

Glossary

RIIO-3 Gas Distribution Price Control – Glossary of Terms [Draft]

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This document is a glossary of terms used in the RIIO-GD3 Gas Distribution Price Control, providing definitions of key terms used in the Regulatory Instructions and Guidance (RIGs) and the associated Regulatory Reporting Pack (RRP) tables to support consistent interpretation and use by Gas Distribution Network (GDN) Operators and other stakeholders.

This glossary applies for reporting under the RIIO-GD3 Gas Distribution Price Control.

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Contents

Overview	20
Glossary	20
1 in 20 Peak Demand	20
3rd Party Delay	20
7-day Repairs	20
28-day Repairs	21
Accounting Standards	21
Actioned Repairs	21
Actual Corporation Tax Liability	21
Actual Leakage Volume	22
Actual Shrinkage Volume	22
Affiliate	22
Agency Costs	22
Agency Staff	22
Above-Ground Installation (AGI)	22
Allowable NIA Expenditure	22
Allowed Revenue	23
Allowed Unit Cost of Tier 1 Mains Decommissioned	23
Amount The energy content of gas, in kilowatt hours.	23
Annual Environmental Report (AER)	23
Application Maintenance & Support	23
Application Server Support	23
Apprentice/Trainee Recruitment Costs	23
Apprentice and Trainee Programme FTEs	23
Approved Programme	24
Area of Land (Land Remediation)	24
Asset Error Correction Report	24
Asset Intervention	24
Asset Management (inc Network policy)	24
At-risk Iron Mains	25
Atypical Costs	25
Atypical Event	25

Glossary

The Authority	25
Average System Pressure	25
Bad Debt	25
Base Distribution Network Transportation Activity Revenue	26
Baseline Activity Volume of Tier 1 Mains Decommissioned	26
Baseline Target Workload Of Tier 1 Services Repex	26
Biomethane	26
Biomethane Connection	26
Biomethane Distributed Entry Reinforcement	26
Biomethane UIOLI Governance Document	26
Board Members and Other	27
Brokers Fees	27
Business Plan	27
Business Telecoms	27
Closely Associated Indirects (CAI)	27
Capex Allowance	27
Capital Expenditure (“Capex”)	27
Capitalised Labour	28
Capitalisation Rates	28
Capitalisation Rate 1 (CapRate 1)	28
Capitalisation Rate 2 (CapRate 2)	28
Capitalised Replacement	29
Captive Insurer	29
Captive Insurance	29
Cash Atypical	30
Cash Controllable Costs	31
Centre for Applied Science and Technology (CAST)	31
Cast Iron (CI)	31
CEO and Group Management	31
Clock Stopping	32
Collaborative Streetworks Minimum Projects	34

Glossary

Collaborative Streetwork Projects	34
Collaborative Streetworks Strategic Projects	34
Company Specific VCMA Project	35
Company Tax Return	35
Competition and Markets Authority	35
Complaint	35
Complex Disconnection	35
Complex Distribution System	35
Communications	36
Connected System Exit Point (CSEP).....	36
Connection Charge	36
Consented Activity.....	37
Consultation & Publicity (TMA conditions).....	37
Consumer Prices Index Including Owner Occupiers' Housing Costs (CPIH)	37
Contractor	37
Contractor Costs	37
Contributions	38
Contribution rate (or employer contribution rate)	38
Controllable activity costs.....	38
Controlled gas escape or other controlled gas emergency	38
Corporate responsibility and investor relations	38
Cost benefit analysis (CBA).....	38
Cost Recoveries.....	38
Craftsperson apprentice	39
Customer	39
Customer contribution (related to connections)	39
Customer-led disconnection	39
Customer Management.....	39
Customer Minutes Lost	40
Customer Satisfaction Survey	40
Cyber Resilience Plan	40

Glossary

Cyber Resilience Allowances Table	40
Cyber Resilience PCD Table	40
Cyber Resilience Re-opener Allowances Table	40
Cyber Resilience UIOLI Allowances Table	40
Data Centre	41
Decommissioned Gasholders	41
Decommissioning (related to mains)	41
De Minimis Activity	42
De Minimis Contributions	42
De Minimis Costs	42
De Minimis Revenues	42
Deferred Revenue Expenditure (DRE)	42
Deficit Repair Payments	42
Defined Benefit (DB) Pension Scheme	43
Depot	43
Desktop Services	43
Ductile Iron (DI)	43
Digitalisation	43
Digitalisation Re-opener	43
Digitise	43
Ductile Iron Medium Pressure (DIMP)	43
Direct Activity	43
Directly Attributable Costs	44
Direct Benefits	44
Direct Labour	44
Disallowed Project Revenues	44
Distribution network	45
Diversion	45
Diversion Costs	45
DN Entry	45
Domestic Premises (in relation to replacement activities)	45

Glossary

Domestic (in relation to the connections activity and reporting guaranteed standards of performance)	45
Early Retirement Deficiency Contributions (ERDC)	46
Easements.....	46
Efficiency	46
Economic Test	46
Eligible NIA Expenditure	47
Eligible NIC Bid Preparation Costs	47
Eligible NIC Projects.....	47
Emergency.....	47
Emergency Control Valve (ECV)	48
Employee – Ongoing Contributions	48
Employer – Ongoing Contributions	48
End-users	49
Engineer Apprentice	50
Environmental Conditions (TMA conditions).....	50
End of Day (EOD)	50
Established Deficit.....	50
Established Pension Deficit Recovery Plan Payment.....	50
Evaluative PCD	50
Ex-Ante Base Revenue.....	51
Exceptional Items Maintenance.....	51
Excessive Deterioration	51
Ex Gratia Compensation Payment.....	51
Excluded Services.....	52
Existing Housing	52
Expenditure Justification (in relation to other capex).....	52
External Customers	52
External Funding	53
First Call Operative (FCO) - Contract Labour.....	53
FCO - Direct Labour.....	53

Glossary

Finance, Audit & Regulation (Business Support Activity)	53
Formula year	54
Fuel pool	54
Full-time equivalent (FTE)	54
Fully Delivered	54
Funding Return	54
Funding Return Mechanism	54
Gas In Building Events (GIB)	54
Gas System Planner Licence	55
Gas Transporter Licensee	55
Gas Distribution Network (GDN)	55
GDN Collaborative VCMA Project	55
GD2/GD3 Crossover Item	55
GD2/GD3 Crossover Submission Requirements and Guidance Document	55
GD2 Legacy Price Control Financial Model	55
GD3 Price Control Financial Handbook	55
GD3 Price Control Financial Model	56
GD3 Price Control Financial Instruments	56
GD3 Price Control Financial Model Working Group	56
General Reinforcement	56
Governor	56
Graduate and Management Trainee	57
Great Britain	57
Gross Emergency Costs	57
Gross Cash Controllable Costs	57
Gross Expenditure	57
Group	57
GS(IU)R Disconnection	58
Halted Project Revenues	58
Heat Policy Area	58
High Pressure Vessels	59

Glossary

Highway Authority	59
HP	59
HR & Non-operational Training.....	59
HSE	60
HSE Programme Mains	60
HSE Three Tier Approach	60
IFRS/IAS	60
Independent Gas Transporter	60
Inadequate Integrity	61
Income Related to Controllable Opex Activity Costs	61
Included Mains	61
Incremental Deficit	61
Incremental Pension Deficit Recovery Plan Payment	61
Incremental Ring-fence Compliance Costs	61
Independent Network.....	62
Independent Systems	62
Inflation.....	62
Information Gathering Plan.....	62
Innovation	63
Insurance (Business Support Activity)	63
Insurance Premiums	63
Internal Reports	66
Interruptions.....	66
Interruption End	66
Interruption start	66
Interruptible Contracts	67
IP 67	
IT & Telecoms Capital Expenditure.....	67
IT & Telecoms (Business Support Activity)	67
Inspection	68
Insurance Captive.....	69

Glossary

Investment Income	69
Investment Management Expenses	69
Iron Mains	69
Iron Mains Risk Reduction Programme	69
IT	69
Labour (excluding employer pension costs)	69
Land, Building, Office, Furniture and Fittings (incl telecoms driven by office moves) 70	
Lane rental - S74A	70
Land Remediation - Gas hHolder Demolition	71
Land Remediation – Non-gas Holder Demolition	71
Lateral	71
LDC	71
LDZ	71
Leakage	71
Leakage Factor (%)	72
Leakage Volume (GWh)	72
Leased (property)	72
Legacy Safety Disconnections	72
Legal / Comp Secretariat	72
Licence Fees	72
Licensee	72
Linepack	73
LNG IU	73
Load Related	73
Load Related Capex	73
Local Conditions (TMA conditions)	73
Loss of Development Claim	73
Low Pressure Gas Holders (mcm)	73
Low Risk Assets	73
LP74	

Glossary

LTS	74
LTS Diversion	74
LTS Pipeline	74
LTS Pipelines and Installations	74
LTS PRS	74
LTS Storage Project	74
Mains (distribution)	74
Mains Replacement Prioritisation System (MRPS)	74
Mains Replacement Driven Service Transfers	74
Maintenance	75
Major Incidents	75
Management Services	75
Materiality Threshold	75
Materials	75
Maximum Design Capacity	76
Maximum Design Outlet pPressure	76
Modern Equivalent Asset Value (MEAV)	76
Metering Activities	77
Metering Business	77
Metering Equipment	77
Metering Services	77
MOD Term [TO and SOMOD for SO]	77
MOP	77
MP	77
MP/LP Renewal	77
Mothballed Holders	78
Methodology Conditions (TMA conditions)	78
Multi-occupancy buildings (MOBs)	78
NARM Asset	78
NTS Offtake	78
Net Cash Controllable Costs	78

Glossary

Net Debt	78
Net eEmergency Costs	79
Net Interest	79
Net Internal Area (NetIA).....	80
Net Staff Cost (including Agency)	81
Network Extensions	82
Network Innovation	82
Network Innovation Allowance (NIA)	82
Network Innovation Competition (NIC).....	82
Network (LAN & WAN).....	82
Network Rates	82
Network Regulation.....	83
New Connections.....	83
New Housing.....	83
New Infrastructure Costs	83
New Large Load Connections	83
New Roads and Street Works Act (NRSWA).....	83
NIA Pass-Through Amount	83
NIC Funding	83
NICF	84
No Escape/No Trace.....	84
Non-controllable Activity Costs	84
Non-domestic (in relation to replacement activities)	84
Non-domestic (in relation to the connections activity and reporting guaranteed standards of performance)	84
Non-load aRelated	84
Non-operational Gasholders	84
Non-operational Premises.....	84
Non-operational Training.....	85
Non-piggable Mains	85
Non-price Controlled Activities.....	85

Glossary

Non-productive Time – FCOs	85
Non-programme Costs	85
Non-rechargeable Diversions	85
Non-routine Maintenance (NRM)	85
Non-Salary Staff Costs	86
Non-smart Metering Related	86
Non-statutory Remediation	86
National Transmission System (NTS)	87
NTS Exit Costs	87
NTS Offtakes and Distribution Network Embedded Gas Entry Points	87
NTS Pension Recharge	87
Office	87
Offtake	87
Ofgem	87
Ofgem Licence	87
Ongoing DB Contributions	88
Ongoing DC contributions	88
Operating Expenditure (Opex)	88
Operational IT & Telecoms	88
Operational Premises	88
Operational Training	88
Operations Management (including contract management)	89
Opex Allowance	90
Opex Activities	90
Original Capacity (LP gasholders)	90
Other Adjustments	90
Other Apprentice/Trainee Admin Costs	90
Other Cost Recoveries	90
Other Capex	91
Other Capex - Other	91
Other Direct Activities (ODA)	91

Glossary

Other Enduring Meter Work Jobs	91
Other Group.....	92
Other HSE Mandatory Mains	92
Other Insurance Costs	92
Other Non-domestic Service Work.....	92
Other Policy and Condition Mains	92
Other Storage (mcm)	92
Overstay Penalties	92
Overrun Charges S74.....	92
Own Property	92
Owned (property)	93
Own Use Factor (%)	93
Own Use Volume (GWh).....	93
Partially Demolished Holders	93
PCFM Variable Values	93
PE93	
Pension Deficit Funding Cost.....	93
Pension Hedging and cContingent Asset Costs.....	93
Pension Incremental Deficit Funding	93
Pension Ongoing Funding – Actual Employer Contributions.....	94
Pension Protection Fund (PPF).....	94
Pension Scheme Administration Costs	94
Pensionable sSalaries	95
Pension Trustees Indemnity (recharged to pensions)	95
Pensioners	95
Permit Scheme Costs.....	95
Physical Security Expenditure	95
Piggable Mains.....	96
Planned Interruptions	96
Planned Replacement	97
Plant, Tools and Equipment	97

Glossary

PON	97
PEMS	97
PPF levy	97
Premiums Invoiced	97
Price Control Deliverable	97
Price Controlled Activities	97
Price Control Period	97
Procurement (Business Support Activity)	97
Profits of an Insurance Captive	99
Property (total floorspace)	99
Property Management (Business Support Activity)	99
Protection (protection apparatus)	100
PRS	100
Public Reported Escape (PRE)	100
Purge and Relight After Domestic Service Work	100
Qualifying Mains	100
Quality of Service	100
RAV Additions	100
Rechargeable Diversions (RD)	100
Refurbishment	100
Regulatory accounts	101
Regulatory Asset Value (RAV)	101
Regulatory Reporting Pack (RRP)	101
Regulatory Year	101
Reinforcement Expenditure	101
Reinstatement	101
Relaid Services	102
Related Party	102
Related Party Margin	102
Related Undertaking	102
Remedial Work	102

Glossary

Repairs	102
Repex	103
Replacement on Failure	103
Replacement Services - Domestic	103
Replacement Services - Non-domestic	103
Reports	103
Resolved Complaint	104
Restructuring	104
Retail Prices Index (RPI)	104
Retail Prices Index Forecast Growth Rate	104
Retained NIC Royalties	105
Return Seeking Assets	105
Returned Royalty Income	105
RIGs	105
RIIO-GD1	105
RIIO-GD2	105
RIIO-GD3	105
Riser	105
Risk Threshold (or Risk Action Threshold)	106
Road Space Conditions (TMA conditions)	106
Routine Maintenance	106
Routine Site Monitoring and Maintenance	107
Royalties Revenues	107
RPE	107
Safety Driven Disconnections	108
Salary Sacrifice Scheme	108
Security (excluding PSUP)	108
SCADA	108
Service Alteration	108
Service Test and Transfer	108
Servitude	108

Glossary

Share-Based Payments	108
Shipper.....	109
Shrinkage	109
Shrinkage Factor (%)	109
SI 109	
Simple disconnections.....	109
Small Decarbonisation Projects	109
Smart Metering Related	109
SOD.....	109
Software Licences.....	110
Specific Reinforcement.....	110
Specified Streetworks Cost	110
Standard Mains Materials	111
Standby Costs	111
Statutory Remediation	111
Storage.....	111
Stores & Logistics	111
Streetworks	112
Streetworks- existing HAs.....	112
Streetworks- new HAs	112
Supply Meter Point Reference Number.....	112
Supply Point	112
System Control.....	113
System Operations Capital Expenditure.....	113
Tele-control Network	113
Theft (%)	113
Theft Volume (GWh)	113
Tier 1 Main (T1)	113
Tier 1 Stub.....	114
Tier 2A Main (T2A)	114
Tier 2B Main (T2B)	114

Glossary

Tier 3 Main	114
Timing and Duration Conditions (TMA conditions)	114
Top-up Contract Labour Costs	115
Top-up Direct Labour Costs	115
Total expenditure (Totex)	115
Totex Incentive Mechanism (TIM)	115
Traffic Management Act (TMA)	115
Traffic Management Act (TMA) Conditions (productivity)	116
Traffic Management Provisions (TMA conditions)	116
Training & Apprentices	116
Training Centre	117
Transport and Wheeled Plant – Opex Costs	117
UK GAAP	117
Ultimate Controller	117
Unplanned Interruptions	118
Unrecoverable NIA Project Expenditure	119
Utility Infrastructure Provider (UIP)	119
Value for Money (VFM1)	119
Value for Money (VFM2)	119
Vehicles	119
Wayleave	119
Wayleaves	119

Glossary

Overview

- 1.1 The purpose of this document is to provide definition of the terms included in RIIO-GD3 Regulatory Instructions and Guidance (RIGs) and in the associated RIIO-GD3 Regulatory Reporting Pack (RRP) tables.
- 1.2 This appendix provides definitions of key terms included in the RIGs. Where no definition is given for specific gas-related terms, the definition of those terms are in the Gas Act 1986 (as amended) and/or standard conditions, standard special conditions, and special licence conditions of the gas transporter's licence applicable to the GDNs. Similarly, for standard accounting terms, IFRS/IAS and/or UK Generally Accepted Accounting Practice (UK GAAP) and Companies Act 2006 (or, where relevant, Companies Act 1985) definitions should be applied.
- 1.3 In the circumstance where no definition is given the Licensee should include details of the treatment it has applied and inform Ofgem of the omission in explanatory notes. Where a definition set out in this appendix is not the same as that applied by a Licensee for other purposes, the definition set out herein must be used in the preparation of the Business Plan Data Template.

Glossary

1 in 20 Peak Demand

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

3rd Party Delay

A period during an unplanned interruption where the restoration of supply to the emergency control valve (ECV) is delayed due to external factors.

7-day Repairs

The percentage of outstanding gas repair works that are fully resolved within seven calendar days from the date they were reported or identified (whichever comes first). Where a repair spans reporting periods, the repair should be allocated to the period in which it is completed. Explanatory notes should describe the start point used where this is not explicitly defined in the table.

Glossary

28-day Repairs

The percentage of outstanding gas repair jobs that are fully resolved within twenty-eight calendar days from the date they were reported or identified (whichever comes first). Where a repair spans reporting periods, the repair should be allocated to the period in which it is completed. Explanatory notes should describe the start point used where this is not explicitly defined in the table.

Accounting Standards

The term encompasses Financial Reporting Standards (“FRS”) 100, 101, 102 and 103 (known as the new UK GAAP) effective from 1 January 2015, International Financial Reporting Standards and International Accounting Standards (together “IAS”), and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations.

Actioned Repairs

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

Includes:

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

Excludes:

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

Actual Corporation Tax Liability

The value as shown in the Licensee’s company tax return (CT600) as submitted to His Majesty’s Revenue and Customs, relating to the Licensee, after removing the impact of any group or consortium.

Glossary

Actual Leakage Volume

The actual Leakage volume derived from the application of the Shrinkage and Leakage Model, expressed in gigawatt hours.

Actual Shrinkage Volume

The actual Shrinkage volume derived from the application of the Shrinkage and Leakage Model, expressed in gigawatt hours.

Affiliate

Has the meaning given in Standard Condition 1 of the gas transporter licence applicable to the Licensees:

1. in relation to an undertaking within the meaning of section 1161 of the Companies Act 2006 (“the principal undertaking”), or a parent or subsidiary undertaking of the principal undertaking or a subsidiary undertaking of a parent undertaking of the principal undertaking within the meaning of section 1162 of that Act;
2. in relation to any person (including such an undertaking), a connected person of that person within the meaning of section 286 of the Taxation of Chargeable Gains Act 1992. Licensee

See also Related Party and Related Undertaking”.

Agency Costs

Costs associated with Agency Staff.

Agency Staff

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

Excludes professional services.

Above-Ground Installation (AGI)

A defined site which does not include pressure reduction equipment, for example a block valve installation.

Allowable NIA Expenditure

The total expenditure that can be recovered from the Network Innovation Allowance (NIA). This includes bid preparation costs and eligible NIA expenditure.

Glossary

Allowed Revenue

The amount the Licensee should aim to recover through its Network Charges, derived in accordance with the formula in Part C of Special Condition 2.1 (Revenue restriction).

Allowed Unit Cost of Tier 1 Mains Decommissioned

The allowed unit cost to decommission Tier 1 Mains in each of the Tier 1 Mains Decommissioned Workload Activities.

Amount

The energy content of gas, in kilowatt hours.

Annual Environmental Report (AER)

An annual document prepared and published by the Licensee, in accordance with Part A of Special Condition 9.1 (Annual Environmental Report), which summarises the Licensee's environmental performance, compliance with environmental obligations, and progress against relevant environmental objectives and commitments during the relevant reporting year and is made publicly available by the Licensee.

Application Development

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

Application Maintenance & Support

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

Application Server Support

The costs involved in maintaining computer servers.

Apprentice/Trainee Recruitment Costs

The costs associated with recruitment of trainees and apprentices.

Apprentice and Trainee Programme FTEs

First- to fourth-year apprentices, calculated on an FTE basis. For example, if an individual employee is engaged on the first year of a programme for the first three months of a reporting year and progresses to the second year of the programme for the

Glossary

remaining nine months, then that individual will count as 0.25 first-year FTEs and 0.75 second-year FTEs.

Approved Programme

The programme agreed between the Licensee and the Health and Safety Executive (HSE) which details the measures and processes through which risk related to iron mains is to be managed.

Area of Land (Land Remediation)

The physical footprint of land that has been remediated, measured in [km²/hectares].

Asset Error Correction Report

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

Asset Intervention

A deliberate action on the part of the Licensee that improves or maintains the monetised risk of an asset or group of assets.

Asset Management (inc Network policy)

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

- Network Planning;
- Network Integrity (including gas quality monitoring);
- Network Capacity;
- LTS Investment/Analysis;
- Network/Engineering Policy/Procedures (covering all policies of the Network e.g. records transfer and bought-in services & materials). Excludes HSE policy (see Operations Management);
- Network Development/Analysis; and
- Management of redundant sites & remediation programmes.

Glossary

At-risk Iron Mains

Mains which fall within the criteria specified under HSE's enforcement policy for the Iron Mains Risk Reduction Programme.¹

Atypical Costs

The total cost (less credits and receipts) of direct and indirect resources employed in response to an atypical event.

Excludes

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

Atypical Event

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

Excludes

3. cost overruns; and
4. costs arising from delays in completing a project or programme.

The Authority

The Gas and Electricity Markets Authority established under Section 1 of the Utilities Act 2000.

Average System Pressure

The average operating pressure of the Licensees' system.

Bad Debt

The cost incurred by the Licensee when Network Charges owed to the Licensee are not considered recoverable and which crystallises when normal payment terms have been exceeded and the Licensee has made all reasonable efforts to collect the debt but is unable to recover the amounts owed.

¹ [Enforcement Policy for the iron mains risk reduction programme 2026-2032 - HSE](#)

Glossary

Base Distribution Network Transportation Activity Revenue

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

The Licensee's base revenue for the relevant Distribution Network for carrying out the Distribution Network Transportation Activity as derived in accordance with Part C of Special Condition 1B (Restriction of revenue in respect of the Distribution Network Transportation Activity).

Baseline Activity Volume of Tier 1 Mains Decommissioned

The forecast volume for each Tier 1 Mains Decommissioned Workload Activity over the Price Control Period as set out in Appendix 2 to Special Condition 3.10 (Tier 1 Mains Decommissioned Price Control Deliverable).

Baseline Target Workload of Tier 1 Services Repex

The forecast volume for each Tier 1 Services Repex Workload Activities over the Price Control Period, as set out in Appendix 1 to Special Condition 3.11 (Tier 1 Services Repex Price Control Deliverable).

Biomethane

A gas defined in the technical standard IGEM/TD/16. Biomethane is a gas comprising principally methane, obtained from either upgrading of biogas (i.e. CO₂ removal) or bio-syngas (i.e. methanation).

Biomethane Connection

The connection of a Biomethane plant onto either the National Transmission System (NTS) or GDN to inject Biomethane.

Biomethane Distributed Entry Reinforcement

The physical works undertaken by a GDN to modify or extend its existing network assets in order to provide a sustained increase in network capacity necessary to enable or accommodate biomethane injection, beyond the assets required solely for the direct connection of the Biomethane facility.

Biomethane UIOLI Governance Document

The document of that name issued by the Authority in accordance with Special Condition 3.21 (Biomethane Distributed Entry Reinforcement (BDERT) use it or lose it allowance).

Glossary

Board Members and Other

Staff and other costs of board Members and Other corporate costs not fitting into other categories.

Brokers Fees

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

Business Plan

A plan that the Licensee was invited to submit by paragraph 3.6 of the document titled ‘RIIO-3 Sector Specific Methodology Decision Overview document’, published by the Authority on 18 July 2024.

Business Telecoms

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

Closely Associated Indirects (CAI)

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

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

Capex Allowance

The assumption for capital expenditure requirements included in the RIIO-GD3 Final Determinations (December 2025) to calculate allowed revenue.

Capital Expenditure (“Capex”)

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

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

- the expenditure relates to the purchase, development, or construction of a new asset;

Glossary

- the expenditure will increase the capacity or functionality of the distribution assets;
- the expenditure will significantly reduce the ongoing maintenance of the assets; and/or
- the expenditure will extend the service life of distribution assets beyond that expected when the assets were originally installed; and

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

Excludes

- Replacement expenditure;
- Capitalised interest;
- Established pension deficit costs; and
- Revaluation amounts.

Capitalised Labour

Labour costs included within capex/repex rather than opex.

Capitalisation Rates

Under Ofgem's RIIO price control framework, network companies are allowed to recover the efficient costs of running and investing in their networks. These costs are grouped together as total expenditure (Totex) rather than being split rigidly into operating expenditure (opex) and capital expenditure (capex).

A capitalisation rate is then applied to Totex. This rate determines how quickly those costs are recovered from Customers, by setting the split between fast money and slow money.

Capitalisation Rate 1 (CapRate 1)

The default capitalisation rate applied within the Price Control Financial Model to baseline Totex, which determines the proportion of baseline Totex that is treated as slow money and added to the Regulatory Asset Value (RAV) to be recovered over time through regulatory depreciation and return, with the remainder treated as fast money and recovered in the year the expenditure is incurred through allowed revenue.

Capitalisation Rate 2 (CapRate 2)

An alternative capitalisation rate applied within the Price Control Financial Model to specified categories of expenditure, including uncertainty mechanisms and re-opener

Glossary

allowances, which determines a different split of that expenditure between slow money added to the RAV and fast money recovered in the year incurred, for the purpose of adjusting the timing of revenue recovery without changing the total amount of allowed revenue recovered over time.

Capitalised Replacement

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

Captive Insurer

An insurance entity that is a Related Party.

See also: Related party, Affiliate and Captive Insurance.

Captive Insurance

Insurance cover provided by an insurance entity that is a Related Party:

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

Glossary

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

Cash Atypical

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

Includes:

- cash payments incurred in response to an Atypical Event (not part of the ordinary level of business activities);

Glossary

- costs resulting from severe weather events;
- costs resulting from restructuring, including redundancy costs; and
- fines and penalties (including for late payments) from tax authorities (e.g. Value Added Tax (VAT), Pay As You Earn (PAYE) compliance, national insurance, and corporation tax penalties).

Excludes:

- all accruals and prepayments;
- all provisions (as defined by Companies Act (CA) 1985 and accounting standards) whether incurred as part of ordinary level of business activities or otherwise;
- cash payments for the utilisation of a provision;
- typical cash costs;
- fines and penalties paid under the Traffic Management Act (TMA) or New Roads and Street Works Act (NRSWA); and
- early retirement costs, except as a result of redundancy (i.e. early retirement costs for staff where the post is retained as typical and not atypical).

See also: Atypical Costs and Atypical Event.

Cash Controllable Costs

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

Centre for Applied Science and Technology (CAST)

The primary science and technology interface between Home Office ministers and policy makers, frontline delivery partners, and the suppliers of science and technology.

Cast Iron (CI)

An iron pipe used on the distribution network.

CEO and Group Management

(Business Support Activity)

Includes:

Glossary

- 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; and
- Non-executive & group directors’ labour costs (where they are not carrying out specific departmental duties) and board meeting costs.

Excludes:

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

Clock Stopping

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

GDNs may stop the clock in the following scenarios:

- (i) Where access to the GDN’s equipment necessary to restore supplies is not possible because all roads that would otherwise give access are blocked or impassable (such that a four wheel drive vehicle that is suitable for off-road conditions could not pass) because of adverse weather conditions or

Glossary

weather-related damage. The clock must be restarted when the first road route is reopened.

- (ii) Where access necessary to restore supplies is explicitly prevented by the emergency services or social services². The GDN may stop the clock for the period where access is denied but must restart the clock as soon as access is available.
- (iii) Where the GDN is unable to proceed with work to provide a restoration until a Customer has given permission or otherwise made it possible for this to go ahead. This includes situations where:
 - a. a Customer requests that restoration work (permanent or temporary) on its premises is delayed.
 - b. The GDN has made a buy-out offer to the Customer, and the Customer is considering whether to accept.
 - c. The Customer has not yet provided access to the property, and no further work is possible until this occurs. This includes any situation where there is a physical impediment to access that the Customer has sole control over. In such situations, the GDN may stop the clock at the point at which no further work is possible and must then restart at the time when the Customer enables work to recommence.
- (iv) Where a GDN has not been able to contact a Customer, despite the GDN's reasonable efforts, and access to the Customer's premises is necessary to provide a restoration, the GDN may stop the clock. The clock should only be stopped from the moment access is necessary to the Customer's premises, not from when the GDN has failed to make contact with the Customer. The clock should not be stopped if a restoration can be made without accessing the Customers premises. The clock must be restarted at the earlier of:
 - a. The start of the next working day after the Customer enables access.
 - b. The time when work recommences.
- (v) Where work cannot proceed due to the presence of asbestos in the property, the clock may be stopped for the duration of the 14-day notice period

² A Police Force, an Ambulance Service, a Fire and Rescue Service or His Majesty's Coastguard

Glossary

required by the HSE. The clock should be restarted at the end of the 14 days, regardless of when the work to resolve the asbestos issue is started.

Collaborative Streetworks Minimum Projects

Streetworks undertaken which meet the following minimum criteria:

- (i) 0.2km minimum length, except in cases where the project is deemed of strategic importance by the central coordinator;
- (ii) level two collaboration at a minimum, as defined in the document titled "Collaboration Manual: A guide to the coordinated delivery of utility infrastructure" published by the London Borough of Croydon with Atkins and flux;
- (iii) a minimum of two Statutory Undertakers, or a minimum of one Statutory Undertaker and a local authority, undertaking physical works in the road or pathway; and
- (iv) project must represent a permanent solution, not a temporary repair.

Collaborative Streetworks Projects

Streetworks which are either Collaborative Streetworks Minimum Projects or Collaborative Streetworks Strategic Projects.

Collaborative Streetworks Strategic Projects

Streetworks undertaken that are deemed strategically important by the local authority. These works are identified based on local knowledge, operational priorities, or broader infrastructure goals. Strategic importance may be attributed to works that meet one or more of the following criteria:

- (i) locations with historic leakage and/or bursts;
- (ii) works undertaken in advance of planned public spaces and infrastructure schemes;
- (iii) activities affecting cross borough boundaries where coordination is required (e.g. traffic management);
- (iv) collaborations with utilities, local authorities and/or transport bodies that offer opportunities to develop best practices e.g. data sharing and digital tools for

Glossary

better Company Specific VCMA Project decision-making, joint traffic management strategies and use of innovative materials or methods; and

- (v) works in or near sensitive or high-impact locations such as schools, hospitals, emergency services (fire, ambulance), transport hubs, or major stations.

Company Specific VCMA Project

A VCMA Project which is funded by one of the following: Cadent Gas Ltd, Northern Gas Networks Ltd, the SGN Group and Wales & West Utilities Ltd.

Company Tax Return

The financial information that the Licensee is required to file with His Majesty's Revenue and Customs each year for the purposes of calculating its Actual Corporation Tax Liability.

Competition and Markets Authority

The Competition authority established under section 25 of the Enterprise and Regulatory Reform Act 2013.

Complaint

The meaning given to that term in The Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008, as amended from time to time. "Complaint" means any expression of dissatisfaction made to an organisation, related to any one or more of its products, its services or the manner in which it has dealt with any such expression of dissatisfaction, where a response is either provided by or on behalf of that organisation at the point at which contact is made or a response is explicitly or implicitly required or expected to be provided thereafter.

Complex Disconnection

Disconnections that are fully disconnected as near as reasonably practicable to the main which includes excavation in the public highway.

Complex Distribution System

Multi Occupancy Buildings (MOBs) which consist entirely of industrial and/or commercial units that do not meet the classification of either high-rise or medium-rise buildings. They are a multi occupancy commercial premise such as a school, hospital, or shopping centre where:

Glossary

- (i) There are extended lengths of pipework and other gas network owned infrastructure e.g. pipework or valves, installed on, in, along, or over the building, and/or;
- (ii) The system supplies three or more meter points.

Communications

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

Connected System Exit Point (CSEP)

A CSEP is a System Point comprising one or more Individual System Exit Points which are not Supply Meter Points.

Section J1.4.2 (in the 'Uniform Network Code – Transportation Principal Document') sets out the basis on which Individual System Exit Point(s) are or are to be comprised in a CSEP.

In the case of a CSEP, in accordance with Section J6.1 (in the 'Uniform Network Code – Transportation Principal Document'), the relevant provisions of the applicable CSEP Network Exit Provisions apply in addition to the provisions of the Code.

A CSEP is an "Unmetered" CSEP where at any Individual System Exit Point comprised in the CS EP there is no meter for the purpose of measuring the volume of gas offtaken from the Total System and otherwise is a "Metered" CSEP.

Where so provided in the relevant CSEP Network Exit Provisions, a CS EP may be treated as comprising separate System Exit Points for such purposes as are specified in such Network Exit Agreement, and references in the Code to CSEP shall be construed accordingly. For clarity, each CSEP interrupted counts as one Customer regardless of the number of end users whose premises are connected to the CSEP. Interruptions to CSEP Customers which are not associated with an interruption on the GDN are excluded.

Connection Charge

A charge calculated in accordance with the connection charging methodology established under Standard Licence Condition 4B (Connection Charging Methodology).

Glossary

Consented Activity

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

Consultation & Publicity (TMA conditions)

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

Consumer Prices Index Including Owner Occupiers' Housing Costs (CPIH)

The monthly values of the “CPIH All Items”, series ID “L522”, published by the Office for National Statistics (or any other public body acquiring its functions).

Contractor

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

Excludes:

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

Contractor Costs

The charges invoiced by contractors.

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

Glossary

Contributions

Payments to the GDN or related party for works undertaken that are not covered by use of system charges.

Includes:

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

Contribution rate (or employer contribution rate)

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

Controllable activity costs

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

Controlled gas escape or other controlled gas emergency

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

All other gas escapes are considered uncontrolled.

Corporate responsibility and investor relations

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

Cost benefit analysis (CBA)

Means any analysis that considers, as appropriate, both the tangible costs (for example, the cost of replacement) and intangible costs (for example, costs associated with injury or loss of life) associated with, and benefits delivered by, an investment option or range of options.

Cost Recoveries

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

Glossary

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

Craftsperson apprentice

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

Customer

Any person to whose premises or pipe-line system gas has been conveyed by a GDN. Customers should be identified from their unique Supply Meter Point Reference Number (MPRN) or connected system exit point (CSEP) location. The method adopted by GDNs to identify Customers from their MPRNs or CSEPs shall be agreed in advance with the Gas and Electricity Markets Authority (the "Authority").

Customer contribution (related to connections)

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

Includes

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

Excludes De Minimis Contributions.

Customer-led disconnection

Customer Management

Customer Management can be split into two main areas:

Customer Services:

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

Glossary

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

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

Customer Minutes Lost

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

Customer Satisfaction Survey

The survey used to measure the extent to which Customers are satisfied with the service provided by the Licensee in relation to planned, unplanned and connections gas supply work.

Cyber Resilience Plan

A plan of the sort that the Licensee was invited to submit a Cyber Resilience Business Plan at Chapter 3 of the document titled "RIIO-3 - NIS-R Cyber Resilience Business Plan Assessment Methodology and Requirement", published by the Authority on 30 September 2024.

Cyber Resilience Allowances Table

The table of that name in the document identified in Appendix 1, to Special Condition 3.2 (Cyber Resilience Allowances Table) by its title and publication date.

Cyber Resilience PCD Table

The table of that name in the document identified in Appendix 2 to Special Condition 3.2 (Cyber Resilience PCD table) by its title and publication date.

Cyber Resilience Re-opener Allowances Table

The table of that name in the document identified in Appendix 3 to Special Condition 3.2 (Cyber Resilience Re opener Allowances Table) by its title and publication date.

Cyber Resilience UIOLI Allowances Table

The table of that name in the document identified in Appendix 4 to Special Condition 3.2 (Cyber Resilience Use It Or Lose).

Glossary

Data Centre

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

Decarbonisation and Environmental Policy Re-opener and Price Control Deliverable (DEPt)

A combined re-opener and Price Control Deliverable used for reporting associated outputs, expenditure, and any linked revenue adjustments in accordance with Authority determinations.

Decarbonisation Project Development Use It Or Lose It allowance (DPDt)

An allowance provided for the development of decarbonisation projects which must be used for its specified purpose within the defined period or returned to Customers. Development expenditure reported under DPDt should be distinguished from delivery-phase project expenditure.

Decommissioned Gasholders

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

Decommissioning (related to mains)

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

Glossary

De Minimis Activity

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

De Minimis Contributions

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

De Minimis Costs

Expenditure incurred in the provision of De Minimis Activity.

De Minimis Revenues

Revenues received from the provision of De Minimis Activity.

Deferred Revenue Expenditure (DRE)

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

Deficit Repair Payments

Payments made by a sponsoring employer to the pension scheme trustees to repair a deficit in a defined benefit pension scheme –see also Pension Incremental Deficit Funding Payments and Pension Established Deficit Funding Payments.

Glossary

Defined Benefit (DB) Pension Scheme

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

Defined Contribution (DC) Pension Scheme

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

Depot

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

Desktop Services

The costs involved in supporting desktop hardware and software.

Ductile Iron (DI)

An iron pipe material used on the distribution network.

Digitalisation

Using energy system data and digital technology to generate benefits for consumers and stakeholders.

Digitalisation Re-opener

The re-opener established by 3.7.1 of Special Condition 3.7.

Digitise

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

Ductile Iron Medium Pressure (DIMP)

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

Direct Activity

This includes the following activities:

Glossary

- Work management (i.e., Asset Management, Operations Management, Customer Management, and System Control);
- Work execution (i.e., emergency, repairs, and maintenance);
- Statutory Independent Undertakings; and
- Other Direct Activities.

Directly Attributable Costs

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

Direct Benefits

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

Direct Labour

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

Disallowed Project Revenues

Disallowed expenditure is any revenue received by the Licensee from the NTS Operator under the Network Innovation Competition (NIC) Funding mechanism that the Authority determines has not been spent in accordance with the applicable provisions of the NIC governance document or the terms of the relevant project direction.

Disconnections

The activity and associated volumes relating to permanent removal of a supply point from the distribution network, as reported in the RRP.

Glossary

Distribution network

The meaning given in Special Condition 1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions). Are you happy with this definition?

Diversion

Work to relocate existing assets, mains, and/or associated services.

Diversion Costs

Costs directly incurred, or expected to be so incurred by the Licensee as a result of the relocation of existing gas assets:

- i. to accommodate third-party works for mains and associated services, other than costs which are recoverable directly from the Customer or supplier; or
- ii. where the Licensee is obligated to divert existing gas assets, to avoid loss of development claim costs, where the Licensee can demonstrate that it has used reasonable endeavours to challenge both the basis of the claim and the quantum of the costs involved.

DN Entry

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

Domestic Premises (in relation to replacement activities)

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

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

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

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

Premises at which a supply is taken at a rate which is reasonably expected to exceed 73,200 kilowatt hours per year. For the purposes of field data collection for

Glossary

replacement activities, premises installed with a U16, or larger meter are assumed to exceed supply and consumption of 73,200 kWh should fall within this category.

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

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

Early Retirement Deficiency Contributions (ERDC)

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

Easements

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

See also: Servitude and Wayleave.

Efficiency

Expenditure decision making by the Licensee that resulted in lower costs than could have been reasonably expected at the time of submitting the Business Plan. This does not include:

- i. where costs lower costs have been achieved by delivering a lower consumer outcome than would have been achieved if the Licensee had delivered the output as specified in the relevant special condition; or (
- ii. where expenditure decisions were the result of factors beyond the reasonable control of the Licensee including but not limited to growth in demand for the Licensee's services or government policy.

Economic Test

A financial assessment tool operated by the DN Operators that is designed to identify new connections in respect of which the level of investment would be considered 'uneconomic' and so avoids existing Customers subsidising the new firm connection.

Glossary

Eligible NIA Expenditure

The amount of expenditure spent or accrued by the network Licensee in respect of eligible NIA projects and forms part of Allowable NIA Expenditure as set out in Part B of the NIA licence condition.

Eligible NIC Bid Preparation Costs

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

Eligible NIC Projects

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

Emergency

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

- Service escape;
- LP mains escape;
- MP mains escape;
- IP mains escape;
- HP mains escape;
- Internal escape (of gas and CO) for each year;
- Other
 - Meter problem E.g. Meter regulator lock-up, ETM Problem;
 - Other problem E.g. Bird trapped, boiler not working, incorrect callout;
 - Faulty appliance E.g. Appliance unsafe or emitting CO; and
 - No trace e.g. No gas or CO found.

Includes:

Glossary

- Water ingress;
- No gas service governor failure or other network problem;
- **All waiting time for First Call Operatives (FCOs); and**
- **All activity specific TMA costs.**

Excludes:

- Meter repairs (Excluded Services);
- Consultancy services (work management);
- Emergency advertising - TV Ads (Indirect-CEO);
- Emergency call centre costs - public reports;
- Leakage control surveys (Maintenance – Other);
- Maintenance - Mains & Services (Maintenance – Other) ;
- Tools & consumables (Other direct); and
- Rechecks (Repairs).

Emergency Control Valve (ECV)

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

Employee – Ongoing Contributions

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

Employer – Ongoing Contributions

Employer contributions to either a DB or DC pension scheme. Includes Pension Protection Fund (PPF) levies (paid through normal ongoing contributions) and pension scheme administration costs (paid through normal ongoing contributions). Excludes any payments made by means of salary sacrifice.

Glossary

End-users

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

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

- The end user count does NOT include casual users of voice response systems, mobile phones, and pagers.
- The end user MAY include some **users that are not employees or contractors** (i.e., agents/brokers/ dealers/distributors/supply chain partners), but only if they are using a computing device provided, funded, and supported by the network company at least 10% of their time, and use network company applications/systems to execute specific business transactions. These **'other' users** must be named users on the network company systems and use the network company's IT support organisation.
- Smart phone users should only be counted if the user uses the smart phone as the primary device to access internal applications and does this for at least 10% of his or her time. Smart phone users are NOT to be counted if the phone is only used for voice calls and email.
- Only count end users once even if they have multiple devices.
- Shared devices used in multiple labour shifts or for groups of people should be counted as a single end user per shift. Do not count each user separately since the device is shared. Network printers should not be counted as a workstation. Example: there are 4 employees using one PC at a workstation. This would

Glossary

count as 1 end user. If the scenario occurs across 3 shifts, this should be counted as 3 end users.

Engineer Apprentice

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

Environmental Conditions (TMA conditions)

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

End of Day (EOD)

EOD in relation to capacity and demand from NTS Offtake.

Established Deficit

The difference between assets and liabilities, determined at any point in time, attributable to pensionable service up to 31 March 2013 and relating to regulated business activities under pension principle 2. The term applies equally if there is a subsequent surplus.

Established Pension Deficit Recovery Plan Payment

The portion of a deficit repair recovery plan payment relating to the established deficit, i.e. for the difference between assets and liabilities, determined at any point in time, attributable to pensionable service up to 31 March 2013 and relating to regulated business activities under pension principle 2 and which is determined in accordance with the *Energy Network Operators' Price Control Pension Costs - Regulatory Instructions and Guidance: Triennial Pension Reporting Pack supplement including pension deficit allocation methodology* document.

Evaluative PCD

A Price Control Deliverable where the relevant licence condition states that the Authority will consider making an adjustment to allowances where an output has not been Fully Delivered.

Glossary

Ex-Ante Base Revenue

for the relevant distribution network, has the value:

- EoE: £875.4m
- Lon: £630.7m
- NW: £603.6m
- WM: £453.0m
- Northern Gas Networks Ltd: £592.5m
- Scotland Gas Networks plc: £464.1m
- Southern Gas Networks plc: £988.4m
- Wales & West Utilities Ltd: £632.6m

for each Regulatory Year.

Exceptional Items Maintenance

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

Excessive Deterioration

The performance level at which substantial deterioration is clearly evident, and the maximum penalty level is incurred.

Ex Gratia Compensation Payment

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

Includes payments to Customers who have experienced dissatisfaction.

Excludes:

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

Glossary

Excluded Services

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

Existing Housing

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

Expenditure Justification (in relation to other capex)

For projects that cost > 1.0m, enter the amount of expenditure for each project under the relevant justification categories. Expenditure can be allocated to more than one category as necessary.

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

External Customers

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

Glossary

External Funding

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

First Call Operative (FCO) - Contract Labour

FCO Contracted Labour-whose primary role is to deliver the emergency activity.

FCO - Direct Labour

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

Finance, Audit & Regulation (Business Support Activity)

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

Includes:

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

Excludes:

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

Glossary

Formula year

A period of twelve months commencing on 1 April at 06:00 hours, the first such Formula Year (t=1) commencing 1 April 2026.

Fuel poor

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

Full-time equivalent (FTE)

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

Fully Delivered

Where the output specified in the relevant licence condition has been delivered to the full specification on or before the delivery date specified in that licence condition.

Funding Return

The total amount, in respect of the Licensee, of any amounts arising under the Funding Return Mechanism.

Funding Return Mechanism

The mechanism that provides for the recovery from the Licensee and from other Gas Transporter Licensees, in each case to such extent (if any) as may be relevant, of:

- i. Halted Project Revenues;
- ii. Disallowed Expenditure;
- iii. Returned Royalty Income; and
- iv. Returned project revenues.

Gas In Building Events (GIB)

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

Glossary

Gas System Planner Licence

A licence granted or treated as granted under section 7AA of the Act, authorising a person to carry out planning and forecasting functions of the Independent System Operator and Planner.

Gas Transporter Licensee

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

Gas Distribution Network (GDN)

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

GDN Collaborative VCMA Project

A VCMA Project which is funded by more than one of the following: Cadent Gas Ltd, Northern Gas Networks Ltd, the SGN Group and Wales & West Utilities Ltd.

GD2/GD3 Crossover Item

An output, Price Control Deliverable, or activity:

- i. that is funded in part or in full by a mechanism specified in the licence as in force on 31 March 2026; and
- ii. in the delivery of which the Licensee, acting reasonably and efficiently, has incurred or is expected to incur expenditure during the Price Control Period.

GD2/GD3 Crossover Submission Requirements and Guidance Document

The document issued by the Authority in accordance with Part D of Special Condition 3.32 GD2/GD3 crossover adjustment (GD2ACAt).

GD2 Legacy Price Control Financial Model

A modified version of the GD2 Price Control Financial Model as that term is defined in Special Condition 1.1 (Interpretation and definitions) of this licence as in force on 31 March 2026.

GD3 Price Control Financial Handbook

The document of that name published by the Authority to come into effect on 1 April 2026 and that includes specific information and advice about the operation of the GD3 Price Control Financial Model.

Glossary

GD3 Price Control Financial Model

The model of that name that was first published by the Authority to come into effect on 1 April 2026.

GD3 Price Control Financial Instruments

The GD3 Price Control Financial Handbook and the GD3 Price Control Financial Model.

GD3 Price Control Financial Model Working Group

The working group identified in and whose terms of reference are set out in Chapter 2 of the GD3 Price Control Financial Handbook.

General Reinforcement

Reinforcing the network to maintain exit and entry supply resilience and operational safety. This includes, but is not limited to, laying or upsizing existing mains, parallel laying of new mains, installation or modification of governors, and installation or modification of pressure management systems, as well as entry reinforcement activities in relation to pipelines, compressors, pressure management, storage, and NTS Offtake metering for low flow. These activities are not subject to the Economic test and could be unattributable increments of a reinforcement project that are not fully allocated to specific Customers in accordance with the connection charge methodology.

Governor

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

- Component replacement (Governors)- the replacement of individual components within a Governor installation as opposed to the wholesale replacement of all principal Governor stream components, for e.g. filter, slamshuts, regulators, relief valves, non-return valves, and stream isolation valves;
- District governor - pressure reduction equipment having an inlet pressure of up to 7 bar installed in the distribution mains network to reduce the operating pressure of gas to a lower operating pressure;
- Domestic service governors - Governors installed as part of service pipe infrastructure serving up to two domestic premises;

Glossary

- IP/LP renewal - intermediate to low pressure Governor installed to replace existing piece of equipment due to either a capacity constraint or obsolescence;
- ERS modules - a specific type of below ground district Governor installation;
- Service IP/LP Governors (connections) - intermediate pressure to low pressure service Governor;
- Non-domestic service Governors - service governors serving non-domestic premises;
- Service MP/LP governors (connections) - a medium pressure to low pressure service governor.

Graduate and Management Trainee

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

Great Britain

The landmass of England, Wales, and Scotland, including internal waters.

Gross Emergency Costs

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

Gross Cash Controllable Costs

Cash controllable costs before capitalisation.

Gross Expenditure

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

Group

A Group consists of a parent company and its participating interests (participating interest as defined in transmission and gas distribution licenses).

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

Glossary

Licensee Group definitions for reporting

- Cadent – UK regulated network;
- National Grid - to include all UK regulated networks plus all other group companies;
- NGN - single UK regulated network;
- SGN - limited to SGN's UK regulated networks;
- SHE Transmission - all SSE companies in receipt of services from SSE Services Ltd;
- SPTL - to include all UK regulated networks plus all other group companies;
- WWU - single UK regulated network.

GS(IU)R Disconnection

A disconnection carried out under obligations set out in the Gas Safety (Installation and Use) Regulations 1998.

Halted Project Revenues

Any revenues received by the Licensee from the NTS Operator under the NIC funding mechanism in respect of an Eligible NIC Project which have not yet been spent, or otherwise committed, at the time that the Authority requires that project to be halted in accordance with the applicable provisions of the NIC governance document or the terms of the relevant project direction.

Heat Policy Area

Any of the following:

- i. the quality and composition of gas permitted to be conveyed through the pipeline network, as set out in, the Gas Safety (Management) Regulations 1996 or Gas (Calculation of Thermal Energy) Regulations 1996;
- ii. the connection charging arrangements for distributed entry connections, as set out in the connection charging methodology required by Standard Licence Condition 4B (Connection Charging Methodology);
- iii. the connection charging arrangements for domestic premises seeking connection to the Distribution Network, as set out in Standard Licence Condition 4B;
- iv. the associated costs from a government decision on hydrogen for heating or other government heat policy decision.

Glossary

High Pressure Vessels

Equipment used for the storage of gas at high pressure.

Highway Authority

A statutory organisation in England and Wales which owns, operates, and maintains the highway network under the Highways Act 1980.

HP

High pressure gas pressure operating above 7 barg.

HR & Non-operational Training

This would include provisions of the Human Resource (HR) function i.e., the full range of professional activity for an individual's career path from recruitment to retirement and post-retirement where applicable, e.g. management and administration of pension payments (NB PPF scheme administration costs are excluded) and from related professional advice to directly resolving grievances for staff.

Includes:

- Costs of payroll and pension's management and operation;
- Facilitating staff performance, development, and reviews.
- Industrial and employee relations including HR strategy, policies, and procedures;
- Monitoring equal employment opportunities; and
- HR advice to management, succession planning and also retentions and rewards.

Excludes:

- Pension Scheme Administration and PPF levy costs;
- Pension deficit repair payments relating to the Established Deficit and for the avoidance of doubt, all unfunded ERDC post 1 April 2004.

Non-Operational Training

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

Includes:

Glossary

- Staff who organise and provide Non-Operational Training and maintain employees training records;
- Cost of running the Non-Operational Training costs e.g. course fees; and
- Leadership development training.

Excludes:

- Any operational training costs;
- Non-operational costs associated with formal training and apprentice programmes (included under training & apprentices);
- Time of employees attending training (include as labour costs under the relevant activity for non-operational);
- HSE costs (include under CAI costs);
- IT systems associated with HR & Payroll (include under IT & Telecoms); and
- IT & Property management costs associated with Non-Ops Training (include under IT & Property costs respectively).

HSE

The Health and Safety Executive or any public body acquiring its functions.

HSE Programme Mains

Mains which fall within the criteria specified under the HSE's enforcement policy for the iron mains risk reduction programme.

HSE Three Tier Approach

This refers to the HSE's enforcement policy for the replacement of iron gas mains, which enforces actions to be taken to iron pipes in three discreet diameter tiers.

IFRS/IAS

International Financial Reporting Standards (IFRS)/ International Accounting Standards (IAS)

Independent Gas Transporter

Independent Gas Transporters (IGTs) are private companies licensed by Ofgem that develop, operate, and maintain gas transportation networks independently from the GDNs. Their charges and revenues are not subject to the full RIIO price control by which GDNs are regulated. Instead, since 2004, IGT transportation charges have been

Glossary

regulated by the Relative Price Control framework. IGTs are connected to the Gas Distribution Network via a Connected System Entry Point, or indirectly via another IGT

Inadequate Integrity

Mains which do not qualify under the HSE's enforcement policy, but which are necessary to immediately replace or part-replace on a reactive basis owing to the discovery of their poor condition, to maintain compliance with Pipeline Safety Regulations (PSR). These mains are deemed uneconomical or impractical to effect a repair and are discovered as the result of emergency or other work activities.

Income Related to Controllable Opex Activity Costs

Income collected from third parties in relation to pipeline damage, service alterations, disconnections etc.

Included Mains

All mains which prior to Decommissioning were mains that operated at low, medium, or intermediate distribution pressures and consisted of materials other than Standard Mains Materials (and includes all decommissioned, transferred, or replaced services).

Incremental Deficit

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

Incremental Pension Deficit Recovery Plan Payment

That portion of a deficit repair recovery plan payment relating to the Incremental Deficit, i.e. for the difference between assets and liabilities, determined at any point in time, attributable to pensionable service after 31 March 2013 and relating to Regulated Business Activities under Pension Principle 2 and which is determined in accordance with the Energy Network Operators' Price Control Pension Costs - Regulatory Instructions and Guidance: Triennial Pension Reporting Pack supplement including pension deficit allocation methodology document.

Incremental Ring-fence Compliance Costs

Costs that have necessarily been incurred as a direct result of complying with the additional ring fence condition requirements introduced by the Authority's licence modification direction dated 1 February 2013. Incremental costs reported may be one-off or ongoing in nature and must not have been included in any other cost reporting

Glossary

category. A comment should be included describing the nature of the costs that have been reported.

Independent Network

The same meaning as given to the term "independent system" in Standard Condition A1 of the Gas Transporter Licence. See Independent Systems.

Statutory Independent Undertakings

See Independent Networks.

Indirect Activities

The separately defined activities of:

- Stores and procurement / logistics;
- IT and Telecoms;
- Property Management;
- HR and Non-Operational Training;
- Training & Apprentices;
- Audit, finance and regulation;
- Insurance; and
- CEO and Group management / legal and company secretary / community awareness.

Independent Systems

A pipe-line system in Great Britain to which this licence relates which includes relevant mains and which is not connected (directly or indirectly) by pipes to the main pipeline system of a relevant gas transporter.

Inflation

The general rate of increase in prices. The inflation measure used by Ofgem in price control calculations is CPIH.

Information Gathering Plan

A plan required to be prepared by Part E of Special Condition 9.2 (Network Asset Risk Metric methodology).

Glossary

Innovation

Innovation can be specifically identified where projects deliver outputs and business functions which are materially different to those previously delivered.

Some innovation projects may, in exceptional circumstances, be considered for removal from benchmarking assessments. Improved delivery of business-as-usual functions will not be considered innovation for exclusion from benchmarking assessments.

Means:

- i. solutions that have been trialled by any network Licensee as part of a RIIO-2 Network Innovation Allowance project pursuant to the requirements of the RIIO-2 NIA Governance Documents or a RIIO-3 NIA Project; or
- ii. involves the application of technology, systems or processes that were not proven as at the time of submission of the Business Plan.

Insurance (Business Support Activity)

Support and expertise to develop the business risk profile, managing the claims process and provision of information and understanding to the business in relation to insurable and uninsurable risks.

Includes:

- Insurance premiums;
- Insurance premium tax;
- Insurance contract negotiating and monitoring;
- Insurance claim processing;
- Insurance risk management;
- Payments relating to uninsured claims;
- Costs of in house insurance team; and
- Brokers Fees.

Insurance Premiums

Cost of insurance premiums including insurance premium tax and Brokers Fees.

Loss or damage due to adverse events.

Insurances that protect against loss or damage caused to Licensee's property or trade by adverse events.

- Property - buildings and contents

Glossary

Buildings and contents including fire, lightning, explosion, riot, malicious damage, storm, flood, impact by aircraft, road and rail vehicles, escape of water from tanks or pipes and sprinkler leakage;

- Engineering failure
Engineering insurance cover against electrical or mechanical breakdown for machinery, including computers;
- Crime and theft, includes:
 - Crime;
 - Theft; and
 - Money;
- Goods in transit
Loss or damage of goods (machinery, materials etc.) while in Licensees own vehicles or when sent by carrier.
Includes: marine cargo;
- Business interruption
Cover for loss of income and extra expenses, including any increased working costs and extra accountants' fees incurred, resulting from damage to a Licensee's property or assets;
- Trade credit insurance
Cover against the risk of bad debt due to the insolvency or default of trade debtors;
- Motor vehicles
Cover against third party legal liability for injury to others and damage to their property arising from the use of vehicles on the road and against damage to Licensee's vehicles;
- Legal expenses
Cover against the cost of taking or defending legal action including legal costs such as solicitors' fees and expenses, the cost of barristers and expert witnesses, and court costs and opponent's costs if awarded against the Licensee in civil cases;
- Network assets
includes Property (towers & poles, etc.);
- Terrorism and sabotage
Cover against loss due to deliberate acts of terrorism or sabotage;
- Network assets aviation
Cover against losses associated with ownership and operation of aircraft.
Includes: business services allocation; and
- Other (loss or damage due to adverse events).

Third party legal liability

Glossary

Cover against Licensee's legal liabilities in the event of some aspect of the Licensee's business causing damage or harm to a third party or their property.

- Employers' liability

Cover against legal liability for injury, disease or death to employees sustained by them and arising from their employment. Employees for this purpose may include, in addition to those under a contract of employment, apprentices and other trainees, Agency Staff, and Contractors.

- Public and product liability and professional indemnity

Cover against legal liability to pay damages to members of the public for death, bodily injury or damage to their property which occurs as a result of a Licensee's business activities.

- Environmental impairment liability

Cover against losses and liability arising from damage to property due to pollution or environmental damage caused by a network company's regulated business operations.

Employee

Cover that protects a network company and its employees against the consequences of serious illness, injury or death, and the effects these events could have on the network company's employees, on their families, and on the network company's business.

- Personal accident and sickness insurance

Cover paid for, fully or in part, by a network company that pays benefit to an employee unable to work as a result of an accident or sickness. Where the cost of cover is shared between network company and employee, or where the network company recovers part of the cost from employees, then only the network company's net contribution should be reported.

- Income protection insurance

Cover paid for, fully or in part, by a network company that provides income to an employee to compensate for the loss of earnings through incapacity resulting in inability to work. Where the cost of cover is shared between network company and employee then the network company's contribution should be reported. Where the cost of cover is shared between network company and employee, or where the network company recovers part of the cost from employees, then only the network company's net contribution should be reported.

- Private medical insurance

Glossary

Private medical cover paid for, fully or in part, by a network company. Where the cost of cover is shared between network company and employee, or where the network company recovers part of the cost from employees, then only the network company's net contribution should be reported.

- Life assurance

Cover paid for, fully or in part, by a network company that provides financial security for employees' dependants and protect the profitability of the business upon death of an employee. Where the cost of cover is shared between network company and employee, or where the network company recovers part of the cost from employees, then only the network company's net contribution should be reported.

- Travel

Includes: overseas travel and personal accident/travel.

- Directors & officers

Includes: primary and excess directors' and officers' liability.

- Employment practice liability

Cover against claims made for alleged acts of discrimination, harassment, or inappropriate employment conduct.

Internal Reports

See Reports.

Interruptions

A loss of gas supply upstream of, or at, the Customer's first ECV. This includes planned and unplanned non-contractual network supply interruptions. Contractual network supply interruptions and interruptions not caused by any of the activities defined as planned non-contractual interruptions or un-planned non-contractual interruptions are excluded.

Interruption End

The date and time at which gas is made available to the ECV by the GDN's personnel, or the Customer confirms that gas should not be restored to the property. the restoration of supply.

Interruption start

The interruption start time is the earlier of:

- the date and time at which the supply of gas to the premises is shut off by the GDN's personnel (or in some emergency situations, by the Customer);

Glossary

- the date and time at which plant is isolated by the GDN's personnel; or
- the date and time initially logged by the call centre following calls received to the Emergency Services number in respect of multiple losses of supply arising from a single cause.

Interruptible Contracts

For the purposes of other Direct Activities, interruptible Contracts means the costs associated with the procurement of Interruptible Contracts.

IP

Intermediate Gas Pressure in the range from 2 to 7 barg.

IT & Telecoms Capital Expenditure

Costs associated with purchasing, replacing, and upgrading IT infrastructure IT systems, and any directly impacted telecoms assets. Infrastructure includes hardware and communications equipment such as PCs, servers, and LAN. IT Systems includes application system such as work management systems, Asset Management system and financial systems.

IT & Telecoms (Business Support Activity)

Provision of IT services for the day-to-day service delivery.

Includes:

- The purchase, development, installation and maintenance of non-operational computer and telecommunications systems and applications;
- 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 IT 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

Glossary

software developers. This will include any cost of software licences to use the product where those costs cover more than one year;

- Installing new or upgrading software, other than where it is capitalised. This does not include upgrading of software that is included within the costs of annual maintenance contracts for the software;
- Maintenance and all the operating costs of the IT infrastructure and management costs and applications cost. This includes any annual fee for the maintenance of software licences, whether or not they include the right for standard upgrades or 'patches' to the software as they become available;
- IT applications maintenance and running costs;
- IT new applications software and upgrade costs.

Excludes:

- IT equipment which is used exclusively in the real time management of network assets, but which does not form part of those network assets.
- Any of the property costs associated with IT & Telecoms (include under Property Management), except where the cost of specific IT environmental control systems can be distinguished from other property costs.

Inspection

The checking of the external condition of network assets.

Includes

- helicopter and foot patrols;
- all asset surveys of whatsoever nature and purpose, including asset condition surveys;
- inspection of tools (including lifting tackle inspections and PAT testing); and
- reading gauges.

Excludes

- use of diagnostic testing equipment;
- supervisory input to plan workloads and manage staff (include under operations management);

Glossary

- data review except the initial recording on site (include under asset management);
- inspection of non-system assets (include under Property Mgt);
- any of the costs associated with the Indirect Activities as defined in this appendix; and
- any of the costs associated with maintenance.

Insurance Captive

See Captive Insurer.

Investment Income

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.

Iron Mains

Mains constructed from an iron material, including spun iron, Cast Iron and Ductile Iron.

Iron Mains Risk Reduction Programme

The HSE mandated programme of work that addresses the failure of at risk iron gas mains and the consequent risk of injuries, fatalities, and damage to buildings.

IT

A Licensee's information technology for business systems that relate to the use of computers, software, hardware and other systems and devices to perform business operations.

Labour (excluding employer pension costs)

Costs including any form of payment, consideration or other benefit, paid or due to or in respect of employees, including the costs of temporary or agency staff.

Includes:

Glossary

- gross salaries and wages of all employees, including payments resulting from bonus and profit-related payment schemes;
- employer’s national insurance contributions;
- salary sacrifice payments;
- sick pay;
- sickness benefits;
- private health insurance;
- (non-pension related) retirement awards;
- death in service benefits;
- paid leave;
- standby costs;
- subsistence;
- medical insurance costs;
- childcare assistance; and
- welfare costs.

Excludes:

- professional services;
- Contractors; and
- car allowances.

Land, Building, Office, Furniture and Fittings (incl telecoms driven by office moves)

Capex related to the purchase, upgrading and fitting out of all buildings, including depots and offices. This includes any telecoms investment directly driven by the above.

Lane rental - S74A

Section 74A - charge determined by reference to duration of works. Payment to the highway authority a charge determined, in the prescribed manner, by reference to the duration of the works where the Secretary of State (Department for Transport) has approved it for the purposes of the regulations by order made by statutory instrument. The regulations may prescribe different rates of charge according to:

- (a) the extent to which the surface of the highway is affected by the works;
- (b) the place and time at which the works are executed, and
- (c) Such other factors as appear to the Secretary of State to be relevant.

Glossary

Land Remediation - Gas Holder Demolition

The remediation of land on holder static sites to meet the obligations under environmental or other reasons, for example, to prepare the land for alternative use.

Land Remediation – Non-gas Holder Demolition

See Statutory Remediation and Non-statutory Remediation.

Lateral

A horizontal pipe, connected to a Riser that conveys gas along one floor level within a building and includes any branches supplying individual or groups of premises.

LDC

Load Duration Curve. Designed to provide an estimate of the total demand in a gas year above any specific demand threshold³.

LDZ

Local Distribution Zone. LDZ is a pipeline system (other than the NTS), the conveyance of gas in which is authorised by a relevant Gas Transporter’s licence held by the owner or operator of such a pipeline system, and which:

- (a) immediately before the UNC Implementation Date was designated by National Gas Transmission as an LDZ; or
- (b) is subsequently designated by the owner or operator as an LDZ, after consultation with National Gas Transmission:
 - (i) consistently with the provisions of the owner or operator’s transporter licence; and
 - (ii) such that no part of any pipeline system (other than the NTS), the conveyance of gas in which is authorised by the relevant Gas Transporter’s licence, is not comprised in an LDZ; and
 - (iii) such that the requirements of the Offtake Arrangements Document are satisfied in respect of all Inter-System Offtakes which exist as a result of such designation.

Leakage

Gas lost from the relevant LDZ during transportation which has been released into the atmosphere.

³ [National Gas Demand Forecasting Methodology](#)

Glossary

Leakage Factor (%)

Leakage expressed as a percentage of throughput.

Leakage Volume (GWh)

Quantity of Leakage from the GDN as measured in GWh.

Leased (property)

Any premises on which the regulated businesses pay rent. Where rent is paid to a related party then ownership of the premises and the leasing arrangements should be explained.

Legacy Safety Disconnections

Safety Disconnections undertaken by Licensees before the start of RIIO-GD3 as Simple Disconnections.

Legal / Comp Secretariat

Legal department, the management corporate governance for all companies to ensure they comply with legislation, regulations, and best practice.

Licence Fees

Payments by the Licensee to the Authority determined in accordance with standard condition 3 of the Gas Transporter's licence applicable to the Licensees.

Licensee

The holder of this licence in its capacity as: -

- i. NTS operator; or
- ii. DN operator

and, for the avoidance of doubt, nothing in this definition shall prevent a single legal entity being both an NTS operator and a DN operator. This definition will apply other than in relation to the following conditions: Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing), Standard Special Condition A37 (Availability of Resources), Standard Special Condition A38 (Credit Rating of the Licensee) and Standard Special Condition A39 (Indebtedness) to the extent that the provisions have effect in this licence;

Glossary

Linepack

Linepack is the volume of gas held within the Local Transmission System (LTS) by virtue of its pressure, principally to meet diurnal storage needs of the network.

LNG IU

Costs of providing Liquid Natural Gas (LNG) to Statutory Independent Undertakings.

Load Related

Activities on assets that are driven by the need for additional network capacity for provision of gas volume and Storage.

Load Related Capex

Capex in relation to load related activities. See Load Related.

Local Conditions (TMA conditions)

Local Conditions imposed by a Highway Authority in relation to TMA.

Loss of Development Claim

Costs incurred, or expected to be incurred, by the Licensee in relation to settling any claims from landowners whose land contains network assets, which relate to:

- i. loss of land development;
- ii. sterilised minerals;
- iii. landfill and tipping; and
- iv. power generation

where the Licensee can demonstrate that it has used reasonable endeavours to challenge both the basis of the claim and the quantum of the compensation sought.

Low Pressure Gas Holders (mcm)

Column, spiral guided vessels, or MAN (waterless) holders associated with the storage of natural gas at low pressures less than 75 mbarg. Volume measured in millions of cubic metres (mcm).

Low Risk Assets

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

Glossary

LP

Low pressure in the range of 0-75 mbarg.

LTS

Local Transmission System is the pipeline system operating at >7 barg that transports gas from NTS Offtakes to distribution systems. Some large users may take their gas direct from the LTS.

LTS Diversion

A rechargeable or non-rechargeable diversion of an LTS pipeline.

LTS Pipeline

LTS pipeline system transporting gas from an offtake or other direct feed to the gas distribution systems or a specific large Customer.

LTS Pipelines and Installations

LTS pipeline with associated installations including pig traps and AGI.

LTS PRS

LTS Pressure Reduction Station.

LTS Storage Project

New asset constructed on the LTS primarily to provide diurnal storage for a GDN.

Mains (distribution)

Pipes used to distribute gas at a pressure ≤ 7 barg to more than two supply points (or with the potential to supply more than two supply points) but not including Risers.

Mains Replacement Prioritisation System (MRPS)

The computer system and algorithm used to calculate the risk of an incident from an individual metallic gas pipe.

Mains Replacement Driven Service Transfers

The disconnection of an existing service from a main and subsequent reconnection onto a new main.

Glossary

Mains Risk Prioritisation Score

The score provided by the Mains Risk Prioritisation System used to calculate the safety risk of explosion incidents, injuries, fatalities, and damage to buildings from mains remaining in use.

Maintenance

Maintenance is the examination of plant and equipment within the network. These include costs associated with operational property and IT.

These activities are split into three activities. See Routine Maintenance, Non-routine Maintenance and Exceptional Items Maintenance.

Major Incidents

For regulatory reporting purposes is defined as a major incident when there is a loss of supply to greater than 250 Customers following a single incident.

Management Services

IT directors and other costs of running the IT function not covered by other areas.

Materiality Threshold

For the relevant distribution network, has the value:

EoE: £8.8m;

Lon: £6.4m;

NW: £6.0m;

WM: £4.6m;

Northern Gas Networks Ltd: £6.0m;

Scotland Gas Networks plc: £4.8m;

Southern Gas Networks plc: £10.0m; and

Wales & West Utilities Ltd: £6.2m.

Materials

The physical components that go into the make-up of a tangible asset or are used for maintenance or other duties for the activities undertaken by the Licensee and related parties.

Glossary

Includes:

- tangible items that become part of the network assets;
- small tools, equipment, and consumables utilised to allow work on the network and to undertake other activities;
- purchase, rent or lease of Vehicles (only where they are non-operational new assets & replacement);
- fuel for the operational fleet (include under the vehicles and transport activity); and
- Materials provided by a Contractor where the costs have been separately identified; and postage and stationery.

Excludes:

- company cars;
- procurement management; and
- storage of the Materials unless the purchase price includes the cost of storage by the supplier.

Maximum Design Capacity

The theoretical maximum flow rate of an asset under optimal conditions, measured in million cubic meters per hour (mcm/h).

Maximum Design Outlet Pressure

This is used (with other criteria) for the purposes of sizing the asset.

Modern Equivalent Asset Value (MEAV)

The MEAV is the cost of creating a new network which is equivalent in value to the current network. It Licensees calculated as a weighted average from reported assets in the Business Plan Data Templates and the new build unit cost for the following assets:

- LTS assets;
- NTS Offtakes;
- Distribution network embedded gas entry points;
- PRSs;
- AGIs;
- Capacity and storage assets;
- Distribution mains;
- Governors;

Glossary

- Number of services; and
- MOBs supply infrastructure.

Metering Activities

Tariff capped metering activities and non-tariff activities.

Metering Business

The activities of the Licensee in connection with the provision of metering services.

Metering Equipment

The whole or part of the supply meter installation as defined in Section M, paragraph 1.2 of Transco plc's Network Code as of 1 April 1997 as defined within amended Standard Condition 9 (Network Code) of Transco plc's Gas Transporter licence on that date.

Metering Services

The provision, installation, commissioning, inspection, repairing, alteration, repositioning, removal, renewal, and maintenance of metering equipment.

MOD Term [TO and SOMOD for SO]

The term of that name included in the formula for Base Transmission Revenue (System Operator Internal Revenue) set out in Special Condition 3A (or Special Condition 4A for SO) of the Electricity Transmission licence. It represents the incremental change to base revenue for the relevant year concerned, ascertained in accordance with the methodologies set out in this handbook. The value of the MOD term is calculated through the annual iteration of the ET1 Price Control Financial Model (see Chapter 1) and is specified in a direction given by the Authority by 30 November in each relevant year.

MOP

Maximum operating pressure.

MP

Medium Pressure is the gas pressure operating in the range from above 75 mbarg to 2 barg.

MP/LP Renewal

Medium to low pressure regulator renewed for reasons other than to facilitate demand.

Glossary

Mothballed Holders

Gasholders that have been physically isolated (cut and capped, removal of spool) and purged to air. The potential for recommissioning at some point in the future is significantly reduced.

Methodology Conditions (TMA conditions)

For the activities hereby permitted on this site, as agreed, the works methodology employed will be [Hand Dig/Directional Drilling/Moling/Other (Delete as Appropriate)] throughout the duration of the works activity.

Multi-occupancy buildings (MOBs).

Buildings containing a minimum of three individual premises, each with a separate supply point and supplied via an internal or external riser, and where at least one of those premises is more than two floors above ground level. The premises may be domestic, non-domestic, or a combination of the two. Buildings where all premises on the third floor or above are supplied through individual pipes, with the meter and ECV located at a lower level, are not included. MOBs are categorised as medium-rise (3 – 5 floors), high-rise (6 – 9 floors) or high risk (10+ floors).

NARM Asset

An asset specified within the NARM methodology where its associated monetised risk can be estimated by applying the NARM methodology.

NTS Offtake

Capex associated with construction of a new connection and offtake site directly from the NTS as well as modifications/upgrades to existing offtakes.

Net Cash Controllable Costs

Cash controllable after capitalisation.

Net Debt

Net Debt is the net borrowing of a business at a given date.

Net debt includes:

- Cash at bank;
- Bank overdrafts;
- Short term investments;

Glossary

- External borrowings (adjusted to reflect the ultimate liability in sterling resulting from any cross-currency swaps relating to that debt instrument and excluding the impact of fair value adjustments and accrued interest);
- Inter-company borrowings;
- Short-term loans to related parties (except where they have demonstrated the characteristics of being long term in nature, for example by repeated renewal); and
- Long-term loans to related parties only where they can be justified as for the benefit of the regulated business and are not in the nature of a distribution.
- Inter-company debtors/creditors/working capital: where these can clearly be identified as such, they are excluded. However, if they cannot, because the Licensee does not clear these balances on a regular basis, they will be treated as effective intercompany loans and included in Net Debt.

Net Debt excludes:

- Year-end balances of fair value adjustments on derivatives in regulatory accounts (except cross currency swaps);
- Unamortised issue costs;
- Fixed asset investments where not readily converted to cash;
- Preference shares;
- Long-term loans to related parties except where they can be demonstrated as for the benefit of the regulated business and are not in the nature of a distribution; and
- Short-term loans to related parties except where they have characteristics of long-term loans.

Net Emergency Costs

The cost of the emergency activity following the allocation FCOs' time and costs to other activities e.g. Repairs, maintenance, Repex, other Price-controlled Activities and Non-price Controlled Activities (de minimus, metering, consented and Excluded Services).

Net Interest

Net Interest includes actual Net Interest (payable less receivable) for the price-controlled business extracted from regulatory accounts, used on an accruals basis and total interest on index-linked debt based on the charge to the income statement in regulatory accounts.

Glossary

Interest includes:

- Actual net interest (payable less receivable) for the price-controlled business extracted from regulatory accounts, used on an accruals basis; and
- Interest on index-linked debt based on the charge to the income statement in regulatory accounts (i.e., on an accruals basis).

Interest excludes:

- Any interest that would otherwise be included, but which does not qualify for corporation tax relief;
 - Movements relating to pension fund liabilities reported in the regulatory accounts within net interest;
 - Fair value adjustments (e.g. losses on derivatives);
 - Dividends on preference shares;
 - The cost of retiring long term debt early (including exceptional debt redemption costs);
 - Debt issuance expenses (including amortisation charges relating to discounts on debt issuance that had previously benefitted from a deduction against taxable profits); and
5. The cost of maintaining committed undrawn liquidity backup lines (i.e., commitment fees).

Net Internal Area (NetIA)

As per the Valuation Office Agency (VOA)⁴ definition (as of 19 March 2013):

Broadly speaking the usable area within a building measured to the face of the [internal finish](#) of perimeter or party walls ignoring skirting boards and taking each floor into account.

NetIA will include:

- Perimeter skirting, moulding, or trunking;
- Kitchens;
- Any built-in units or cupboards occupying useable areas (subject to height exclusion below);

⁴ [Valuation Office Agency definition - accessed 19 March 2013](#)

Glossary

- <http://www.voa.gov.uk/corporate/Publications/comp.html> or similar dividing elements; and
- Open circulation areas and entrance halls, corridors, and atria.

NetIA will exclude:

- Toilets and associated lobbies (but extra measurements may be required for shops where they are either in excess of normal staff requirements considering the type and size of shop) or it is apparent additional toilets have been installed);
- Cleaners' cupboards;
- Lift rooms, boiler rooms, tank rooms, fuel stores, and plant rooms other than those of a trade process nature;
- Stairwells, lift wells, those parts of entrance halls, atria, landings, and balconies used in common or for the purpose of [essential access](#);
- Corridors and other circulation areas where used in common with other occupiers or of a [permanent essential nature](#);
- Areas under the control of service or other external authorities.
- Internal [structural walls](#), walls (whether structural or not) enclosing excluded areas, columns, piers, chimney breasts, other projections, vertical ducts etc.;
- The space occupied by permanent air conditioning, heating or cooling apparatus and ducting which renders the space substantially unusable having regard to the purpose for which it is intended;
- Areas with headroom of less than 1.5m;⁵and
- Car parking area.

Net Staff Cost (including Agency)

Staff costs net of capitalised costs and staff costs associated with Repex.

Gross Staff costs net of capitalised costs and costs associated with Repex. Gross staff costs include the following:

- Salaries and wages prior to any salary sacrifice, including bonus / PRP payments;
- Employer national insurance contributions;

Glossary

- Overtime, standby and other allowances, including car allowances;
- Pension payments;
- Share based schemes;
- Sick pay, sickness benefits;
- Ongoing employer pension costs; and
- Pension Incremental Deficit Funding.

Network Extensions

Extensions of the GDN to premises not currently connected to the gas pipeline network. Also referred to as infill.

Network Innovation

Costs associated with Innovation that are recoverable under the Network Innovation Allowance, Network Innovation Competition, and the Innovation Rollout Mechanism.

Network Innovation Allowance (NIA)

NIA is a set annual allowance, additional to base revenue, that enables Licensees to fund eligible innovation projects.

NIA expenditure must comply with the RIIO-3 NIA Governance Document and is recovered in accordance with Special Condition 5.2 (RIIO-3 Network Innovation Allowance), subject to the limits specified in the RIIO-3 Final Determinations.

Network Innovation Competition (NIC)

A competitive funding mechanism established by the Authority to support network innovation projects. In RIIO-GD3, the NIC is relevant for the ongoing implementation and reporting of in-flight NIC projects approved under earlier price controls, with funding, expenditure and any associated revenues governed by the NIC governance document and the relevant direction.

Network (LAN & WAN)

The costs involved in implementing and supporting the computer networks, Local Area Network (LAN) and Wide Area Network (WAN).

Network Rates

Prescribed rates levied on distribution network assets as determined and set by the VOA in England and Wales Electricity Supply Industry (Rateable Values) (England) Order 2005 and Scottish Assessors Association (SAA) in Scotland.

Glossary

Network Regulation

Any reasonable costs associated with network regulation, i.e., any costs that the network company would not reasonably have incurred were it operating in a non-regulated environment.

New Connections

The costs incurred to connect new supply points to the GDN.

New Housing

Costs associated with connecting new build properties to the gas GDN.

New Infrastructure Costs

In respect only of IT & Telecoms activity.

New Large Load Connections

- I. any person seeking connection, or significant alteration to existing connection for the purpose of entering gas onto the Distribution Network which is subject to the Economic Test: or
- II. any person seeking connection, or significant alteration to existing connection for the purpose of offtaking gas from the Distribution Network with a maximum offtake capacity in excess of 1500 standard cubic metres per hour, which is subject to the Economic Test.

New Roads and Street Works Act (NRSWA)

The NRSW 1991 provides a legislative framework for street works activities by undertakers (including public utilities).

NIA Pass-Through Amount

The pass-through factor and has the value of 0.9. Licensees can only pass 90% of the value of NIA expenditure through to their Customers.

NIC Funding

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.

Glossary

NICF

The amount directed by the Authority to be recovered by National Gas on behalf of all gas distribution and transmission Licensees.

No Escape/No Trace

See Reports.

Non-controllable Activity Costs

Those operating activity costs that are deemed as part of the price control allowances as not being within the direct control of the licence holder.

Non-domestic (in relation to replacement activities)

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

Non-domestic (in relation to the connections activity and reporting guaranteed standards of performance)

Non-domestic Customer: any Customer other than a domestic Customer.

Non-domestic premises: any premises other than domestic premises.

Non-load Related

Activities on assets that are not driven by the need for additional network capacity, for example safety or asset integrity driven work.

Non-operational Gasholders

LP gasholders that are not operational.

See also Operational Gasholders.

Non-operational Premises

Premises used by people and which are not operational premises.

Includes:

- stores;
- depots; and

Glossary

- Offices.

Non-operational Training

Training for activities or skills neither specifically required for working on or with the operational assets of the business nor working in a manner to promote and maintain the health and safety of employees, Contractors, Customers, and the public.

Non-piggable Mains

Mains inspected in accordance with OLI4 procedures. A section of pipeline that cannot accommodate a pig device for inspection.

Non-price Controlled Activities

Business activities that are not part of the RIIO-GD3 price control, these include:

- De Minimis Activities
- Excluded Services
- Metering Activities
- Consented Activities

See also separate definitions.

Non-productive Time – FCOs

Any time when the FCO is not available to respond to emergency call outs or other work allocated by the GDN to an FCO – includes training, briefing, holidays, sickness etc.

Non-programme Costs

Ongoing operational training costs including continuing professional development.

Non-rechargeable Diversions

Mains diversions that are not rechargeable to a third party. This may be due to the nature of the Wayleave/Easement that is in place (e.g. lift and shift agreements) or because the GDN wishes to move the main for its own purposes (e.g. soil, erosion, landslip).

Non-routine Maintenance (NRM)

NRM activities are those which are irregular in both timing and costs and have a material effect on cost from year to year. Typically, the requirement to carry out these activities should arise between 2 – 8 years, i.e., activities are known, but not likely to happen on an annual basis.

Glossary

Examples of such activities are:

- repainting of PRS after 6 yearly painting survey;
- repainting of district Governors after 6 yearly painting survey;
- OLI runs;
- holder painting;
- holder handrails;
- maintenance of above ground exposed crossings;
- river crossings/sub-sea surveys;
- river/ditch cross repairs;
- maintenance work required as a result of pressure surveys;
- consequential follow-up surveys;
- winter trigger surveys;
- inspections of above ground exposed inspections;
- water bath heaters;
- DSEAR, site signage;
- pipeline marker remedial;
- asbestos surveys;
- vibration migration; and
- crop claims and land drainage.

Non-Salary Staff Costs

Costs associated with the employment of direct employees, but which do not form part of Net Staff Costs. Includes the following:

- Travel and accommodation, subsistence, employee relocation;
- Employee entertainment and gifts; and
- Other expenses including one off vehicle hire and telephony where charged directly to user departments.

Non-smart Metering Related

All Non-smart Metering Related PREs - see smart metering related.

Non-statutory Remediation

Non-statutory Remediation is the work required to satisfy the minimum legal requirements for a site's proposed change of land use, which incorporates a greater scope of work and more stringent standards to be achieved, which reduces the contaminated land risks to a point whereby the site no longer presents significant risks

Glossary

of significant harm to human health, controlled waters and the wider environment for the proposed change of land use.

National Transmission System (NTS)

The NTS is high-pressure system consisting of terminals, compressor stations, pipeline systems, and Offtakes. The NTS is designed to operate at pressures up to 85 barg. NTS pipelines transport gas from terminals to NTS Offtakes.

NTS Exit Costs

Charges from the NTS for the use of NTS exit flat and flex capacity.

NTS Offtakes and Distribution Network Embedded Gas Entry Points

The Offtake is the installation defining the boundary between the NTS and the LTS or a very large Customer. The Offtake installation includes various equipment including metering and pressure regulation. Distribution network Embedded Gas Entry Points also feed gas into the LTS but from other sources i.e., renewable gas resources.

NTS Pension Recharge

Payments made by the Licensee to meet the charge made by the NTS Operator to the Distribution Network for legacy pension liabilities pre-DN sales.

Office

A property is defined as an office if its primary function is to accommodate office-based staff during their business hours.

Offtake

The installation defining the boundary between NTS and LTS or a very large consumer. The Offtake installation includes equipment for metering, pressure regulation and more.

Ofgem

The Office of Gas and Electricity Markets.

Ofgem Licence

Gas Transporter licence granted by Ofgem to Licensees under section 7 Gas Act 1986.

Glossary

Ongoing DB Contributions

The current employers' cash service cost of funding Defined Benefit pension obligations.

Ongoing DC contributions

The current employers' cash service cost of funding Defined Contribution pension obligations.

Operating Expenditure (Opex)

The operating costs of the GDN excluding capital Capex, costs under the mains replacement programme, depreciation, amortisation, profit on sale of assets, release of deferred contributions and charges/releases of provisions.

Operational Gasholders:

Holders that are available and intended for use immediately or in the foreseeable future to provide diurnal storage to the LDZ or local strategic support for specific MP or IP networks. Holders used only for relatively short time periods in a year are classed as being operational.

Operational IT & Telecoms

IT equipment which is used exclusively in the real time management of network assets, but which does not form part of those network assets.

Operational Premises

Premises which contain network assets and are not maintained for accommodating people e.g. substations, boiler stations, holder stations, compressor stations, Governor houses etc.

Operational Training

Includes Operational Training and graduate trainees and apprentices.

Includes training workforce renewal new recruit, operational upskilling, and operational refresher training.

Operational upskilling - covers all training (whether classroom based or on-the-job) where employee's skill level is increased in order to undertake activities requiring a higher skill level or to undertake activities requiring a different skill set (e.g. multi-skilling) (Does not cover, e.g. routine operational refreshers, and safety briefings, non-

Glossary

operational training courses e.g. MS Excel, training for CPD purposes once qualified e.g. accountant).

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

Includes:

- Classroom training;
- On the job training;
- Trainer and course material/running costs (classroom training);
- Training admin; and
- Costs of staff that organise and provide operational training and maintain employees training records.

Excludes:

- HSE costs (include under Health, Safety & Environment); and
- IT & Property management costs associated with Ops Training and Training Centres (include under IT & Property costs respectively).

Operations Management (including contract management)

This should only cover the cost of the day-to-day planning and supervision of the operatives and Contractors working within the work execution processes. For example:

- First line managers (non-field staff)
- Depot manager etc.
- Also includes the costs of the safety, health, and environment section (compliance).
- Operations support:
- Covering support costs in depots (which include TMA/NRSWA activities);
- Plant protection;
- Digitisation;
- Dispatch;
- Data quality;
- Work scheduling;
- Updating records (including DR4); and
- HSE policy.

Excludes: Staff that carry out the operational activity (including E&I).

Glossary

Opex Allowance

The assumption for operating expenditure requirements included in the RII0-GD3 price control review.

Opex Activities

Opex activities are:

- Work management;
- Emergency;
- Repairs;
- Maintenance;
- Independent undertaking;
- Other direct activities;
- IT & telecoms;
- Property management;
- HR;
- Insurance;
- Finance, audit and regulation;
- Procurement;
- Stores & logistics;
- Training & apprentices; and
- CEO.

Original Capacity (LP gasholders)

The design storage capacity of a gasholder.

Other Adjustments

Other Apprentice/Trainee Admin Costs

Other programme costs other than net staff, training, and recruitment costs.

Other Cost Recoveries

In relation to Atypical Costs only, means any form of remuneration or cost recovery or reimbursement received by the Licensee, other than 'insurance proceeds received' resulting from an Atypical Event.

Glossary

Other Capex

This refers to actual other capital expenditure (AOC) as in the GD3 Price Control Financial Handbook.

Other Capex - Other

Where the following activities are carried out on the mains distribution asset, and upgrade or extend the useful life of the mains assets then they should be included under the 'other category' in Other Capex. The type of activities include:

- Cathodic protection activities;
- Valve activities;
- Special / over crossings;
- Bank erosion;
- Sleeves;
- Pipeline protection measures (pipelines);
- Climate change / resilience measures (LTS); and
- Where these activities are carried out on LTS assets etc. they will be recorded on table 'LTS and Storage'.

Other Direct Activities (ODA)

Other operational activities not covered elsewhere Includes:

- Odorant;
- Major Incidents net cost (see definition);
- Interruptible contracts;
- Xoserve;
- Compensation payments;
- Tools & consumables;
- Reinstatement (inspections);
- Easement/Wayleave costs LTS and non-LTS; and
- Procurement of interruptions/NTS flat.

Other Enduring Meter Work Jobs

Specialist legacy work activities associated mainly with non-domestic distribution metering equipment.

Glossary

Other Group

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

Other HSE Mandatory Mains

Mains not mandated under the HSE's enforcement policy for the replacement of iron gas mains, but that is subject to other HSE Policy.

Other Insurance Costs

All insurance department costs except for insurance premiums and Brokers Fees.

Other Non-domestic Service Work

Any other work carried out on non-domestic services not captured elsewhere.

Other Policy and Condition Mains

The replacement of distribution mains and services not captured under the HSE policy workload. This includes non-standard materials and mains selected to be replaced on a condition basis in accordance with policy.

Other Storage (mcm)

Volume of storage from GDN assets excluding LTS Linepack and NTS flex (gas provided from the NTS to aid balancing).

Overstay Penalties

Penalties payable to local authorities as a result of overrunning of works in accordance either with the NRSWA 1991 or with the TMA 2004 (and its Scottish equivalent).

Overrun Charges S74

Section 74 to NRSWA - charge for occupation of the highway where works unreasonably prolonged. Payment of a charge to the highway authority where (a) the duration of the works exceeds such period as may be prescribed, and (b) the works are not completed within a reasonable period.

Own Property

In respect of insurance only refers to all assets owned by the Licensee.

Glossary

Owned (property)

Any premises used by the regulated businesses that are in group ownership and where the regulated businesses do not pay rent.

Own Use Factor (%)

Own Use Volume expressed as a percentage of throughput.

Own Use Volume (GWh)

Quantity of gas used for operational purposes as measured in GWh.

Parent Main

The gas distribution main to which a new service connection is being connected.

Partially Demolished Holders

Holders that are in the process of having their guided frames and tanks demolished.

PCFM Variable Values

The values in the table of that name in the GD3 Price Control Financial Handbook.

PE

Polyethylene (PE) is a form of plastic used for manufacturing gas distribution mains and services.

Pension Deficit Funding Cost

Cost incurred by a sponsoring employer paid to the pension scheme trustees to repair a deficit in a defined benefit pension scheme –see also Pension Incremental Deficit Funding and Established Pension Deficit Recovery Plan Payments.

Pension Hedging and Contingent Asset Costs

Costs of (a) hedging certain risk in a pension scheme (e.g. longevity, interest, and RPI); and (b) a sponsoring employer funding a contingent asset provided to the pension scheme, incurred directly by the employer.

Pension Incremental Deficit Funding

Costs means the annual funding costs of the Incremental Deficit, the latter means the difference between the assets and liabilities, determined at any point in time, attributable to post 31 March 2013 pensionable service and relating to Regulated

Glossary

Business Activities and which is determined in accordance with the Energy Network Operators' Price Control Pension Costs - Regulatory Instructions and Guidance: Triennial Pension Reporting Pack supplement including pension deficit allocation methodology.

Pension Ongoing Funding – Actual Employer Contributions

Employer ongoing contributions actually paid in cash during the regulatory year to a pension scheme (before salary sacrifice).

Pension Protection Fund (PPF)

The Pension Protection Fund was established to pay compensation to members of eligible defined benefit pension schemes when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension scheme to cover PPF levels of compensation.

Pension Scheme Administration Costs

The administrative costs for the operation of a pension scheme (excluding interest and taxation) including salaries and on costs of pension scheme administrators and all other associated costs of administering the pension scheme, whether borne by the scheme directly or the employer(s) and not recovered from the scheme.

Includes:

- actuarial consultancy fees;
- pensioners payroll;
- third party administration fees;
- pensions administration system licence and support costs;
- legal adviser's fees;
- recruitment costs;
- pension secretariat;
- policy and strategy;
- administration consultancy;
- auditor's fees;
- custodian fees;
- communication consultancy fees;
- general office costs (printing/IT support/publications etc.);
- investment consultancy fees;
- investment management fees;
- tracing agency fees;

Glossary

- member communication costs;
- trustee remuneration; and
- trustee training costs.

Excludes:

- Cost incurred by the Licensee in administering the collection and payment of contributions; and
- Costs of actuaries engaged by the Licensee as advisors to the license.

Pensionable Salaries

For a pension scheme, the current salaries of the active members which are considered when assessing the future pension benefits under that scheme, and which are multiplied by the contribution rate to calculation the current cash service cost.

Pension Trustees Indemnity (recharged to pensions)

Cover that protects a network company and /or its pension funds and/or its employees and trustees against claims made by third parties for breach of trust, maladministration and wrongful acts arising from the actions of the trustees to the pension funds.

Pensioners

Individuals in receipt of a pension from the pension scheme.

Permit Scheme Costs

Those costs incurred to comply with obligations under any order or regulations made pursuant to Part 3 of the TMA 2004 which impose a permit scheme, otherwise known as lane rentals.

Chargeable permit variation costs are costs associated with permit variations initiated by the GDN (not by the permit authority).

References to the TMA 2004 are to be interpreted as, in relation to Scotland, the Transport (Scotland) Bill as enacted.

Physical Security Expenditure

Costs incurred, or expected to be incurred, by the Licensee for the purposes of implementing any formal recommendation or requirement of the Secretary of State to enhance the physical security of any of the sites within the Licensee's distribution system.

Glossary

Physical Security Upgrade Programme

The programme of physical security investment at critical national infrastructure sites mandated by UK Government, including the programme in place at the start of the Price Control Period and any successor, replacement or additional programme designated by UK Government during the Price Control Period.

Piggable Mains

Mains inspected in accordance with OLI1 procedures. A piggable pipeline is a section of pipeline that can accommodate a pig device for inspections.

Planned Interruptions

An interruption that occurs as a result of planned non-contractual work, other than those occurring as an inadvertent consequence of such work. Non-contractual interruptions resulting from the GDN's planned activities and include all non-contractual interruptions resulting from the planned activities set out below.

For the avoidance of doubt, GDNs should exclude major incidents when reporting the overall number and duration of non-contractual interruptions resulting from the planned activities.

- Customer/shipper-initiated service alterations - any change to a service pipe or associated GDN plant at the request of a Customer or shipper. For example, an alteration to route or size of service pipe for a housing extension. Required notice – by appointment.
- Customer or local authority initiated mains diversions - diversion of pipelines and mains at the request of a local authority, highway authorities, developer, agent of a developer, landowner, or any other agency. For example, a new development will encroach on the location of the pipeline or main and will be diverted for safety reasons. Required notice – by appointment.
- GDN initiated - mains replacement driven service transfers or replacement or any other GDN initiated operation in association with planned programmes of work. A relay and subsequent transfer will count as two non-contractual interruptions. For example, safety and asset maintenance related replacement. Required notice – five working days for Customers due to be interrupted.

Glossary

Planned Replacement

Replacement made in accordance with a previously made plan rather than in reaction to particular event such as an emergency.

Plant, Tools and Equipment

Includes fixed plant and machinery forming part of the gas transportation network, part of a gas installation, or used to process gas, as well as tools and other equipment used for the day-to-day management of the gas network.

PON

Pipe Object Number.

PEMS

Post Emergency Metering Services.

PPF levy

The risk-based and the non-risk (i.e., scheme) based levies paid by a defined benefit pension scheme to the PPF in accordance with the Pensions Act 2004.

Premiums Invoiced

The amount charged to the policy holders for insurance cover provided.

Price Control Deliverable

The outputs, delivery dates, and associated allowances for Special Conditions 3.2, 3.3, 3.9, 3.10, 3.11, 3.19, 3.23, 3.24, 3.25, 3.27, 3.28, 3.29, 3.30 and 3.31.

Price Controlled Activities

All activities that are part of the RIIO-GD3 price control.

Price Control Period

The period of five Regulatory Years commencing on 1 April 2026.

Procurement (Business Support Activity)

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

Includes:

Glossary

- 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; and
- Setting procurement guidelines and monitor adherence to the guidelines.

Excludes:

- Any of the IT systems associated with procurement (include under IT & Telecoms);
- Stores & Logistics - the activity of managing and operating stores (include under CAI for transmission and record in separate stores and logistics category in table 3.1 for gas distribution);
- Vehicles and Transport - the activity of managing, operating, and maintaining the commercial fleet and mobile plant (include under CAI)

Professional and consultancy

Consultancy services employed by the Licensee or related party.

Includes

- non-engineering services provided on a consultancy basis;
- subscriptions to trade bodies including the Energy Networks Association (ENA); and
- typically, items such as legal services, audit fees, taxation services.

Excludes

- direct employee costs or agency fees (include under “labour (excluding employer pension costs)”);
- contracted services of individuals provided through a personal service company (include under “labour (excluding employer pension costs)”);
- engineers whether employed on a consultancy basis or not (include under ‘labour (excluding employer pension costs)’ or Contractors, depending on the legal status of their engagement; and
- analytical engineering work (include under ‘labour (excluding employer pension costs)’ or Contractors, depending on the legal status of their engagement.

Glossary

Profits of an Insurance Captive

To be reported in accordance with the rules for accounting for insurance companies (and before tax).

Property (total floorspace)

Building footprint (square metre) whether in use or not and there is an associate cost (e.g. rent/lease, depreciation, business rates, and/or utility cost).

Property Management (Business Support Activity)

The activity of managing, providing, and maintaining non-operational premises i.e., premises used by people such as stores, offices, and depots. This should include costs such as rent, rates (business), and utilities costs including electricity, gas and water, maintenance/repair costs of premises and also should include the provision of the facilities / property services such as reception, security, access, catering, mailroom, cleaning and booking conferences. The costs of property surveyors should also be included here.

Includes:

- Stores, depots, offices (including training centre buildings & grounds);
- Rent paid on non-operational premises;
- Rates and taxes payable on non-operational premises;
- Utilities including electricity, gas, and water (supply and sewerage);
- Inspection and maintenance costs of non-operational premises;
- Facilities management costs including security and reception;
- Training centre buildings & grounds; and
- Control rooms and data centres.

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; and

Glossary

- Network rates.

Protection (protection apparatus)

A group of one or more protection relays and/or logic elements designated to perform a specified protection function.

PRS

A pressure reduction station having an inlet pressure greater than 7 bar.

Public Reported Escape (PRE)

The number of unique addresses public reported escapes received by the GDN for which a FCO will be called out.

Purge and Relight After Domestic Service Work

Re-commissioning of a Customer's gas supply service and appliances following interruption.

Qualifying Mains

Iron mains within 30m of a property which therefore fall within the scope of the HSE enforcement policy for the replacement of iron gas mains.

Quality of Service

Measures of performance used to monitor the quality of service provided to Customers. The measures include Customer interruptions, short interruptions to supply, speed and quality of telephone response and guaranteed and overall standards.

RAV Additions

Expenditure added to the Regulatory Asset Value (RAV) in the year.

Rechargeable Diversions (RD)

Mains diversion projects qualifying for a Customer contribution.

Refurbishment

An activity on an asset beyond routine maintenance intended to extend the life of the asset, but not replacing the asset.

Glossary

Regulatory accounts

The meaning given in standard special condition A30 of the gas transporter's licence applicable to the Licensees.

Regulatory Asset Value (RAV)

The value ascribed by Ofgem to the capital employed in the Licensee's regulated distribution or (as the case may be) transmission business (the 'regulated asset base'). The RAV is calculated by summing an estimate of the initial market value of each Licensee's regulated asset base at privatisation and all subsequent allowed additions to it at historical cost and deducting annual depreciation amounts calculated in accordance with established regulatory methods. These vary between classes of Licensee. A deduction is also made in certain cases to reflect the value realised from the disposal of assets comprised in the regulatory asset base. The RAV is indexed to CPIH in order to allow for the effects of inflation on the Licensee's capital stock. The revenues Licensees are allowed to earn under their price controls include allowances for the regulatory depreciation and also for the return investors are estimated to require providing the capital.

Regulatory Reporting Pack (RRP)

The reporting templates published by the Authority that must be completed and submitted by the Licensee each Regulatory Year in accordance with the RIGs.

Regulatory Year

A period of twelve months commencing on 1 April at 05:00 and ending on the following 1 April immediately before 05:00.

Reinforcement Expenditure

The costs incurred to provide additional general network capacity to meet load demand.

See also General Reinforcement.

Reinstatement

The cost of making good the highway, verge, or footpath to a permanent standard after excavation including labour costs, contractor costs, materials purchased, cost of waste disposal and any taxes or levies imposed on waste disposal.

Glossary

Relaid Services

Customer's gas service pipe relaid as part of site work.

Related Party

Is an affiliate, a joint venture of the Licensee or of an affiliate or an associate of the Licensee or of an affiliate or a relevant associate of the Licensee.

Related Party Margin

The profit or loss recorded on a transaction with an affiliate being the excess or deficit on actual direct costs and indirect costs (including financing costs) fairly attributable to the transaction or the charge and the cost of providing that transaction.

Related Undertaking

In relation to any person, means any undertaking (within the meaning of section 1161 of the Companies Act 2006) in which such person has a participating interest.

See also: Affiliate, Related Party

Remedial Work

Work undertaken in order to remedy defects identified by either inspection or maintenance. Remedial works excludes minor repairs carried out at the same time as the maintenance visit.

Repairs

The repair of mains and services following public reported escapes.

See also Actioned Repairs and Emergency.

Includes:

- Materials;
- Anaerobic sealant;
- Repair find and fix costs;
- Iron fittings;
- Pipe costs;
- Plastic fittings;
- Specialist materials;
- Repair income;
- Waste disposal costs for the repair activity;

Glossary

- Reinstatement for the repair activity;
- Reprogrammed repairs re-checks;
- Repair NRSWA Costs; and
- Repair TMA Costs.

Excludes:

- Reinstatement – inspections (Other Direct);
- No trace rechecks (Emergency);
- Leakage control surveys (Maintenance other);
- Maintenance - mains & services (Maintenance other);
- Tools & consumables (Other Direct);
- Gas Safety Management Regulations (GSMR) cut offs (Maintenance other); and
- Consultancy services (work management);

See also Emergency.

Repex

Replacement expenditure related to the long term programme of work to replace old and deteriorating mains, Risers, and services.

Replacement on Failure

The abandoning of an existing asset and commissioning of a new pipeline following physical failure of the asset in-situ.

Replacement Services - Domestic

Workload and costs associated with service replacement activity to domestic consumers.

Replacement Services - Non-domestic

Workload and costs associated with service replacement activity to non-domestic consumers.

Reports

Reports fall into two categories:

- Reports Emergencies – Network Related: This category includes the number of jobs where a repair individual/team attends and that are closed off with a status:
 - Mains condition report (escape);

Glossary

- Service condition report (escape);
- Interference (damage); or
- 6. "No Gas" service Governor failure, water ingress, or other network problem.
- Reports Emergencies – Non-Network Related: This category includes the number of jobs that are closed off with a status:
 - Internal escape - internal escape of gas or CO related "faulty appliance" e.g. appliance unsafe or emitting CO; or
 - Other - "meter problem" e.g. meter regulator lock-up, ETM problem; "other problem" e.g. bird trapped, boiler not working, incorrect callout; "no trace" e.g. no gas or CO found.

Resolved Complaint

A Complaint in respect of which there remains no outstanding action to be taken by the Licensee, as may be further clarified in the RIGs.

Restructuring

The act of re-organising a business for the purpose of making the organisation more efficient.

Includes redundancy costs (inc. ERDCs)

Excludes early retirement costs (inc. ERDCs)

Retail Prices Index (RPI)

One measure of inflation that reflects the average change in prices that consumers pay for a set of everyday items. RPI replaced Consumer Prices Index (CPI) as the primary measure of inflation in 2023. See also: Inflation.

Retail Prices Index Forecast Growth Rate

- (a) the growth rate (for the avoidance of doubt the growth rate is presented as a percentage) as defined as the "New forecasts (marked *)" in the HM Treasury "Forecasts for the UK Economy" publication, published in November each year; or
- (b) if that growth rate in respect of any year has not been published, such growth rate as the Authority may, after consultation with the Licensee, determine to be appropriate in the circumstances; or
- (c) if there is a material change in the basis of that growth rate, such other growth rate as the Authority may, after consultation with the Licensee, determine to be appropriate in the circumstances.

Glossary

Retained NIC Royalties

Total royalties earned through all NIC projects to be retained by the Licensee.

Return Seeking Assets

Means assets which may be exposed to greater risk, but where the potential return is higher than low risk assets (e.g. equities).

Returned Royalty 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.

RIGs

Regulatory Instructions and Guidance. Forms part of the regulatory framework by which Ofgem receives performance and financial data from network operators.

RIIO-GD1

First gas distribution price control review covering the period from 1 April 2013 to 31 March 2021 and based on the Revenue=Incentives+Innovation+Outputs (RIIO) model.

RIIO-GD2

Second gas distribution price control review covering the period from 1 April 2021 to 31 March 2026 and based on the RIIO model.

RIIO-GD3

Third gas distribution price control review covering the period from 1 April 2026 to 31 March 2031 and based on the RIIO model.

Riser

A Riser is defined as the pipe arrangement supplying a premise which has more than two floors above ground level and supplies more than two meter points. The external below ground pipe supplying the riser should be classified as a main up to the building line. The remaining pipe, irrespective of arrangement (horizontal, vertical, etc.) is all classified as Riser pipe. Where a premise has two floors or fewer, all of the pipes should be treated as mains & services based upon the relevant definitions.

Glossary

Risk Threshold (or Risk Action Threshold)

The risk score agreed between the Licensee and the HSE for tier 2 iron mains forming part of the Licensee's approved iron mains risk reduction programme under the PSR, Regulation 13.

Road Space Conditions (TMA conditions)

Materials plant and storage road - It is a condition of this permit that surplus material excavated as a consequence of the activities must be removed from the public highway within [x hours] (e.g. 24) of being excavated. For the activities hereby permitted, all material and plant not required for [insert period] shall not be stored on site from (insert date) and until (insert date). It is a condition of this permit that advance agreement is given by the permit authority for the works promoter to place or store materials, plant, and/or equipment outside of the defined working space.

Occupation dimensions - the activities hereby permitted shall occur only within the area [insert description of area or provide traffic management plan reference] including the relevant and required signing, lighting, and guarding.

Traffic space dimensions - for the activities hereby permitted [X]m must be maintained for pedestrians and/or [Y]m must be maintained for vehicles. It is a condition of this permit that the activities hereby permitted may only occur when a minimum road space of x metres is available to all pedestrian traffic at all times.

Routine Maintenance

Routine Maintenance can be described as those activities that are recurring and largely predictable in both costs and timing. There should be an immaterial year on year movement in the cost of Routine Maintenance. In this category costs, include property cost associated with operational assets.

Examples of such activities to be classed as routine are:

- site overhauls;
- distribution mains & services;
- pig trap maintenance;
- repair governor equipment;
- hedge maintenance/inspection on easement;
- drainage profile checks;
- repairing fencing;
- CP remedial work;
- fire water systems;

Glossary

- pressure system remedial;
- operational site drainage;
- compressor work;
- asset modification (e.g. check/top up water levels, holder stock, filter changes, helium bottle change, ad hoc holder work)
- cladding repairs;
- alarm testing/resetting;
- calibration;
- valve maintenance;
- all surveys (e.g. CP, TDI and high-rise buildings surveys), excluding winter trigger survey and consequential follow-up surveys;
- pipeline patrols;
- CEME fee;
- test points;
- instrument maintenance;
- gas quality maintenance; and
- alterations & diversions.

As can be seen from the above examples, routine maintenance should be the maintenance costs the network incurs in carrying out their general site visits.

Routine Site Monitoring and Maintenance

Routine statutory site monitoring and maintenance includes desk top studies, intrusive site investigations (including drilling, trial pitting, vacuum excavation pitting etc.), qualitative and quantitative risk assessments and modelling, groundwater, ground gas and vapour monitoring regimes and general redundant site clearance to maintain serviceability of monitoring locations.

Royalties Revenues

Revenue earned from intellectual property generated through eligible NIC projects.

RPE

Real Price Effects. This is the annual growth rate used for the derivation of the RPE indexation values. These in turn are applied to the relevant allowed Totex spend, to derive the relation RPE Totex allowance.⁶

⁶ GD3 Price Control Financial Handbook

Glossary

Safety Driven Disconnections

Disconnections carried out under the GSIUR.

Salary Sacrifice Scheme

A scheme which allows employers to pay additional pension contributions on behalf of the employee in return or as substitution for a reduction (or sacrifice) in salary; and as a consequence, there is a saving to the employee in taxation and for both employee and employer in national insurance contributions.

Security (excluding PSUP)

Capex on enhancing or replacing security related assets for all sites excluding expenditure on the sites included in table 4.3 'LTS & Storage' and security costs associated with PSUP which are captured on table 4.8.

The main security assets include fencing, alarms, surveillance cameras, and gates. In addition, there may be other minor security expenditure assets.

SCADA

Supervisory Control and Data Acquisition. A generic name for control systems that operate over a large area such as system control systems of a GDN.

Service Alteration

Changes to the position and/or size of a Customer's service pipe and associated plant including regulators, meters, valves, loggers etc.

Service Test and Transfer

The disconnection of an existing PE service from an existing distribution main and reconnection onto a replacement or alternative distribution main. This activity includes the pressure testing and physical transfer of a re-commissioning service.

Servitude

Term used in Scotland for a permanent right of access (in England and Wales this is termed an easement).

See also Easement and Wayleave.

Share-Based Payments

The cost of share-based payments provided to staff, determined in accordance with UK GAAP.

Glossary

Shipper

Shipper has the meaning given to "gas shipper" in section 48(1) of the Gas Act 1986.

Shrinkage

Gas lost from a Distribution Network due to Leakage, theft and gas used for operational purposes.

Shrinkage Factor (%)

Shrinkage expressed as a percentage of throughput.

SI

Spun Iron- an iron pipe material used on the distribution network.

Simple disconnections

A simple disconnection is defined as a disconnection that only involves isolating the gas service at the ECV or at the higher external termination (HET) point which is typically at the street or external service pipes, without excavation.

Small Decarbonisation Projects

A project that is within the scope of paragraph 3.4.4 (a) to (d) of Special Condition 3.4 (Small Decarbonisation Projects Re-opener). The Authority may use this re-opener where:

- (a) there is a Small Decarbonisation Project needed that will support the achievement of net zero carbon targets;
- (b) the Small Decarbonisation Project has caused or is expected to cause the cost of the Licensee's licensed activity to increase during the Price Control Period;
- (c) the effect, or estimated effect, of the Small Decarbonisation Project on the cost of the licensed activity is not otherwise provided for in this licence nor under another re-opener;
- (d) the effect, or estimated effect, of the Small Decarbonisation Project on the cost of licensed activity exceeds £1m but does not exceed £100m.

Smart Metering Related

All Smart-Metering Related PREs. See Non-Smart Metering Related.

SOD

Start of day.

Glossary

Software Licences

The Licence fees incurred in respect of the use of IT application software.

Specific Reinforcement

This relates to assets installed for the purpose of providing additional network capacity necessary in order to meet the specific requirements of Customers for new or augmented demand connections. Where the minimum scheme to meet the Customer's specific requirements is implemented, the full cost of reinforcement assets should be included under this heading, even when, due to the use of standard plant and equipment ratings, the minimum scheme provides extra capacity. Where a scheme in excess of the minimum scheme is implemented, at the discretion of the GDN, any costs in excess of the minimum scheme costs should be included under General Reinforcement.

Specified Streetworks Cost

Costs directly incurred, or expected to be incurred, by the Licensee as a result of complying with obligations or requirements arising under any orders or regulations made pursuant to Part 3 of the TMA 2004 or, in Scotland, the Transport (Scotland) Act 2019 or under any other streetworks legislation applicable to the Licensee including:

- (a) one-off set-up costs;
- (b) permit fee costs;
- (c) administrative costs arising from the introduction of permit or lane rental schemes;
- (d) costs arising from the introduction of permit conditions;
- (e) costs arising from changes to working practices required by the introduction or alteration of any code of practice applicable to the Licensee;
- (f) costs arising from lane rental charges levied on the Licensee by highway authorities;
- (g) costs arising from changes to inspection fees payable by the Licensee;
- (h) costs arising from changes to the requirements imposed on the Licensee in respect of highway reinstatement;
- (i) costs arising from the introduction of new congestion charging schemes or changes to existing ones; and
- (j) costs arising from the requirements imposed on the Licensee in respect of the new Street Works UK (SWUK) Material Classification Protocol.

Glossary

Standard Mains Materials

Polyethylene or any similar polymer-based material (other than polyvinyl chloride), and fully structural lining solutions or steel that is provided with cathodic corrosion protection.

Standby Costs

The costs incurred when employees are on standby to be called upon if required in the event of a specified occurrence in accordance with their terms of employment.

Statutory Remediation

Statutory Remediation is the work required to satisfy the minimum legal requirements for a site's current use, which reduces the contaminated land risks to a point whereby the site no longer presents significant risks of significant harm to human health, controlled waters, and the wider environment.

Storage

A GDN asset used to store gas to be used for balancing network pressures. Storage includes LTS Linepack but excludes NTS flex (gas provided from the NTS to aid balancing).

Stores & Logistics

The activity of managing and operating stores.

Includes:

- Delivery costs of materials or stock to stores;
- Labour and transport costs for the delivery of materials or stock from a centralised store to a satellite store/final location (and vice versa), taking into account the stock management policies;
- Monitoring stock levels; and
- Quality testing of materials held in stores.

Excludes:

- Costs of oil or other insulation medium (report under the activity for which it is used, egg maintenance, faults);
- Any of the IT systems associated with stores/logistics (include under IT & Telecoms);

Glossary

- Any property management and maintenance costs of depots/stores locations (include under “property management”); and
- Vehicles and transport - the activity of managing, operating, and maintaining the commercial fleet and mobile plant (include under “Vehicles and Transport”).

Streetworks

Work undertaken by utility companies in the highway including work carried out under NRSWA which covers the following:

- TMA/T(S)A;
- overrun charges - S74;
- lane rental - S74A; and
- other Streetworks activities, such as inspections, surveys, and coring.

Streetworks - existing HAs

Highways authorities where TMA has been implemented and included as part of the TMA the re-opener decision.

See Traffic Management Act.

Streetworks - new HAs

Highways authorities that have implemented TMA/T(S)A which were not included as part of the re-opener decision (published 20 December 2012 - Ofgem reference 189/11).

Supply Meter Point Reference Number

The unique reference number by which the supply meter point is identified (Section G3.1.2(a)).⁷

Supply Point

A system exit point comprising the supply meter point for the time being registered in the name of a user pursuant to a Supply Point registration, or (for the purposes of this Section G only) the subject of a proposed Supply Point registration.⁸

⁷ [Transportation Principal Document | Joint Office of Gas Transporters - Gas Governance](#)

⁸ Uniform Network Code (Transportation Principal Document, Section G1.1.1(a))

Glossary

System Control

System Control process is to ensure the safe flow of gas through the network, ensuring the supply is sufficient to meet the demand of gas on a daily basis.

The costs shown here should represent:

- The cost of running the control room (e.g. staff costs of resource working within the control room).

Along with:

- Salary costs;
- Travel & subsistence;
- Training costs for the delivery of system control migration;
- Any other non-salary costs associated with these resources; and
- Mast rentals.

Should also include any residual SOMSA charges from National Gas.

System Operations Capital Expenditure

Systems Operation Capex costs associated with replacing and upgrading systems used within the system operations. It includes those IT systems and infrastructure costs which are driven by system operations.

Tele-control Network

In respect only of IT & Telecoms activity, see definition under IT & Telecoms activity.

Theft (%)

Theft of gas volume from the distribution network expressed as a percentage of throughput.

Theft Volume (GWh)

Quantity of gas stolen from the distribution network as measured in GWh.

Tier 1 Main (T1)

An iron pipe having a diameter of 8 inches and below qualifying for decommissioning under the HSE's enforcement policy for the replacement of iron gas mains.

Glossary

Tier 1 Stub

A short length of Tier 1 Main that is connected to a parent main that is not a Tier 1 Main, which meet the criteria for decommissioning under the iron mains risk reduction programme providing it meets the specifications in the Licensee's policy and procedures for implementing and managing their Approved Programme.

Tier 2A Main (T2A)

An iron pipe having a diameter of above 8 inches and below 18 inches above a risk action threshold and therefore qualifying for decommissioning, remediation or risk-assessed for continued use under the HSE's enforcement policy for the replacement of iron gas mains.

Tier 2B Main (T2B)

An iron pipe having a diameter of above 8 inches and below 18 inches below a risk action threshold. These pipes may be subject to decommissioning or other risk management measures were justified by a cost-benefit analysis under the HSE's enforcement policy for the replacement of iron gas mains.

Tier 3 Main

An iron pipe having a diameter of 18 inches and above. These pipes may be subject to decommissioning or other risk management measures were justified by a cost-benefit analysis under the HSE's enforcement policy for the replacement of iron gas mains.

Timing and Duration Conditions (TMA conditions)

Include:

- Date constraints

The activities hereby permitted shall not commence before the proposed start date and must commence within the valid starting window period or in the case of immediate works by the actual start date contained in the application for immediate works and once the activities have commenced the activities must take no more than [x number of] days in total to be completed. The proposed start date, actual start date and estimated end date are as defined in the current EToN specification. The activities hereby permitted shall not commence before the proposed start date or in the case of immediate works the actual start date contained in the application for immediate works and must end by the estimated end date provided on this permit.
- Time constraints

Glossary

The activities hereby permitted shall only take place between [start time] and [end time] on weekdays and [start time] and [end time] on Saturdays and [start time] and [end time] on Sundays or Bank Holidays.

7. Out of hours working.

Top-up Contract Labour Costs

The use of Contractors during peak periods of demand used to assist in the delivery of the emergency activity e.g. use of Repex contractors during severe weather.

Top-up Direct Labour Costs

The use of Direct Labour, normally employed in other areas of the business, during peak periods of demand used to assist in the delivery of the emergency activity.

Total expenditure (Totex)

Refer to the appendix titled “Definition of Totex” in the guidance notes for a full definition of Totex.

Totex Incentive Mechanism (TIM)

The adjustment to the Totex figure to incentivise efficient overall total expenditure.

It does this by sharing any over or under spend between the GDNs and Customers.

Each GDN will have a fixed efficiency incentive rate for the duration of RIIO-GD3.

Traffic Management Act (TMA)

The TMA 2004 (Transport (Scotland) Act 2005 (T(S)A) for Scotland), introduced to reduce congestion and disruption on the road network. This allowed highway/local authorities the opportunity to implement a permit scheme. Also makes provisions to amend NRSWA under schedule 1-4.

It includes:

- permits;
- fixed penalty notices (FPNs);
- administration; and
- other costs, such as productivity impact.

Excludes Other Streetworks/S74.

See also NRSWA.

Glossary

Traffic Management Act (TMA) Conditions (productivity)

This relates to conditions that are applied by highway authorities when issuing a TMA permit for Streetworks activities. These are the additional conditions, over and above what was previously applied by highway authorities, following the introduction of a TMA permit scheme. The condition that should be reported for both costs and workload are as follows:

- Timing and duration conditions - date constraints, time constraints, out of hours working;
- Road space conditions - materials plant and storage, road occupation dimensions, traffic space dimensions;
- Traffic management provisions - light signals and shuttle working, traffic management changes;
- Methodology conditions;
- Consultation & publicity;
- Environmental conditions; and
- Local conditions - awaiting definition from National Gas.

Traffic Management Provisions (TMA conditions)

Include:

8. Light signals and shuttle working - The activities hereby permitted shall only take place when temporary traffic control is deployed by use of x (where x determines type of control portable signals, stop/go etc.)
- Traffic management changes - The activities hereby permitted shall not commence until approval for [temporary traffic restrictions] has been given for the duration of the works. The works comprised in [specified part B] of the activities hereby permitted shall not be commenced before the works comprised in [specified part A] are completed. The works comprised in [specified part A/B] of the activities hereby permitted shall be subject to and shall occur only when the following traffic management measures are in place [or as attached in schedule].

Training & Apprentices

Training and Apprentices cover (i) the costs of any operational training and (ii) the cost of training any employees engaged on approved formal training or apprentice programmes (either operational or non-operational).

Includes:

Glossary

- Cost of staff who organise and provide training, and maintain the individual employee training/apprentice records;
- Cost of running training courses;
- Fees paid to external training providers for provision of training;
- Cost of externally advertising training and apprentice programmes;
- Salary cost of apprentices or trainees whilst engaged on a training or apprentice programme; and
- Cost of ongoing professional development for operational staff.

Excludes:

- Any non-operational training costs falling under ‘HR and non-operational training’;
- Property costs of training facilities. These should be recorded under ‘property’; and
- Cost of general staff induction training programmes (should be recorded under ‘HR & non-operational training’).

Training Centre

A property is defined as a training centre if its primary function is to accommodate staff while on operational or non-operational training courses or programmes.

Transport and Wheeled Plant – Opex Costs

Costs associated with the use of transport and plant.

Includes:

- short term hire and lease costs;
- servicing and maintenance; and
- vehicle tax.

UK GAAP

UK Generally Accepted Accounting Principles.

Ultimate Controller

- a) a holding company of the Licensee which is not itself a subsidiary of another company;

Glossary

- b) any person who (whether alone or with a person or persons connected with him) is in a position to control, or to exercise significant influence over, the policy of the Licensee or any holding company of the Licensee by virtue of:
- i. rights under contractual arrangements to which he is a party or of which he is a beneficiary; or
 - ii. rights of ownership (including rights attached to or deriving from securities or rights under a trust) which are held by him or of which he is a beneficiary, but excluding any director or employee of a corporate body in his capacity as such; and
- (c) for the purposes of sub- paragraph (b), a person is connected with another person if they are party to any arrangement regarding the exercise of any such rights as are described in that paragraph;

Unplanned Interruptions

Non-contractual interruptions resulting from unplanned activities, or as an inadvertent consequence of planned work. Unplanned interruptions may be attributed to one of the categories below:

- As an inadvertent consequence of planned work – interruptions of supply that occur as a consequence of planned work, but in a location that was not expected to be affected.
- Asset failures – interruptions arising from damage to or failure of network assets. Asset failure interruptions should be categorised by type of asset and cause as follows:
 - Asset type
 - MOB riser (in MOB's of 3 to 5 floors)
 - MOB riser (in MOB's of 3 to 5 floors)
 - MOB riser (in MOB's of 3 to 5 floors)
 - Mains
 - Services
 - ECVs
 - Other
 - Cause
 - Third party cause – An occurrence of isolation of a Supply Point resulting from third party action which reduces the capability of a GDN's pipeline, mains and associated control equipment or service pipes and associated control equipment. It also includes interruptions necessitated by release of gases from plant and pipework not owned or operated by a GDN, and as necessitated by requests from civic authorities. For example,

Glossary

contractor severing a GDN's pipeline, a Customer piercing a service pipe, third party water ingress incidents or police requests for supply to be disconnected.

- Condition-related – all other asset failure interruptions.

For the avoidance of doubt, GDNs should exclude major incidents when reporting the overall number and duration of unplanned interruptions.

Unrecoverable NIA Project Expenditure

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

Utility Infrastructure Provider (UIP)

Companies which provide essential services related to utilities, such as electricity, gas, water, and telecommunications.

Value for Money (VFM1)

Audit carried out by consultants who provide a view as to whether quotations provided by contractors are efficient (value for money).

Value for Money (VFM2)

Audit carried out by consultants that provide a view as to whether the final costs for the completed works are efficient (value for money).

Vehicles

Capex on the purchase of new gas network vehicles. This includes cars, car derived vans, LGVs and HGVs.

Wayleave

Access to property granted by a landowner for up to one year for a consideration.

See also Easements.

Wayleaves

Administration activity

The activity of obtaining, managing, and administering Wayleaves, substation rents, Easements and Servitudes.