-2...

Deleted: Transmission, Gas Distribution and Electricity System Operator¶
<https://www.ofgem.gov.uk/publications/riio-2-draft-determinations-transmission-gas-distribution-and-electricity-system-operator>¶

RIIO-2 Final Determinations for Transmission and Gas Distribution network companies¶ and ...

Deleted: System Operator¶
<https://www.ofgem.gov.uk/publications/riio-2-final-determinations-transmission-and-gas-distribution-network-companies-and-electricity-system-operator>¶

RIIO-2 Informal licence drafting consultation for

Formatted: Bulleted + Level: 1 + Aligned at: 0 cm + Indent at: 0.63 cm

Deleted: Electricity System Operator licences

Deleted: <#><https://www.ofgem.gov.uk/publications/riio-2-informal-licence-drafting-consultation-transmission-gas-distribution-and-electricity-system-operator-licences>¶

Decision on the proposed modifications to the RIIO-2 Transmission, Gas Distribution and Electricity System Operator licence conditions¶

<https://www.ofgem.gov.uk/publications/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licence-conditions>¶

RIIO-GT2 PCFM Guidance ¶

<https://www.ofgem.gov.uk/publications/riio-2-pcfm-guidance>¶

¶

Deleted: 1005

Deleted: utilities act

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Formatted: Ligatures: Standard + Contextual

Guidance [R110-GT3- Regulatory Instructions and Guidance: Version 4](#)

Deleted: R110-GT2- Regulatory Instructions and Guidance: Version 2.5

1.38 Ofgem recognises the value of improving transparency of information in regulating natural monopolies and we intend to continue to review to what extent to publish further disaggregated data and analysis alongside the RIGs submissions.

Formatted: Indent: Left: -0.25 cm, Hanging: 1.75 cm

Your feedback

1.39 We are keen to receive your comments about this guidance. We'd also like to get your answers to these questions.

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

1. Do you have any comments about the overall quality of this guidance?
2. Do you have any comments about its tone and content?
3. Was it easy to read and understand?
4. Any further comments?

Deleted: :

Formatted: Ligatures: Standard + Contextual

Deleted:

Formatted: Space After: 8 pt, Line spacing: Multiple 1.08 li

[1.40](#) Please send any general feedback comments to Daniel.Kyei@ofgem.gov.uk.

Deleted: Daniel.Kyei@ofgem.gov.uk

Formatted: Ligatures: Standard + Contextual

Formatted: Numbered Normal, Tab stops: Not at 4.55 cm

Formatted: Space Before: 6 pt, After: 6 pt, Line spacing: 1.5 lines, Tab stops: Not at 4.55 cm

2. General instructions

Section summary

The purpose of this chapter is to provide general instructions for completing the cost and volume data template(s) worksheets by NGT. This is to enable Ofgem to effectively monitor the performance of the company in relation to the allowances set as part of RIIO-GT3 Final Determinations and against previous year's submitted actuals and forecast. Ofgem will use this information to assist in the annual assessment of the RRP submissions for RIIO-GT3.

Introduction

2.1 The data templates are a series of tables in MS Excel workbooks. The purpose of the worksheets is to facilitate the submission of uniform and comparable financial and output information from NGT. This enables comparison with the baseline settlement at Final Determinations and against prior years' performance through RIIO-GT3. This will enable comparative regulation on a consistent basis throughout the RIIO-GT3 period. The workbooks support and are designed to be consistent with the RIIO-GT3 Final Determinations.

2.2 NGT should submit accurate and, where instructed, audited figures of its costs and revenues for the relevant period. Further guidance is provided in this chapter.

2.3 The workbook has been designed to have single data entry where possible in order to avoid duplication and to facilitate reconciliations and balance checks. NGT should complete the template in full, unless instructed otherwise in the specific table guidance. If information is incomplete, NGT must provide a clear explanation why this is the case.

Overview

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. NGT should use the same accounting policies as in the preparation of the regulatory financial statements, in accordance with UK GAAP or IFRS, unless otherwise stated.

2.5 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), NGT must include appropriate details, including quantification of the difference.

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Formatted: Font: 24 pt, Font color: Auto

Formatted: Heading 2 (numbered), No bullets or numbering

Deleted: GT2

Deleted: GT2

Deleted: ¶

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: years

Deleted: GT2

Deleted: GT2

Deleted: GT2

Formatted: Ligatures: Standard + Contextual

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Formatted: Ligatures: Standard + Contextual

Deleted: All costs are to

Deleted: entered

Deleted: .

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: ,

Deleted: ,

Formatted: Ligatures: Standard + Contextual

Deleted:)

Formatted: Ligatures: Standard + Contextual

Guidance ~~RIIO-GT3– Regulatory Instructions and Guidance: Version 4~~

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Structure of the template

2.6 The template has a common structure, comprising an initial series of tabs dealing with procedural issues (contents tables, log of changes etc) followed by the main data input sections.

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

2.7 The RRP template has been separated into the following sections:

- **Section 1: Administration Tables:** These worksheets include administrative data required for the pack including ~~user guide, cover, contents, lists, change log and universal data~~.
- **Section 2: Interface tables:** These worksheets take information from the pack and are used for input to other models such as the revenue worksheets which feed the PCFM and NARM. These worksheets are coloured light yellow.
- **Section 3: Totex Summary Tables:** These worksheets provide summaries of allowances and actual totex consistent with RIIO-3 Final Determinations, including forecast Totex and PCD status. Worksheets are coloured dark blue.
- **Section 4: Revenue Tables:** These worksheets take information from the finance interface and perform calculations necessary for input to the PCFM. Where input can be sourced within the pack these cells are linked to the interface tables, otherwise they remain direct input by NGT. These worksheets are coloured light green. ~~The PCFM Guidance document provides instructions for Section 4.~~
- **Section 5: Opex Tables:** These worksheets allow NGT to populate costs and corresponding volumes of workload where appropriate in areas of opex spend. This is split by network operating costs, ~~pass through costs~~ and indirect operating costs. Worksheets are coloured dark green.
- **Section 6: Capex Tables:** These tables allow NGT to report on large capex projects and expenditure and workload delivering its asset health programme. Both Load and non-load capex is recorded as well as other non-operational capex. Worksheets are coloured light orange.
- **Section 7: Asset Tables:** The worksheets allow NGT to provide data on the status of the network, including asset data and condition as well as gas flows through the system. Worksheets are coloured grey.
- **Section 8: Outputs and other policy tables:** The worksheets allow NGT to populate information on various policy outputs including customer and stakeholder satisfaction, environmental objectives, innovation constraints and future ~~Re~~-openers. Worksheets are coloured light blue.
- **Section 9: Gas System Operator (GSO) tables:** The worksheets allow NGT to populate data on GSO-related outputs and incentives. Worksheets are coloured green.

Formatted: Bulleted Normal, No bullets or numbering

Deleted: price conversion and

Deleted: 2

Deleted: the Licensee

Deleted: blue.

Deleted: re

Deleted:

Deleted: light

Guidance ~~RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5~~ **RIIO-GT3– Regulatory Instructions and Guidance: Version 4**

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Data entry

2.8 As the templates are a series of MS Excel workbooks, links and formulae have been included to limit, where possible, the amount of manual data entry required. NGT must not change any formulae 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), Ofgem will notify NGT of the correction to be made.

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: of

2.9 Certain cells require positive entries whereas others require negative entries. Unless specified in the individual table instructions the following rules apply:

- Costs and volumes to be entered as positive values.
- Contributions (customer or otherwise) are to be entered as negative values.
- Cost recoveries are to be entered as negative values.

Formatted: Ligatures: Standard + Contextual

Formatted: Bulleted Normal, No bullets or numbering

Formatted: Ligatures: Standard + Contextual

Formatted: Ligatures: Standard + Contextual

2.10 The RIGs require the reporting of actual and forecast costs for ~~RIIO-GT2~~ **RIIO-GT3**. Actuals up until the current reporting year are **required** for all tables. The guidance for each individual table indicates the extent to which forecasts are required and whether ~~they~~ should be populated with forecasts to the end of ~~RIIO-3~~ or a rolling forecast into future price control periods.

Deleted: GT2

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: require

Deleted: ,

Deleted: it

Deleted: 2

Definitions

2.11 ~~Appendix 1 contains a detailed glossary of definitions to be used.~~ NGT must ensure that the definitions are clearly understood and ~~complied with~~ when entering any data into the template. ~~Where there is doubt or uncertainty, please refer to Ofgem for clarification.~~

Formatted: Ligatures: Standard + Contextual

Deleted: Detailed

Deleted: are included in the specific instructions for the tables unless they affect more than one table.

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: are

Deleted:

Deleted:

Use of Estimates and Allocations

2.12 ~~Apportionments should be avoided wherever possible. However, where NGT (and any affiliate or related undertaking of NGT) has apportioned costs to complete the tables, the basis of apportionment must be provided. Changes in apportionment should also be highlighted and explained.~~

Formatted: Ligatures: Standard + Contextual

Deleted: Where a licensee

Additional information

2.13 If NGT considers any additional information beyond that requested is necessary to develop a complete understanding of the information presented in the tables, then such information should be included in ~~an appendix to the submission.~~

Formatted: Numbered Normal Char

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Formatted: Ligatures: Standard + Contextual

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: narrative

Formatted: Ligatures: Standard + Contextual

Guidance ~~RIIO-GT3– Regulatory Instructions and Guidance: Version 4~~

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Template errors

2.14 Where errors in a worksheet 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 NGT.

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Re-Openers

2.15 In relation to Re-openers, where NGT expects its application to be successful and reports forecast expenditure, NGT should also ensure it reports the corresponding forecast allowance.

Deleted: re

Deleted: licensees expect their

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: report

Deleted: licensees

Deleted: they report

Deleted: Please refer to the PCFM Guidance² for re-openers....

Interface worksheets¶

Formatted: Ligatures: Standard + Contextual

Deleted: Interface worksheets¶

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Formatted: Heading 4,Sub-heading 2 - Italic

Deleted: Purpose and use by Ofgem

Specific Instructions

2.16 There are a number of interface worksheets which exist to allow data that is common to other parts of the price control to be collated and linked where necessary. The purpose and instructions for each are outlined below.

Table 2.1 Revenue Interface

Purpose and use by Ofgem

2.17 The purpose of this worksheet is to provide a single interface point to gather the required inputs for the revenue worksheets where these exist in the cost and outputs pack. Therefore, where applicable, this sheet has been updated to link through to all other relevant sheets as needed within the RRP.

Instructions for completion

2.18 This table is mainly auto-populated with data derived from revenue tables. These sheets are linked to the relevant costs throughout the pack and collated on the one sheet for transparency, so there is no input requirement for this sheet.

Table 2.2 NARM Interface

Purpose and use by Ofgem

2.19 This table is required to provide a summary of the capex expenditure that is linked to NARM outputs.

Instructions for completion

2.20 This worksheet is auto-populated and draws upon data from elsewhere in the pack. There are no input requirements for this sheet.

Formatted: Heading 4,Sub-heading 2 - Italic

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

3. Instructions for completing the totex worksheets

Deleted: Purpose and use by Ofgem

Section summary

This chapter provides guidance to NGT on the Totex worksheets. These worksheets aggregate the actual cost data provided in the rest of the pack in a manner consistent with the RIIO-GT3 Final Determinations. They also provide a snapshot of allowances for NGT to provide cost forecasts to the end of RIIO-3.

Formatted Table

Formatted: Font: Not Bold

Formatted: Section summary, Position: Horizontal: Left, Relative to: Margin, Vertical: 0.41 cm, Relative to: Paragraph, Horizontal: 0.32 cm, Vertical: 0.25 cm, Wrap Around

Introduction

Deleted: Instructions for completion

3.1 The purpose of the worksheets in this area is to summarise the cost information at various levels of granularity to enable Ofgem to understand NGT's performance against allowances. These tables are summary sheets, aggregating data populated elsewhere in the template. The only input required is in the Totex forecast worksheet.

Moved (insertion) [1]

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: NGTs

Formatted: Ligatures: Standard + Contextual

Overview of worksheets

3.2 The worksheets included in this chapter are:

- 3.1 Transmission Owner totex
- 3.2 System Operator totex
- 3.3 Allowances
- 3.4 Totex summary
- 3.5 Forecast Totex
- 3.6 PCDs

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Formatted: Bulleted Normal, No bullets or numbering

Specific Instructions

Deleted: ¶

Table 3.1 & 3.2 – Transmission Owner & System Operator Totex

Deleted: Purpose and use by Ofgem

Purpose and use by Ofgem

3.3 The purpose of this table is to provide a summary of NGT's actual Totex on a basis consistent with the allocation of allowances at Final Determinations.

Instructions for completion

3.4 This table is linked to other worksheets and there is no input requirement.

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Table 3.3 – Allowances

Purpose and use by Ofgem

3.5 The purpose of this table is to provide a summary of NGT’s allowances as allocated at Final Determinations for RIIO-GT3. It includes baseline allowances, uncertainty mechanism allowances and RPE allowances by transmission owner level and system operator level.

Instructions for completion

3.6 This table is pre-populated and there is no input requirement. As allowances are adjusted through re-openers, Ofgem will update the values in the relevant cells.

Deleted: Purpose and use by Ofgem

Table 3.4 – Totex summary

Purpose and use by Ofgem

3.7 The purpose of this table is to provide a high-level summary of NGT’s actual Totex at the cost category level and to capture forecast costs for the remaining years of RIIO-GT3.

Instructions for completion

3.8 This table is linked to other worksheets and there is no input requirement.

Deleted: Purpose and use by Ofgem

Table 3.5 – Forecast summary

Purpose and use by Ofgem

3.9 The purpose of this table is for NGT to provide a forecast of its costs to the end of the price control period to feed into the summary tables. This will allow Ofgem to understand the likely position relative to allowances at the end of RIIO-3 and provide the necessary forecast inputs for the PCFM.

Instructions for completion

3.10 NGT should input forecast costs to the end of RIIO-3 for each cost category listed. Where these forecasts are captured elsewhere in the pack, the cells are linked. 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 cost allocation methods used by NGT for granular reporting.

Deleted: Purpose and use by Ofgem

Table 3.6 – PCDs

Purpose and use by Ofgem

3.11 The purpose of this worksheet is for Ofgem to understand the costs incurred and current delivery status of NGT’s PCDs.

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Instructions for completion

3.12 NGT should select the relevant delivery status below:

- Not Yet Commenced
- On Track - No Major Issues
- Medium Risks Identified
- High Risks Identified
- Completed

3.13 NGT should also comment on the risk relating to the delivery of the PCD.

3.14 The actual costs are reported elsewhere in the pack and are linked. Therefore, they do not require input.

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Formatted: Numbered Normal

Formatted: Bulleted Normal, Line spacing: single, No bullets or numbering

Formatted: Bulleted Normal, Indent: Left: 1.9 cm

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

4. Instructions for completing the Revenue worksheets

Section summary

These worksheets form the basis of the required inputs to the Price Control Financial Model (PCFM), which is used to determine company revenues.

Deleted: Purpose and use by Ofgem

Formatted Table

Formatted: Font: Not Bold

Formatted: Section summary, Position: Horizontal: Left, Relative to: Margin, Vertical: 0.41 cm, Relative to: Paragraph, Horizontal: 0.32 cm, Vertical: 0.25 cm, Wrap Around

Deleted: Specific definitions for this worksheet

Deleted: The sheets in this section are all linked to the revenue interface and hold the necessary formulas to

Formatted

Formatted

Deleted: input summary

Formatted: Bulleted Normal, No bullets or numbering

Deleted: input summary

Deleted: Transmission Owner

Deleted: System Operator

Deleted: Transmission Owner

Deleted: System Operator

Deleted: <#>4.7 Transmission Owner pass

Deleted: System Operator pass through

Formatted: Bulleted Normal, No bullets or numbering

Deleted: <#>4.9 Transmission Owner Opex

Deleted: Output delivery incentives¶

Deleted: revenue allowances

Formatted: Bulleted Normal, No bullets or numbering

Deleted: 12

Deleted: revenue allowances

Deleted: 13

Deleted: tax pools

Deleted: 14

Deleted: tax pools

Deleted: 15

Deleted: 16

Deleted: Rev

Deleted: 17

Deleted: Rev

Deleted: ¶

Formatted

Formatted: Font: Aptos, 12 pt

Formatted: Font: Verdana

Introduction

4.1 This worksheet is currently being developed and consulted on by Ofgem’s Regulatory Finance team. The aim is to incorporate the post-decision worksheets into the Cost RRP and this RIGs document.

4.2 For guidance in completing the worksheets listed below please refer to the latest PCFM guidance.

Overview of worksheets

4.3 The worksheets to be included in this chapter are:

- 4.1 TO PCFM [Input Summary](#)
- 4.2 SO PCFM [Input Summary](#)
- 4.3 [TO](#) PCDs
- 4.4 [SO](#) PCDs
- 4.5 [TO](#) Re-openers
- 4.6 [SO](#) Re-openers
- [4.7 TO Pass Through](#)
- 4.8 [SO Pass Through](#)
- [4.9 TO Incentives](#)
- 4.10 TO Other [Revenue Allowance](#)
- 4.11 SO Other [Revenue Allowance](#)
- 4.12 TO [Tax Pools](#) Totex allocation
- 4.13 SO [Tax Pools](#) Totex allocation
- 4.14 DRS Revenue
- 4.15 - TO Recovered [Revenue](#)
- 4.16 - SO Recovered [Revenue](#)

5. Instructions for completing the operational expenditure worksheets

Section summary

The purpose of this chapter is to provide instructions for completing the operational expenditure worksheets. This is to enable Ofgem to effectively monitor the performance in relation to the allowances set as part of Final Determinations and against previous year’s submitted actuals and forecast.

Introduction

- 5.1 The purpose of the worksheets in this section is to capture information on opex costs on a basis consistent with how allowances were allocated as part of RIIO-GT3 Final Determinations. Certain large and significant areas of cost are broken down into greater detail so that Ofgem can understand the movements more easily. Separate sheets are provided for the TO and SO costs.
- 5.2 All costs are to be entered on a cash controllable basis (see Definitions). Cash controllable means exclusive of all provisions and all accruals and prepayments that are not incurred as part of the ordinary level of business.

Overview of worksheets

- 5.3 The worksheets included in this chapter are:
- 5.1 Transmission Owner indirects
 - 5.2 System Operator indirects
 - 5.3 Transmission Owner direct opex
 - 5.4 System Operator direct opex
 - 5.5 Quarry & Loss
 - 5.6 Physical Security Opex
 - 5.7 Provisions
 - 5.8 Allocation of business support costs
 - 5.9 Full Time Equivalent

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Formatted: Font: 24 pt, Font color: Auto

Formatted: Heading 2 (numbered), No bullets or numbering

Formatted: Section summary

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: GT2

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Formatted: Bulleted + Level: 1 + Aligned at: 0.63 cm + Indent at: 1.27 cm

Deleted: Cost movements¶
5.6 ...

Deleted: 7

Deleted: 8

Deleted: 9

Deleted: 10

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Specific Instructions

Table 5.1 & 5.2 – Transmission Owner and System Operator indirects

Deleted: Purpose and use by Ofgem

Purpose and use by Ofgem

5.4 [The purpose of this table is to provide a breakdown of cash controllable costs into activities within business support and closely associated indirect costs. The table is broken down by net costs and gross costs.](#)

5.5 [The table also collects costs outside of Totex including pass through, bad debt, gas conveyed to independency systems and HyNet FEED study.](#)

Instructions for completion

5.6 [Cost data is to be input on a cash controllable cost basis.](#)

5.7 [Costs should be input as positive values.](#)

5.8 [Closely associated indirect costs and business support costs should be input gross and net of capitalisation](#)

5.9 [Business support costs are drawn from table 5.8 \(Business Support Allocations\) and therefore no specific input is required here.](#)

5.10 [The capitalised element is the difference between tables net and gross costs. This table represents the business support and closely associated indirect costs capitalised and is automatically populated.](#)

5.11 [SO costs should be reported separately from TO costs.](#)

5.12 [Pension scheme admin and PPF levy costs are now included as part of Totex and should be reported as part of this table.](#)

5.13 [Pass through costs should also be recorded in this table.](#)

5.14 [For the Transmission Owner, any related party transactions disallowed should be entered in the appropriate cells as positive values. Whether a related party transaction is disallowed is defined in Appendix 2.](#)

Specific definitions for this worksheet

Closely associated indirects

Operational IT and Telecoms

5.15 [IT equipment which is used exclusively in the real time management of network assets, but which does not form part of those network assets.](#)

Project Management

Guidance ~~RIIO-GT3– Regulatory Instructions and Guidance: Version 4~~

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

5.16 Project Management from authorisation through preparation, construction and energisation to completion.

5.17 Includes:

- Overall responsibility for major project delivery.
- Determining resource requirements.
- Planning and requisitioning materials & equipment.
- Liaising with procurement for non-standard materials as required.
- Work and resource programming.
- Risk assessments of the overall project content.
- Preparation of work instructions.
- Issue of work to own staff and contractors.
- On-site supervision and technical guidance.
- Quality checks on work undertaken.
- Organising network access and co-ordination of outages.
- Organising and supervising (where appropriate) the undertaking of commission tests.
- Issuing completion certificates.
- Arranging energisation of assets.
- Cost control.

5.18 Excludes:

- Any IT or property costs associated with Project Management.
- Any employees managing other indirect activities.
- Any design work relating to new connections new or replacement assets
- Further clarification on direct and indirect costs is provided in the guidance for table 6.1.

Network Design and Engineering

5.19 All processes and tasks involved in the:

- Strategic planning of the network.
- Detailed engineering design of new connections, extensions and changes to the network.

5.20 Includes:

- Strategic planning of the network – Relates to the tasks associated with the network in totality rather than individual projects. Includes:
- Maintenance of network design data models.
- Development of long term development statements.
- Capital planning for business plans and budgets.
- Network wide demand forecasting.
- Network Modelling.

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

- Strategic planning of the network in respect of new connections, load related network reinforcement and all aspects of the “non-load new and replacement asset installation” activity.
- Demand Connections – Relates to the tasks associated with the project specific network design and engineering of Demand Connections projects and enquiries.
- Other Network Investment – Relates to the tasks associated with the project specific network design and engineering of all other aspects of Network Investment projects.

5.21 Excludes:

- The surveying, patrolling or inspection of system assets to collect condition information.
- Any IT or property costs associated with network design & engineering.

System Mapping

5.22 The activity of mapping of the network and operational premises of the network to geographical locations.

5.23 Includes:

- Updating the geographical system maps with asset and locational information following the installation, removal or repositioning of system assets.
- The updating of Geographic Systems (GIS) records following Ordnance Survey mapping rebasing upgrades.
- Responding to the New Roads and Street Works Act NRSWA notices sent to the Company by other parties.
- Ordnance survey licence fees.

5.24 Excludes:

- Clerical support and admin associated with New Roads and Street Works Act (NRSWA).
- Updating the network control diagram
- Onsite collection of asset and locational information where this task is undertaken with the installation of the asset which is part of the associated direct activity:
- IT & Property costs associated with System Mapping activity

Engineering Management and Clerical Support

5.25 The office-based activities of engineering and clerical support staff (i.e. depot clerical staff, managers, work planners, etc) managing or assisting employees undertaking direct activities and Wayleave Administration.

5.26 Includes:

- Strategic Network Plan Development and implementation:

Guidance ~~RIIO-GT3– Regulatory Instructions and Guidance: Version 4~~

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

- ~~Managing the delivery organisational structure to achieve the long and short term company goals.~~
- ~~Agreeing resource requirements (own employees, contractors, finances and outcome targets).~~
- ~~Managing the allocation and transmission of delivery resources to achieve plans.~~
- ~~Managing key corporate policies and standards for investment/ service delivery.~~
- ~~Leading the management team for service delivery.~~
- ~~Monitoring the achievement of plans.~~
- ~~Overseeing the management of teams with responsibility for service delivery.~~
- ~~Identification and implementation of improvement initiatives:~~
 - ~~Redesign of business processes~~
 - ~~Customer service improvements~~
- ~~Work Planning, Budgeting, Allocation and Control:~~
 - ~~Monitoring delivery of major works~~
 - ~~Monitoring fault activity.~~
 - ~~Monitoring budgets of Inspections and maintenance, faults and major works.~~
 - ~~Setting and agreeing performance targets, monitoring actual performance.~~
 - ~~Reporting and analysis of Key Performance Indicators (“KPIs”).~~
- ~~Line management of staff undertaking direct activity work:~~
 - ~~Standards of performance, disciplinary and sickness absence procedures.~~
 - ~~Monitoring absence, back-to-work-interviews and welfare visits.~~
 - ~~Establishing day to day work plans.~~
 - ~~Managing the allocation tasks to achieve the delivery of operational and capital plans.~~
 - ~~Scheduling and monitoring the achievement of work jobs.~~

Guidance ~~RIIO-GT3– Regulatory Instructions and Guidance: Version 4~~

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

- ~~Managing budget.~~
- ~~Ensuring work activity adheres to company technical and health & safety requirements.~~
- ~~Operational Performance Management:~~
 - ~~Health and Safety checks on work and personnel~~
 - ~~Compliance checks on staff and contractors work carried out~~
 - ~~Site safety inspections~~
 - ~~Providing safety advice to cable contractors and others (to help prevent damage)~~
 - ~~Investigation, report and corrective action following an accident or environmental incident~~
 - ~~Authorisation of team members for operational and non operational duties~~
 - ~~Operational safety checks~~
- ~~Providing safety advice to persons working in proximity to network assets.~~
- ~~Streetworks admin: Customer Funded:~~
 - ~~Processing of NRSWA notifications.~~
 - ~~Processing the payment of notification penalties (but not the cost of the penalties).~~
 - ~~Processing permit applications (but not the costs of the permits).~~
 - ~~Processing the payment of permit penalties (but not the cost of the penalties).~~
 - ~~Processing payment of inspection penalties (but not the costs of the penalties).~~
 - ~~Liaising with local authorities.~~
 - ~~Liaising with contractors and direct labour force to undertake remedial works following inspections (but not the cost of the remedial works).~~
 - ~~Processing of congestion charges payments (but not the cost of the payments).~~
 - ~~Processing of lane rentals payments (but not the cost of the payments).~~
 - ~~Processing of overstay fines (but not the cost of the fines).~~
 - ~~Updating the Street Gazetteer.~~

Guidance ~~RIIO-GT3– Regulatory Instructions and Guidance: Version 4~~

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

- Wayleave Payments:
 - Annual payments made in advance to the owner and/or occupier to cover the financial impact of having equipment on their land.
- Wayleaves and Easements/Servitudes: Admin Costs:
 - Obtaining, managing and administering Wayleave, substation rents, easements and servitudes.
 - Negotiating new Wayleaves.
 - Managing Wayleave terminations.
 - Administration of existing Wayleaves including the preparation of payments.
 - Negotiation conversions from Wayleave arrangements to permanent easement/ Servitudes, substation rents and Wayleave payments.
- Clerical Support:
 - Updating support asset inventory databases following asset commissioning and decommissioning.
 - Updating support asset condition data following inspection and maintenance.
 - Dealing with verbal and written enquires for new connections, or faults.
 - Programming of minor works.
 - Issuing of work instructions.
 - Preparation of quotations for minor works.
 - Sending quotations to customers.
 - Customer liaison.
 - Liaising with contractors.
 - Preparing plans, schematics, notices, materials schedules and work instructions.
 - Preparing shutdown notices.
 - Environmental notifications.
 - Clerical support for staff answering verbal and written enquiries regarding faults, liaising with contractors and other stakeholders.

5.27 Excludes:

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

- Any Employees managing indirect activities (e.g. logistics manager) (include under the relevant indirect activity heading).
- Design work relating to new connections new or replacement assets.
- Responding to NRSWA notices sent to the Company by other parties (include under Systems Mapping).
- Any employees engaged in maintaining the financial asset register.
- Idle, down and sick time of direct field staff (include with their normal direct time in the appropriate direct activity).
- IT or property costs associated with Engineering Management & Clerical Support.
- Apprentices undertaking classroom training (include under Operational training and workforce renewal)
- Time of employees attending training (include as labour costs under the relevant activity).
- Training courses and training centre costs for staff relating to working on system assets (include under operational training and workforce renewal).
- Engineering and health and safety training, courses for staff involved in indirect activities (include under operational training and workforce renewal).
- Updating of underground cable and overhead line asset data bases (include under System Mapping).
- Updating financial asset register (Finance & regulation).
- Compliance checks on staff and contractors' work carried out.
- Site safety inspections.
- Investigation, report and corrective action following an accident or environmental incident.
- Authorisation of team members for operational and non-operational duties.
- Operational field safety checks.
- Time of employees attending training (include as labour cost under the relevant activity of that employee).
- Purchase of equipment (include under non-operational capex).
- Training, courses and training centre costs for staff relating to working on system assets (include under operational training and workforce renewal).

Network Policy (incl. R&D)

5.28 All processes and tasks involved in the development and review of environmental, technical and engineering policies, and including research and development.

Guidance ~~RIIO-GT3– Regulatory Instructions and Guidance: Version 4~~

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

5.29 Includes:

- Evaluating the impact of changes in relevant legislation.
- Development, regular review and updating of asset risk management policies, such as:
 - asset maintenance policy
 - asset inspection policy
 - technical standards and specifications team
 - plant, equipment and component specifications
 - vegetation management policy
 - asset replacement policy
 - network design and protection policy.
- Analysis and interpretation of asset condition data.
- Development, regular review and updating of environmental policy.
- Research and development (including Fees paid to research and development organisations).

5.30 Excludes:

- Any of the IT or Property costs associated with Network Policy.
- Excludes IFI related research and development.

Health Safety and Environment

5.31 The activity of promoting and maintaining health and safety of employees, contractors, customers and the public.

5.32 Includes:

- Developing the company’s overall health and safety policy.
- Establishing procedures to comply with best practice for health and safety.
- Maintenance of records to show compliance with Factory and Health and Safety at Work Acts.
- Providing advice on security matters both for property and personnel and provision of advice on fire prevention.

5.33 Excludes:

- Health & Safety checks on work and personnel such as:
 - compliance checks on staff and contractors’ work carried out
 - site safety inspections
 - investigation, report and corrective action following an accident or environmental incident
 - authorisation of team members for operational and non-operational duties
 - operational field safety checks

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

- time of employees attending training (include as labour cost under the relevant activity of that employee)
- purchase of equipment (include under non-op capex)
- training, courses and training centre costs for staff relating to working on system assets (include under operational training)
- engineering and health and safety training, courses for staff involved in indirect activities (include under operational training).

Operational Training

5.34 The provision of training to Operational Staff employed by NGT or Related Party or Agency Staff to support the Direct Activities of NGT.

5.35 Includes operational training and graduate trainees and apprentices.

5.36 Includes training Workforce Renewal new recruit, Operational Upskilling and Operational Refresher Training.

5.37 Operational Upskilling covers all training (whether classroom-based or on-the-job) where an employee's skill level is increased in order to undertake activities requiring a higher skill level, to undertake activities requiring a different skill set (e.g. multi-skilling or redeployment), or to undertake activities through more efficient or effective processes. It does not cover routine operational refreshers, safety briefings, non-operational training courses (e.g. MS Excel), or training for CPD purposes once qualified (e.g. accountant).

5.38 Apprentices are engaged under approved apprentice's schemes. Trainees are employed under a formal training programme.

5.39 Includes:

- Classroom training.
- On the job training.
- Trainer and course material/running costs (classroom training).
- Training admin.
- Recruitment and external advertising costs for trainees/apprentices.
- Salaries of apprentices and trainees in full time continuous training up to the point they become fully engaged in operational activities.
- Costs of staff that organise and provide operational training and maintain employees training records.

5.40 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).

Stores and Logistics

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

5.41 The activity of managing and operating stores.

5.42 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.
- Quality testing of materials held in stores.

5.43 Excludes:

- Costs of oil or other insulation medium (report under the activity for which it is used, e.g. 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).
- Vehicles and Transport - the activity of managing, operating and maintaining the commercial fleet and mobile plant (include under Vehicles and Transport).

Vehicles and Transport

5.44 The activity of managing, operating and maintaining the commercial fleet and mobile plant utilised by the Network or any other related party for the purposes of providing services to the Network.

5.45 Includes:

- Lease costs associated with the vehicle fleet and mobile plant.
- Maintenance costs of the vehicle fleet and mobile plant, including mobile generation.
- Cost of accident repairs to business' own vehicles whether covered by insurance or not and the cost recovery where recovered by insurance.
- Fuel costs of the vehicle fleet and mobile plant.

5.46 Excludes:

- Direct field staff time spent on utilising the vehicles for a direct cost activity (include under direct cost activity).
- IT & Property costs associated with vehicle management.
- Purchases of vehicles, mobile plant and equipment (include under non-op capex).
- Cost of providing company cars to employees which are benefits in kind (include as labour cost under the relevant activity of that employee).

Market Facilitation

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

5.47 This covers the following activities:

- [Network code governance and development.](#)
- [Proposing and managing industry code modifications.](#)
- [Generation and demand forecasting.](#)
- [Information provision to the industry.](#)
- [Calculation and implementation of Transmission charges.](#)

Network Planning

5.48 This covers the following activities:

- [Asset assurance and management of the asset registers.](#)
- [Business expert input into IT system development.](#)
- [Performance monitoring and improvement.](#)
- [Co-ordination and completion of benchmarking activities.](#)
- [Control Centre - Operational management and control of the network](#)
 - [Outage planning and management](#)
 - [Real time control and monitoring](#)
 - [Dispatch](#)
 - [Major incidents and emergency planning](#)

Table 5.3 – Transmission Owner direct opex

Deleted: Purpose and use by Ofgem

Purpose and use by Ofgem

5.49 The purpose of this table is for Ofgem to understand the amount of cash controllable operating costs and associated activity volumes on fault repairs and planned inspections and maintenance, including the costs of operational property management.

Instructions for completion

5.50 Information should be provided for the following categories:

- [Fault Repairs](#)
- [Planned Inspections & Maintenance](#)
- [Operational Property](#)

5.51 This table is aligned to the asset health asset categories. For planned maintenance and inspections cost and workload, volumes should be reported at the secondary sub category level and for faults the primary sub category level.

5.52 If costs in the sub-category ‘other’ exceed 10% of total costs in any regulatory reporting year Ofgem expect NGT to provide a detailed narrative for ‘other’ costs in each primary category and overall with suggestions on amendments to the reporting table to include meaningful reporting criteria that avoids or reduces the requirement for reporting in the ‘other’ cost category in future years.

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

[5.53 If it is the case that these costs are apportioned, NGT should provide the apportionment methodology used to arrive at the cost / workload split provided.](#)

Specific definitions for this worksheet

[Fault repairs](#)

[5.54 Activity that is unplanned or undertaken in response to failure found during a planned maintenance activity or reported via the telemetry system, or unexpected behaviour of any part of the asset](#)

[Planned maintenance and inspections](#)

[5.55 Any scheduled inspection either visual or invasive in line with both legislation and/or manufacturer recommendations. This including helicopter and foot patrols of pipelines, visual inspections of site fences etc.](#)

Table 5.4 – System Operator direct opex

Deleted: Purpose and use by Ofgem

Purpose and use by Ofgem

[5.56 The purpose of this table is for Ofgem to understand the operating costs incurred by NGT in operating the gas network system.](#)

Instructions for completion

[5.57 NGT should populate the costs associated with each of the categories as defined below.](#)

[5.58 Costs should be populated on a gross cost basis.](#)

[5.59 The head of GSO costs which include central management and strategy costs supporting all departments should be apportioned equally across each of the categories.](#)

Specific definitions for this worksheet

[Operational Delivery](#)

[5.60 Managing operational strategy and risk response \(short term\). Responsible for network control/access, leads and coordinates emergency response.](#)

[Commercial & Incentives](#)

[5.61 Managing commercial contracts and monitoring/developing incentive performance. This includes energy forecasting/balancing and managing shrinkage and emissions.](#)

[System Capability & Risk](#)

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

[5.62 Ensuring NTS is fit for purpose and managing risk \(long term\). Responsible for network capability/modelling and design. Lead on liaising for external publications too.](#)

[National Control](#)

[5.63 Ensure the continuous operation of the Gas infrastructure. Responsible for system delivery, supervisory control, data acquisition and simulation to ensure overall operational continuity.](#)

[Markets](#)

[5.64 Monitoring market strategy and change, including relationship with the European Union \(EU\). This includes charging and revenue.](#)

[Xoserve](#)

[5.65 Maintain the business’ \(MTB\) costs from Xoserve covering services provided including energy balancing \(credit risk management\), invoicing and Gemini services.](#)

Table 5.5 –

Quarry and loss of development

Deleted: Purpose and use by Ofgem

[Purpose and use by Ofgem](#)

[5.66 The purpose of this table is to collect details of costs relating to quarry and other loss of development claims.](#)

[Instructions for completion](#)

[5.67 NGT should provide actual costs and number of claims within each category as defined below.](#)

[Specific definitions for this worksheet](#)

[Loss of crop – annual](#)

[5.68 Annual landowner payments for reduced crop yields due to the proximity of the NTS pipeline](#)

[Loss of crop – full and final settlement](#)

[5.69 Single landowner payment to eliminate future liabilities in relation to compensation for reduced crop yields, land reinstatement and drainage](#)

[Drainage – investigation / repair](#)

[5.70 Investigation / repair of drainage issues relating to NTS pipeline](#)

[Loss of development](#)

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

[5.71 The loss of commercial or residential development opportunities due to the proximity of the NTS.](#)

[Sterilised minerals](#)

[5.72 The loss of mineral extraction opportunities due to the proximity of the NTS.](#)

[Costs \(Quarry & Loss\):](#)

[5.73](#) The cost of all claims settled in the year (irrespective of whether they have been provided for).

Formatted: Font: Aptos, 12 pt, Not Bold, Underline

Formatted: Font: Aptos, 12 pt, Underline

Formatted: Numbered Normal

[Workload \(Quarry & Loss\)](#)

[5.74](#) The number of all claims settled in the year.

Formatted: Font: Aptos, 12 pt, Not Bold, Underline

Formatted: Font: Aptos, 12 pt, Underline

Formatted: Underline

Formatted: Numbered Normal

[Workload \(memo\)](#)

[5.75](#) The cost and number of new claims provided for in the year.

Deleted: ¶

Formatted: Font: Aptos, 12 pt, Not Bold, Underline

Formatted: Underline

Formatted: Numbered Normal

Table 5.6 – Physical security opex

Purpose and use by Ofgem

[5.76](#) The purpose of this table is to inform Ofgem of the opex spent on physical security in relation to BEIS’s enhanced physical security upgrade programme (PSUP).

Deleted: ¶

Purpose and use by Ofgem ...

Deleted: Purpose and use by Ofgem ...

Instructions for completion

[5.77](#) For security reasons companies should provide overall number of sites in this table rather than listing site names.

[5.78](#) NGT will report its annual PSUP opex expenditure for both owned and shared sites. These costs should include any operational costs, including labour, associated with the PSUP programme.

[5.79](#) In the ‘Workload’ section input the number of PSUP sites, both owned and shared, that have incurred PSUP opex costs in each year.

[5.80](#) This table specifically excludes funding associated with the provision of Ministry of Defence Armed Guards. See definition for ‘security (armed guards)’.

Specific definitions for this worksheet

[Owned Site](#)

[5.81](#) A site owned NGT and incurs physical security opex costs

[Shared Site](#)

[5.82](#) A site owned by a third party but also contain NGT assets and NGT incurs physical security opex costs

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Table 5.7 – Provisions

Purpose and use by Ofgem

5.83 The purpose of this table is to collect details of the provisions that have affected the results so that Ofgem can understand any significant events happening in the year.

Instructions for completion

5.84 Data should be input as required in the yellow shaded cells. Costs should be input as positive or negative values as appropriate. SO costs should be reported separately from TO costs where appropriate. Provisions are those defined under standard accounting terminology

Table 5.8 –

Business support allocation

Deleted: Purpose and use by Ofgem

Purpose and use by Ofgem

5.85 The purpose of this table is to provide the allocation of Group net and gross cash controllable costs for business support that are charged to the UK regulated network businesses (and to non-regulated entities where appropriate).

Instructions for completion

5.86 This table should outline the allocation for each of the following categories:

- [IT & telecoms](#)
- [Property Management](#)
- [HR & non-operational training](#)
- [Finance audit and regulation](#)
- [Insurance](#)
- [Procurement](#)
- [CEO & group management](#)
- [Pension Scheme Admin & PPF Levy](#)

Specific definitions for this worksheet

IT & Telecoms

5.87 [Provision of IT services for the day to day service delivery.](#)

5.88 [Includes:](#)

- [The purchase, development, installation and maintenance of non-operational computer and telecommunications systems and applications.](#)

Guidance ~~RIIO-GT3– Regulatory Instructions and Guidance: Version 4~~

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

- ~~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. 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.~~
- ~~Voice and data telecoms (e.g. WAN, landline rental and call charges, ISDN data. includes costs/rental of mobiles except where costs are charged directly to user departments).~~

5.89 Excludes:

- ~~IT equipment which is used exclusively in the management of network assets but which does not form part of those network assets.~~

~~5.90 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.~~

~~Property Management~~

~~5.91 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, and mailroom, cleaning and booking conferences. The costs of property surveyors should also be included here.~~

5.92 Includes:

- ~~Stores, depots, offices (including training centre buildings & grounds).~~

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

- 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.
- Training centre buildings & grounds.
- Control rooms and data centres.

5.93 Excludes:

- 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.
- Network rates.

HR & non-operational training

5.94 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.

5.95 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.
- HR advice to management, succession planning and also retentions and rewards.

5.96 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

5.97 Facilitating and operating training courses of a non-technical nature for office-based staff.

5.98 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.
- Leadership development training.

5.99 Excludes:

- Any operational training costs
- Non-operational costs associated with formal training and apprentice programmes (included under operational training)
- 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).
- IT & Property management costs associated with Non-Ops Training (include under IT & Property costs respectively).

Finance, audit & regulation

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

5.101 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.

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

- Cost of regulatory department.

5.102 Excludes:

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

Insurance

5.103 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.

5.104 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
- Brokers fees

Procurement

5.105 Responsible for the procurement of goods & services in the support of the business operations, through the management of procurement contracts with suppliers.

5.106 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.

5.107 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 Indirect Costs for transmission and record in separate stores and logistics category in table 3.1).

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

- Vehicles and Transport - the activity of managing, operating and maintaining the commercial fleet and mobile plant (include under Closely Associated Indirect Costs).

CEO & group management

5.108 Includes:

- Communications - communication within the UK businesses, internal communications, external communications, media relations, issues management, regional communications, community relations, community awareness, branding, events management
- 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.
- Non-executive & group directors’ labour costs (where they are not carrying out specific departmental duties) and Board meeting costs.

5.109 Excludes:

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

Pension Scheme Admin & PPF Levy

5.110 Include pension scheme admin and Pension Protection Fund (PPF) Levy related cost for the year.

Table 5.9 – Full Time Equivalent (Transmission Operator only)

Deleted: 10

Purpose and use by Ofgem

Deleted: Purpose and use by Ofgem

5.111 This table collects details regarding Full Time Equivalent (FTE) staff numbers split between price control and non-price control activities for Transmission Operator only.

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Instructions for completion

5.112 Enter the average net FTE staff numbers for the above activities broken down into the following categories:

- [NGT own Employee FTE](#)
- [NGT Contract Labour FTE³](#)
- [Employee doing full time hours = 1 FTE](#)
- [Employee doing 80% hours = 0.8 FTE](#)
- [Employee doing full time hours and 20% overtime = 1 FTE](#)

Formatted: Font: Aptos, 12 pt

Formatted: Indent: Left: 1 cm

³ [For external contract 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. Instructions for completing the Capital expenditure worksheets

Section summary

The purpose of this chapter is to provide guidance on the completion of the capital expenditure worksheets. This is to enable Ofgem to effectively monitor the performance against allowances and outputs set at Final Determinations.

Introduction

- 6.1 The purpose of the worksheets in this area is to report capital expenditure (capex) information at various levels of granularity to enable Ofgem to fully understand capex trends and performance across major projects as well as the wider asset management programme.
- 6.2 NGT should submit accurate and (where instructed) audited figures of their costs for the relevant period. Further guidance is provided below.
- 6.3 All costs are to be entered on a cash controllable basis (see Glossary) and exclusive of atypical items except where specifically instructed to report data. Cash controllable means exclusive of all provisions and all accruals and prepayments that are not incurred as part of the ordinary level of business.

Overview of worksheets

6.4 The worksheets included in this chapter are:

- 6.1 Capex summary
- 6.2 Specific capex projects
- 6.3 Asset health by intervention
- 6.4 Decommissioning of redundant assets
- 6.5 Physical security capex
- 6.6 Transmission Owner non-operational capex
- 6.7 System Operator non-operational capex
- 6.8 Resilience
- 6.9 Disposals
- 6.10 West Import Resilience Project
- 6.11 Compressor Acoustic Building PCD
- 6.12 Easement Reinstatement PCD
- 6.13 Removal and remediation of pipe stabbings PCD

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Formatted: Font: 24 pt, Font color: Auto

Formatted: Heading 2 (numbered), No bullets or numbering

Formatted: Section summary

Formatted: Font: Not Bold, Ligatures: None

Formatted: Section summary, Line spacing: single

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Formatted: Bulleted Normal, No bullets or numbering

Moved down [2]: Asset health

Deleted: by project¶
6.5 ...

Deleted: 6

Deleted: 7

Deleted: 8

Deleted: 9

Deleted: Vehicles

Formatted: Bulleted Normal, No bullets or numbering

Deleted: ¶

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

- [6.14 Actuator Replacement PCD](#)
- [6.15 Biomethane use it or lose it allowance](#)
- [6.16 Compressor Breakdown use it or lose it allowance](#)
- [6.17 Nitrogen sleeves PCD](#)

[6.5](#) In addition to the RRP requirements as set out below for this chapter, NGT must, for each Regulatory Year and unless otherwise agreed with the Authority, submit a Basic PCD report as required by the Price Control Deliverable Reporting Requirements and Methodology: Version 6.

Specific Instructions

Table 6.1 – Capex summary

Purpose and use by Ofgem

[6.6](#) The purpose of this table is to provide a summary of all load and non-load related capex expenditure incurred on projects or bundles of work for which there are specific allowances; and to capture cost data for any additional projects undertaken on the network.

Instructions for completion

General

- [6.7](#) Where there is funding for specific projects for delivery in RIIO-3 these are listed and NGT should populate the actual costs up to and including the current reporting year, and forecast costs to completion in the yellow input cells.
- [6.8](#) Where identified separate input rows have been provided for costs associated with projects carried over from RIIO-2 for which there are no associated RIIO-3 allowances for transparency. Where any additional work or projects are undertaken there are additional input cells provided under each cost category for NGT to input this cost data.
- [6.9](#) The cost split for direct and indirect activities should also be reported in line with the definitions below. These should be stated as the cumulative costs for the entire project and reconcile to the total project costs reported on an annual basis in columns AD to AK.

Linked tables

[6.10](#) Where there is more detailed reporting of these projects or programmes of work in other tables, the data is linked to these tables to ensure consistency. NGT should record the projects and costs in the relevant tables in line with the corresponding guidance and the data in this table will be updated automatically.

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Deleted: Purpose and use by Ofgem

Baseline/Uncertainty mechanism

6.11 There are separate sections within the table to report baseline and uncertainty mechanism costs. It is recognised that some single projects or bundles of work may straddle both, however it is necessary to distinguish between the two as both are subject to differing capitalisation rates within the PCFM. Where NGT has been required to make assumptions or develop a methodology to apportion costs across these cost pools it should provide either narrative on how it has done this or further details elsewhere within its regulatory submission to support its rationale used to arrive at its apportionment.

Customer contributions

6.12 Any customer contributions should be reported in the relevant section. These should be entered as negative values and NGT should populate the projects or work bundle to which the contributions relate

Other Information

6.13 A line has been included for Peterborough and Huntingdon GT1 carry over, under other non-load related expenditure, to allow NGT to record the costs incurred in RIIO-2 to bring these projects to completion.

Specific definitions for this worksheet

Direct costs

6.14 Those activities which involve physical contact with gas transmission network assets.

6.15 Includes:

- Labour cost of staff whose work involves physical contact with system assets. This can include the element of labour costs associated with trench excavation staff, craftsmen, technicians, technical engineers, administration and support staff, safety inspection, critical infrastructure inspection and environmental control, network planners and designers where a portion of their time involves physical contact with system assets, however only that portion spent on direct activities may be included. It will include downtime of staff (including but not limited to: idle, sick, non-operational training); applicable labour cost should follow their normal time allocations.
- Operational engineers working on commissioning of assets, physically changing protection settings, issuing safety documentation or liaising with the control centre are considered direct activities.
- The cost of contractors being the total charges invoiced by external contractors for the primary purpose of performing direct activities.

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

- The cost of materials drawn from stores or purchased and delivered to site for use in performing direct activities. In addition, this includes the cost of the materials for refurbishing system assets.
- Servitude and easement payments to enable the direct activity to be performed. This does not include the cost of management or administration of these.
- Related Party Margins charged by a Related Party for work performed on direct activities.

Indirect costs

6.16 Activities listed below, which in most cases support work being physically carried out on gas transmission network assets, that could not, on their own, be classed as a direct network activity. Indirect Activities do not involve physical contact with system assets, whereas direct activities do.

6.17 Includes:

- Closely Associated Indirects (see definition below)
- Business Support Costs (see definition below)
- Non-Operational Capex

6.18 Note that operational engineers working on planning and project mobilisation, preparing and planning associated with protection settings, administration of outages, contract specification and liaising with contractors and customers are considered Indirect activities.

Closely Associated Indirects

6.19 Includes the activities of:

- Operational IT & Telecoms,
- Network Design and Engineering,
- Network Policy,
- Network Planning,
- Project Management,
- Engineering Management and Clerical Support,
- System Mapping,
- Stores & Logistics,
- Operational Training,
- Vehicles and Transport,
- Market Facilitation
- Health & Safety

Business Support Costs includes the activities of:

- HR

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

- [Non-Operational Training](#)
- [Finance & Regulation](#)
- [Insurance](#)
- [Procurement](#)
- [CEO etc.](#)
- [IT & Telecoms \(Business Support\)](#)
- [Property Management \(Business Support\).](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Table 6.2 – Specific capex projects

Purpose and use by Ofgem

6.20 The purpose of this table is to allow NGT to provide Ofgem a cost breakdown for specific projects for which it has been funded. This is to assist with monitoring of output delivery and the setting of future cost allowances.

Instructions for completion

General

6.21 For each of the projects listed:

- [Costs should be reported against the categories shown and in line with the definitions provided below.](#)
- [If additional costs are incurred outside the categories listed, NGT should enter additional categories additional fields provided.](#)
- [Reporting of costs in the risk and contingency category is expected to apply to forecast costs only, if actual costs are reported under this category, NGT should provide an explanation in the narrative.](#)

Cost reporting

6.22 [Ofgem expects full project costs to be reported comprising actual costs incurred up to and including the current reporting year, including costs incurred prior to RIIO-3 as well as forecast costs to completion, including and costs forecast beyond RIIO-3 to complete the project.](#)

6.23 [If NGT update any historical costs between one regulatory report and another, for example due to time lags in project cost reporting or cost reallocation this should be highlighted and the reasons articulated.](#)

Baseline / Uncertainty mechanism

6.24 [Please refer to instructions for table 6.1 \(Capex summary\)](#)

Specific definitions for this worksheet

Materials

Deleted: Purpose and use by Ofgem

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

6.25 Bulk materials, including specified large purchases supplied by main works contractor. Includes purchase of long lead items such as compressor train.

Main works contractor

6.26 Project construction contractor costs.

Specialist services

6.27 Costs for any additional services used to support the project. These could include surveys, data procurement, land and easements.

Vendor package costs

6.28 Costs of packages purchased for project.

Direct company costs

6.29 As defined in table 6.1 guidance.

Engineering design

6.30 Costs for studies, FEED works and detailed design.

Project management

6.31 Element of project-specific costs attributed to project management. This does not include NGT’s indirect or direct costs as defined in table 6.1.

Indirect company costs

6.32 As defined in table 6.1 guidance and includes NGT’s own project management costs.

Risk / contingency

6.33 Contingency included in the base cost estimate. Including technical and commercial contingency associated with compressor OEM tender and main works contractor contingency.

Table 6.3 – Asset health

Purpose and use by Ofgem

6.34 The purpose of this table is to allow NGT to report costs and workloads for its asset health programme against the intervention JDs it is funded to deliver as part of the RIIO-3 settlement. The data in this table also links to the NARM assets.

Formatted: Numbered Normal

Deleted: type

Instructions for completion

Deleted: Purpose and use by Ofgem

General

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

6.35 NGT should enter the cost and workload data against each Investment ID and asset category listed. The costs in this table are to be input by baseline and uncertainty mechanism.

6.36 Where additional or new intervention IDs are delivered these should be entered in the additional input cells provided. Please enter the associated attributes so that these additional costs and volumes can be aggregated into the correct cost bins.

Apportionment of costs

6.37 Separately, NGT should provide details of the methodology used to apportion costs across the various intervention types in a separate annex.

Baseline / Uncertainty mechanism

6.38 Please refer to instructions for table 6.1 (Capex summary)

Table 6.4 – Redundant Assets

Deleted: Asset health

Purpose and use by Ofgem

6.39 The purpose of this table is to capture data on the projects and associated costs covered by the Redundant Assets PCD. By recording the status of each project it will also allow Ofgem to monitor progress on an annual basis.

Formatted: Numbered Normal

Instructions for completion

Deleted: Purpose and use by Ofgem

Project data

6.40 The Inv ID and project name along with any specified project reference should be recorded for each separately funded disconnection and/or decommissioning project as specified in the Redundant Assets PCD annex. Additional attributes should be recorded for each project:

- **Site** – for example, feeder no, compressor station or AGI.
- **Asset** – for example, pig trap, flow meter, block valve or compressor
- **Activity** - for example, decommission, disconnect & pipe through and decommission
- **Scope** – further detail on the scope of work for example ‘Units A & B (2x RB211-24C) back to plinth inc. station pipework and control systems’
- **Start and End date** – enter the actual project start and end dates (or, at a minimum, the project start/end year). Where the project is yet to commence, or has commenced but yet to finish, please leave the corresponding cells blank.
- **Status** – enter the status of the project
- **General:** Where new projects are undertaken or planned to be undertaken in addition to those listed in the redundant assets PCD annex, these should be added to the list and prefixed ‘New’ in the status column.

Table 6.5 – Physical security capex

Purpose and use by Ofgem

6.41 ~~The purpose of this table is to inform Ofgem of the capex spend on physical security in relation to DESNZ’s enhanced physical security upgrade programme (PSUP).~~

Instructions for completion

New Sites

6.42 ~~NGT must provide information for all sites where physical security has been upgraded, or where work is currently being (or planned to be) carried out, as part of the PSUP in RIIO-3.~~

6.43 ~~Input the actual start and end dates for projects. The start date must be when NGT begins designing the site specific operational requirement (SSOR) solution. The end date must be when the works have completed a successful SCC SAT (NG Security Control Centre Site Acceptance Test) to meet the SSOR. Where dates are not known, the planned start/end dates must be populated.~~

6.44 ~~Input the current status of works using the following definitions:~~

- ~~• 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.~~
- ~~• Under review - PSUP works have been identified, requirement is to be or is currently being reviewed by BEIS / CPNI.~~
- ~~• Complete - The works are complete when they receive Technical 2 sign off as meeting the SSOR and are operationally accepted by the ARC. The output is met at this point, however, spend may continue until project closure.~~
- ~~• Closed - The project will be closed after all snagging issues have been resolved on site and final costs determined (in line with the contractual warranty period).~~
- ~~• Stopped/terminated - Project was stopped or terminated either prior to works commencement or during works due to reclassification or other reason.~~

6.45 ~~NGT must input actual costs for all Physical Security capex projects in RIIO-3 up to and including the current reporting year.~~

6.46 ~~Please refer to instructions for table 6.1 (Capex summary) with respect to the differentiation between baseline and uncertainty mechanism costs.~~

Major projects

6.47 NGT is to report annual expenditure incurred delivering the two PSUP Major projects funded at RIO-3 Final Determinations.

IT asset refresh & Technical asset refresh

6.48 NGT should enter costs associated with replacing IT and technical assets installed as part of the PSUP programme, separately recording costs and workload data for each IT and technical asset type listed, and as defined below.

6.49 Any costs incurred replacing IT assets not listed are to be reported ('other') and justified in the RRP narrative submission.

Specific definitions for this worksheet

Workstation

6.50 Used by onsite operatives to view the current status of the Enhanced Physical Site Security solution, including live and recorded video from CCTV assets and live and historic alarms on the status of Enhanced Physical Site Security solution assets through security software applications.

Video storage

6.51 Allows provision for zoned storage for the various assets within the Enhanced Physical Site Security solution, such as CCTV footage and alarm logs.

Server

6.52 Manages the various connected resources and assets as part of the Enhanced Physical Site Security Solution, such as managing the video stream from cameras to the Video Wall and Evidence Storage and remote connection to and from the ARC.

CMC (Computer Multi Control)

6.53 The Video Wall Hardware is a powerful command and control interface that enables multiple video feeds or applications to be viewed on the same device simultaneously, providing this function locally or remotely.

KVM (Keyboard Video Mouse)

6.54 A KVM switch allows a user locally or remotely to control multiple computers or servers from one set of Keyboards, Video monitors and mice. It also enables remote sharing of peripherals and audio.

Network Switches

6.55 Used to connect multiple computers and devices such as servers and network hard drives that make up the Enhanced Physical Site Security IT Hardware solution. Multiple network switches are used in each solution.

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Evidence locker

6.56 A network storage device authenticated to 256-bit SHA-2 drive that every video channel from the CCTV cameras is copied to for storage.

Security Cameras

6.57 The CCTV system is used to detect an intruder within a reasonable time frame and verify an alarm from a Perimeter Intruder Detection System (PIDS). Video from the system is used to provide evidence of threat attacks. They can be of the Fixed or Pan-Tilt and Zoom variety.

Electrified fence

6.58 Perimeter Intruder Detection systems are installed on the perimeter of the site and are used to provide an advanced warning and detection of an attack and also to provide a deterrence.

6.59 This is part of the Detect 3 D’s (Deter, Detect and Delay) E.g. Electric Fence

Site lighting

6.60 Provides a deterrence against threats (Deter) and helps identify unauthorised intruders via the CCTV system (Detect) through lighting the site to suitable Lux levels.

Access Control HID

6.61 Human Interface Device (HID) are the readers to enable access. Automatic Access Control Systems provide detection and auditing to limit access to the sites to only authorised personnel.

Intercom

6.62 Intercom system allow two way communications. Automatic Access Control Systems provide detection and auditing to limit access to the sites to only authorised personnel.

Sounder

6.63 A site audio challenge system to allow the operator in to play pre-recorded messages at site.

Table 6.6 & 6.7 – Transmission Owner and System operator non-operational capex

Deleted: & 6.8

Purpose and use by Ofgem

Deleted: Purpose and use by Ofgem

Guidance ~~RIIO-GT3– Regulatory Instructions and Guidance: Version 4~~

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

6.64 The purpose of these tables is to report expenditure on both TO and SO Non-operational capex so Ofgem can understand performance against allowances and delivery against the RIIO-3 settlement.

Instructions for completion

IT & Telecoms

6.65 List specific IT projects where the total project expenditure is £1m or more. Full project details (not just expenditure in the year) should be entered as indicated by the column headings. Expenditure on all other assets and IT assets less than £1m should be entered in total. Where projects are linked to specific outputs these should be entered in the appropriate column, using appropriate RIIO descriptors where possible.

Vehicles

6.66 Where applicable, costs and volumes (No. Vehicles) should be entered separately for Internal combustion engine (ICE) vehicles and electric vehicles (EV).

Non-operational Property

6.67 Where applicable, costs and volumes (number of sites) should be entered separately for building refurbishment and EV charging infrastructure.

Small Tools Equipment Plant & Machinery

6.68 Where applicable, costs should be entered separately for strategic and non-strategic spares.

Baseline / Uncertainty mechanism costs

6.69 Please refer to instructions for table 4.1 (Capex summary)

Specific definitions for this worksheet

Non-operational capex

6.70 Expenditure on new and replacement assets which are not system assets. This includes:

- IT & Telecoms
- Vehicles (including mobile plant and generators) [TO Only].
- Non-operational Property - Land and Buildings used for administrative purposes.
- Small Tools, Equipment Plant & Machinery – including office equipment. [TO Only]

Project category – New

6.71 A new IT system that is additional to or replaces an existing IT system

Project category – Enhancement

6.72 A change to an existing IT system that adds to the capabilities of the system

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

[Project category – Refresh](#)

[6.73 A change to the software or hardware of the system due to an upgrade from the supplier](#)

[Investment type – Direct](#)

[6.74 IT investment solely for NGT to which the reporting table applies](#)

[Investment type – Shared](#)

[6.75 Group IT Investment with costs allocated across licensed entities](#)

[Strategic spares](#)

[6.76 Equipment held for quick response to asset faults and failures which generally have long lead time, are held in the appropriate conditions, are cycled to ensure those spares with a shelf life are used appropriately. Purchased on basis of feedback from fault data obtained in the field or via OEM bulletins. Correct stock levels are achieved, regularly reviewed and updated. This might include obsolete equipment that has been refurbished and returned into stock to support similar obsolete equipment still in use. High value low volume spares, compressor Engine.](#)

[Non-strategic spares](#)

[6.77 Those spares that are used on a more regular basis to support routine and non-routine maintenance. Stored in the appropriate conditions, are managed within their shelf as identified by the manufacturer, are purchased as required and managed centrally to ensure the availability of a spare when required is available to all sites. Correct stock levels are achieved, regularly reviewed and updated.](#)

Table 6.8 Resilience

Deleted: 9

Purpose and use by Ofgem

Deleted: Purpose and use by Ofgem

[6.78 This table is intended to provide a summary of resilience costs to allow the costs to feed into Totex and hence the PCFM.](#)

Instructions for completion

[6.79 Costs should be populated for opex and capex separately for the TO and SO. The data provided should reconcile with the detailed 6 monthly reporting which is provided separately to Ofgem.](#)

Table 6.9 Disposals

Purpose and use by Ofgem

[6.80 The purpose of this table is to collect information relating to fixed asset disposals.](#)

Guidance ~~RIIO-GT3– Regulatory Instructions and Guidance: Version 4~~

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Instructions for completion

6.81 Disposal details - Enter details of disposals in the Regulatory Year by asset type for the company and individual licensees. For the avoidance of doubt, disposals should include assets transferred from the licensee to a company within the same group (i.e. a property company).

6.82 Reclassification/Adjustment Insert details of any adjustments or reclassifications relating to disposals.

6.83 Property and land disposal income (various sites) – Enter details of specific disposals which will calculate the profit/loss on disposal. The property and associated land include any operational site and in-whole or part of any non-operational site (e.g. office buildings).

Table 6.10 ~~West import resilience project Price Control~~

Deleted: – Vehicles

Deliverable

Deleted: Purpose and use by Ofgem

Purpose and use by Ofgem

6.84 The purpose of this table is to collect information relating to the West Import Resilience Project Price Control Deliverable, as set out in Special Condition 3.18.

Instructions for completion

Project data

6.85 The Inv ID and Project Name along with any specified project reference should be recorded for each separately funded output as specified in the West import resilience project PCD annex. Additional attributes should be recorded for each project:

- Site – for example, feeder no, compressor station.
- Asset – for example, pipeline, block valve, pig trap.
- Activity - for example, uprating, replacement.
- Scope – further detail on the scope of work.
- Start and End date – enter the actual project start and end dates (or, at a minimum, the project start/end year). Where the project is yet to commence, or has commenced but yet to finish, please leave the corresponding cells blank.
- Status – enter the status of the project

General

6.86 Where new projects are undertaken or planned to be undertaken in addition to those listed in the West import resilience project PCD annex, these should be added to the list and prefixed ‘New’ in the status column.

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Table 6.11 Compressor acoustic building replacement Price Control Deliverable

Deleted: Disposals

Formatted: Font: Bold

Formatted: Heading 3, Sub-heading 2 - Bold

Formatted: Font: Bold

Purpose and use by Ofgem

6.87 The purpose of this table is to collect information relating to the Compressor Acoustic Building (CAB) Price Control Deliverable, as set out in Special Condition 3.24.

Instructions for completion

Project data

6.88 The Inv ID and Project Name along with any specified project reference should be recorded for each separately funded output as specified in the Compressor acoustic building replacement PCD annex. Additional attributes should be recorded for each project:

- **Site** where CAB work is taking place.
- **Asset** – CAB ventilation, CAB exhaust.
- **Activity** - for example replacement, upgrade.
- **Scope** – further detail on the scope of work.
- **Condition Assessment** – insert from the drop down menu (from 1-10, or faulty).
- **Start and End date** – enter the actual project start and end dates (or, at a minimum, the project start/end year). Where the project is yet to commence, or has commenced but yet to finish, please leave the corresponding cells blank.
- **Status** – enter the status of the project

General

6.89 Where new projects are undertaken or planned to be undertaken in addition to those listed in the CAB PCD annex, these should be added to the list and prefixed 'New' in the status column.

Table 6.12 Easement Reinstatement Price Control Deliverable

Purpose and use by Ofgem

6.90 The purpose of this table is to collect information relating to the Easement Reinstatement Price Control Deliverable, as set out in Special Condition 3.25.

Instructions for completion

Project data

6.91 The Inv ID and Project Name along with any specified project reference should be recorded for each separately funded output as specified in the Easement

Guidance R110-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: R110-GT2– Regulatory Instructions and Guidance: Version 2.5

Reinstatement Price Control Deliverable annex. Additional attributes should be recorded for each project:

- Site/Location – for example, feeder no, AGI.
- Asset to be accessed – for example, pipeline.
- Activity - for example, removal, clearing, management of bush, shrubs.
- Scope – further detail on the scope of work.
- Kms cleared – number of kilometers cleared by the activity.
- Kms remaining – number of kilometers remaining to be cleared.
- Start and End date – enter the actual project start and end dates (or, at a minimum, the project start/end year). Where the project is yet to commence, or has commenced but yet to finish, please leave the corresponding cells blank.
- Status – enter the status of the project

General

6.92 Where new projects are undertaken or planned to be undertaken in addition to those listed in the Easement Reinstatement PCD annex, these should be added to the list and prefixed 'New' in the status column.

Table 6.13 Removal and remediation of pipe stabbings Price Control Deliverable

Purpose and use by Ofgem

6.93 The purpose of this table is to collect information relating to the Removal and remediation of pipe stabbings Price Control Deliverable as set out in Special Condition 3.26.

Instructions for completion

Project data

The Inv ID and Project Name along with any specified project reference should be recorded for each separately funded output as specified in the Removal and remediation of pipe stabbings Price Control Deliverable annex. Additional attributes should be recorded for each project:

- Site – for example, feeder no, compressor station.
- Asset – for example, valve.
- Activity - for example, removal, excavation.
- Scope – further detail on the scope of work.
- Condition assessment – insert from the drop down menu (from 1-10, or faulty).

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

- **Start and End date** – enter the actual project start and end dates (or, at a minimum, the project start/end year). Where the project is yet to commence, or has commenced but yet to finish, please leave the corresponding cells blank.
- **Status** – enter the status of the project

General

6.94 Where new projects are undertaken or planned to be undertaken in addition to those listed in the Removal and remediation of pipe stabbings Price Control Deliverable PCD annex, these should be added to the list and prefixed 'New' in the status column.

Table 6.14 Actuator replacement Price Control Deliverable

Purpose and use by Ofgem

6.95 The purpose of this table is to collect information relating to the Actuator replacement Price Control Deliverable, as set out in Special Condition 3.27.

Instructions for completion

Project data

6.96 The Inv ID and Project Name along with any specified project reference should be recorded for each separately funded output as specified in the Actuator replacement Price Control Deliverable annex. Additional attributes should be recorded for each project:

- **Site** – for example, compressor station.
- **Asset** – actuator.
- **Activity** - for example, upgrade, replacement.
- **Scope** – further detail on the scope of work.
- **Condition** – insert from the drop down menu (from 1-10, or faulty).
- **Start and End date** – enter the actual project start and end dates (or, at a minimum, the project start/end year). Where the project is yet to commence, or has commenced but yet to finish, please leave the corresponding cells blank.
- **Status** – enter the status of the project

General

6.97 Where new projects are undertaken or planned to be undertaken in addition to those listed in the Actuator replacement Price Control Deliverable annex, these should be added to the list and prefixed 'New' in the status column.

Formatted: Numbered Normal, Indent: Left: 1 cm

Table

6.15 Biomethane use it or lose it allowance

Purpose and use by Ofgem

6.98 [The purpose of this table is to collect information relating to the Biomethane UIOLI, as set out in Special Condition 3.15.](#)

Instructions for completion

Project reference

6.99 [The reference for the biomethane connection project and Project Name, as well as the cost should be recorded for each separately funded baseline biomethane connection allowance.](#)

6.100 [Additional cost information should be provided:](#)

- [Total UIOLI funding requested, in £m, per Regulatory Year.](#)
- [Costs incurred prior to the Gas Connection Agreement \(GCA\) concluded between NGT and the connecting biomethane plant, that has not yet been claimed through Biomethane UIOLI](#)
- [Other costs incurred but not allowed under UIOLI – for example connections project management cost reductions as a result of other funding received.](#)
- [Biomethane spend that will be covered by the connecting party/developer e.g. in the event of failed Biomethane, as set out in the agreement between NGT and the connecting biomethane plant.](#)

6.101 [Activity:](#)

- [Number of biomethane connections facilitated and funded through the Biomethane UIOLI](#)
- [Number of existing biomethane connections requesting an increase in capacity](#)
- [Number of connections Offers sent to biomethane producers.](#)

Table 6.16 Compressor Breakdown use it or lose it allowance

Purpose and use by Ofgem

6.102 [The purpose of this table is to collect information relating to the Compressor Breakdown UIOLI, as set out in Special Condition 3.16.](#)

Instructions for completion

Project data

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

6.103 The Inv ID and Project Name along with any specified project reference should be recorded for each separately funded output. Additional attributes should be recorded for each project:

- Site – for example, compressor station.
- Asset – for example, compressor.
- Activity - for example, replacement, remediation, upgrade.
- Condition assessment – insert from the drop down menu (from 1-10, or faulty).
- Scope – further detail on the scope of work.
- Start and End date – enter the actual project start and end dates (or, at a minimum, the project start/end year). Where the project is yet to commence, or has commenced but yet to finish, please leave the corresponding cells blank.
- Status – enter the status of the project.

Table 6.17 Nitrogen sleeves Price Control Deliverable

Purpose and use by Ofgem

6.104 The purpose of this table is to collect information relating to the Nitrogen Sleeves Project Price Control Deliverable, as set out in Special Condition 3.17.

Instructions for completion

6.105 Inputs are required for the Summary table, the GNSRat and RNSRat (adjustments to the allowances for grouting and remediation, as defined in Special Condition 3.17).

6.106 In addition to the Project category and Project Name, NGT should also record, where requested by the yellow cells:

- Project reference – the number and identifier used by NGT when referring to the project
- Project status – for example, completed, partially completed.

Formatted: Normal, Space Before: 6 pt, After: 6 pt, Line spacing: 1.5 lines

7. Instructions for completing the gas network data worksheets

Section summary

The purpose of this chapter is to inform the completion of the gas network data worksheets. This is to enable Ofgem to effectively monitor the performance of the gas transmission network including in relation to system flows and asset health during RIIO-3.

Introduction

- 7.1 The purpose of the worksheets in this area is to report data on the network and its performance at various different levels to enable Ofgem to fully understand the network changes and network performance year on year.
- 7.2 NGT should submit accurate and (where instructed) audited figures of their data for the relevant period. Further guidance is provided below.

Overview of worksheets

- 7.3 The worksheets included in this chapter are:
- 7.1 Pipeline data
 - 7.2 Activity indicators
 - 7.3 Demand and capability
 - 7.4 Demand and system performance
 - 7.5 Compressor performance and utilisation
 - 7.6 Compressor assets
 - 7.7 Emissions
 - 7.8 Asset Data
 - 7.9 Forecast Scenarios

Specific Instructions

Table 7.1 – Pipeline data

Purpose and use by Ofgem

7.4 The purpose of table is to collect information on the activities undertaken to maintain effective management of pipeline integrity across the network.

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Formatted: Font: 24 pt, Font color: Auto

Formatted: Heading 2 (numbered), No bullets or numbering

Formatted: Section summary

Formatted: Font: Not Bold, Ligatures: None

Formatted: Section summary, Line spacing: single

Deleted: 2

Formatted: Font: Not Bold, Ligatures: None

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Formatted: Bulleted Normal, No bullets or numbering

Deleted: ¶

Deleted: Purpose and use by Ofgem

Instructions for completion

7.5 NGT should input actual data up to and including the reporting year and forecast data as indicated below.

Inline inspections (ILI)

7.6 In order to monitor the volume of ILI planned and actually undertaken and length of pipeline subject to ILI in RIIO-3 and beyond, NGT should enter the number and length (in km) of ILI runs planned as a 5 year rolling forecast. The actual number and length of ILI runs carried out should be entered up to and including the current reporting year. If there is a difference in the volume of activity undertaken against that planned, for example due to failed or deferred runs, or runs brought forward for operational reasons, please provide explanation in the accompanying narrative.

7.7 Also input the length of DOC (using xyz mapping on the ILI tool) surveys planned as a 5 year rolling forecast and the actual length carried out. As NGT has been funded to carry out these surveys as part of each ILI run it is expected that planned and actual length surveyed will match the ILI run data. Where this is not the case an explanation for this discrepancy should be provided in the narrative.

ILI Digs

7.8 To understand ILI Dig prediction effectiveness of the planning tool NGT should report the number of digs predicted by the planning tool and the number of digs triggered by the ILI findings. It is expected that the number of digs predicted is forecast for the year beyond the current reporting year.

7.9 The analysis of ILI results that lead to a commissioning of a dig should find anomalies that are imminently in need of repair. NGT should report the number of digs completed in any given year and the number of these digs that require a pipeline repair to be undertaken.

Cathodic Protection (CP)

7.10 As the pipeline system should have adequate CP protection Ofgem would like to understand the number and extent defects across the network and whether these are increasing or decreasing year on year.

7.11 Recognising the challenges in reporting the extent of these issues in linear terms for parts of the network Ofgem have separated reporting out by defects on pipework and pipeline assets. Pipework CP relating the cathodic protection of above ground pipework and installations and Pipeline CP relating to the cathodic protection of the buried pipeline assets. For the pipeline assets Ofgem expect NGT to report number and length of defects.

7.12 NGT should populate the starting number of both P1 and P2 defects in its defect management database at the beginning of each reporting year and any

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

movements during the reporting year. The closing balance for each defect type should be the next years opening number.

Unplanned interventions

7.13 NGT may be required to respond to unforeseen events or anomalies that trigger ad-hoc interventions or excavations beyond those resulting from the ILLI programme. For example due to lightning strikes, 3rd party interference, shielding of CP by detached coatings or subsidence. To the extent these are forecast enter the number predicted for the following Regulatory Year and the actual number up to and including the current regulatory reporting year.

7.14 Where these result in investigation to establish the root cause or prevent reoccurrence please enter the number of such events investigated.

Reportable Incidents

7.15 NGT should enter the number of incidents reportable under major legislation such as RIDDOR, GS(M)B, Environmental Permitting Regulation and Population and Control Regulation that fall within the categories listed.

Specific definitions for this worksheet

ILLI defect repair

7.16 Includes coatings repairs, fitting of epoxy shells, composite repairs etc. Where an excavation is undertaken and no damage is found that requires repair then this does not constitute an ILLI defect repair.

Table 7.2 – Activity indicators

Deleted: Purpose and use by Ofgem

Purpose and use by Ofgem

7.17 The purpose of this table is to collect key indicators of the overall level of transmission activity.

Instructions for completion

7.18 All data should be for actual levels of demand showing flows into and out of the network. Gas Distribution Networks (GDN) demand levels from the NTS should be shown by Local Distribution Zone (LDZ).

7.19 NTS direct connect power stations (by LDZ): power stations must be allocated according to the geographical location.

7.20 Data for storage sites must be based on net physical flow.

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Table 7.3 – Peak Input Demand

Purpose and use by Ofgem

7.21 [The purpose of this table is to collect information regarding the maximum levels of actual input demand to the NTS.](#)

Instructions for completion

7.22 [Actual flows at each live Aggregated System Entry Point \(ASEP\) should indicate maximum values observed in the reporting year expressed in GWh/day.](#)

7.23 [Data for storage sites must be based on net physical flow.](#)

7.24 [Values should be recorded for each year up to and including the current reporting year.](#)

Deleted: Purpose and use by Ofgem

Table 7.4 – Output Demand and system performance

Purpose and use by Ofgem

7.25 [The purpose of this table is to collect information regarding the maximum level of output demand and quality of transmission service delivered in terms of transmission system incidents.](#)

Instructions for completion

- [Highest daily total demand:](#) Actual maximum demand.
- [Peak day demand by LDZ:](#) LDZ Demand levels to be shown for the highest daily total demand day (NOT the highest demand in the LDZ).
- [All other demands peak day demand:](#) Demand assumed on the peak day from all non-LDZ points should be included within ‘all other demand’. This should include storage and interconnector flows if they are normally assumed to be taking gas from the NTS on the highest total demand day.
- [Peak day NTS shrinkage:](#) Shrinkage on the highest daily total demand day during the reporting year.
- [Number of transmission system incidents:](#) an incident is defined as any unplanned system event which results in a single or multiple loss of supply.

Deleted: Purpose and use by Ofgem

Table 7.5 – Compressor performance and utilisation

Purpose and use by Ofgem

7.26 [The purpose of this table is to collect data on overall compressor utilisation and performance to enable Ofgem to understand compressor operation across the network.](#)

Instructions for completion

Deleted: Purpose and use by Ofgem

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

7.27 Actual monthly running hours should be recorded for each compressor unit which has recorded running hours during RIIO-GT3 (including units which have been decommissioned during RIIO-GT3). To help create a complete and accurate picture of compressor utilisation, run hours for when a unit is operationally accepted and any hours completed before operational acceptance should be provided. An estimate of running hours for each compressor unit should be provided going forward up to the end of RIIO-GT3. It is recognised that this is an estimate, using a variety of intelligence and a process which NGT considers robust and fit for delivering reasonable forecasts. This may be a process similar to that used to produce the Network Review document or other, if the TO considers this appropriate. Accompanying commentary should describe the methodology used in detail and the reasons for year-on-year changes.

7.28 Consumed hours should be populated on the same basis as above. Consumed hours take into account damage factors associated with starting and tripping of the machines and the amount of time at a standstill as well as the number of hours operated.

7.29 The data is berth and not asset specific and where asset exchanges occur, they will be explained in the narrative, e.g. New gas turbine installed.

7.30 No. of hours unavailable (planned) – Input the number of hours each month the unit is unavailable for operation due to planned outages.

7.31 No. of hours unavailable (unplanned) - Input the number of hours each month the unit is unavailable for operation due to unplanned outages.

7.32 Where the site is unavailable due to short duration maintenance work, but is on operational stand-by, this must be reported in the relevant section.

7.33 All instances of unavailability must be reported in hours.

7.34 Where a planned outage overruns then this becomes an unplanned outage (and hence unplanned availability).

7.35 When a breakdown becomes a planned and funded project then it becomes planned unavailability.

7.36 Unplanned outages covers breakdowns until they become a project.

Table 7.6 – Compressor assets

Deleted: Purpose and use by Ofgem

Purpose and use by Ofgem

7.37 This table allows Ofgem to understand the makeup of the current compressor fleet.

Instructions for completion

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

7.38 The list of in-service compressor Stations and units auto populate from table 7.5 the attributes listed for each compressor unit across the network.

7.39 The unit and site maximum flows should be populated in mcm/day. NGT should indicate compressors subject to running hour limitations as well as the nature of the limitation. For each compressor installation indicate whether it is considered ‘Best Available Technology’ for the site.

7.40 If a replacement unit has been or is planned to be constructed for any compressor unit on the list, enter this under the ‘replacement unit’ column.

7.41 Where appropriate, populate the previous and forecast next overhaul dates as well as the forecast number of ‘consumed hours’ remaining until the next overhaul for both the power turbine and the gas generator. Where it is not applicable enter N/A.

- For Gas Turbines consumed hours accounts for run hours plus the impact of starts, stops and standstill hours
- For Power Turbines consumed hours accounts for run hours plus the impact of starts and standstill hours.

7.42 Compressor units and sites which have been decommissioned during RIIO-GT1, RIIO-GT2 or RIIO-GT3 must be reported in the decommissioned table.

7.43 NGT should populate the relevant cells for Unit thermal rating / Unit power rating (MW) sections with “N/A” as decommissioned units capacity should not be included within the overall compressor site capacity calculation.

Table 7.7 – Network Emissions

Deleted: Purpose and use by Ofgem

Purpose and use by Ofgem

7.44 The purpose of this table is to collect data on the greenhouse gas emissions of the National Transmission System (NTS) to link to throughput and compare trends year on year.

Instructions for completion

7.45 This table is to include actual CO₂ and NO_x gaseous emissions from compressor stations, consistent with the running hours presented in table 7.5, and following methodologies consistent with those used for NGT’s ‘Network Review’. Data required:

- NO_x and CO₂ emitted by gas powered compressors.
- Methane emitted from plant: tonnes of methane emitted per annum.

7.46 Further detail (e.g. categorised volumes, etc.) may be provided where considered necessary.

Guidance ~~RIIO-GT3– Regulatory Instructions and Guidance: Version 4~~

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

~~7.47 This table requires data to be reported in tonnes, but this must also be provided to the most detailed level of accuracy which can be practically achieved. Emissions data should be provided for when a unit is operationally accepted and also before operational acceptance has been achieved.~~

Table 7.8 – Asset Data

Deleted: Purpose and use by Ofgem

Purpose and use by Ofgem

~~7.48 The purpose of this table is to provide a list of all assets installed on the NTS system.~~

Instructions for completion

~~7.49 List all assets whose installation has been completed by 1st April for each year. Compressor data is not included in this table as it is captured under Table 7.6. Measure is normal Maximum Operating Pressure.~~

~~7.50 Pipelines should be identified by start and finish points.~~

- ~~• Date constructed: enter year e.g. 1971.~~
- ~~• Design life: enter number of years.~~
- ~~• Pipeline diameter: enter in mm.~~
- ~~• Pipeline length: measure pipeline lengths between recorded start and finish points in km.~~
- ~~• Design pressure rating: measured in bars.~~
- ~~• Feeder number: Identify each pipeline by its NTS feeder number.~~
- ~~• Constructed / Abandoned / Decommissioned: Select relevant description.~~
- ~~• Year Ending: Input with year in which an asset has been decommissioned/abandoned.~~
- ~~• Work columns (Km): Units the equivalent length such as "3" for an additional 3km commissioned or "-3" for 3km decommissioned. Enter "0" for any cell with no value expected to ensure clarity that no workload has occurred.~~
- ~~• Workload columns (No): Should be populated with appropriate value e.g. for 'No' units, a "1" for commissioned assets or "-1" for decommissioned assets should be entered.~~

Table 7.9 – Forecast Scenarios

Deleted: Purpose and use by Ofgem

Purpose and use by Ofgem

~~7.51 The purpose of this table is to collect information to exhibit the gas supply peak projections for each entry point for all forecast scenarios. The peak forecast for~~

Guidance RIO-GT3– Regulatory Instructions and Guidance: Version 4

entry points is used as a guide which help to inform network reinforcement investment decisions.

Instructions for completion

7.52 The forecast scenarios to be reported on in this table should be the Peak Supply view and align with data published in the Future Energy Scenarios (FES) or any other equivalent publication by NGT.

7.53 The forecast should be provided for a 5 year period beyond the current reporting year, including, extending beyond the 5 years of the RIO-3 price control.

Deleted: RIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Formatted: Font: Aptos, 12 pt

Formatted: Indent: Left: 1 cm

Guidance ~~RIIO-GT3– Regulatory Instructions and Guidance: Version 4~~

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

8. Instructions for completing outputs and policy worksheets

Formatted: Font: 24 pt, Font color: Auto

Formatted: Heading 2 (numbered), No bullets or numbering

Section summary

Formatted: Section summary

The purpose of this chapter is to provide instructions for completing worksheets relating to NGT’s policy outputs.

Introduction

8.1 This chapter provides guidance on the provision of data relevant to NGTs policy outputs, innovation funding and future reopener applications.

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Overview of worksheets

8.2 The worksheets included in this chapter are:

Formatted: Ligatures: Standard + Contextual

- 8.1 Satisfaction survey
- 8.2 Business carbon footprint
- 8.3 Gas Constraints
- ~~8.4 Gas Constraint Events~~
- ~~8.5 NIA~~
- 8.6 CNIA
- ~~8.7 SIF~~
- 8.8 Pipeline log
- ~~8.9 Other Re-Opener Appendix (TO)~~
- ~~8.10 Other Re-Opener Appendix (SO)~~
- ~~8.11 Net Zero~~

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Deleted: Environmental Scorecard¶
8.4 ...

Deleted: 5

Deleted: NIA¶
8.7 ...

Deleted: NIC¶
8.9 SIF¶
8.10 ...

Formatted: Text - bulleted, Indent: Left: 0.63 cm

Specific Instructions

Table 8.1 – Customer Satisfaction Survey

Deleted: and Stakeholder

~~Purpose and use by Ofgem~~

Deleted: Purpose and use by Ofgem

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

8.3 The purpose of this table is to collect the results from surveys that NGT is required to carry out under the customer satisfaction survey incentive (Special Condition 4.2).

8.4 The output has a financial incentive element for the customer satisfaction survey. The deterministic financial incentive rewards or penalises NGT for performance as appraised by its customers through survey.

8.5 This table relates to the survey results and information on the distribution of these results. The comparison of the score against the target is needed to inform the financial incentive calculation.

Instructions for completion

8.6 To complete the worksheet NGT is required to include:

- In section “CSAT Individual scores”, provide the CSAT Score, per significant interaction per Survey Area per year, to the questions asked on the Customer Satisfaction Survey form in a given Regulatory Year.
- The formulae in sections “CSAT Score” will calculate the performance score per each Survey Area per year from the information provided by NGT in the “CSAT Individual scores” section.
- Section “CSAT Minimum Response Thresholds” returns “TRUE” or “FALSE” per Survey Area per year, depending on if the value in “CSAT Count” exceeds the minimum response thresholds set to unlock a financial incentive.
- Provide a forecast of the customer satisfaction score per Survey Area and numbers to feed into revenue table in Chapter 4.

Table 8.2 – Business carbon footprint

Deleted: Purpose and use by Ofgem

Purpose and use by Ofgem

8.7 The purpose of this table is to collect data on NGT's scope 1 and 2 business carbon footprint (BCF) excluding losses. The data collected matches the BCF tab of the KPI table that NGT is obliged to fill in as part of its Annual Environmental Report.

8.8 The annual table will ultimately show a percentage change against a pre-agreed base year to demonstrate NGT's performance in comparison to its RIIO-3 BCF target.

8.9 This data will be published by Ofgem as part of a report on NGT's performance across the RIIO-3 outputs.

8.10 This table allows NGT to provide data on scope 3 emissions.

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

8.11 We note that the AER KPI reporting requirements have a later deadline (October each year) than the RRP (July each year). As a result, NGT may not be able to report internally verified RRP BCF figures in July for the past Regulatory Year. We would expect reasonable endeavours to be made in reporting and, where possible, for an estimate to be provided in the July RRP submission.

Instructions for completion

8.12 NGT must report on the information requested on this tab in line with the requirements set out in the Annual Environmental Reporting Guidance.

8.13 NGT must report on its scope 1 and 2 BCF for the regulatory reporting year.

8.14 In years 2-5 NGT should also include data from previous year as reported in previous year.

8.15 If there is any retrospective change in figures to previous year due for example error, NGT should explain any discrepancies between the report in the previous year and the report in the current year covering for previous year.

8.16 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

Table 8.3 – Gas constraints

Purpose and use by Ofgem

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

8.17 [The purpose of this table is to collect information about the costs and revenues associated with NGT’s constraint management actions and constraint management incentive.](#)

Instructions for completion

8.18 [NGT should supply the monetary amounts. Where costs or revenues apply to more than one licence term, a specific breakdown of values should be provided in accordance with each of the corresponding constraint management cost incurred and revenue stream received. Total values can be determined in accordance with each licence term, as can the outputs of the constraint management incentive. For terms RNOECt and RNOExCt, this revenue shall be “derived by NGT” from sales of the respective non-obligated capacities that feed into the CCM incentive.](#)

Table 8.4 – Gas

constraint events

Moved up [3]: 1
Purpose and use by Ofgem
Deleted: Purpose and use by Ofgem

Purpose and use by Ofgem

8.19 [The purpose of this table is to collect information on specific actions undertaken and constraint events relating to NGT’s constraint management.](#)

Instructions for completion

8.20 [NGT should supply information on constraint events per annum, including when and where events occurred, as well as the constraint management actions taken to manage the constraints. NGT should supply the numerical data required \(kWh\) and narrative/summaries of constraint events. The costs associated with operational constraint management actions \(as defined in Special Condition 5.5 and Table 8.3\) should correspond with those listed in this table where applicable. Data provided should be comparably understandable with the public data provided on gas constraint events \(e.g. via the National Gas Transmission Data Portal\).](#)

Table 8.5 – Network Innovation Allowance

Deleted: 6

8.21 [Text to be added once the new table is developed](#)

Deleted: Purpose and use by Ofgem

Table 8.6 – Carry over Network Innovation Allowance

Deleted: 7

8.22 [Text to be added once the new table is developed](#)

Deleted: Purpose and use by Ofgem

Guidance [R110-GT3- Regulatory Instructions and Guidance: Version 4](#)

Deleted: R110-GT2- Regulatory Instructions and Guidance: Version 2.5

Table 8.

7 – Strategic Innovation Fund

8.23 [Text to be added once the new table is developed](#)

Deleted: Purpose and use by Ofgem

Table 8.8 - Re-Opener application pipeline Log

Deleted: 10

Deleted: opener

Deleted: Purpose and use by Ofgem

Purpose and use by Ofgem

8.24 [This table records information relating to all future Re-Opener applications. The information is to be forecast as far as is reasonably practicable and with a particular emphasis on providing accurate information for Re-Openers due to be submitted within the next 12 months.](#)

8.25 [Before completing the table, licensees should refer to our Re-Opener Guidance and Application Requirements document and our Indicative Re-Opener Application Assessment Process document.](#)

8.26 [This table will be used by Ofgem primarily for ongoing monitoring and resource planning purposes, including pre-application engagement with licensees. This will facilitate timely decision-making once Re-opener applications have been received.](#)

8.27 [In addition the table will be used to source the estimated value of the adjustment to baseline allowances which will feed into the relevant Re-Opener Price Control Financial Model \(PCFM\) Variable Value and will be reflected in its allowed revenue at the next Annual Iteration Process.](#)

8.28 [When a decision is made to adjust allowances, the decision will supersede the forecast information that was previously taken from the Re-Opener application pipeline log, and any differences between the forecast Re-Opener allowances and the final decision will be trued up within the PCFM with an appropriate time value of money adjustment.](#)

8.29 [The Re-Opener application pipeline log includes an option for NGT to select if they do or do not wish for the forecast adjustment to baseline allowances for each relevant Re-Opener to feed in to the Re-Opener Variable Value in the PCFM; for example if the project or costs are too uncertain at the point in time the Re-Opener application pipeline log is submitted.](#)

Instructions for completion

8.30 [Input information as indicated by the yellow shaded boxes on the table.](#)

Guidance ~~R~~IIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: ~~R~~IIO-GT2– Regulatory Instructions and Guidance: Version 2.5

- Project Name: Where individual projects or programs are to be submitted, for separate assessment under the same mechanism each should be assigned a unique name. This will be used by Ofgem during future engagements. A separate row should be used to submit information on each individual project.
- Forecast Submission Date: In those instances where there is no defined application window a forecast month and year of submission should be input. This informs Ofgem as to when future applications might be expected.
- To be used in PCFM? Yes/No: Select Yes/No from the drop-down menu. This informs Ofgem if NGT wishes for the potential value of adjustment to baseline allowances specified by NGT in the Re-Opener application pipeline log for a relevant Re-Opener to feed into the Re-Opener Variable Value in the PCFM.
- Probability of Submission High/Medium/Low: Select High/Medium/Low from the drop-down menu as appropriate.
- Forecast Expenditure. For each Regulatory Year a forecast expenditure figure is required. This should be reported in £m 2018/19 price base. For those Re-Opener mechanisms which are subject to the Opex Escalator (Special Condition 3.18) only Direct Costs should be included. For all other mechanisms both Direct and Indirect Costs should be included. These values will feed into the relevant Re-Opener PCFM Variable Value if 'Yes' has been selected in the 'To be used in PCFM?' column.

8.31 In each of the free text boxes which follow reference may be made to additional commentary if NGT prefers to add greater detail in a separate document alongside the Re-Opener application pipeline log. It is recognised that certain information with respect to Re-Opener applications in future years may not be available. More detail should be provided where the Re-Opener application is expected to be submitted in the next 12 months.

- Trigger for Submission / Needs Case: A free text box for a brief description of the trigger / needs case for seeking additional allowances for example a change in specific policy / regulations / legislation or necessary capital expenditure not funded in baseline allowances.
- The text may refer to additional commentary if NGT prefers to add greater detail in a separate document alongside the Re-opener application pipeline log.
- Option Selection Methodology: A free text box for a brief description of the methodology used to justify the selection of the preferred option. Whether by use of Cost Benefit Analysis, Engineering Justification Process or some other appropriate methodology.
- Preferred Option: A free text box for a brief description of the preferred option.

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

- Forecast Expenditure Justification Methodology: A free text box for a brief description of the methodology that will be used to justify the level of additional funding requested, for example benchmarking, tendered rates.
- Broader Regulatory Issues to be Considered: A free text box for a brief description of any broader regulatory issues that Ofgem may wish to consider, for example alignment with wider policy objectives or regulatory precedent.
- Where Ofgem have provided acceptance for Re-Opener submissions, RIIO-GT3 forecast values will be input as 0. This is to avoid cost duplication on Table 3.4 because the forecast is now included in the main Totex forecast on Table 3.5 (rather than 8.8).

Table 8.9 – Other Re-Opener application pipeline Log (TO)

Deleted: 10a

Deleted: opener

Deleted: Purpose and use by Ofgem

Purpose and use by Ofgem

8.32 This table is related to the information contained in table 8.8 'Re-Opener Pipeline log' and is intended to collate a breakdown of individual projects in greater detail to assist Ofgem with Re-Opener application pipeline planning.

Instructions for completion

8.33 The fields to be completed as follows:

- Re-Opener mechanism
- Project name: breakdown of individual projects even if under the same Re-opener
- Project name: breakdown of individual projects even if under the same Re-Opener
- Likely date
- Project start date: the actual date of physical work
- Project end date: the actual date of completion of the work
- 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 RIIO3 period.

Table 8.10– Other Re-Opener application pipeline Log (SO)

Deleted: 10b

Deleted: opener

Deleted: Refer to Table 8.10a for guidance

8.34 Refer to Table 8.9 for guidance.

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Table 8.11 – Net Zero **Development**

Purpose and use by Ofgem

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

- [Small Decarbonisation Projects Re-Opener – allows NGT to undertake design and pre-construction work that is too material for the DPD UIOLI \(below\), and to progress small to medium sized decarbonisation projects.](#)
- [Decarbonisation Project Development UIOLI – to fund early design and pre-construction work for projects related to decarbonisation and undertake small decarbonisation facilitation projects.](#)
- [Decarbonisation and Environmental Policy Re-Opener – to be used in response to changes connected to the meeting of decarbonisation or environmental targets, which influence the costs and outputs of network companies.](#)

Deleted: opener development

Formatted: Bulleted Normal

Deleted: Purpose and use by Ofgem

Instructions for completion

8.36 Insert project name.

8.37 For narrative reference – Provide brief description of the project and when outputs are expected to be realised.

8.38 Cost per annum – This should be stated on net cost basis.

Table 8.12 –Directly Remunerated Services

Purpose and use by Ofgem

8.39 The purpose of this table is to collect information relating to Directly Remunerated Services provided by the gas transporter business by type of service.

Instructions for completion

8.40 Costs should be input as positive values. The description of services being provided should match those used in the Revenue part of RIGs for the income received. It may be that some services have no identifiable costs. If consented and de Minimis services are reported outside of the GT business, please do not complete the information but state this in the narrative.

8.41 Costs must be reported as per the below sub-categories which are derived from the licence:

- [Connection services DRS1](#)
- [Diversionary works under an obligation DRS2](#)
- [Works required by any alteration of premises DRS3](#)

Deleted: Purpose and use by Ofgem

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

- [Telecommunications and information technology infrastructure services DRS4](#)
- [Emergency services DRS6](#)
- [PARCA activities DRS7](#)
- [Miscellaneous DRS15](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Formatted: Font: Aptos, 12 pt

9. Instructions for completing the Gas System Operator worksheets

Section summary

The purpose of this chapter is to inform the completion of the gas system operator worksheets by the SO. This is to enable Ofgem to effectively monitor the performance of the gas transmission system operator against the gas system operator incentive schemes.

Introduction

- 9.1 The purpose of the worksheets in this area is to report data on the performance of the System Operator against the Gas System Operator Incentives. This data is to enable Ofgem to monitor performance and revenues under the incentive scheme.
- 9.2 In addition to annual returns, we may require the System Operator to provide us with a quarterly data pack, to be submitted five weeks after the end of each quarter, provided in the same worksheet format outlined in this chapter. We will liaise with the NGT's System Operator team ahead of the need to report in advance of the information needed.
- 9.3 The annual submission must be accompanied by a letter signed by a director on behalf of NGT confirming that the data is accurate and has been provided in accordance with the RIGs. Other more frequent submissions should nonetheless have an appropriate level of management oversight and NGT should submit accurate figures of their data for the relevant period. Where indicated (normally for annual returns only) NGT should provide audited figures. We note that some values in this section may be negative values owing to the nature of information required. Further guidance is provided below.

Overview of worksheets

- 9.4 The worksheets included in this chapter are:
- 9.1 Operating Margins
 - 9.2 NTS shrinkage
 - 9.3 NTS shrinkage incentive
 - 9.4 Residual balancing data
 - 9.5 Demand forecasting overview
 - 9.6 Demand forecasting adjustment
 - 9.7 Demand forecasting data

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Formatted: Font: 24 pt, Font color: Auto

Formatted: Heading 2 (numbered), No bullets or numbering

Formatted: Section summary

Formatted: Font: Not Bold, Ligatures: None

Formatted: Section summary, Line spacing: single

Formatted: Numbered Normal, Line spacing: single, No bullets or numbering

Formatted: Numbered Normal, No bullets or numbering

Deleted: the following information: ¶
A...

Deleted: worksheets

Deleted: ;

Deleted: <#>A monthly written report, to be provided one week after the end of each month, providing a qualitative summary of its performance during the month including (but not limited to): ¶
flagging any substantial variations in cost or incentive performance against the incentive targets; ¶
details of any substantial variation and a commentary on why this has occurred e.g. changes to market conditions, a one-off event, etc; ¶
A quarterly written report, to be submitted five weeks after the end of each quarter, including a general System Operator report, providing qualitative analysis of its performance during the quarter concerned including: ¶
an overview of its performance against each incentive; ¶
a discussion of any changes to market conditions which may be affecting the System...

Formatted ...

Deleted: <#>the licensee

Deleted: <#>licensees

Deleted: <#>licensees

Formatted ...

Formatted: Bulleted Normal, No bullets or numbering

Deleted: (revenue)

Deleted: (prompt)

Deleted: NTS shrinkage (gas trades)¶
9.5 NTS shrinkage (electricity trades)¶ ...

Deleted: 7

Deleted: 8

Deleted: 9

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

- [9.8](#) Greenhouse gas incentive revenue
- [9.9](#) Greenhouse gas venting data
- [9.10](#) Maintenance incentive

[9.5](#) As indicated in the Final Determinations, NGT is planning to propose two new incentives as set out in the licence: the Greenhouse Gas Pipeline Emissions incentive (GHGP) – Special Condition 5.8, Part C; and the Greenhouse Gas Fugitive Emissions incentive (GHGF) – Special Condition 5.8, Part D. The RRs and this RIGs document will be updated at a later stage, following policy changes and the consultation period.

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Deleted: 10

Deleted: 11

Deleted: 12

Deleted: revenue

Deleted: ¶

Specific Instructions

Table 9.1 – Operating margins

Purpose and use by Ofgem

[9.6](#) The purpose of this table is to collect information about the cost of Operating Margins, including details of Operating Margins Purchasing Activities.

Deleted: report

Formatted: Numbered Normal

Instructions for completion

[9.7](#) The relevant term is defined in Special Condition 5.6, Part F.

Deleted: Purpose and use by Ofgem

Table 9.2 – NTS shrinkage

Purpose and use by Ofgem

[9.8](#) The purpose of this table is to collect information in relation to NTS shrinkage procurement, costs and volumes.

Deleted: reporting

Deleted: Purpose and use by Ofgem

Instructions for completion

[9.9](#) The relevant term is defined in Special Condition 5.8 Part G.

[9.10](#) Data relating to the information required should be entered as indicated in the worksheet. In this worksheet where appropriate values should be provided in £m figures displayed to two decimal places.

Specific definitions for this worksheet

[9.11](#) Data relating to trades should be entered as indicated in the worksheet and in line with the definitions in the Licence.

[9.12](#) Additionally, NGT should:

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

- [report on verified information it has obtained through trials and baselining for the GHG incentives, when filling in the information in rows 23 \(GHG incentives\) and 24 \(Network Decarbonisation Re-opener investment\). If no such information can be obtained, NGT should report 0 values.](#)
- [Report on the Actual NTS shrinkage volumes of gas \(row 25\) and electricity \(row 26\) on a monthly basis, in GWh.](#)
- [Report on the NTS Shrinkage volume and cost, as forecast by NGT on the last day of the preceding Regulatory Year \(for example, for Regulatory Year 2026/27, the NTS shrinkage cost and volume information should be provided as forecast by NGT on 31 March 2026\).](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Table 9.3 – NTS shrinkage [incentive](#)

Purpose and use by Ofgem

9.13 [The purpose of this table is to collect information relating to underlying gas trades taken in relation to the Gas Reference Market Price as defined in the Licence.](#)

Instructions for completion

9.14 [Data relating to trades should be entered as indicated in the worksheet and in line with the definitions in the Licence. In this worksheet where appropriate values should be provided in £ figures and not £ million figures displayed to one decimal place.](#)

Deleted: (prompt volume and price targets)

Deleted: Purpose and use by Ofgem

Table 9.4 –

Residual balancing [data](#)

Purpose and use by Ofgem

9.15 [The purpose of this table is to collect data in relation to the Daily Price Performance Measure \(PPM\) and Daily Line pack Performance Measure \(LPM\) and the resulting daily \[Incentive Payments in accordance with the Residual Gas Balancing Incentive\]\(#\) This table also reports cumulative \[daily, monthly and final incentive revenues in relation to the Residual Gas Balancing Incentive.\]\(#\)](#)

Formatted: Numbered Normal

Deleted: PPM and

Deleted: LPM incentive performance

Instructions for completion

9.16 [In this worksheet where appropriate values should be provided in £ figures and not £ million figures displayed to one decimal place.](#)

9.17 [The relevant term is defined in Special Condition 5.6 Part B.](#)

Deleted: Purpose and use by Ofgem

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Table 9.5 – Demand forecasting (D-1) incentive report overview

Deleted: 7

Purpose and use by Ofgem

9.18 [The purpose of this table is to report the daily incentive revenues and performance under the day ahead Demand Forecasting Incentive.](#)

Deleted: Purpose and use by Ofgem

Instructions for completion

9.19 [The relevant term is defined in Special Condition 5.6 Part C.](#)

Table 9.6 – Demand forecasting adjustment

Deleted: 8

Purpose and use by Ofgem

9.20 [The purpose of this table is to report on the calculation of the Demand Forecasting Wind Adjustment, which is part of the performance target for the Demand Forecasting incentive.](#)

Deleted: Purpose and use by Ofgem

Instructions for completion

9.21 [The relevant terms and algebraic calculation is defined in Special Condition 5.6, Part C.](#)

9.22 [The Day Ahead Wind Forecast and the Wind Outturn should be that which is published by the Independent System Operator.](#)

Table 9.7 – Demand forecasting report (D-2-D-5 overview)

Deleted: Purpose and use by Ofgem

Purpose and use by Ofgem

9.23 [The purpose of this table is to report performance in day 2 to day 5 ahead Demand Forecasting.](#)

Instructions for completion

9.24 [The relevant term is defined in Special Condition 5.6, Part C.](#)

Table 9.8 – Greenhouse gas emissions **Compressor Incentive revenue**

Deleted: 10

Purpose and use by Ofgem

9.25 [The purpose of this table is to report performance and incentive revenue against the Greenhouse Gas Emissions compressor Incentive.](#)

Deleted: report (revenue)

Formatted: Numbered Normal

Instructions for completion

9.26 [In this worksheet where appropriate Tonnes of Natural Gas figures displayed to two decimal places.](#)

Deleted: Purpose and use by Ofgem

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

9.27 All relevant terms are defined in Special Condition 5.8; Part B. Data should be consistent with the System Operator’s Greenhouse Gas Emissions Calculation Methodology⁸ (as required under Special Condition 5.8). For the avoidance of doubt, Ofgem considers “accepted greenhouse gas accounting and auditing principles” specified in Special Condition 5.8 to be consistent with those set out in Chapter 10 of the GHG protocol, “The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard Revised Edition” which can be found at [ghg-protocol-revised.pdf](#)

Specific definitions for this worksheet

9.28 Exclude Emissions defined as ‘Site Vents’ in table 9.9 GHG venting Data.

Table 9.9 – Greenhouse gas emissions venting data

Deleted: 11

Deleted: Purpose and use by Ofgem

Purpose and use by Ofgem

9.29 The purpose of this table is to provide a breakdown of information about venting by vent type in relation to the Greenhouse Gas Emissions Incentive.

Instructions for completion

9.30 All relevant terms are defined in Special Condition 5.8. Data should be consistent with the System Operator’s Greenhouse Gas Emissions Calculation Methodology (as required under Special Condition 5.8). For the avoidance of doubt, Ofgem considers “accepted greenhouse gas accounting and auditing principles” specified in Special Condition 5.8 to be consistent with those set out in Chapter 10 of the GHG protocol, “The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard Revised Edition” which can be found at [ghg-protocol-revised.pdf](#)

Specific definitions for this worksheet

- Starter vents - vented gas released from compressors or equipment during starter system operation, typically when initiating rotation before full process gas is introduced.
- Start-up process gas purge - gas used to purge air or inert gases from process equipment prior to start-up.
- Fuel gas purge & vents- gas from purging or venting fuel gas systems, including pipework supplying compressors, heaters, or turbines.
- Static seal emissions - gas from non-moving (fixed) sealing interfaces, such as flanges, gaskets, valves (closed position).
- Dynamic seal emissions - emissions from moving seals, including Compressor shaft seals, pump seals.

⁸ Special Condition 5.8 requires that the Greenhouse Gas Emissions Calculation Methodology should be verified by an Independent Examiner.

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

- Operational process vents - controlled releases of gas during normal system operation (excluding start-up/shutdown or emergencies), such as pressure control venting, operational blowdowns
- ESD vents (Emergency Shutdown vents) - rapid release of gas associated with Emergency Shutdown (ESD) system activation, typically involving blowdown of plant or pipelines.
- Site vents – a catch-all category for venting at a site level not captured in more specific categories, or aggregated vent sources.

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Table 9.10 – Maintenance incentive revenue

Purpose and use by Ofgem

9.31 The purpose of this table is to collect information in relation to the Maintenance Incentive.

Instructions for completion

9.32 All relevant terms are defined in Special Condition 5.6, Part D. The yellow highlighted boxes on the table should only be filled in on an annual basis rather than forecasting each month.

9.33 Sections to complete are for:

- Maintenance Change Incentive: This table provides data on changes to customer-impacting maintenance after 1st April, including delayed starts, extensions and cancellations.
- Maintenance Days Incentive (VO): This table provides data on the use of Maintenance Days to facilitate annual routine valve operations (VOs) impacting customer sites.
- Maintenance Days Incentive (non-VO): This table provides data on the use of Maintenance Days to facilitate outages affecting customer sites excluding - VOs.
- Maintenance Incentive Revenue: This table calculates NGT’s total revenues for the Regulatory Year. All cells are auto-filled from the previous tables on this sheet.

Deleted: 12

Deleted: report

Deleted: Purpose and use by Ofgem

Formatted: Font: Aptos, 12 pt

Formatted: Indent: Left: 1 cm

Appendices

Index

Appendix	Name of Appendix	Page No.
1	Glossary and definitions	93
2	Definition of Totex	112
3	Related Party Transactions	114

Appendix 1

Glossary and definitions

The purpose of this appendix is to provide definition of the terms included in these instructions and in the associated.

Most definitions apply to specific tables and therefore are included as part of the table instructions for completion; this appendix provides definitions that cover more than one table and more general definitions. Any word or expressions used in the Utilities Act 2000, Electricity Act 1989, the Energy Act 2004, or standard or special licence conditions of the electricity transmission licence shall have the same meaning when used in these rules, similarly for standard accounting terms, IFRS/IAS and/or UK GAAP and Companies Act 2006 definitions should be applied.

In the circumstance where no definition is given, [NGT](#) should include in explanatory notes details of the treatment it has applied, and should inform The Authority of the omission. Where a definition set out in this appendix is not the same as that applied by [NGT](#) for other purposes, the definition set out herein must be used in the preparation of the RIGs templates.

Deleted: the licensee

Deleted: a licensee

Except where the context otherwise requires, any reference in this appendix or in the RIGs to a numbered standard or special condition (with or without a letter) or Schedule is a reference to the standard or special condition (with or without a letter) or Schedule bearing that number in the electricity transmission licence, and any reference to a numbered paragraph (with or without a letter) within such a standard or special condition is a reference to the paragraph bearing that number in the standard or special condition or Schedule of the electricity transmission licence in which the reference occurs, and reference to a Section is a reference to that Section in the standard or special conditions of the electricity transmission licence.

Alphabetical list

A

Accounting costs

Costs as per statutory or regulatory accounts before any adjustments for non controllable costs and atypical, provisions etc.

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Accruals and Prepayments

For the purpose of determining what amounts should be excluded as non cash items. These are only those items that are not incurred as part of the ordinary level of business activities and would be atypical. Normal business activities include, normal trade accruals and prepayments and holiday pay provisions.

Affiliate IDNO

An independent distribution network operator owned by the group and operating within the group’s own electricity distribution network area

Formatted: Heading 4,Sub-heading 2 - Italic

Annual iteration Process

The annual iteration process is the process of annually updating the variable values in the Price Control Financial Model (PCFM) and running the PCFM calculation functions in order to provide updated Allowed Revenue (AR_i) for [NGT, refer to the Price Control Financial Handbook \(PCFH\) for further information.](#)

Deleted: a licensee, see Chapter 2 in

[Asset health](#)

[The condition and performance of network assets over time, reflecting their ability to continue delivering required outputs safely, reliably, and efficiently.](#)

Moved (insertion) [2]

Deleted:).

Formatted: Font: Aptos

Asset Health Non-Lead Assets:

Asset Health Non-Lead Assets refers to the condition and performance of supporting infrastructure within the gas transmission network that is not directly involved in the transportation of gas. These assets are essential for maintaining the safety, reliability, and operability of the network but are not classified as “lead” assets such as compressors, pipelines, or valves.

Formatted: Heading 4,Sub-heading 2 - Italic

B

BT 21 CN Tele protection

Opex costs incurred as a result of the BT21CN transition

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Baseline costs

The efficient level of expenditure that Ofgem determines ex-ante at the price control settlement to deliver a network company’s core activities and outputs, before the application of uncertainty mechanisms or incentive adjustments.

Business support costs

Indirect costs incurred by a network company to support its overall operations, which are not directly attributable to specific network activities or outputs but are necessary for the effective functioning of the business.

This includes functions such as corporate services (HR, finance, legal), IT systems and support, Management and administration, Property and facilities costs, Procurement and support services

C

▲ Calorific Value (CV)

The measurement of the amount of energy contained in dependant on the composition of the gas.

Formatted: Font: Not Italic

Formatted: Heading 4, Sub-heading 2 - Italic

▲ Capital Expenditure (Capex)

Expenditure on investment in long-lived transmission assets, such as gas pipelines or electricity overhead lines.

Formatted: Font: Not Italic

Formatted: Heading 4, Sub-heading 2 - Italic

▲ Capex Allowance

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

Formatted: Font: Not Italic

Formatted: Heading 4, Sub-heading 2 - Italic

▲ Capacity

Capacity gives a shipper an entitlement to flow gas onto the National Transmission System (NTS). Capacity is often referred to as ‘rights’ or ‘entitlements’. A shipper needs to buy one unit of capacity in order to flow one unit of energy onto the system. This is known as the ‘ticket to ride’ principle. Units for both capacity and energy are in kWh/day.

Formatted: Font: Not Italic

Formatted: Heading 4, Sub-heading 2 - Italic

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Cash Controllable Costs

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

Change in market value of investments

The change in the market value of a schemes investments over a period where the approach used to assess the market value of an asset is the same as the approach used for the purposes of a triennial valuation

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.

Constraint Management

The Constraint Management Incentive encourages [NGT](#) to efficiently manage any capacity constraint risk which arises when obligated capacity release levels exceed the physical capability of the NTS, and to release additional capacity beyond these obligated levels.

Formatted: Heading 4,Sub-heading 2 - Italic

Deleted: National Gas

Customer / Capital contributions

Financial contribution received from / repaid to a customer in respect of the provision of a new connection to the transmission network.

D

Demand

The amount/volume of gas that is directly off taken from the National Transmission System (NTS) by our customers. Demand Forecast the amount of gas that is expected to be delivered through the NTS for the given Gas Day at the time of the forecast.

Deleted: ¶

De Minimis

The activity of conducting de minimis business, i.e. non-transmission activities, which are subject to the limitation provided for in standard licence condition [A36](#) Paragraph 4.

Deleted: B6

Guidance ~~RIIO-GT3– Regulatory Instructions and Guidance: Version 4~~

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Direct Costs

Opex relates to the activities required to maintain and operate the transmission networks. Direct Opex can be divided into planned work largely associated with maintenance tasks that are driven by asset management policies and technical standards, and unplanned work driven largely by faults on the network.

Formatted: Space After: 0 pt

Directly Attributable Costs (Network Innovation)

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

E

Excluded services

Has the meaning given in the relevant special licence condition.

Entry Capacity

Gas can enter the NTS from a variety of points. Each point of entry requires capacity to be booked for the gas that is coming in.

Formatted: Font: Not Italic

Formatted: Heading 4, Sub-heading 2 - Italic

Deleted: National Transmission System (

Deleted:)

Exit capacity

~~Gas can exit the NTS at different points. Each point of exit requires capacity to be booked for the gas that is exiting the NTS.~~

Formatted: Font: Not Italic

Formatted: Heading 4, Sub-heading 2 - Italic

Deleted: Exit capacity gives shippers the right to take off the National Transmissions System (NTS). Capacity is often referred to as rights or entitlements. A shipper needs to buy one unit of capacity in order to flow one unit of energy. This is known as the 'ticket to ride' principle. Units for both capacity and energy are in kWh/day.

F

Fault Repairs

Repair of system assets which have unexpectedly failed to operate as expected.

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.

Formatted: Heading 4, Sub-heading 2 - Italic

Guidance ~~RIIO-GT3– Regulatory Instructions and Guidance: Version 4~~

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

G

Gas supply

The amount/volume of gas that enters the NTS system i.e. from UK Continental shelf/Norwegian Pipelines/LNG etc.

Formatted: Font: Not Italic

Formatted: Heading 4,Sub-heading 2 - Italic

GDN

Gas distribution network

Formatted: Font: Not Italic

Formatted: Heading 4,Sub-heading 2 - Italic

GWh – Gigawatt hours abbreviated to **GWh**, is a unit of energy representing one billion (1,000,000,000) watt hours and is equivalent to one million kilowatt hours.

Deleted: gWh

I

Indirect operating expenditure (indirect opex):

Operating costs that support the delivery of network activities but cannot be directly attributed to specific assets, tasks, or outputs, and therefore require allocation across activities.

Industrial Emissions Directive

The Industrial Emissions Directive (IED) is a piece of European Union legislation aimed at regulating the environmental impact of industrial activities and came to force in 2010. It integrates and replaces several previous directives concerning industrial emissions. The main goal of the IED is to achieve a high level of protection for the environment and human health by reducing emissions from industrial installations. It sets out requirements for permitting, monitoring, and controlling emissions from a wide range of industrial activities, including energy production, waste management, chemical manufacturing, and other industrial processes.

Formatted: Heading 4,Sub-heading 2 - Italic

Inline Inspections (ILI)

Technique used to assess the condition of damage within pipelines.

Formatted: Heading 4,Sub-heading 2 - Italic

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Investment income

Formatted: Heading 4, Sub-heading 2 - Italic

The income received on pension scheme assets, net of investment management fees where it is deducted from investment income.

Investment management expenses

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.

K

Kw/H Kilowatt Hour

Formatted: Font: Not Italic

The basic unit of electric energy usage over time. One kilowatt-hour is numerically equal to 1000 watts used for one hour.

Formatted: Font: Not Bold

Formatted: Heading 4, Sub-heading 2 - Italic

KMS

[The basic unit of length – kilometers.](#)

L

Large Combustion Plant Directive

The Large Combustion Plant Directive (LCPD) is a European Union directive which requires member states of the European Union to legislatively limit flue gas emissions from combustion plant having thermal capacity of 50 MW or greater. The directive applies to fossil-fuel power stations, and other large thermal plant such as petroleum refineries and steelworks. The aim of the LCPD is the regulation of emissions to air from large combustion plants (LCPs)

Linepack

The amount of gas within the National Transmission System (NTS) at any time is known as ‘linepack’.

Formatted: Normal

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Linepack Performance Measure (LPM)

Linepack as per above is a term to describe the physical quantity of gas in the NTS at a point in time and is measured at specific times of day. The Linepack Performance Measure (LPM) incentivises [NGT](#) to minimise differences in the linepack measured at the start and the end of the gas day. This is to help ensure that any imbalances are resolved on the same day and the costs of resolving such system imbalances are levied to those users responsible.

Deleted: National Gas

Load related capex

The installation of new assets to accommodate changes in the level or pattern of electricity or gas supply and demand.

Formatted: Normal

Low risk assets

Assets where the focus is on protecting capital and gaining a modest return (e.g. gilts).

M

Medium Combustion Plant Directive

The Medium Combustion Plant Directive (MCPD) is a European legislation aimed at regulating emissions from medium combustion plants, specifically targeting pollutants such as sulphur dioxide (SO₂), nitrogen oxides (NO_x), and dust. It fills a regulatory gap between large combustion plants (> 50 MWth) and smaller appliances (< 1 MWth). The directive applies to plants with a rated thermal input between 1 MWth and 50 MWth and is part of the EU's Clean Air Policy.

Formatted: Heading 4, Sub-heading 2 - Italic

Deleted: ¶

N

[NARM](#)

[NARM is Ofgem's framework for measuring and managing asset health risk on gas and electricity transmission and distribution networks. It converts asset condition and performance into a monetised risk value, typically based on probability of failure \(how likely an asset is to fail\) and consequence of failure \(impact on safety, customers and operations\)](#)

Formatted: Font: Not Bold

Guidance ~~RIO-GT3– Regulatory Instructions and Guidance: Version 4~~

Deleted: RIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Network Innovation Allowance (NIA)

The Gas Network Innovation Allowance is a dual-purpose set allowance that provides an opportunity to develop innovation programmes across the gas industry that focuses on the energy transition and vulnerable customers.

Formatted: Font: 12 pt, Ligatures: None

Deleted: focus

Formatted: Font: 12 pt, Ligatures: None

Network Innovation Competition (NIC)

The NIC is an annual opportunity for network companies to compete for funding for the development and demonstration of new technologies, operating and commercial arrangements.

Formatted: Font: 12 pt, Ligatures: None

Formatted: Normal

Network operating costs:

Costs incurred by a network company in the day-to-day operation, maintenance, and management of the network to ensure the safe, reliable, and efficient delivery of services. This covers the ongoing running of the network, as opposed to investment in new or replacement assets.

National Transmission System (NTS)

The high pressure gas system of Great Britain.

Formatted: Font: 12 pt, Ligatures: None

Network rates

Prescribed rates levied on the transmission 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.

NIA Allowable Expenditure

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

Guidance ~~RIIO-GT3– Regulatory Instructions and Guidance: Version 4~~

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

NIA Direct Benefits

Direct Benefits are the benefits of a project accruing to NGT during its implementation and comprises any expenditure included within NGT Business Plan for RIIO-T3 that will be saved as a result of undertaking the Project.

Deleted: Project

Deleted: the Network Licensee

Deleted: the Project

Deleted: the Network Licensees

Deleted: T1

NIA Eligible Expenditure

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

Deleted: the Network Licensee

NIA Unrecoverable Project Expenditure

Means expenditure on a NIA Project the Authority has determined does not satisfy the requirements of the NIA governance document.

Network Innovation Competition

The Network Innovation Competition (NIC) is an annual initiative in the UK that allows electricity and gas network companies to compete for funding to develop and demonstrate new technologies, operating methods, and commercial arrangements. The goal is to help network operators understand how to provide environmental benefits, reduce costs, and maintain security of supply as the country transitions to a low-carbon economy

Formatted: Heading 4, Sub-heading 2 - Italic

NIC Eligible Bid Preparation Costs

Means the amount of expenditure spent or accrued by NGT 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.

Deleted: the Network Licensee

NIC funding

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.

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

NICF

The amount directed by the Authority to be recovered by [NGT](#) on behalf of all gas distribution and transmission licensees.

Deleted: National Grid Gas

Non Load Related Capex

This comprises of expenditure required to replace or refurbish existing primary (e.g. pipelines, compressor sites, entry/exit points, etc) and secondary (e.g. gas generators, exhausts, pig traps, isolation valves, etc) assets on the network. It also include expenditure relating to areas such as the reduction of direct emissions from the operation of the NTS, network resilience, and physical security.

Formatted: Heading 4,Sub-heading 2 - Italic

Non-operational capital expenditure

[Capital investment that does not directly relate to the real-time operation, control, or physical functioning of the gas/electricity network.](#)

Non-Lead (Asset Health)

Spend that is attributed to work on non gas conveying assets (e.g. a pipeline support that does not transport gas)

Formatted: Heading 4,Sub-heading 2 - Italic

Non Operational Capex

Non-operational capex are investment in assets that does not directly relate to transmission operations. Costs in this area includes IT projects, costs associated with vehicle fleets and property expenditure.

Formatted: Heading 4,Sub-heading 2 - Italic

Non-TIM

Cost not subject to the Totex Incentive Mechanism, such as pass through costs.

Formatted: Font: Not Italic

Formatted: Heading 4,Sub-heading 2 - Italic

Non – Transmission

Costs attributable to activities other than transmission e.g. Non regulated.

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Non Controllable Costs

Costs not deemed to be controllable by the transmission business, transmission licence fees, and network rates

Null Asset:

A Null Asset refers to an asset health intervention or activity that is not linked to a Price Control Deliverable (PCD). These are typically part of the non-lead asset portfolio and are funded through baseline allowances set at Final Determinations but fall outside the scope of Special Conditions 3.14 and 3.15 of the RIIO-GT3 framework.

Formatted: Heading 4,Sub-heading 2 - Italic

Deleted: GT2

O

Operational Property Management

Premises which contain network assets and are not maintained for accommodating people e.g. Substations, Boiler Stations, Holder Stations, Compressor Stations, and Governor Houses etc.

Operating margins

The volume of gas and associated capacity held or contracted by NGT to provide a rapid-response reserve used to maintain and ensure the safe and stable operation of the NTS under operational stress conditions.

Deleted: Other Capex¶

Other capital expenditure

Key costs that relate to cyber and physical resilience investments.

Deleted: refers to the key

Formatted: Normal

Other Indirect Costs

Other indirect costs: Indirect costs that support specific operational or activity areas but are not directly attributable to individual assets or outputs and are distinct from core business support (corporate overhead) costs.

Examples include engineering support and planning functions, logistics and stores management, Health & safety support

These costs also include quarry and loss which are cash payments and provision movements relating to quarry and other loss of development claims. Opex cyber and physical resilience costs are also captured in this cost category.

Formatted: Heading 4,Sub-heading 2 - Italic

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Outputs

These are the outputs agreed at the time of setting the RIIO-[GT3](#) price control for meeting the needs of consumers and network users, maintaining a safe and resilient network and delivering an environmentally sustainable network.

Deleted: GT2

P

[Pass-through costs:](#)

[Costs outside the control of network companies that are recovered from consumers with little or no exposure to efficiency incentives, typically adjusted to reflect actual expenditure.](#)

Pension Deficit Payments relating to Established Deficit

Established deficit means the difference between the assets and liabilities, determined at any point in time, attributable to pensionable service up to 31 March 2012 and relating to regulated business activities under our second Pension Principle. The term applies equally if there is a subsequent surplus.

Physical Security Expenditure

This refers to costs incurred, or expected to be incurred, by [NGT](#) 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 [NGT's](#) Transmission System.

Deleted: the licensee

Deleted: the licensee's

Planned Inspections and Maintenance

Visual checking of the external condition of assets, including helicopter and foot patrols; and reading gauges (Inspections). Maintenance is an activity that is performed purposely and regularly in order to prevent physical assets from deteriorating or breaking down such that they continue to perform in accordance with manufacturers' recommendations.

[PCFM](#)

[The Price Control Financial Model \(PCFM\) is Ofgem's core financial model used to calculate allowed revenues for network companies, ensure financeability across a](#)

Guidance ~~RIIO-GT3– Regulatory Instructions and Guidance: Version 4~~

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

~~price control period and assess the impact of policy and cost assumptions on company finances~~

Price Performance Measure (PPM)

Formatted: Heading 4, Sub-heading 2 - Italic

The Price Performance Measure (PPM) evaluates the impact ~~NGT~~ has on the market in its residual balancing role. This is achieved by measuring the difference between the highest and lowest price of our trading actions for a gas day, as a percentage of the System Average Price (SAP). This incentivises NGT, as Gas System Operator, to minimise the impact it has on market prices.

Deleted: National Gas

PSSR

Formatted: Font: Not Italic

Pressure System Safety Regulations is the health and safety regulation for pressure systems containing 'relevant fluids' within the workplace. This refers to steam, any fluid mixture which is at a pressure of >0.5bar above atmospheric and gas dissolved under pressure in a solvent.

Formatted: Heading 4, Sub-heading 2 - Italic

Q

Quarry and Loss of Development

Claims under the terms of the Deed of Easement. These include; loss of crop and drainage; loss of land development (e.g. housing, quarrying etc.; sterilised minerals; landfill and tipping; and power generation).

R

RAV

Regulatory Asset value

Related party

Is an affiliate, a joint venture of ~~NGT~~ or of an affiliate or an associate of ~~NGT~~ or of an affiliate or a relevant associate of ~~NGT~~.

Deleted: the licensee

Deleted: the licensee

Deleted: the licensee

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Related Party Margins

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.

Residual Balancing

Formatted: Heading 4,Sub-heading 2 - Italic

Residual balancing is a scheme that incentivises [NGT](#) – as the System Operator (SO) and in its role as residual balancer – to balance supply and demand each gas day and to minimise impacts on the market when it is necessary to trade gas to balance the network.

Deleted: ¶

The incentive is based on Linepack Performance Measure (LPM) and Price Performance Measure (PPM)

Return seeking assets

The assets which may be exposed to greater risk, but where the potential return is higher than low risk assets (e.g. equities)

Royalties Revenues

Revenue earned from intellectual property generated through eligible NIC projects

Returned Royalties Income

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.

Retained NIC Royalties

Total royalties earned through all NIC projects to be retained by [NGT](#).

Deleted: the licensee

S

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Salary / staff costs

Includes: salaries and wages, national insurance contributions, overtime standby and other allowances, all ongoing pension costs and incremental deficit repair payments, share based schemes, and sick pay and sickness benefits.

Security (Armed Guards)

Refers to costs solely associated with the provision of Ministry of Defence Armed Police at designated sites.

Security (pertaining to SO)

Shall mean costs (operating and capital expenditure) for enhanced security activities as specifically directed by Department for [Energy Security](#) and [Net Zero \(“DESNZ”\)](#) or the Centre for the Protection of National Infrastructure (“CPNI”). These costs are subject to an uncertainty mechanism.

Deleted: Business,

Deleted: Industrial Strategy (“BEIS

Deleted: ”) pursuant to Special Licence Condition XXX.

Shrinkage

Shrinkage on the National Transmission System refers to gas which is lost from the system, as well as the energy consumed in operating the network i.e. the energy used to run compressors (Compressor Fuel Usage), energy that does not satisfy the Calorific Value standards (Calorific Value Shrinkage), and energy that is lost or unaccounted for (Unaccounted for Gas).

Formatted: Font: Not Italic

Formatted: Heading 4,Sub-heading 2 - Italic

SO

The System Operator is responsible for keeping the National Transmission System operating safely, reliably and efficiently, balancing supply and demand on the network and ensuring safe operating pressures are maintained within the pipes.

Formatted: Heading 4,Sub-heading 2 - Italic

SpC

Special licence condition [of National Gas Transmission plc’s Gas Transporter Licence](#).

Formatted: Font: Not Italic

Formatted: Heading 4,Sub-heading 2 - Italic

Strategic Innovation Fund (SIF)

The Strategic Innovation Fund (SIF) provides funding for larger scale demonstration projects and enables their development through several separate project phases –

Formatted: Heading 4,Sub-heading 2 - Italic

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Discovery, Alpha and Beta. This funding is determined by annual challenges which focus on encouraging cross industry collaboration.

T

TIRG

Transmission Investment for Renewable Generation

TIM

Formatted: Font: Not Italic

Totex incentive mechanism. The mechanism within RIIO price controls that determines how differences between allowed and actual totex (total expenditure) are shared between network companies and consumers.

Formatted: Heading 4, Sub-heading 2 - Italic

Totex

See Appendix 2

Transmission Licence Fee

Net payments by NGT to the Authority determined in accordance with the standard license conditions. Payments made to the Authority in respect of the licence fee should be included net of any credit notes relating to that Regulatory Year⁹.

Deleted: the licensee

Deleted: regulatory year

U

Uncertainty Mechanism (AM):

Deleted: TII¶
Transmission Investment Incentive¶
¶

A regulatory mechanism within RIIO price controls that allows adjustments to allowances and/or revenues where there is material uncertainty at the time of the price control settlement.

⁹ Further detail on the licence fee cost recovery principles can be found in the following document available on the Ofgem Website: [Licence fee cost recovery principles 2021 | Ofgem](#)

Deleted: license

Guidance ~~RIIO-GT3– Regulatory Instructions and Guidance: Version 4~~

V

Vegetation Management

The activity of physically felling or trimming vegetation.

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Formatted: Heading 4, Sub-heading 2 - Italic

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Appendix 2

Definition of Totex

The annual net additions to RAV will be calculated as a percentage of Totex. Totex consists of all the expenditure relating to a licensee's regulated activities except for:

Formatted: Font: Aptos, 12 pt

- all costs relating to de minimis activities;
- all costs relating to excluded services activities (except for 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 (to include TPCR3 or TPCR4 entry and exit revenue drivers, Network Innovation Competition and Network Innovation Allowance costs);
- all statutory or regulatory depreciation and amortisation;
- profit margins from related parties (except where permitted as defined below);
- costs relating to rebranding NGT'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;
- bad debt costs and receipts (subject to an ex post adjustment to allowed revenues);
- any costs relating to the SO for external purposes (i.e. balancing services activity)
- any cost reporting which is not on a normal accruals basis as referred to in paragraph 1.6 above (for the avoidance of doubt, accruals to recognise the present value obligation to the defined benefit pension scheme (in accordance with International Accounting Standard 19) are excluded from totex);
- costs in relation to pass-through items, including business rates (except for business rates on non-operational buildings);

Deleted: <#>Pension Scheme Administration and PPF levy costs;¶

Formatted: Font: Aptos, 12 pt

Guidance RIIO-GT3– Regulatory Instructions and Guidance: Version 4

- interest, other financing and tax costs¹⁰ (except for business rates on non-operational buildings and stamp duty land tax); and
- 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 and any subsequent judicial review against the CMA decision.¹²

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Formatted: Font: Aptos, 12 pt

Formatted: Font: Aptos, 12 pt

Deleted: .¹¹

Formatted: Font: Aptos, 12 pt

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 transmission business are treated as an offset to Totex expenditure, unless specifically subject to different treatment under the RIGs.

For avoidance of doubt, in each case normal ongoing pension service costs will follow employment costs in each activity to RAV.

Formatted

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 profit margins of the licensee or related party, except where permitted. The treatment of related party margins is set out in paragraphs 1.22 to 1.27 below.

¹⁰ Tax costs include corporation tax, capital gains tax, recoverable valued added tax and network rates

¹² Notwithstanding the above, Ofgem shall pay all legal fees and cost awarded against it by the Judicial review body and the CMA.

Guidance RIIO-GT3- Regulatory Instructions and Guidance: Version 4

For the avoidance of doubt, costs that are eligible for a Re-Opener mechanism will follow the Totex treatment as set out above at the time they are incurred.

Deleted: RIIO-GT2- Regulatory Instructions and Guidance: Version 2.5

Deleted: reopener

Formatted: Font: Aptos, 12 pt

Formatted: Ligatures: Standard + Contextual

Formatted: Font: Aptos, 12 pt

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Appendix 3

Related party transactions

The purpose of this appendix is to provide definitions around related party transactions

Formatted: Font: Aptos, 12 pt

Related party costs

Related party costs are only included within Totex to the extent they represent the cost of services required by the licensee's business. Costs for services recharged to the licensee by a related party 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 licensees already hold derogations.

Formatted: Font: Aptos, 12 pt

Formatted

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.

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.

Deleted:

Formatted: Font: Aptos, 12 pt

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 licensees to document the basis on which they approve these at board level

Formatted

Guidance ~~RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5~~ RIIO-GT3– Regulatory Instructions and Guidance: Version 4

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

and provide evidence of this together with details of how the continuing assessment and challenge, annually takes place.

The basis should be consistent from year to year and where there are changes the licensee should both document and justify them.

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

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 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).

Formatted: Font: Aptos, 12 pt

Formatted

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.

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 transportation 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.

Guidance [RIIO-GT3– Regulatory Instructions and Guidance: Version 4](#)

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.

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.

Where a principal related party resource provider 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 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.

Deleted: RIIO-GT2– Regulatory Instructions and Guidance: Version 2.5

Deleted: ,

Formatted: Font: Aptos, 12 pt

Deleted:

Formatted: Font: Aptos, 12 pt

Formatted: Indent: Left: 1 cm