Guidance

Data Communications Company: Regulatory Instructions and Guidance (Second Price Control Period)

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These Regulatory Instructions and Guidance (RIGs) are issued by the Authority pursuant to Licence Condition 23 (Price Control Information) of the Smart Meter Communication Licence. They set out the requirements, instructions and guidance governing the collection, recording and provision of Price Control Information by the Licensee to the Authority.

This document contains detailed instructions on the information to be reported and provides guidance on completing the associated reporting templates and should be read alongside Licence Conditions 22 (Business Plan Report) and 24 (Determination of the Licensee's Required Revenue).

Contents

Executive Summary

The Smart Meter Communication Licence (the Licence)[1] requires the Licensee to submit price control reporting to the Authority. The Licensee refers to DCC2 Ltd, a wholly owned subsidiary of the Smart Energy Code Company (SECCo) Ltd.

This document is the Licensee's Regulatory Instructions and Guidance (RIGs) referred to under Licence Condition 23 (Price Control Information). The RIGs set out the requirements, instructions and guidance for the provision of Price Control Information by the Licensee to the Authority in accordance with Licence Condition 23.

Where relevant, this document also reflects the price control framework and associated definitions set out in Licence Condition 24 (Determination of the Licensee's Required Revenue). It should be read alongside any Business Plan Guidance issued by the Authority under Licence Condition 22.

This document does not replace the guidance document issued for the Previous Licensee's remaining ongoing *ex-post* (backwards looking) price control process. The Previous Licensee should instead refer to the latest edition of the current *ex-post* RIGs guidance document for the information required on its submissions for that process. The Previous Licensee refers to Smart DCC Ltd, a wholly owned subsidiary of Capita Plc, operating under the Previous Licence.

New development

This second version of the RIGs is published ahead the Licensee's submission of the Price Control Information for the second *ex-ante* Price Control Period (commencing 1 April 2028), due no later than 31 July 2027.[2] It includes a number of targeted amendments to the RIGs sheets and associated guidance following Ofgem's assessment of the Licensee's December 2025 Business Plan and Price Control Information submission for the first "ex-ante" Price Control Period. The main changes include:

1. Introduction of dedicated reporting tabs 4f and 5f (and corresponding tabs UM(4f) and UM(5f)) for costs of change to improve visibility of programme and in-life change expenditure and distinguish these costs from ongoing operational activity

[1] The Smart Meter Communication Licences granted pursuant to sections 6(1)(f) of the Electricity Act 1989 AND section 7AB(1) of the Gas Act 1986 (such licences together referred to as 'the Licence' throughout).
[2] Version 1 of the RIGs published for the first ex-ante Price Control Period can be found here: Ofgem (2025), Regulatory Instructions and Guidance (Successor Licensee): decision. www.ofgem.gov.uk/decision/regulatory-instructions-and-guidance-successor-licensee

2. Creation of a dedicated Annex 1 for communications hub volume and cost reporting
3. Removal of obsolete General Ledger codes and cost reporting categories no longer in use
4. Enhanced visibility of costs subject to Automatic Adjustment within tabs 4e and 5e
5. A fix to formulae which previously incorrectly summed External Services Non-Resource (ESNR) costs, allocated to Service Families, as External Costs
6. General update to prepare the reporting templates for the second Price Control Period

The aim of the changes is to improve cost transparency, particularly of costs of change and Volume-Driven Costs, whilst maintaining consistency of reporting across Regulatory Years. These amendments to the reporting of costs do not constitute changes to the overall Price Control framework.

RIGs annexes

Version 1 of the RIGs contained no annexes for the reporting of additional information. However, a new annex is introduced for version 2 to improve data visibility of volume-driven costs to aid Ofgem’s ability to assess those costs and exercise its powers under Licence Condition 24 Parts A, B and C.

Annex 1: Communications Hubs Costs

Annex 1 requires the Licensee to report forecast communications hub volumes and the associated unit-cost information for SMETS1, SMETS2, and SMETS2 4G communications hubs. The purpose of the annex is to consolidate the key inputs underpinning communications hub cost forecasts in a single location, providing a clearer link between forecast volumes, unit rates, and forecast expenditure.

1. Introduction

Context

1.1 The Smart Meter Communication Licence (the Licence) requires the Licensee to provide Price Control Information to the Authority in accordance with Licence Condition 23 (Price Control Information). This information supports the Authority's determination and ongoing oversight of the Licensee's Required Revenue under Licence Condition 24.

1.2 The Licensee operates under the Smart Meter Communication Licence granted by the Authority, which came into effect on 14 April 2026. The Licence establishes the obligations, governance arrangements and price control framework applicable to the Licensee. The Licensee operates on a not-for-profit (NFP) basis.

1.3 The Authority uses the information provided through the RIGs to determine the Licence's proposed Required Revenue for multi-annual Price Control Periods. The Authority may also use this information to:

- Direct that a portion of the Required Revenue be ringfenced for a specific purpose
- Approve Drivers which will automatically adjust the Required Revenue in period
- Approve adjustments proposed by the Licensee to the Required Revenue in-period via Annual or Emergency Reopeners
- Monitor the Licensee's compliance with the Licence, including the Authority's directions

Purposes and scope

1.4 The purpose of this document is to provide instructions and guidance to enable the Licensee to provide Price Control Information in accordance with Licence Condition 23 (Price Control Information). The guidance should be read alongside Licence Condition 24 (Determination of the Licensee's Required Revenue) and any Business Plan Guidance issued under Licence Condition 22 (Business Plan Report).

1.5 This document alongside the Main RIGs reporting template provides:

- a complete statement of the Price Control Information which the Licensee is required to report
- instructions and guidance on the Authority's requirements for the systems, processes, and procedures for the recording and provision of Price Control Information to the Authority;
- instructions and guidance on the standards of accuracy and reliability that are applicable to recording the Price Control Information (including different classes of Price Control Information);
- explanations of the meaning of words and phrases used in defining the Price Control Information;
- requirements for how the Price Control Information must be recorded, and given to the Authority; and
- how the Authority expects to monitor and assess the Licensee's compliance with the RIGs
- Sections 2 and 3 cover general and fixed information for the cost control.
- Section 4 covers the information used to calculate the Licensee's Required Revenue and Recovered Revenue
- Section 5 covers the reporting of the Smart Energy Service Family Group's External and Internal Cost information
- Section 6 covers the reporting of the Enabling Services & Testing Service Family Group's External and Internal Cost information
- Section 7 covers reporting Overhead Cost information
- Section 8 provides specified Price Control Information related to the Licensee's Other Costs
- Section 9 covers reporting Financial Statements, cash balances, and information on resourcing
- Section 10 provides information on Uncertainty Mechanism reporting
- Section 11 provides information on the use and content of the Licensee's Supplementary Schedules
- Section 12 covers the reporting requirements for Annex 1 (Communications Hubs Costs)

1.6 This document should be read in conjunction with the Licence conditions. The terms used in the RIGs and this guidance have the same meaning as is defined in the Licence, unless it is expressly stated otherwise. The RIGs will not change, alter, or amend, any definition or obligation contained within the Licence. In the event of any inconsistency between the Licence conditions and this document the Licence conditions will take precedence, except where expressly stated otherwise. Where changes or corrections need to be made to the Licence, we will address these through Licence modifications.

1.7 Certain elements of this guidance may be updated from time to time to reflect changes to the Licence, price control framework, reporting requirements, or directions issued by the Ofgem. If any of the guidance contained in this document is unclear, DCC should contact Ofgem for further guidance and to discuss potential changes to the RIGs and supporting reporting templates which might be required.

1.8 Certain elements of this guidance may be updated from time to time to reflect changes to the Licence, price control framework, reporting requirements, or directions issued by the Ofgem.

Forecasting period

1.9 This version of the RIGs is for the second Price Control Period which will comprise of three Regulatory years (totalling 36 months) from 1 April 2028 to 31 March 2031, unless otherwise directed by the Authority.

Your feedback

1.10 We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this guidance. We would also like to get your answers to these questions:

- Do you have any comments about the overall quality of this guidance?
- Do you have any comments about its tone and content?
- Was it easy to read and understand? Or could it have been better written?
- Any further comments?

1.11 Please send any general feedback comments to dccregulation@ofgem.gov.uk.

2. Price Control Information – General

Section summary

This section describes the first six sheets of the main reporting template. These sheets contain sign-off procedures, logs and universal data requirements for the rest of the reporting template.

Cover

2.1 This sheet sets out requirements, guidance and a colour-coded key for the reporting template.

Sign-off

2.2 The input cells on the sign-off sheet are to be completed by a director of the Licensee once all other data has been collected in the return and immediately prior to submission of the return to the Authority. The director making the declaration must have taken adequate steps to ensure they are satisfied that they are able to make the declaration shown on that tab.

Version Control

2.3 This logs revisions of the reporting template by the Authority. Changes are logged with date, successive version number, and a short description of the amendment.

2.4 If the Licensee identifies an error in the reporting template, eg a cell incorrectly linking to another cell or an incorrect formula, it must notify us of the error as soon as possible. We will subsequently confirm if there is an error and notify the Licensee. If there is adequate time before the submission deadline, we will instruct the Licensee to correct the error in the reporting template before it is submitted. We will decide whether adequate time exists based on the materiality of the error and by consulting with the Licensee.

2.5 Once we confirm the error, the change will be logged in the “Version Control” worksheet.

Data Change Log

2.6 The reporting pack requires data to be submitted for historical years. The Licensee must provide this data in the relevant schedules.

2.7 At each submission the Licensee may resubmit values included in previous submissions. Changes to historical values may be:

- Due to finding an error in the recording or reporting of information.
- To take account of a direction by Ofgem to revise allowed expenditure. This ensures that the data in the RIGs is kept up to date and in line with Ofgem's price control determinations.

2.8 Where a previously submitted value has been changed the Licensee must notify us of this change and the reason for it by recording it in the "data change log".

Universal Data

2.9 **Company number:** this should be the official company registration number issued by Companies House upon incorporation of the Licensee.

2.10 **Company name:** this should be the official name of the company as reported on filings submitted to Companies House. In the event that the name of the company has changed during the year then the name reported in this tab should be the name as at year end, ie 31 March.

2.11 **Company short name:** this should be a standard abbreviation of the name of the Licensee which should be used whenever the name of the Licensee is to be abbreviated.

2.12 **Reporting year:** this is the most recent Regulatory Year for which data is being submitted. In accordance with the License, the first RY begins on the First Transfer Date and ends on 31 March 2027. Thereafter the RY runs from 1 April to 31 March. The convention when naming reporting years is to use the name of the year in which the Regulatory Year ends. For example, the reporting year for the Regulatory Year which starts on 1 April 2027 and ended on 31 March 2028 is referred to as 'reporting year 2028'.

2.13 **Version (Number):** where cost reporting templates have been resubmitted for any reason each submission should be separately identified by its version number. The version numbers should be successive positive integers such that the first submission is always version 1 and any subsequent resubmissions will be labelled version 2, 3, 4, and so on.

2.14 The Authority's agreement is required before any resubmission of information set out in a report produced in accordance with these RIGs can be made, and in any such instance the report concerned must be resubmitted in full. The resubmission must be accompanied by a letter signed by a director where significant changes have been made and the Authority or the Licensee decides if such a letter is required.

2.15 In addition, for each resubmission a separate explanation must be provided listing each and every cell that has been amended and sufficient commentary to explain the reasons for the changes.

2.16 **Submitted date:** This cell should specify the date on which the RIGs reporting templates are submitted to the Authority. Licence Condition 23 requires that the completed cost reporting templates are submitted by 31 July in the RY directly preceding a new Price Control Period. For the second Price Control Period this means no later than 31 July 2027.

2.17 **Date to which last statutory accounts were compiled:** this is the date to which accounts were prepared or are being prepared for submission to Companies House. This should be the most recent such date which fell within the reporting year. For example, if a Licensee were to prepare its statutory accounts to 31 May each year, then in the reporting year 2026 the 'Date to which last statutory accounts were compiled' ought to be 31 May 2025 (since 31 May 2026 does not fall within the reporting year 2026).

3. Price Control Information – Fixed Data & Summary Data (Sheets 1&2)

Section summary

This section describes Sheet 1 and 2 of the main reporting template. These are:

- the fixed data sheet (Sheet 1) which holds data which is common across the reporting template; and
- the summary data sheet (Sheet 2) which summarises the components of the Licensee's Required Revenue given in the Licence, replicating the equation found in the Licence.

Sheet 1 – Fixed Data

Purpose: This sheet contains data that is common across worksheets.

3.1 **Year of licence term:** this is a successive integer numbering of the years of the Licence. The first year of the Licence is 1, the second year 2, etc. Regulatory Years prior to year 1 (ie those in which Smart DCC Ltd was the Licensee) count backwards from 1, eg 2026 is -1, 2025 is -2, etc.

3.2 **Regulatory Year:** for the purposes of the Licence, the first Regulatory Year is the period beginning with the First Transfer Date and ending on 31 March 2027. Thereafter, Regulatory Years are twelve-month periods running from 1 April to 31 March. The reporting year is named after the year in which the Regulatory Year ends.

3.3 **Month – reference:** this is a successive integer numbering of the months within a reporting year. The month April is 1, May is 2, etc.

3.4 **Month – date:** this is the list of calendar months within a reporting year. The Regulatory Year runs from 1 April to 31 March.

3.5 **General Ledger (GL) Accounting Codes for Internal Costs:** these are the categories the Licensee must use for its Internal Costs wherever these costs are required. Other sheets copy the GL code list from the box on this sheet to ensure consistency. This box should not be edited.

Sheet 2 – Summary Data

PURPOSE: This sheet provides a summary of the components of the Principal Formula of the Required Revenue.

3.6 This worksheet is linked to information on other worksheets of the RIGs reporting templates. No information should be entered on this worksheet.

4. Price Control Information – Revenue Reporting (Sheet 3)

Section summary

This section describes the Price Control Information for revenue reporting based on the current Licence. It describes the calculations performed on Sheet 3 of the main reporting template – which is primarily the Principal Formula of the Required Revenue.

Procedures for Regulatory Reporting

4.1 All revenue data should be reported on an accruals basis unless otherwise specified.

4.2 All monetary amounts should be reported in £m and to three decimal places.

Price base for historical and forecast data

4.3 The Price Control Information in the revenue reporting template is designed to capture the data across multiple RYs of the Licence period. As a consequence, all previous RYs are to be completed with the outturn figures and all future RYs are to be completed with forecasts.

4.4 All historical expenditure should be input in nominal terms, *ie* in the prices of the year to which the data relates.

4.5 Reporting of forecast expenditure should be in the price base of the Regulatory Year t, as defined in the Licence.

4.6 When considering the impact of real price effects, the Licensee should reference economy-wide inflation as measured by the Consumer Prices Index including owner occupiers' housing costs (CPIH) as published by the Office for National Statistics.

Sheet 3 – Revenue Reporting

PURPOSE: This sheet reproduces the calculations of the Principal Formula for the Successor Licensee’s Required Revenue.

4.7 This worksheet calculates the Licensee’s Required Revenue and Recovered Revenue.

4.8 **Required Revenue ($ReqR_t$):** the term 'Required Revenue' is calculated by the following formula:

$$ReqR_t = EC_{A_t} + IC_t + PTC_t - VASC_t$$

where each of the terms is explained below.

4.9 **Recovered Revenue ($RecR_t$):** the term 'Recovered Revenue' is calculated by the following formula:

$$RecR_t = \left(\left(EC_{C_t} + IC_t + PTC_t - VASC_t\right) * 1.05\right) - A_t$$

4.10 **Total Costs (TC_t)**: are equal to the following formula:

$$TC = EC_{A_t} + IC_t + PTC_t$$

4.11 **External Costs:** are the costs that were (or are forecasted to be) economically and efficiently incurred by the Licensee in procuring Fundamental Service Capability for that period. Within the regulatory reporting templates, External Costs in the revenue reporting worksheet are linked to other worksheets on cost reporting as detailed in Section 5. External Costs for all years are those reported by the Licensee, except to such extent (if any) as may be otherwise directed by the Authority. External Costs are calculated in two ways on sheet 3:

- **External Costs (accruals basis) (ECA_t):** External Costs must be reported on an accrual's basis throughout the reporting template. The ECA term is therefore equal to the sum of all External Costs reported within sheets 4, 5, and 7.
- **External Costs (cash basis) (ECC_t):** are equal to ECA plus Financing Repayments (row 25), minus Programme Costs Subject to Financing (row 26), and minus Other Costs subject to Financing (row 27). The Licensee must input Programme Costs subject to Financing and Other Costs subject to Financing as negative values. The term ECC_t is used to calculate the Licensee's Recovered Revenue.

4.12 **Internal Costs (IC_t):** are, for the specified Regulatory Year, the sum of costs (excluding External Costs and Pass-Through Costs) that were (or are forecasted to be) economically and efficiently incurred by the Licensee for the purposes of the provision of Authorised Business. Internal Costs for all years are those reported by the Licensee, except to such extent (if any) as may be otherwise directed by the Authority. The IC term is equal to all Internal Costs reported on sheets 6 and 7. No Internal Costs reported on Service Family sheets (4a-d, 5a-d) factor into the calculation of IC as these are reported for information only.

4.13 **Pass-Through Costs (PTC_t):** means the sum of total amounts paid (or expected to be paid) by the Licensee to:

- the Authority under Licence Condition 4 in respect of its Licence fee ("Licence fee paid by the Licensee")
- SECCo for purposes associated with the governance and administration of the SEC ("Payments by Licensee to SECCo Ltd – CIO assessments", "Payments by Licensee to SECCo Ltd – administrative costs")
- AltHANCo Ltd for the purposes associated with the Alt HAN Arrangements ("Payments to Alt Han Co.")
- RECCo for the purposes associated with the Centralised Registration Service
- Energy Suppliers as Reimbursement amount for the purposes of the CH Replacement Reimbursement Service
- any other person in accordance with a direction given to the Licensee by the Authority

4.14 **Value Added Services Contribution ($VASC_t$):**[3] the effect of the application of the VASC term is to provide, where relevant, that some part of the net benefit that arises as a result of the Licensee's provision of Value Added Services is reflected in a reduction in the price that would otherwise be payable for Mandatory Business Services.

4.15 It is determined as follows:

$$VASC_t = \sum_{all\ k} (CVAS_{k,t})$$

4.16 **$CVAS_{k,t}$:** means the share of the net benefit arising in Regulatory Year t from the Licensee's provision of Value Added Service k that was agreed with the Authority when it approved the provision of that service in accordance with Part D of Licence Condition 6 (Authorised Business of the Licensee). The CVAS term is an input in the revenue regulatory reporting worksheet.

4.17 **Correction factor A (A_t):** Applied in accordance with Licence Condition 25.6(a) of the Smart Meter Communication Licence. For historical reporting periods relating to the Previous Licensee, Correction Factor A should correspond to the correction factor "K" as defined in Part G of Licence Condition 36 of the Previous

[3] Note that the VASC term for all Regulatory Years in the first cost control cycle will be 0 – see paragraph 1.17.

Licence. Historic values should be reported on the same basis as determined under the Previous Licence.

5. Price Control Information – Cost Reporting – Smart Energy Service Family Group (Sheets 4, 4a-4f)

Section summary

This section describes the Price Control Information for cost reporting. It describes the inputs required and calculations performed on sheets 4 (Smart Energy Costs – Summary) and its subsidiary sheets (4a-4f) of the main reporting template.

Procedures for Cost Reporting

5.1 All cost data should be reported on an accruals basis unless otherwise specified.

5.2 All monetary amounts should be reported in £m (million) and to three decimal places. Where possible the data requested should be provided. Where it is not possible for any reason to provide the data in the detail required this should be explained in a commentary submitted alongside the reporting pack.

5.3 The template includes 'spare' rows to cater for some variation in the way business activities are accounted for (for example under different accounting treatments). The Authority welcomes the opportunity to engage with the Licensee to further develop the reporting pack in this regard.

Price base for historical and forecast data

5.4 The Price Control Information in the cost reporting templates are designed to capture the data across multiple RYs of the Licence period. As a consequence, all previous RYs are to be completed with the outturn figures and all future RYs are to be completed with forecasts.

5.5 All historical expenditure should be input in nominal terms, that is in the prices of the year to which the data relates.

5.6 Reporting of forecast expenditure should be in the price base of the Relevant Regulatory Year as defined in the Licence. Forecasts should therefore include the expected impact of real price effects.

5.7 When considering the impact of real price effects, the Licensee should reference economy-wide inflation as measured by the Consumer Prices Index including owner occupiers' housing costs (CPIH) as published by the Office for National Statistics.

Sheet 4: Smart Energy Costs – Summary

PURPOSE: This sheet summarises the Costs of the Smart Energy Service Family Group.

5.8 This worksheet is linked to information on other worksheets (sheets 4a-4f) of the RIGs reporting templates. No information should be entered on this worksheet.

5.9 The Smart Energy Service Family Group (SFG) is one of two SFGs detailed in the RIGs (the other being Enabling Services & Testing). It comprises the following Service Families:

- SMETS1 (sheet 4a)
- SMETS2 (LRR/2G/3G) (sheet 4b)
- SMETS2 (4G) (sheet 4c)
- CRS (sheet 4d)

5.10 Additionally, a range of volume-sensitive costs subject to Automatic Adjustment relating to these SFs is detailed on sheet 4e. These costs do not contribute to their related SF's budget.

5.11 The costs of change to these SFs are detailed on sheet 4f. This includes the costs of new programmes and the costs of change within existing contracts. These costs have been set in such a way that they contribute to the relevant SFs.

Sheets 4a-4f: Smart Energy Service Family Costs

PURPOSE: These sheets provide the cost details of the Service Providers within each of the Smart Energy Service Families.

Procedures for Cost Reporting

5.12 Each of the subsidiary sheets of sheet 4a-4d follow the same two-section structure.

5.13 The first section comprises the Direct Costs for a given SF which contribute to its overall budget. The costs comprising this budget vary by SF and are detailed in each SF's respective section of this document. These costs are summed at the top of each sheet. This total comprises the budget for that Service Family for each reporting year.

5.14 The second section contains further costs relating to the SF. These costs do not contribute to the SF's overall budget – they are provided for the Authority's information only. The costs detailed in this section vary by SF and are detailed in each SF's respective section of this document.

Sheet 4a: SMETS1 Service Family

5.15 **1. SMETS1 Costs Constituting Budget:** the SMETS1 Service Family comprises the following SPs:

- S1SP_1
- S1SP_2
- S1_CSP_1
- S1_CSP_2
- S1SP_3a
- S1SP_3b
- S1SP_3c

5.16 The Direct Costs constituting the SMETS1 Service Family budget in section 1 of the sheet are:

- The External Costs for all Service Providers within the Service Family
- The non-resource External Services (ESNR) Costs relating to the Service Family's BAU operations
- SMETS1 SP change costs allocated from sheet 4f

5.17 The External Costs for each SMETS1 Service Provider are broken down as follows:

- Set-up Costs
- Operational Cost Testing Costs
- Other Costs
- Uncertainty mechanism

5.18 **2. SMETS1 Related Costs:** the Related (unbudgeted) Costs reported (for the Authority's information only) in section 2 of the sheet are:

- SMETS1 Volume-Driven Costs:

  These costs are copied from sheet 4e. They are reported here for information only and do not contribute to the budget calculated in section 1 of the sheet. The same guidance applies to all Volume-Driven Costs reported for information within "Related Costs" section of all Smart Energy Service Families in sheets 4a-4d.

- SMETS1 Internal Operating Costs:

  The Licensee should detail here the Internal Operating Costs for the SF, split by GL accounting code. They are reported here for the information of the Authority only and do not contribute to the SF budget calculated in section 1 of the sheet, nor do they factor into any aggregated Internal Cost calculations on any summary sheets. The costs detailed here should not be subtracted from the Internal Costs reported elsewhere in the document. The same guidance applies to all Internal Operation Costs reported for information within "Related Costs" section of all Smart Energy Service Families in sheets 4a-4d.

Sheet 4b: SMETS2 (LRR/2G/3G)

5.19 **1. SMETS2 (LRR/2G/3G) Costs Constituting SF Budget:** the SMETS2 Service Family comprises the following SPs:

- CSP_N
- CSP_C
- CSP_S

5.20 The External Costs for each SMETS2 Service Provider are broken down in section 1 of the sheet as follows:

- Set-up Costs
- Operational Costs
- Testing Costs
- Other Costs
- Uncertainty mechanism

5.21 The Direct Costs constituting the SMETS2 Service Family budget in section 1 of the sheet are:

- The External Costs for all SPs within the SMETS2 SF
- The non-resource External Services (ESNR) Costs relating to the SF's BAU operations
- SMETS2 SP change costs allocated from sheet 4f

5.22 **2. SMETS2 (LRR/2G/3G) Related Costs:** the Related (unbudgeted) Costs reported (for the Authority's information only) in section 2 of the sheet are:

- Communications hubs costs for CSP_N, CSP_C, and CSP_S
- Catalogue Services for CSP_N, CSP_C and CSP_S
- Other SMETS2 Volume-Driven Costs copied for information from sheet 4e
- SMETS2 (LRR/2G/3G) Internal Operating CostsSMETS2 (LRR/2G/3G) Internal Operating Costs

Sheet 4c: 4G

5.23 **1. 4G Costs Constituting SF Budget:** The 4G Service Family comprises the following SPs:

- 4G WAN
- 4G Device Manager
- 4G Component Integrator
- 4G Communications hubs costs
- 4G Integration Assurance
- 4G Hosting

5.24 The External Costs for each 4G Service Provider are broken down as follows:

- Set-up Costs
- Operational Costs
- Testing Costs
- Other Costs
- Uncertainty mechanism

5.25 The Direct Costs constituting the 4G SF budget in section 1 of the sheet are:

- The External Costs for all SPs within the 4G SF
- The non-resource External Services (ESNR) Costs relating to the 4G SF
- SMETS2 4G SP change costs allocated from sheet 4f

5.26 **2. 4G Related Costs:** the Related (unbudgeted) Costs reported (for the Authority's information only) in section 2 of the sheet are:

- 4G Communications hubs costs cost
- Catalogue Services for 4G Communications hubs cost
- Other 4G Volume-Driven Costs copied for information from sheet 4e
- 4G Internal Operating Costs

Sheet 4d: CRS Service Family

5.27 **1. CRS Costs Constituting SF Budget:** the CRS Service Family comprises the following SPs:

- AMSRS
- SMT
- CSI
- CSA
- SN

5.28 The External Costs for each CRS SP are broken down as follows:

- Set-up Costs
- Operational Costs
- Testing Costs
- Other Costs
- Uncertainty mechanism

5.29 The Direct Costs constituting the CRS SF budget in section 1 of the sheet are:

- The External Costs for all SPs within the CRS SF
- The non-resource External Services (ESNR) Costs relating to the CRS SF
- CRS SP change costs allocated from sheet 4f

5.30 **2. CRS Related Costs:** the Related (unbudgeted) Costs reported (for the Authority's information only) in section 2 of the sheet are:

- Switching Volume-Driven Costs copied for information from sheet 4e
- CRS Internal Operating Costs[4]

Sheet 4e: Volume-Driven Smart Energy Costs

5.31 **1. Volume-Driven Costs:** of this sheet details costs within the Smart Energy SFG which the Licensee proposes to classify as volume-driven and subject to the Automatic Adjustment uncertainty mechanism under LC 24 Part C.

5.32 Currently, this sheet contains the following cost reporting categories:

[4] Please note it these costs are reported here for the information of the Authority only and do not contribute to the CRS SF budget calculated in section 1 of the sheet. It remains the Licensee's responsibility to operate within the revenue agreed with RECCo, as part of the RECCo budgeting process for the Centralised Registration Service, including any External and Internal Costs.

- Communications hubs costs for CSP_N, CSP_C, CSP_S, and 4G Communications hubs costs
- Catalogue Services for CSP_C, CSP_S, and 4G Communications hubs costs
- Communications Hub Financing Costs
- SMETS1 Volume-Driven Costs
- SMETS2 Volume-Driven Costs
- 4G Volume-driven costs

5.33 Communications hubs costs are further split by:

- Communications hubs costs Monthly Asset Charge
- Communications hubs costs Maintenance
- Communications hubs costs Financing Charge
- Uncertainty mechanism

5.34 Catalogue Services Costs are further split by:

- Test hubs/remote test labs
- Other Explicit charges
- Uncertainty mechanism

5.35 The Licensee should provide further breakdown for any proposed SMETS1, SMETS2 and 4G Volume-Driven Costs via the provided spare cells. Further information on Communications hubs costs and associated financing costs is reported via Annex 1, which provides details of forecast Communications Hub volumes, unit costs, financing costs, maintenance costs and the resulting RIG outputs. The guidance on Annex 1 requirements is in section 12.

5.36 A drop-down menu has been included within this sheet for the purpose of identifying those cost that are designated by the Authority as being subject to the Approval for Automatic Adjustment. This field is included solely for the Authority where relevant. DCC should not amend this field. Supporting information relation to cost drivers and associated evidence should provide through the relevant Supplementary Schedules on Drivers, wherever required.

Sheet 4f: Smart Energy change costs

5.37 **1. New Programme Costs:** the External Costs to the Licensee for setting up and operating **new** services within the Smart Energy Service Family Group. These are Mandatory Business projects and programmes which, at the time of

Price Control submission, are not contracted for under specific Fundamental Service Capability Contracts but are aligned to the services provided under relevant Service Families.

5.38 The External costs for each Programme are broken down as follows:

- Set-up costs
- Operational costs
- Uncertainty Mechanism

5.39 The proposed costs of each new Programme must be assigned to the relevant Service Family. The Licensee should assign a Service Family to each Programme by utilising the drop-down filters in column D next to the programme name, in order for the costs to be correctly allocated.

5.40 **2. In-life change costs:** these are the total External costs to the Licensee for changes to the **existing** Fundamental Service Capability contracts within the Smart Energy Service SF Group, both led by the Licensee and by the SEC/REC code governance. The Licensee should provide the breakdown of these costs by contract and by Project Requests (PRs) Change Requests (CRs) within the supplementary schedule (see section 11).

5.41 This section comprises the following In-life change groups:

- SMETS1 In-life Change
- SMETS2 (LRR/2G/3G) In-life Change
- SMETS2 (4G) In-life Change
- CRS In-life Change

5.42 Each In-life Change group is broken down by:

- Licensee-led Project & Programme costs
- SEC-led Project & Programme costs
- Uncertainty Mechanism

5.43 The Licensee should allocate the costs for each In-life change group to its relevant Service Family, utilising the drop-down filter in column D.

5.44 **3. Change costs by service family:** the total cost of New Programmes and In-life change costs allocated to relevant SFs. These are reported as below:

- Unallocated
- SMETS1
- SMETS2 – LRR/2G/3G

- SMETS2 – 4G
- CRS

6. Price Control Information – Cost Reporting – Enabling Services & Testing Service Family Group (Sheets 5, 5a-f)

Section summary

This section describes the Price Control Information for cost reporting. It describes the inputs required and calculations performed on sheet 5 (Enabling Services & Testing Costs – Summary) and its subsidiary sheets (5a-5f) of the main reporting template.

Procedures for Cost Reporting

6.1 All cost data should be reported on an accruals basis unless otherwise specified.

6.2 All monetary amounts should be reported in £m and to three decimal places. Where possible the data requested should be provided. Where it is not possible for any reason to provide the data in the detail required this should be explained in a commentary submitted alongside the reporting pack.

6.3 The template includes 'spare' rows to cater for some variation in the way business activities are accounted for (for example under different accounting treatments). The Authority welcomes the opportunity to engage with the Licensee to further develop the reporting pack in this regard.

Price base for historical and forecast data

6.4 The Price Control Information in the cost reporting templates are designed to capture the data across multiple RYs of the Licence period. As a consequence, all previous RYs are to be completed with the outturn figures and all future RYs are to be completed with forecasts.

6.5 All historical expenditure should be input in nominal terms, ie in the prices of the year to which the data relates.

6.6 Reporting of forecast expenditure should be in the price base of the Relevant Regulatory Year as defined in the Licence. Forecasts should therefore include the expected impact of real price effects.

6.7 When considering the impact of real price effects, the Licensee should reference economy-wide inflation as measured by the Consumer Prices Index including owner occupiers' housing costs (CPIH) as published by the Office for National Statistics.

Sheet 5: Enabling Services & Testing Costs – Summary

PURPOSE: This sheet summarises the costs of the Enabling Services & Testing Service Family Group.

6.8 This worksheet is linked to information on other worksheets (sheets 5a-5f) of the RIGs reporting templates. No information should be entered on this worksheet.

6.9 The Enabling Services & Testing (ES&T) Service Family Group comprises the following SFs:

- Meter Data Management (sheet 5a)
- Privacy & Security (sheet 5b)
- Service Management (sheet 5c)
- Testing Services (sheet 5d)

6.10 Additionally, sheet 5e details any volume-sensitive costs relating to ES&T SFs agreed upon by the Authority. These costs do not contribute to their related SF's budget.

6.11 The costs of change to these SFs are detailed on sheet 5f. This includes the costs of new programmes and the costs of change within existing contracts. These costs have be set in such a way that they contribute to the relevant SFs.

Sheets 5a-5f: Enabling Services & Testing Costs

PURPOSE: These sheets provide the cost details of the Service Providers within each of the Enabling Services & Testing Service Families.

Procedures for Cost Reporting

6.12 Each of the subsidiary sheets of sheet 5a-5d follow the same two-section structure.

6.13 The first section comprises the Direct Costs for a given SF which contribute to its overall budget. The costs comprising this budget vary by SF and are detailed in each SF's respective section of this document. These costs are summed at the top of each sheet. This total comprises the budget for that Service Family for each reporting year.

6.14 The second section contains further costs relating to the SF. These costs do not contribute to the SF's overall budget – they are provided for the Authority's information only. The costs detailed in this section vary by SF and are detailed in each SF's respective section of this document.

Sheet 5a: Meter Data Management Costs

6.15 **1. Meter Data Management Costs Constituting Budget:** the Meter Data Management Service Family comprises the following SPs:

- DSP_1
- DSP_SI
- DSP_MF
- DSP_NW
- DSP_DUIS

6.16 The Direct Costs constituting the Meter Data Management SF budget in section 1 of the sheet are:

- The External Costs for all SPs within the SF
- The non-resource External Services (ESNR) Costs relating to the SF

6.17 Meter Data Management SP change costs allocated from sheet 5fThe External Costs for each Meter Data Management SP are broken down as follows:

- Set-up Costs
- Operational Costs
- Testing Costs
- Other Costs
- Uncertainty mechanism

6.18 **2. Meter Data Management Related Costs:** the Related (unbudgeted) Costs reported (for the Authority's information only) in section 2 of the sheet are:

- Catalogue Services for DSP_1
- Other DSP Volume-Driven Costs

These costs are copied from sheet 5e. They are reported here for information only and do not contribute to the budget calculated in section 1 of the sheet. The same guidance applies to all Volume-Driven Costs reported for information within "Related Costs" section of all Enabling Services and Testing Service Families in sheets 5a-5d.

- Meter Data Management Internal Operating Costs

The Licensee should detail here the Internal Operating Costs for the SF, split by GL accounting code. They are reported here for the information of the Authority only and do not contribute to the SF budget calculated in section 1 of the sheet, nor do they factor into any aggregated Internal Cost calculations on any summary sheets. The costs detailed here should not be subtracted from the Internal Costs reported elsewhere in the document. The same guidance applies to all Internal Operating Costs reported for information within "Related Costs" section of all Enabling Services and Testing Service Families in sheets 5a-5d.

Sheet 5b: Privacy & Security Costs

6.19 **1. Privacy & Security Costs Constituting Budget:** the Privacy & Security Service Family comprises the following SPs:

- S1_DCOa
- S1_DCOb
- S1_DCOc
- ECoS Hosting and Managed Service
- ECoS Application Build/IT Solution
- PKI-E

6.20 The Direct Costs constituting the Privacy & Security SF budget in section 1 of the sheet are:

- The External Costs for all SPs within the SF
- The non-resource External Services (ESNR) Costs relating to the SF
- Privacy & Security SP change costs allocated from sheet 5f

6.21 The External Costs for each Privacy & Security SP are broken down as follows:

- Set-up Costs
- Operational Costs
- Testing Costs
- Other Costs
- Uncertainty mechanism

6.22 **2. Privacy & Security Related Costs:** the Related (unbudgeted) Costs reported (for the Authority's information only) in section 2 of the sheet are:

- Privacy & Security Internal Operating Costs

Sheet 5c: Service Management Costs

6.23 **1. Service Management Costs Constituting Budget:** the Service Management Service Family comprises the following SPs:

- FSM_SP

6.24 The Direct Costs constituting the Service Management SF budget in section 1 of the sheet are:

- The External Costs for all SPs within the SF
- The non-resource External Services (ESNR) Costs relating to the SF
- Service Management SP change costs allocated from sheet 5f

6.25 The External Costs for each Service Management Service Provider are broken down as follows:

- Set-up Costs
- Operational Costs
- Testing Costs
- Other Costs
- Uncertainty mechanism

6.26 **2. Service Management Related Costs:** the Related (unbudgeted) Costs reported (for the Authority's information only) in section 2 of the sheet are:

- Service Management Internal Operating Costs

Sheet 5d: Testing Services Costs

6.27 **1. Testing Services Costs Constituting Budget:** The Testing Services Service Family comprises the following SPs:

- TAF

6.28 The Direct Costs constituting the Testing Services SF budget in section 1 of the sheet are:

- The External Costs for all SPs within the SF
- The non-resource External Services (ESNR) Costs relating to the SF
- Testing Service SP change costs allocated from sheet 5f

6.29 The External Costs for each Testing Services Service Provider are broken down as follows:

- Set-up Costs
- Operational Costs
- Testing Costs
- Other Costs
- Uncertainty mechanism

6.30 **2. Testing Services Related Costs:** the Related (unbudgeted) Costs reported (for the Authority's information only) in section 2 of the sheet are:

- Testing Services Internal Operating Costs

Sheet 5e: Volume-Driven Enabling Services & Testing Costs

6.31 **1. Volume-Driven Costs:** of this sheet details the costs within the Enabling Services & Testing SFG which the Licensee proposes to classify as volume-driven and subject to the Automatic Adjustment uncertainty mechanism under LC 24 Part C.

6.32 Currently, this sheet contains the following costs:

- DSP Catalogue Services

6.33 DSP Catalogues Services are further split by:

- User Gateway Connections
- Other Explicit Charges
- Uncertainty mechanisms

6.34 The sheet contains a series of rows for Volume-Driven Costs for their inclusion if agreed upon between the Licensee and Authority. A column to the right of the cost rows contains boxes for the Licensee to detail which SP(s) and which SF(s) each additional Volume-Driven Cost relates to where required. Section 2 of the sheets of these SFs should be updated to cross-reference their respective Volume-Driven Costs on 5e once they have been added to the sheet.

Sheet 5f: Enabling Services & Testing Change Costs

6.35 **1. New Programme Costs:** the External Costs to the Licensee for setting up and operating **new** services within the Enabling Services & Testing Service Family Group. These are Mandatory Business projects and programmes which, at the time of Price Control submission, are not contracted for under specific Fundamental Service Capability Contracts but are aligned to the Mandatory Business services provided under relevant Service Families.

6.36 The External costs for each Programme are broken down as follows:

- Set-up costs
- Operational costs
- Uncertainty Mechanism

6.37 The proposed costs of each new Programme must be assigned to the relevant Service Family. The Licensee should assign a Service Family to each Programme by utilising the drop-down filters in column D next to the programme name, in order for the costs to be correctly allocated.

6.38 **2. In-life change costs:** these are the total External costs to the Licensee for changes to the **existing** Fundamental Service Capability contracts within the Enabling Services & Testing SF Group, both led by the Licensee and by the SEC/REC code governance. The Licensee should provide the breakdown of these costs by contract and by Project Requests (PRs) Change Requests (CRs) within the supplementary schedule (see section 11).

6.39 This section comprises the following In-life change groups:

- Meter Data Management In-life Change
- Privacy & Security In-life Change
- Service Management In-life Change
- Testing In-life Change

6.40 Each In-life Change group is broken down by:

- Licensee-led Project & Programme costs
- SEC-led Project & Programme costs
- Uncertainty Mechanism

6.41 The Licensee should allocate the costs for each In-life change group to its relevant Service Family, utilising the drop-down filter in column D.

6.42 **3. Change costs by service family:** the total cost of New Programmes and In-life change costs allocated to the relevant SF. These are reported as below:

- Unallocated
- Meter Data Management
- Privacy & Security

- Service Management
- Testing

7. Price Control Information – Cost Reporting – Overhead Costs (Sheets 6, 6a-b)

Section summary

This section describes the Price Control Information for cost reporting. It describes the inputs required and calculations performed on sheet 6 (Overhead Costs) and its subsidiary sheets (6a-6b) of the main reporting template.

Procedures for Cost Reporting

7.1 All monetary amounts should be reported in £m and to three decimal places. Where possible the data requested should be provided. Where it is not possible for any reason to provide the data in the detail required this should be explained in a commentary submitted alongside the reporting pack.

7.2 The Internal Costs of all Overhead Cost functions across Sheet 6, 6a, and 6b are to be reported across the following General Ledger (GL) codes:

- Payroll Costs (PR)
- Non-payroll Costs (NP)
- Recruitment (RC)
- Accommodation (AC)
- External Services (Resource) (ESR) –
    - Only ES *resource* costs should be reported under this GL code. All *non-resource* ES costs should be reported under the ESNR GL code within the sheets for the respective Service Families to which they relate (4a-e, 5a-e)
    - This GL code now incorporates any Resource Costs which would have formerly been categorised as Internal Services (IS)
- External Services (Non-Resource) (ESNR)
    - Any ESNR Costs which can be apportioned to a SF must be reported on that given SF’s reporting sheet, as ESNR Costs contribute to their respective SF’s budget which cannot be used elsewhere
    - This GL code now incorporates any Non-Resource Costs which would have formerly been categorised as Internal Services (IS)
- IT Services (IT)

- Office Sundry (OS)

7.3 The GL codes are described in Appendix 1 of this document.

7.4 For all historical Regulatory Years, the Licensee should report the best available outturn data based on its accounting records and management information at the time of submission. Historical data should reflect actual costs incurred, revenues received, and volumes observed during the relevant Regulatory Year.

Sheet 6: Overhead Costs – Summary

PURPOSE: This sheet summarises the Licensee's Overhead Costs.

7.5 This worksheet is linked to information on sheets 6a and 6b of the RIGs reporting templates. No information should be entered on this worksheet.

7.6 **1. Total Overhead Costs:** section 1 reports the Licensee's total Overhead Costs for each Internal Function. The data is pulled from sheets 6a and 6b.

7.7 **2. Total Overhead Costs by main GL accounting code:** section 2 reports the Licensee's Overhead Costs for each Internal Function split by GL code. This data is pulled from sheets 6a and 6b.

Sheet 6a: Service Delivery Overhead Costs – by Design, Build, Run function

PURPOSE: This sheet summarises the Licensee's Service Delivery Overhead Costs.

7.8 **1. Summary of Overhead Costs:** this section sums the costs input in section 2 of the sheet.

7.9 **2. Service Delivery Overhead Costs:** this section reports the Licensee's Internal Costs for the following Internal Functions, split by GL code:

- CTO (Chief Technology Officer)
- Service Delivery
- Operations
- Lifecycle Management
- Contract Management

Note: The Licensee may propose an additional Internal Function as part of its Price Control submission. The Licensee must justify the purpose and cost allocation of all Internal Functions.

7.10 **3. Overhead Costs by main GL accounting code:** this section sums the Licensee's Service Delivery Overhead Costs by GL code. It is automatically calculated based on the values input in section 2.

Sheet 6b: Corporate Overhead Costs

PURPOSE: This sheet summarises the Licensee's Overhead Costs for its internal functions.

7.11 **1. Summary of Overhead Costs:** this section sums the costs input in section 2 of the sheet.

7.12 **2. Service Delivery Overhead Costs:** this section is for the Licensee to report its Internal Costs for the following Internal Functions, split by GL code:

- CFO (Chief Financial Officer)
- Commercial
- Corporate Management
- People
- Security
- Strategy and Regulations

At the bottom of this section is a row for the Licensee to input historic Shared Services Cost data for past Regulatory Years.

7.13 **3. Overhead Costs by main GL accounting code:** this section sums the Licensee's Corporate Overhead Costs by GL code. It is automatically calculated based on the values input in section 2.

8. Other Costs (Sheet 7)

Section summary

This section describes the Price Control Information for cost reporting required in sheet 7 (Other Costs) of the main reporting template.

Sheet 7: Other Costs

PURPOSE: This sheet summarises the Licensee's Other Costs.

8.1 This sheet is for the Licensee to report any Internal and External Costs that have been agreed by the Authority to be ringfenced and separated from other Service Family or Overhead Cost budgets. This means that under- or over-spend in these areas does not factor into budget fungibility elsewhere.

8.2 Both the Internal Costs and External Costs reported in this sheet are factored into calculations of the Licensee's Total Internal Costs and Total External Costs on sheets 2 and 3 of the reporting template. This means that any costs reported on this sheet should be excluded from reporting on any other sheets, to avoid double-counting. For example, any Innovation Fund Internal Costs should be removed from any Internal Costs reported in sheets 6a or 6b.

8.3 **1. Other Costs – Total:** this section sums the costs input in sections 2 and 3 of the sheet.

8.4 **2. Other Internal Costs:** this section is for the Licensee to report its Other Internal Costs, split by GL code, for the specific functions agreed upon between it and the Authority. These are:

- Innovation Fund

There are additional rows for further ringfenced cost areas for inclusion as and when agreed upon by the Authority.

8.5 **3. Other External Costs:** this section is for the Licensee to report its Other External Costs. Currently, no specific External Cost areas have been agreed upon by the Authority. The section contains rows for the Licensee to report on such costs in future if required.

8.6 **4. Pass-Through Costs:** this section is for the Licensee to report its Pass-Through Costs. These are:

- Licence fee paid by the Licensee

- Payments to AltHANCo
- Payments by the Licensee to SECCo Ltd – CIO assessments
- Payments by the Licensee to SECCo Ltd – administrative costs
- Payments by the Licensee to RECCo

There is an additional row for the Licensee to add additional Pass-Through Cost categories. The Licensee should insert extra rows into the sheet if more than one additional row is required.

9. Financial Statements, Cash Balances, & Resourcing (Sheets 8, 9, 10)

Section summary

This section describes the Price Control Information for cost reporting required in Sheet 8, 9, and 10 of the main reporting template. These are:

- Financial statements (Sheet 8) requires the Licensee to prepare and report on financial statements – comprising the Cash-flow Statement, the Balance Sheet and Income Statement;
- Cash balances (Sheet 9) requires the Licensee to report cash balances for the current Regulatory Year and the forthcoming Regulatory Reporting Year by month;
- Staff Resourcing and Costs (Sheet 10) requires the Licensee to provide information about staff resources, grades and costs.

Sheet 8: Financial Statements

PURPOSE: This sheet requires the Licensee to prepare and report on financial statements.

9.1 **1. Cash-flow Statement:** all items in the Cash-flow Statement are to be reported in accordance with the Generally Accepted Accounting Principles (GAAP) shown at the top of the sheet. If there are items which the Licensee needs to report in the Cash-flow Statement which do not currently have row headings then the Licensee should inform Ofgem of this matter.

9.2 **2. Balance Sheet:** all items in the Balance Sheet are to be reported in accordance with the GAAP shown at the top of the sheet.

9.3 If there are items which the Licensee needs to report in the Balance Sheet which do not currently have row headings then the Licensee is to discuss the matter with Ofgem. Row sub-headings have been included for the Licensee to populate with the main headings of the Balance Sheet.

9.4 **3. Income Statement:** the headings for the Income Statement are:

- **Revenue:** should be reported in accordance with the GAAP specified at the top of the worksheet.

- **Recovered Revenue:** should be populated in line with the revised formula given in paragraph 4.9 of this guidance and on tab 3 of the Main RIGs template.[5]
- **Other operating income:** should be reported in accordance with the GAAP specified at the top of the worksheet.
- **Operating costs:** should be reported in accordance with the GAAP specified at the top of the worksheet. Where these figures are reported under the same headings as under the Required Revenue formula and Internal and External Cost sheets then the figures should agree.
- **Exceptional items:** items that the Licensee considers should be separately disclosed from other cost.
- **Interest income and similar income:** these figures should be reported in accordance with the GAAP specified at the top of the worksheet.
- **Interest expense and other finance costs:** these figures should be reported in accordance with the GAAP specified at the top of the worksheet.
- **Taxation:** these figures should be reported in accordance with the GAAP specified at the top of the worksheet
- **Other comprehensive income:** the Licensee should report here any items which are to be recognised directly in equity.

Sheet 9: Cash Balances

PURPOSE: This sheet requires the Licensee to report, on a monthly basis, cash balances for the current Regulatory Reporting Year and the forthcoming Regulatory Reporting Year.

9.5 Parts 1 and 2 of the sheets require the Licensee to:

- Populate incoming cash-flows on a monthly basis for the Regulatory Year (incoming cash) with the reported monthly totals for the Regulatory Year.
- Populate outgoing cash-flows on a monthly basis for the Regulatory Year, with the reported monthly totals for the Regulatory Year.
- Report cash balances on a monthly basis for the Regulatory Year, with the reported monthly totals for the Regulatory Year.

[5] This is subject to change under the conditions of the Successor Licence

- Cash-flow metrics: where appropriate the Licensee should provide supplementary commentary on high or low cash balances.

9.6 The Licensee should report qualitative information and commentary on the cash balances of the Licensee’s business and its prudent budgeting assumptions alongside its Price Control submission.

Sheet 10: Staff Resourcing and Costs

PURPOSE: This sheet is intended to provide information about staff resources, grades and costs in the current reporting year and the two following reporting years, as well as for the previous regulatory reporting year.

9.7 This sheet requires the Licensee to report Price Control Information on the resourcing of its regulated business and the associated Internal Costs. The worksheet is split into four sections:

- 1: Full-time equivalents (FTEs) resourcing by function
- 2: FTEs Resourcing by grade
- 3: average staff costs by function
- 4: average staff costs by grade

9.8 For all four sections, information should be provided for:

- the previous regulatory reporting year;
- the current regulatory reporting year;
- the regulatory reporting year one year ahead of the current regulatory reporting year; and
- the regulatory reporting year two years ahead of the current regulatory reporting year.

9.9 **1: FTEs resourcing by function:** this section requires the Licensee to provide information on FTEs. FTEs should be classified as permanent employment, temporary employment, or contractors. FTE information should be reported for each of the DCC Internal Functions in sheets 6a and 6b.

9.10 **2. FTE resourcing by grade:** this section requires the Licensee to report FTE information by the following job grades:

- Director
- Senior Manager
- Manager

- Base Grade
- Assistant

There is additional space for a spare grade if some FTEs do not fit into one of the above categories.

9.11 **3. Average staff costs by function:** this section requires the Licensee to report average staff costs (£s per annum – nominal) for each of the Licensee's Internal Functions.

9.12 **4. Average staff costs by grade:** this section requires the Licensee to report average staff costs (£s per annum – nominal) for each of the job grades used in section 2.

10. Price Control Information – Uncertainty Mechanisms (Sheet 11)

Section summary

This section describes the Price Control Information for cost reporting. It describes the following sheets of the Main reporting template:

- UM(4a), UM(4b), UM(4c), UM(4d): Smart Energy Service Families Uncertainty Mechanism reporting
- UM(5a), UM(5b), UM(5c), UM(5d): Enabling Services & Testing Service Families Uncertainty Mechanism reporting
- UM(4e), UM(5e): Volume-Driven Cost Uncertainty Mechanism reporting
- UM(4f), UM(5f): Change Cost Uncertainty Mechanism reporting
- UM(6a), UM(6b): Internal Cost Uncertainty Mechanism reporting
- UM(7): Other Cost (Pass-Through Cost) Uncertainty Mechanism reporting

Overview and procedures for reporting in UM sheets

PURPOSE: These sheets are for the Licensee to report its adjustments to allowances following application to Ofgem in the Price Control Period. This worksheet also reports the performance based on the difference between the DCC's in period allowance and Ofgem's final decision on the allowance.

10.1 Each of sheets 4a-f, 5a-f, 6a-b, and 7 have a corresponding UM sheet. These sheets are for the Licensee to report the additional in-period allowances it proposes in its re-opener applications. **They should be left blank in the initial cost control submission.**

10.2 Each UM sheet contains a table for each cost area from its corresponding cost reporting sheet. Each table has four sections:

10.3 **'Allowance approved at price control' (columns H-J):** these columns are formula-driven and retrieve the initial allowance approved by the Authority for the given cost area from its respective cost reporting sheet (for instance, the formulas on sheet UM(4a) will retrieve the initial allowances detailed on 4a).

10.4 **'In-period proposed allowance' (columns C, L-N):** these columns are for the Licensee to input the additional allowances it is proposing for the cost in question. Additionally, column C is for the Licensee to specify the category of re-opener through which the proposal is being made (eg annual re-opener, emergency re-opener, etc). The list of possible re-opener categories varies by sheet depending on the costs the sheet relates to; further detail is provided later in this section.

10.5 **'Ofgem decision on amended allowance' (columns P-R):** these cells are to be populated by the Licensee and detail any adjustment directed by the Authority following the Licensee's proposal in columns H-J; or an adjustment made by the Licensee for costs subject to AA.

- The sum of any additional allowance in columns P-R is then retrieved in the 'Uncertainty Mechanism' row, columns P-R of the corresponding cost sheet for the relevant cost (for instance, an additional allowance granted for S1SP_1 on sheet UM(4a) is retrieved in row 33 of sheet 4a).

10.6 **'Difference' (columns T-V):** these columns calculate the difference between the amount applied for by the Licensee in columns L-N and the amount approved by the Authority in columns P-R.

10.7 Re-opener applications can be categorised in the following ways across different UM sheets:

10.8 **Annual re-opener 1 (end of year 1) (AR1):** this category should only be used in the Licensee's end-of-year 1 re-opener application. The Licensee should only apply for allowances relating to costs in year 2 and year 3 of the Price Control Period using this category. AR1 must be submitted to the Authority no later than 31 December of year 1 of the Price Control Period.

10.9 **Annual re-opener 2 (end of year 2) (AR2):** this category should only be used in the Licensee's end-of-year 2 re-opener application. The Licensee should only apply for allowances relating to costs in year 3 of the Price Control Period using this category. AR2 must be submitted to the Authority no later than 31 December of year 2 of the Price Control Period.

10.10 **Emergency re-opener (ER):** this category should be used for all allowances the Licensee is proposing in any emergency re-opener application made. ERs can be made at any point of the Price Control Period.

10.11 **Automatic Adjustment (AA):** this is the only category available on sheets UM(4e), UM(5e) and UM(7), as costs on these sheets have been agreed by the Authority as to be subject to Automatic Adjustment. The Licensee is not required to submit an additional application to the Authority to adjust the RR in these pre-approved categories. The Licensee only needs to populate AA figures once per Regulatory Year per Price Control Period, as part of its end-of-year reporting (due by 31 July following the end of each RY).

10.12 **Automatic Adjustment (Indexation) (IN):** this category is for the Licensee to report the difference in cost between its initial forecast of the additional cost of indexation clauses within its contracts (which it should factor into its forecast costs for each SP in its initial cost control submission) and the actual additional cost caused by inflation. The Licensee is not required to submit an additional application to the Authority to adjust the RR in these pre-approved categories, provided:

- the Licensee has already provided evidence that its contract with the SP in question has an indexation clause; and
- the change in cost is an accurate reflection of the change in the relevant index. For instance, the % increase in costs (for those costs which are subject to indexation) due to a change in forecasted and actual RPI should be consistent across contracts which use the same index.

10.13 The Licensee should, in its initial Price Control submission, provide detail on the estimated inflation figures it has used in its cost forecasts (for instance, for a contract with an RPI-linked indexation clause, the Licensee should provide the estimated % increase in RPI used to inflate its forecasts in years 2 and 3).

10.14 The Licensee should also report, via the IN re-opener categorisation, any downward revisions to its allowances required if any index used grew at a slower rate than was forecast.

10.15 The Licensee only needs to populate IN figures once per RY per cost control cycle, as part of its end-of-year reporting (due by 31 July following the end of each Regulatory Year).

Uncertainty Mechanism sheets for Service Family Costs: UM(4a)-UM(4d), UM(5a)-UM(5d)

10.16 The following sheets each relate to a Service Family and share the same layout:

- UM(4a): SMETS1
- UM(4b): SMETS2 (LRR/2G/3G)
- UM(4c): SMETS2 (4G)
- UM(4d): CRS

- UM(5a): Meter Data Management
- UM(5b): Privacy & Security
- UM(5c): Service Management
- UM(5d): Testing Services

10.17 Each sheet contains a table corresponding to each SP within each SF as well as for its non-resource External Services Costs for the Licensee to detail its proposed additional allowances.

10.18 Re-openers can be categorised as either AR1, AR2, ER, or IN on these sheets.

Uncertainty Mechanism sheets for costs subject to Automatic Adjustment: UM(4e), UM(5e), UM(7)

10.19 The following sheets each relate to Costs subject to Automatic Adjustment and share the same layout:

- UM(4e): Volume-Driven Smart Energy Costs
- UM(5e): Volume-Driven Enabling Services & Testing Costs
- UM(7): Other Costs (Pass-Through Costs)

10.20 Sheets UM(4e) and UM(5e) each contain a table corresponding to the Volume-Driven Costs detailed on their equivalent cost reporting sheets.

10.21 The costs detailed on these UM sheets are subject to Automatic Adjustment. Re-openers on these sheets can only be classified as AA.

10.22 Sheet UM(7) only provides space for Pass-Through Costs, excluding all other costs reported on sheet 7 (Other Costs) as these costs are not eligible for re-openers.

Uncertainty Mechanism sheets for Change Costs: UM(4f), UM(5f)

10.23 The following sheets relate to the costs for change and share the same layout:

- UM(4f): Smart Energy Change Costs
- UM(5f): Enabling Service & Testing change costs

10.24 Each sheet contains a table corresponding to the cost reporting of change Programmes and In-life change per Service Family, as set out in the corresponding tabs 4f and 5f.

10.25 Re-openers can be categorised as either AR1, AR2, ER, or IN on these sheets.

Uncertainty Mechanism sheets for Overhead Costs: UM(6a), UM(6b)

10.26 The following sheets each relate to Overhead Costs and share the same layout:

- UM(6a): Service Delivery Overhead Costs
- UM(6b): Corporate Overhead Costs

10.27 Each UM sheet contains a table corresponding to each Internal Function detailed on its cost reporting sheet.

10.28 The Licensee can only apply for additional allowances on its Overhead Costs as part of the two end-of-year reopeners in the cost control cycle. Therefore, re-openers on these sheets can only be categorised as either AR1 or AR2.

11. Supplementary Schedules

Section summary

This section describes the Price Control Information for cost reporting in the Supplementary Schedules. These are separate from the Main RIGs reporting template to which the rest of this guidance document relates.

Required information from Supplementary Schedules

11.1 The Supplementary Schedules form a formal part of the SL RIGs. We do not mandate a specific template or format for the information we require from them. This is to enable to Licensee to report the information in a way which best reflects its internal systems, processes, and reporting capabilities.

11.2 We require the following information from the Supplementary Schedules:

- **Breakdown of External Services, split by Resource and Non-Resource**, with, for each External Service:
  - information on the provider;
  - a description of the Service provided;
  - cost of the Service;
  - duration of the contract for that Service (including start- and end-dates);
  - whether the Service is a new contract or an extension to an old contract; and
  - where relevant, the SF(s) which the Service's costs have been apportioned to in the RIGs
- **Breakdown of IT Services,** with, for each IT Service:
  - information on the provider;
  - a description of the Service provided;
  - cost of the Service;
  - duration of the contract for that Service (including start- and end-dates); and
  - whether the Service is a new contract or an extension to an old contract.
- **Breakdown of all roles,** with the following information per role:

- Internal Function the role sits within;
- SF the role sits within (if the role is one that is internally appointed to a given SF);
- Change Programme the role sits within, *within* the given SF (as above, if applicable);
- sub-team;
- role ID;
- job title;
- permanent/temporary status; and
- % of FTE in each RY across the cost control period.

- **Breakdown, per External Service Provider contract, of In-life change costs reported in sections 2 of sheets 4f (Smart Energy Change Costs) and 5f (Enabling Services & Testing Change Costs) by:**
  - Licensee-led Project & Programme Costs
  - SEC (or REC for CRS SF)-led Project & Programme Costs

  This reporting must be further supported by a breakdown **of in-life change External Costs by Change Requests (CRs), Project Requests (PRs)** by:
  - SF(s) the CR/PR relates to;
  - FSC contract(s) involved in the CR/PR;
  - CR/PR number;
  - CR/PR description; and
  - the cost of the CR/PR across each RY in the cost control period.
- **Breakdown of all contracts provided by a Related Undertaking** with the same information provided as for any External Service
- For each cost reported in sheets 4e and 5e of the Main RIGs template:
  - Driver(s) affecting the costs, proposed by the Licensee under Part C of Licence Condition 24;
  - Volume assumptions, forecasts and unit cost information, including the demonstration of the relationship between them;[6]

[6] For Communications Hubs costs, the quantitative information is reported via Annex 1 (see Section 12 of this guidance)

- ○ Any contractual thresholds, capacity limits, overage arrangements, or other non-linear cost mechanisms that affect cost variability; and
- ○ Details of the relevant Service Provider(s) and Service Family(ies) to which the cost relates.

11.3 This guidance should be read in conjunction with the Business Plan Guidance, in particular Section 3 (Mandatory Contents of the Business Plan) and Section 5 (Cost Assessment), which set out the requirements relating to forecast cost evidence, supporting assumptions, volume-driven expenditure and the information necessary to support the Authority's assessment of proposed costs. The Licensee must ensure that the information provided is consistent with the forecasts, assumptions and methodologies described within the Business Plan.

11.4 Where a complete list of External Services and PRs/CRs cannot be provided (for example because not all PRs/CRs are known at the time of the Business Plan and Price Control submission), we expect the Licensee to provide at minimum:

- A complete list and information pertaining to the existing and committed External Services and PRs/CRs
- Additional best estimates in support of forecast costs relating to proposed ES or PRs/CRs using, for example, insights from historic trends, anticipated business needs, live procurements/negotiations, IAs or code governance.

12. Annex 1 (Communications Hubs Costs)

Section summary

This section describes the Specified Information for reporting of Communications hubs costs unit costs and financing costs. It sets out the inputs required and the calculations performed in the Annex 1 reporting template.

Required information from Annex 1

12.1 Annex 1 forms part of the Price Control Information submission and must be completed by the Licensee alongside the Main RIGs reporting template. The Annex provides the detailed quantitative information supporting Communications Hub costs reported in the Main RIGs, including volume forecasts, unit-cost assumptions, financing costs and associated expenditure calculations. The information reported in Annex 1 must be consistent with, and reconcile directly to, the corresponding values reported in *Sheet 4e: Volume-Driven Smart Energy Costs* of the Main RIGs.

12.2 The Licensee should only populate cells designated for Licensee input. Formula cells must not be amended.

12.3 Structure of Annex 1 is outlined below:

Sheet	**Purpose**
Cover	Requirements, guidance and completion instructions
Sign off	Declaration that confirms that the information provided by DCC in these templates is accurate and has been provided in accordance with the specific license conditions
Version Control	Any revision being carried out by the Authority
Data Change Log	For use by the Licensee to highlight and new amendments/changes with the reporting data
Universal Data	Detail about licensee such as number, name, reporting year, version, reporting year, etc.
Index	Provides an overview of all the sheets within the workbook
1- Fixed Data	Contains data that is common across worksheets.
2- Summary	This tab summarises all the information with the Communications hubs costs and Financing model sheet and the final output of this tab is reported within the sheet 4e of the Main RIGs
3 - Communications Hub Cost and Financing Model	Detailed reporting of Communications Hub volumes, unit costs, financing assumptions and forecast expenditure
4- Communications hubs costs Volumes	Reporting of Communications hubs volumes across SMETS1/SMETS2 (LRR/2G/3G) and SMETS2 (4G)

Cover Sheet

12.4 The Cover sheet provides guidance on the completion of Annex 1, including the reporting conventions to be used, key definitions relevant to the workbook, the cell colour-coding applied throughout the template, and instructions on how the workbook should be completed and submitted.

Sign-off

12.5 This sheet must be completed by a director of the Licensee immediately prior to submission of Annex 1 to the Authority. It must be stated that the information provided is complete and accurate before making the declaration contained within the worksheet.

Version Control

12.6 This sheet records all revisions made to Annex 1 by the Authority. Changes are logged with date, successive version number, and a short description of the amendment.

12.7 If the Licensee identifies an error in the reporting template, eg a cell incorrectly linking to another cell or an incorrect formula, the Licensee must notify us of the error as soon as possible. We will subsequently confirm if there is an error and notify the Licensee. If there is adequate time before the submission deadline, we will instruct the Licensee to correct the error in the reporting template before it is submitted. We will decide whether adequate time exists based on the materiality of the error and by consulting with the Licensee.

Data Change Log

12.8 This sheet records how Price Control Information reported within Annex 1 has been amended, whether due to correction of an error or as a result of a direction from the Authority. The Licensee must record any change to the and provide a brief explanation in the Data Change Log.

Universal Data

12.9 This sheet contains information that is common across the Annex 1 reporting template and identifies the Licensee, reporting year and submission details relevant to the return.

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12.10 This sheet provides an overview of the all the worksheets contained within Annex 1.

Sheet 1: Fixed Data

12.11 This sheet contains information that is common across the Annex 1 reporting template and identifies the Licensee, reporting year and submission details relevant to the return.

12.12 For further guidance on the items described in paragraphs 12.6 to 12.10, the Licensee should refer to the corresponding parts of Sections 2 and 3 of this guidance.

Sheet 2: Summary

PURPOSE: This sheet contains the final outputs from Communications hubs costs and Financing model sheet which feed into sheet 4e of the Main RIGs.

12.13 This sheet is a calculation worksheet that summarises Communications Hub costs and associated financing costs by Regulatory Year. For historical reporting periods, the Licensee should populate annualised values for the relevant Regulatory Year. No manual input is required from the Licensee within this calculation sheet for current reporting period, as all values are derived automatically from the underlying reporting schedules.

Sheet 3: Communications Hub Cost and Financing Model

PURPOSE: This worksheet provides detailed information supporting Communications hubs costs volume, their associated unit-cost and their respective maintenance charges.

12.14 **LRR Tranche 1 Financing:** Section 1 captures the financing costs associated with Tranche 1 Communication Hub assets. The Licensee should report the monthly capital repayment (G19:AR19) and the interest charges (G20:AR20) associated with the Tranche 1 financing arrangement. **Total CH Asset Cost** is calculated via the formula *monthly asset repayment* + monthly Interest, automatically and represents the total monthly Tranche 1 cost recovered through the price control.

12.15 **LRR Tranche 2 Volume Costs:** Section 2 captures the volume-driven acquisition costs of LLR Communications Hubs. The Licensee should report the number of Single Band Communication Hubs (SBCH) and Dual Band Communication Hubs (DBCH) ordered during each month together with their respective unit rate price. Orders should reflect actual or forecast purchase volumes and unit prices should reflect the contractual rates applicable during the reporting period. These are calculated by the multiplying the reported order volumes by the applicable unit prices. ***Total CH Cost Before Financing*** is the sum of the LRR Communication Hubs acquisition costs before financing costs are applied.

12.16 **LRR Tranche 2 Financing:** similar to LRR Tranche 1, section 3 captures financing costs associated with Tranche 2 Communications Hub assets. With the addition two items: Monthly Fees associated with the funding of the financial arrangement and any Non-financed CH Costs that are not funded though the financing arrangement. ***Total Asset Cost*** is sum of Repayment, Interest, Fee and Non-financing CH costs.

12.17 **2G/3G Technology Financing:** Sections 4 and 6 capture the financing costs associated with CSP Central (CSP-C) and CSP South (CSP-S) Communications Hub assets. The Licensee must report the monthly capital repayment and the associated interest costs separately for CSP-C and CSP-S for each reporting period. These values should reflect the financing arrangements applicable to each CSP. The Total Communications Hub Asset Cost is calculated automatically as the sum of the monthly repayment and monthly interest charges and represents the total monthly financing cost recovered through the price control for the relevant CSP.

12.18 **2G/3G Technology Volume Costs:** Sections 5 and 7 capture the volume-driven acquisition costs of CSP-C and CSP-S Communications Hubs. The Licensee must report, separately for each CSP, the number of Single Band Communications Hubs (SBCH) and Dual Band Communications Hubs (DBCH) ordered during each month, together with the applicable unit-cost assumptions. Orders should reflect actual or forecast procurement volumes, as appropriate, and unit costs should reflect the contractual rates applicable to the relevant CSP during the reporting period. ***Total CH Cost Before Financing*** is the sum of the 2G/G Communication Hubs acquisition costs before financing costs are applied.

12.19 **Maintenance Charge for LLR & 2G/3G Technology:** Section 8 calculates the maintenance charge for 2G/3G communications hubs. The Licensee should report the Installed communication hubs and the respective charge rate for the relevant hubs, which calculate the final maintenance charge by ***Installed CHs × Charge Rate ÷ 1,000,000*****.**

12.20 **4G volumes:** Section 9 captures the total volume of the 4G communication hubs. The Licensee should report the first cumulative order (Cell G:67) and the subsequent communication hubs volumes per month in the row “CH Order”. The Cumulative CH order is calculated via the formula ***Previous Cumulative Orders + Current Month Orders.***

12.21 **4G unit Price Build up:** Section 10 captures the assumptions and pricing information used to derive the unit cost of 4G Communications Hubs. The Licensee should report the **GBP Element**, **USD Element**, **FX Rate** and **Indexation** assumptions applicable to each reporting period.

12.22 The GBP Element should reflect the Sterling-denominated component of the Communications Hub unit cost, while the USD Element should reflect the US Dollar-denominated component. The FX Rate should reflect the exchange rate used to convert the USD component into Sterling and the Indexation factor should reflect any contractual price adjustments.

12.23 The Modelled Unit Price is calculated automatically using the reported pricing assumptions. Where available, the Licensee should report the Indicative Unit Price provided by 4G Actual Unit Price based on invoiced costs. The Final Unit Price is derived automatically and represents the unit price used in the calculation of Communications Hub costs.

12.24 **Volume rebate:** Row 101 captures information relating to any contractual volume rebate mechanism that affects the cumulative Communications Hub costs associated with the 4G programme. The Licensee should report the forecast value of any rebates and the volume thresholds at which such rebates become applicable, and the resulting reduction in forecast expenditure.

12.25 **4G Capital Cost:** Section 11 captures the cumulative capital cost of 4G Communications Hubs. The cumulative cost is calculated as the running total of net Communications Hub costs incurred under the 4G contract and provides visibility of the total expenditure recognised to date.

12.26 The Licensee must populate the cumulative cost value for the first reporting month only. For historical reporting periods, this should represent the cumulative cost carried forward from the previous month immediately preceding the start of the reporting period. All subsequent monthly values are calculated automatically by adding the relevant month's Communications Hub Total Cost and deducting any applicable Volume Rebate from the cumulative cost reported in the preceding month.

12.27 **4G Financing:** Section 12 captures financing costs associated with 4G Communications Hubs. The Licensee should report the applicable Interest Rate, together with the monthly Repayment, Interest, Fees and any Non-Financed Costs associated with the financing arrangements.

12.28 Repayment should represent the capital repayment element of the financing arrangement, Interest should represent the associated financing cost, and Fees should include any arrangement fees, commitment fees or other financing-related charges. Non-Financed Costs should represent Communications Hub expenditure not funded through the relevant financing arrangements.

12.29 The Total CH Asset Cost is calculated as the ***sum of Repayment, Interest, Fees and Non-Financed Costs*** and represents the total monthly asset charge attributable to 4G Communications Hubs.

12.30 **CH Orders Volume Summary:** Section 13 sums up the total Communications Hubs orders per CSP. The reported values are derived from the order volumes reported in sections 2, 5, 7 and 9. The Licensee is not required to input values into this section.

12.31 For each CSP, the Licensee should explain the relationship between the ***Total CH Cost before Financing*** (driven by the number of Communications Hubs ordered) and the ***Total CH Asset Cost*** (driven by the number of Communications Hubs financed) for each Regulatory Year and explain any difference between the two values.

Sheet 4: Communications hubs costs volumes

Purpose: This sheet reports forecast Communications Hub volumes for the different CSP Comms hubs cohorts and provides the volume assumptions underpinning Communications Hub costs reported in Annex 1 and the Main RIGs.

12.32 This worksheet captures the annual volume of Communications Hubs in service across the Licensee’s estate for both historical and forecast periods. The Licensee should report the Communications Hub population, in millions of units, separately for each Communications Service Provider (CSP), including CSP North (LRR), CSP Central (CSP-C), CSP South (CSP-S), and 4G, for each Regulatory Year. The reported volumes should be consistent with the corresponding volume forecasts reported elsewhere in Annex 1.

12.33 Historical years should be populated by the Licensee using actual volumes and future years using the latest approved forecast assumptions. The Total Communication Hub Volumes line is calculated automatically as the sum of the reported technology specific volumes. The percentage lines are also calculated automatically and show the proportion of the total Communications Hub population attributable to each technology category. This information is used to monitor the evolution of the Communications Hub population over the licence term and to support the assessment of volume-driven Communications Hub costs and financing costs reported elsewhere within Annex 1.

Appendices

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Appendix 1 – General Ledger (GL) Codes

Title	GL Code	Description
Payroll costs	PR	Cost of salaries, day rates, overtime, bonuses, car allowances, healthcare, National Insurance, pensions and other allowances.
Non-payroll costs	NP	Cost of travel, subsistence, mobile phone and training expenses.
Recruitment	RC	Cost of procuring internal and external resources.
Accommodation	AC	All premises cost such as rent, rates, office maintenance.
External Services (Resource)	ESR	Cost of third-party resource services, eg legal or consultancy support utilised to assist the Licensee in the delivery of its core service. This includes resource which would have previously been categorised as Internal Services (ie those provided by a Related Undertaking, incl. the parent company).
External Services (Non-Resource)	ESNR	Cost of third-party non-resource services (non-Fundamental Relevant Service Capability) commissioned to produce specific, defined deliverables/outputs. This includes non-resource costs which would have previously been categorised as Internal Services (ie those provided by the Licensee's parent company or other Related Undertaking).
Service Management	SM	Cost of providing a first line service desk. This includes the Service Management System.

Title	GL Code	Description
IT Services	IT	This category is where all IT costs are reflected. This includes: BIMI, Billing, Document Management, FABRIC, FTP and Networks, Hosting, Programme and Architectures, Desktop support, Telephony and Website.
Office Sundry	OS	Costs related to the office that are small in amount and relatively rare in occurrence.