DRAFT Electricity Transmission Price Control Review

Price Control Review Reporting Rules: Instructions and Guidance

February 2007

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1. Introduction

1.1. The Price Control Review Reporting Rules ("the rules") have been produced in accordance with, standard condition B15 of the electricity transmission licences.

1.2. These rules are supported by the Price Control Review Reporting Pack (PCRRP) – Transmission PCRRP tables_NGET.xls, Transmission PCRRP tables_SHETL.xls, and Transmission PCRRP tables_SPTL.xls. For the purposes of complying with B15 part C the PCRRP should be viewed in conjunction with this document.

1.3. The purpose of these rules is to improve the quality of our knowledge on cost and output reporting and will help us to monitor performance and set future price controls and incentives. We expect the licensees to provide accurate, complete and timely information.

1.4. The objectives of the rules are to:

- improve robustness and consistency of cost data submitted by transmission companies;
- reduce the burden on transmission companies to provide financial and other information at the time of a price control review; and
- ensure consistent interpretation of definitions and reporting requirements.

1.5. The rules include definitions and related instructions and guidance for preparing the annual information submissions. The purpose is to assist licensees in understanding the best means of representing their price control data in order to meet their regulatory requirements. For the avoidance of doubt, these rules are subordinate to the licence conditions. Consequently, and in the event of any dispute, the licence conditions will always take precedence. Obligations under these rules do not affect the requirement for the license to comply with any other obligation whether under licence, statute or otherwise.

1.6. Any future changes to the rules will comply with the change process set out in standard condition B15 part C of the electricity transmission licence.

1.7. The annual reporting of information should lead to improved transparency by providing a comparison of actual outturn data against allowances.

1.8. The output from these rules will be the transmission companies completed Price Control Review Reporting Pack (PCRRP) and a narrative commentary. The Gas and Electricity Authority ("the Authority") will use this information to:

- verify the regulatory reporting to audited accounts (Statutory, Regulatory, Pension scheme and actuarial valuations & submitted tax computations);
- facilitate effective monitoring of expenditure compared to allowances;
- inform future price control reviews, and :

- Inform interested parties by publishing relevant information (having regard to section 105 of the Utilities Act 2000).

2. Reporting Arrangements

Introduction

2.1. It is important that robust arrangements are put in place for the reporting of information required under the licence conditions. This section sets out the reporting arrangements to apply for each financial year.

2.2. In accordance with standard condition B15 Part E these rules specify:

(a) the meaning to be applied to words and phrases (other than those defined in any condition in the licences) used in connection with such information;
(b) the methodology for calculating or deriving numbers comprising any part of such information;
(c) requirements as to the form and manner in which such information must be recorded;
(d) requirements as to the standards of accuracy and reliability with which information must be recorded;
(e) requirements as to the form and the content of such information;
(f) requirements as to the manner in which such information must be provided to the Authority; and
(g) requirements as to those parts of such information which may fall to be considered by a reviewer and the nature of that consideration,

and (having particular regard to section 105 of the Utilities Act 2000) also specify which (if any) of the information provided under the licence conditions is to be subject to publication by the Authority.

Reporting year

2.3. The financial year for the provision of information required under the Standard condition B15 will be a period of 12 months commencing on 1 April and ending on 31 March of the following calendar year. Any changes to the rules will be consulted on in accordance with the provisions of the relevant licence condition.

Submission

2.4. Transmission licensees must provide the information required under the appropriate licence as soon as reasonably practicable, and in any event, not later than 31 July, following the end of the financial year to which such information relates. The Authority may issue directions stating the date by which each transmission licensee must deliver specified components of the price control review information to the Authority.

2.5. The submission should be accompanied by a letter signed by the Finance Director on behalf of the licensee confirming that the pack has been completed in accordance with these rules.

2.6. Any resubmissions of the pack are only to be made by agreement between Ofgem and the licensee and in any such instance the pack must be resubmitted in full. The resubmission should only be accompanied by a

letter signed by the Finance Director where significant changes have been made and Ofgem or the licensee decide such a letter is required.

2.7. We will ensure that there is a clear process for handling and recording changes to the information following the initial submission from the transmission licensees.

Review

2.8. Once the transmission companies have submitted the information to the Authority, Ofgem or a person nominated by the Authority ("a reviewer") will undertake a detailed review of the information. Such a review may include a review visit to each of the transmission companies for discussion of the information submitted. Such visits will be agreed in advance with the licensees.

2.9. Where a reviewer has been nominated, then in accordance with relevant licence condition the reviewer will enter into an agreement with the licensee to maintain confidentiality on reasonable terms.

Modification of the Rules

2.10. Where a modification of the rules results in a requirement to provide:

- a new category of price control review information; or
- an existing category of price control review information to a greater level of detail,

and in either case such information has not previously been collected by the licensee (under the provisions of these rules or otherwise), the licensee shall provide estimates in respect of that category, for the year in which the modification is made and for the preceding year only derived from such other information available to the licensee as may be appropriate for that purpose. Consequently the reporting pack will include:

Current year (on latest basis);

Previous year (on previous basis); and either

Current year (on previous basis); or

Previous year (on latest basis).

Only the specific tables affected by a change in basis will need to be provided.

3. Accuracy for Reporting

3.1. All information provided should be an accurate representation of the information available to the licensee.

3.2. All financial data should be submitted in £ millions rounded to the nearest £100,000 (i.e. to one decimal place) unless otherwise stated. Companies can report to more decimal places if they wish to (e.g. in order to aid comparison). Other data should be input in whole numbers unless indicated otherwise in the table or instructions for completing it.

3.3. All data should be input in the prices of the reporting year. For the purpose of comparison to allowance` data, in 2004/05 prices will be updated by Ofgem using RPI (April to March financial average).

3.4. Where forecast data is required the licensee should indicate the inflation deflators used to give the price level of the year being reported.

3.5. Apportionments should be avoided wherever possible, however where a licensee (and any affiliate or related undertaking of the licensee) does not capture data on the same basis as the cost reporting definitions, and in completing the tables the licensee has to apportion costs across one or more activities, the basis of apportionment, or any change therein from the previous year, must be provided in the narrative commentary and the licensee's quantification of the of their assumptions must be stated.

4. Structure of Reporting rules

Instruction and Definitions

4.1. Appendix 1 sets out the detailed instructions and guidance for completion of each of the tables in the PCRRP. These instructions are to be strictly followed and must be read in conjunction with and applying the definitions in Appendix 2.

PCRRP

4.2. The PCRRP in Appendix 3 is provided in Excel spreadsheet format to transmission companies and should be submitted in electronic format, together with an appropriate narrative (see Appendix 4). The PCRRP must be submitted as an Excel file.

4.3. The PCRRP covers the following areas:

- Comparison to allowances
- Key financial data
- Technical and physical data
- Revenue and incentives data, and

4.4. The final price control proposals[1] highlighted a small number of identifiable, discrete cost items which are dependent on external factors. Expenditure incurred against these 'known unknowns' will be logged up.

Narrative Commentary

4.5. Appendix 4 outlines the requirement for transmission companies to explain why costs differ from allowances. It will be used in conjunction with the tables, to understand the structures and operations of each of the transmission companies, to inform the following price control and to monitor transmission company performance against Ofgem's assumptions for costs included in the current period as detailed in the Final Proposals document.

4.6. In addition to this narrative, once the annual review of the PCRRP is complete, transmission companies would be asked to provide a short commentary to explain reasons for differences between the costs and allowances (table 1.1 of the PCRRP). This may then be published by the Authority.

[1] Paragraph 1.48 TPCR 2007- 2012 Final Proposals, December 2007 (Ref No. 206/06)

Appendix 1 – PCRRP Instructions and List of Tables

General Instruction for Completion

The reporting pack is in the form of Excel workbook, it consists of a number of worksheets. The totals must agree to information in the Regulatory Accounts or other relevant documents for the financial year subject to identified reconciling items.

It has been designed to have "single data entry" where possible in order to avoid duplication and to facilitate reconciliations and balance checks.

The reporting pack is to be completed pursuant to the rules.

Format

- The colour scheme used in the spreadsheets is as follows:
  - Yellow = cells requiring data entry
  - Light Gray = cells summing rows and columns and other formula
  - White = cells with links to other cell in the PCRRP
  - Dark Gray = cell where **NO DATA** should be input
- All financial data is to be input in (£ nominal) rounded to the nearest £100,000 (i.e. one decimal place). Companies can report to more decimal places if they wish to (e.g. in order to aid comparison).
- Other data should be input in whole numbers unless indicated otherwise in the table or instructions for completing it.
- Sign convention will be set out in the tables or instructions for them
- Cell protection has been applied through out the PCRRP. If additional columns are needed the whole PCRRP should be returned to Ofgem (via email) and we will add them and return it. Functionality will be provided to insert rows where required.

Checks and Balances

Throughout the PCRRP there are various formula driven checks and balances to ensure all numbers reconcile correctly throughout the pack. These are identified as white cells with red text reading either "OK" or "Error" and will incorporate an appropriate rounding tolerance. If the pack has been completed correctly, all these checks and balances should show "OK". If a check and balance is showing "Error", please review the data entered to identify the problem and correct it before submission to Ofgem.

Financial and Cost Tables

Main tables

1.1		Published Data
1.2		Ofgem Adjustments (NG)
	1.2.1	TO
	1.2.2	SO
1.2s		Ofgem Adjustments (Scots)
1.3		Accounting Costs Matrix (NG)
	1.3.1	Total Transmission - NGET
	1.3.2	TO
	1.3.3	SO
	1.3.4	NGET ESO Operations and Trading

1.3s Accounting Controllable Cost Matrix (Scots)
1.4 Opex Reconciliation (NG)
1.4.1 Opex Reconciliation to Regulatory Accounts
1.4.2 Reconciliation to Statutory Accounts
1.4.3 Calculation of RCCC
1.4.4 Provisions - NGET
1.4s Reconciliation (Scots)
1.5 Capex Reconciliation (NG)
1.5.1 Capex Reconciliation to Regulatory Accounts
1.5.2 Reconciliation to Statutory Accounts
1.6 Analysis of "Other" Costs (NG Only)
1.6.1 TO
1.6.2 SO

Supporting Tables

2.1 Engineering Opex - Electricity
2.2 Non Operational Capex
2.3 Analysis of Central Adjustments (NG only)
2.4 Analysis of Excluded and De Minimus Services
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2.5 Analysis of Corporate / Group Costs (NG)
2.5s Analysis of Corporate / Group Costs (Scots)
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2.6s IT Costs (Scots)
2.7 Insurance Costs (NG)
2.7.1 Insurance Premiums
2.7.2 Total Insurance Department Costs
2.7.3 Analysis of Captive Insurance Companies
2.7s Insurance Costs (Scots)
2.7.1s Insurance Premiums
2.7.2s Total Insurance Department Costs
2.7.3s Analysis of Captive Insurance Companies
2.8 Analysis of Property Costs (NG Only)
2.9 Analysis of UK Business Services (NG only)
2.10 Related Party Transactions (NG)
2.10s Related Party Transactions (Scots)
2.11 Staff Costs and FTE Numbers (NG)
2.11.1 Total Transmission Staff and FTE Numbers
2.11.2 Allocation of Transmission Staff and FTEs to Price Control Blocks
2.11.3 Total UK Business Services Staff and FTE Numbers
2.11.4 Allocation of Business Services Staff and FTEs to Businesses
2.11s Staff Costs and FTE Numbers (Scots)
2.12 SO Capex
2.13 Analysis of Logged Up Costs

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3.1s Pension Schedule (Scots)
3.2 Financial Liabilities Schedules
3.2.1 Loans and Financial Instruments as per Balance Sheet
3.2.2 Derivative Financial Instruments
3.2.3 Analysis of Derivative Financial Instruments
3.2.4 Analysis of Loans: Intercompany Loans
3.2.5 Analysis of Loans: External Loans
3.2.6 Analysis of Interest Paid as per P&L
3.2.7 Analysis of Interest Paid as per Cashflow
3.2.8 Intercompany Loans balance
3.2.9 External Loan balance
3.2.10 Allocation on Intercompany Loans

3.2.11 Allocation of External Loan
3.3 Financial Asset Schedules
3.3.1 Financial Assets as per Balance Sheet
3.3.2 Analysis of Receivables
3.3.3 Analysis of Derivative Financial Assets
3.3.4 Analysis of Loans due from Group Undertakings
3.3.5 Analysis of Interest Received as per P&L
3.3.6 Analysis of Interest Received as per Cashflow
3.3.7 Intercompany Loans balance
3.3.8 Allocation on Intercompany Loans
3.4 Taxation
3.4.1 Tax Charge as per P&L
3.4.2 Current tax Schedule
3.4.3 Deferred Tax as per Regulatory Accounts
3.4.4 Tax loss Memo
3.4.5 Deferred Tax Schedule
3.4.6 Reconciliation of Current Tax Liability to Balance Sheet
3.4.7 Reconciliation of Deferred Tax Liability to Balance Sheet
3.4.8 Reconciliation of Current Tax paid to Cash Flow Statement
3.5 Fixed Asset Disposals TO
3.5s Fixed Asset Disposals (Scots)
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3.6.1 TO
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3.7 Profit and Loss (Output from financial model)
3.8 Balance Sheet (Output from financial model)
3.9 Cash Flow (Output from financial model)

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4.9 Demand & Supply at subs
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4.13 Asset disposal LRE by age
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4.15 Asset additions and disposals
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4.19 Scheme Listing LR
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4.21 Quasi capex (NGET only)
4.22 Other Capex costs
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4.24 Revenue Driver information

Financial and Cost Tables

Main tables

1.1 Published Data

Purpose and Use	This worksheet shows the figures to be published by Ofgem on an annually based on information collected through the reporting process.
Instructions for Completion	The table is linked table 1.2 in the reporting pack and no further data needs to be input by licensees

1.2 Ofgem Adjustments (National Grid)

Purpose and Use	This worksheet calculates the capex, opex and pension amounts etc. for the purposes of calculating the comparisons to price control allowances and publication. The Ofgem adjustments will be discussed with the licensee as part of the review process.
Instructions for Completion	• No data input is required. • The worksheet is entirely formula driven from links to other worksheets in the reporting pack

1.2s Ofgem Adjustments (Scots)

Purpose and Use	This worksheet calculates the capex, opex and pension amounts etc. for the purposes of calculating the comparisons to price control allowances and publication. The Ofgem adjustments will be discussed with the licensee as part of the review process.
Instructions for Completion	• No data input is required. • The worksheet is entirely formula driven from links to other worksheets in the reporting pack

1.3 Accounting Costs Matrix (National Grid)

Purpose and Use	This is a key worksheet and gives a detailed breakdown of costs per business unit for Transmission in total and by form of control. Ofgem will use the information to assist understanding of the expenditure incurred within the year in order to provide a comparison of outturn costs with allowances.
Instructions for Completion	• Costs should be input as positive values • Cost data is to be input on an accounting cost basis. • Costs should be entered by business unit and type of expenditure in the boxes highlighted in yellow. • The table for total transmission will be the sum of figures tables by form of control. • The support costs part of the total will show the total support costs charged in from UK Business Services functions on Table 2.9 and total

	corporate charges from Table 2.5. • Various cells for staff costs, pensions and charges from UK Business Services / Corporate charges are linked to other worksheets which give more detail. Therefore no costs should be input in these cells • "Other" costs should be input in total on this table, but a breakdown must be provided in table 1.6 • The costs of excluded services must be equal to the totals on table 2.4 • If there are any transfers of indirect operating costs to capex these should be shown on the table. • Staff costs pensions and capitalised staff and pension costs come from Table 2.11 • As well as providing a breakdown of costs by form of control there is a requirement to provide a further breakdown of Operations and Trading for ESO. Tables 1.3.4 this is linked to Table 1.3.3

1.3s Accounting Controllable Cost Matrix (Scots)

Purpose and Use	This is a key worksheet and gives a detailed breakdown of costs per activity to assist in analysing the activities. Ofgem will use the information to assist understanding of the expenditure incurred within the year in total in order to provide a comparison of outturn costs with allowances
Instructions for Completion	General • Costs should be input as positive values • Cost data is to be input on an accounting cost basis. • Data is to be input under each column heading and against each row description only where the cell is highlighted yellow. • The column headings have been split into Transmission Activity and Excluded Services in order to identify the actual costs of the Transmission Business; • Within Transmission Business, costs are classified as Direct Activities and, Indirect Activities, which are discussed in more detail below. Cost Headings • Costs incurred within related parties and charged to the Transmission business are to be recorded on the relevant related party cost row under the relevant column heading in which they were incurred in the related party • Related party margins are to be input in the related party margins row for each relevant column heading. Direct Activities • Group together all opex and capex "Direct

	Activities" for the Transmission Business. Indirect Activities • A number of activities have been identified as "Indirect Activities" of the licensed entity, including operational indirect activities (e.g. engineering) and indirect business functions (e.g. HR, IT & Telecoms). • Cost data for these activities should be populated as per the definitions included in Appendix 2 and should be entered in total for the entire licensed entity (i.e. total cost to the transmission company of HR should be entered in the HR column of this Total Cost Matrix Table). • The cost of performing indirect activities should include all labour, materials, contractors and any other costs that have not been incurred on performing Direct Activities. • The relevant proportion of indirect costs allocated by the transmission companies to Direct Activities should then be reallocated in the rows provided (i.e. to allocate IT and Telecoms costs to a Direct Activity, a negative number should be input in the Indirect Costs Allocated row under the IT and Telecoms column heading and a positive number input in the Indirect Costs Allocated row under the relevant Direct Activity column heading). • Finance, regulation, property management, CEO, Group management, legal, HR and training have been grouped together for the purpose of providing a cost heading breakdown. But the total cost should be broken down into each activity before allocation to capex or opex. Contractor costs as a % of total direct costs This is automatically calculated from the figures in the table. Indirect Costs Capitalised This box at the bottom of the table will automatically calculate the % of each indirect cost that is capitalised. Companies should also indicate how much of related party margins; non operational depreciation and corporate costs have been included in the overall indirect cost capitalisation figures. Also the basis of capitalisation of indirect costs should be stated. Total Costs by Related Party This is automatically calculated from the figures in the table. The totals by each related party should agree to the total charges shown on Table 2.10

1.4 Opex Reconciliation (National Grid)

Purpose and Use	This worksheet is a high level audit trail to ensure that the operating costs reported in the PCRRP under Ofgem definitions reconciles to the operating costs reported in the Statutory & Regulatory

	Accounts of NGET and NGG, which are prepared applying the licensee's own accounting policies. The worksheet also calculates the RCCC.
Instructions for Completion	• Costs should be input as positive values • In table 1.4.1 input the appropriate items to reconcile the accounting costs from table 1.3 to the operating costs as per the Regulatory Accounts. • In table 1.4.2 input the appropriate items to reconcile the operating costs as per the Regulatory Accounts to the operating costs as per the Statutory Accounts. • In table 1.4.3 input all costs relating to atypical events in the year as positive or negative figures depending on whether they have decreased or increased the accounting operating costs • Input the details of all atypical and other provisions in table 1.4.4. • Reasons should be provided in table 1.4.3 to explain the changes in RCCC from last year to this year, these should be analysed between specific inflation / other identifiable factors, RPI. The balance i.e. unexplained variance will then be automatically calculated.

1.4s Reconciliation (Scots)

Purpose and Use	This worksheet is a high level audit trail to ensure that the operating costs and capital expenditure reported in the PCRRP under Ofgem definitions reconciles to the costs reported in the Statutory & Regulatory Accounts which are prepared applying the licensee's own accounting policies. The worksheet also calculates the RCCC
Instructions for Completion	• Costs should be input as positive values • In table 1.4.1s input the appropriate items to reconcile the accounting costs from table 1.3s to the Regulatory Accounts • In table 1.4.2 input all costs relating to atypical events in the year as positive or negative figures depending on whether they have decreased or increased operating costs and capital expenditure. • Input the details of all atypical and other provisions in table 1.4.4. • Reasons should be provided in table 1.4.3 to explain the changes in RCCC from last year to this year, these should be analysed between specific inflation / other identifiable factors, RPI. The balance i.e. unexplained variance will then be automatically calculated

1.5 Capex Reconciliation (National Grid Only)

Purpose and Use	This worksheet is a high level audit trail to ensure that the capital expenditure for TO and SO reported in the PCRRP under Ofgem definitions reconciles to

	the costs reported in the Statutory & Regulatory Accounts which are prepared applying the licensee's own accounting policies
Instructions for Completion	• Costs should be input as positive values • In table 1.5.1 input the appropriate items to reconcile the capex expenditure from Table 4.18 to the capital expenditure as per the Regulatory Accounts. • In table 1.5.2 input the appropriate items to reconcile the capital expenditure as per the Regulatory Accounts to the capital expenditure as per the Statutory Accounts.

1.6 Analysis of "Other" Costs (National Grid Only)

Purpose and Use	The worksheet provides a more detailed analysis of "Other" costs on table 1.3. Ofgem will use the analysis to understand the nature of other costs made to the transmission business as these often have significant value.
Instructions for Completion	• Costs should be input as positive values • Enter detail of all the items included in the "other" costs line in table 1.3 • The total must agree to that on table 1.3.

Supporting Tables

2.1 Engineering Opex - Electricity

Purpose and Use	This worksheet shows the amount of operating costs spent on planned inspections, planned maintenance and unplanned activities including fault repair. It will enable Ofgem to monitor such expenditure year by year, compare information between companies and inform the next price control review
Instructions for Completion	• Costs should be input as positive values • Data should be input into the cells that are highlighted in yellow. Costs will be total costs for each activity and should be separated into staff costs incurred by the transmission, materials and costs that are incurred by 3rd party contractors. • The total table should reconcile to the total costs of Asset Management in table 1.3/ total direct costs for SHETL and SPTL in table 1.3s. The appropriate reconciling items should be identified at the bottom of the table. One of the reconciling items for National Grid will be the amount of engineering opex – gas, as shown in table 2.1g.

2.2 Non Operational Capex

Purpose and Use	This worksheet reports the expenditure on non operational capex. This will enable Ofgem to monitor the amount spent against allowances.

Instructions for Completion	• Enter the name of specific project for IT projects where the expenditure is £1m or more • Data should be entered for such projects under the appropriate asset heading. Full project details not just expenditure in the year should be entered as indicated by the column headings. • Expenditure on all other assets and IT assets less than £1m should be entered in total. NB. Where the total spent on a project is more than £1m but the expenditure within the year is less than £1m, this should be shown as an individual project and not included in the general expenditure category.

2.3 Analysis of Central Adjustments (National Grid only)

Purpose and Use	The worksheet provides a more detailed analysis of central adjustments that have been made to the Transmission business. Ofgem will use the analysis to understand the nature of central adjustments made to the transmission business as these often have significant value.
Instructions for Completion	• Costs should be input as positive values • Table 1.3 provides a total for central adjustments by type of expenditure. This table shows the same total but by type of adjustment / project / scheme or other grouping, therefore the total for each type of adjustment may include part of several types of expenditure. • The table must agree to the figures in Table 1.3.

2.4 Analysis of Excluded and De Minimis Services (National Grid)

Purpose and Use	The worksheet collects costs and revenues relating to Excluded and De Minimis services provided by the transmission business by type of service. The information will allow Ofgem to understand and monitor the various services provided and the costs and revenues of services provided.
Instructions for Completion	• Cost and revenue should be input as positive values. • The total costs for Excluded Services in this table must agree the Excluded Services costs shown in Table 1.3. The total revenue will equal the figures in the Revenue Reporting tables. • For this purpose the element of excluded services that relates to the return on post vesting connection assets needs to be explicitly stated because this is also used in assessing the overall regulated income. • Costs for de minimis and consented services will not agree to any figures in the reporting pack as these are at NGET level and not allocated to any price control block (TO or SO)

2.4s Analysis of Excluded and De Minimis Services (Scots)

Purpose and Use	The worksheet collects costs and revenues relating to Excluded and De Minimis services provided by the transmission business by type of service. The information will allow Ofgem to understand and monitor the various services provided and the costs and revenues of services provided.
Instructions for Completion	• Cost and revenue should be input as positive values. • The total costs for Excluded Services in this table must agree the Excluded Services costs shown in Table 1.3s. The total revenue will equal the figures in the Revenue Reporting tables. • For this purpose the element of excluded services that relates to the return on post vesting connection assets needs to be explicitly stated because this is also used in assessing the overall regulated income.

2.5 Analysis of Corporate / Group Costs (National Grid)

Purpose and Use	This worksheet shows the total cost of corporate / group functions and the amounts allocated to the transmission business and other businesses within the NG Group. This information will enable Ofgem to understand the amount of corporate / group costs incurred by transmission companies. It will also enable such costs to be benchmarked where possible between transmission companies.
Instructions for Completion	• Costs should be input as positive values • The total costs for each corporate / group function unit should be input. • Details of any group provisions allocated to the transmission business should be shown. • The names of each the businesses within the NG Group, other than those already named, should be input • Costs charged to each regulated or unregulated business from each group function should be input in the appropriate cells. • The basis on which the allocation of costs to Transmission has been made should be detailed in the accompanying narrative. • The figure will agree with those on the Table 1.3.

2.5s Analysis of Corporate / Group Costs (Scots)

Purpose and Use	This worksheet shows the total cost of corporate / group functions and the amounts allocated to the transmission directly or via a related party. It also indicates the overall % of costs allocated the transmission business and the basis of allocation. The second half of the table then show the proportion of corporate / group costs (if any) that

	have been capitalised. This information will enable Ofgem to understand the amount of corporate / group costs incurred by transmission companies. It will also enable such costs to be benchmarked where possible between transmission companies.
Instructions for Completion	• Costs should be input as positive values • The total costs for each corporate / group function before any allocations to business unit should be input. • The amount of costs allocated directly to the transmission business with allocations of such functions, if any, from related parties. • The costs allocations from each corporate / group function to other businesses within the group should also be shown • The basis on which the allocation of costs to Transmission has been made should be stated for each function. • Where corporate / group costs charged directly or indirectly to the transmission business are capitalised this should be shown in second part of the table. The reason or basis of capitalisation should be stated • The figure will agree with those on the Related Party Table 2.10s and in the Typical Cost Matrix Table 1.3s.

2.6 IT Costs (National Grid)

Purpose and Use	The worksheet will collect information relating to Information Technology (IT) or Information Systems (IS) expenditure and activity, and costs borne by the transmission business. Ofgem will collect this information and use it to inform the next price control review.
Instructions for Completion	• Costs should be input as positive values • Input costs, staff and contractor numbers for each IT function by cost type • Input numbers for equipment and storage etc. in the box below the costs. • The total IT function costs must equal the total for IT on table 2.9.

2.6s IT Costs (Scots)

Purpose and Use	This worksheet provides an analysis of new IT and Telecoms operational and non-operational asset expenditure and IT maintenance and running costs. The table will be used to identify the total IT that supports the activities within a transmission business before any accounting treatments or apportionments are applied.
Instructions for Completion	• Input the costs for each of the activities within IT infrastructure and Management under the relevant row and column headings as defined in Appendix 2.

	• Input the costs for each of the activities within IT Applications Costs under the relevant row and column headings as defined in Appendix 2. • Ensure that the total of the IT Maintenance & running costs equals the total of the direct costs for the IT & Telecoms Activity in Table 1.3s. • New Assets - Non-Operational agrees with the total costs included in Table 2.2 under IT projects.

2.7 Insurance Costs (National Grid)

Purpose and Use	The worksheet will collect information relating to insurance costs, premiums, policies and cover etc, including the actual costs and cover relating to the transmission business. Ofgem will collect this information and use it to inform the next price control review.
Instructions for Completion	• Costs should be input as positive values • In table 2.7.1 input the appropriate details of all insurance policies • In table 2.7.2 input details of the total cost of the insurance department and show the amount charged to each of the forms of control within transmission and the basis of the allocation • In table 2.7.3 in put details of all captive insurance companies owed by the National Grid Group

2.7 Insurance Costs (Scots)

Purpose and Use	The worksheet will collect information relating to insurance costs, premiums, policies and cover etc, including the actual costs and cover relating to the transmission business. Ofgem will collect this information and use it to inform the next price control review.
Instructions for Completion	• Costs should be input as positive values • In table 2.7.1 input the appropriate details of all insurance policies • In table 2.7.2 input details of the total cost of the insurance department and show the amount charged to each of the forms of control within transmission and the basis of the allocation • In table 2.7.3 in put details of all captive insurance companies owed by the Group

2.8 Analysis of Property Costs (National Grid only)

Purpose and Use	The worksheet will collect information relating to all property costs and show the allocation of costs to businesses. Ofgem will collect this information and use it to inform the next price control review.
Instructions for Completion	• Costs should be input as positive values • Input the name of each non operational category 3 building and details of gross and usable space.

	• Input the costs of each building against the appropriate resource headings, and totals for all category 1 and category 2 buildings • Input details of the allocations of total property costs to businesses • The total property costs should agree to those in Table 2.9

2.9 Analysis of UK Business Services (National Grid only)

Purpose and Use	This worksheet provides an analysis of support costs provided by UK Business Services and show how the costs are charges to transmission and gas distribution and other National Grid companies. Ofgem will use the information to understand how UK Business Services costs are allocated between various regulated and non regulated businesses. It will also enable a high level understand of how the allocations model is working.
Instructions for Completion	• Costs should be input as positive values • Cost data is to be input on an accounting cost basis. • Costs should be entered by business service unit and type of expenditure in the boxes highlighted in yellow. • The allocation of total business support unit charged to each regulated or unregulated should be shown. • If there are any transfers of indirect operating costs to capex these should be shown on the table. • Staff costs pensions and capitalised staff and pension costs come from Table 2.11 • There is no need to identify turnover and costs as these units do not charge any profit margin • These figures are then linked to Table 1.3.

2.10 Related Party Transactions (National Grid)

Purpose and Use	The purpose of this worksheet is to provide an analysis of the nature and size of services provided to the transmission business, other group companies and external parties by each related party. Ofgem will use the information to understanding the nature of related party transactions, the profit margins charged, and the size of external trading in order to indicate compliance with EU directives on the avoidance of cross subsidies.
Instructions for Completion	• Input a description of the services provided by each related party. • Input the turnover data for the related party as charged to the transmission business, other related parties and external customers. Input as positive numbers. • Input as negative numbers the respective costs incurred.

	• Where the total charge from a related party to the transmission business is less than £500k the related party does not need to be included on this table. • Where there is no margin on the transaction with another related party the turnover and cost should be equal. • If the turnover of the related party on this table does not equal the reported turnover of the related party please explain why not. NB. There is no need to include Corporate Centre in this table as this is coved by Table 2.5

2.10s Related Party Transactions (Scots)

NB. This table is the same as that in the Electricity Distribution RRP and therefore companies can simply submit a copy of that table within the Transmission PCRRP without alteration

Purpose and Use	The purpose of this worksheet is to provide an analysis of the nature and size of services provided to the transmission business, other group companies and external parties by each related party. Ofgem will use the information to understanding the nature of related party transactions, the profit margins charged, and the size of external trading in order to indicate compliance with EU directives on the avoidance of cross subsidies.
Instructions for Completion	• Input a description of the services provided by each related party. • Input the turnover data for the related party as charged to the transmission business, other related parties and external customers. Input as positive numbers. • Input as negative numbers the respective costs incurred. • Where the total charge from a related party to the transmission business is less than £500k that related party does not need to be included on this table. • Where there is no margin on the transaction with another related party the turnover and cost should be equal. • If the turnover of the related party on this table does not equal the reported turnover of the related party please explain why not.

2.11 Staff Costs and FTE Numbers (National Grid)

Purpose and Use	This worksheet provides a breakdown of the Net Staff Cost (separately identify Agency Costs) and Pension costs and benefits in the Accounting Cost Matrix. This will enable Ofgem to understand the make up of labour and pension costs by business / support unit, enable an understanding of the resourcing mix of Opex and Capex work, and provide a cost by grade per FTE for comparisons of

	total employment costs
Instructions for Completion	• The total labour and pension costs should be broken down into the elements shown on the table • Temporary, agency and contract staff costs are to be recorded on this worksheet • The staff number tables show the average number of FTEs employed over the year for UK Transmission and Shared Services units. • FTEs should be reported to the nearest 0.5 FTE. • The amount of salaries and pension costs capitalised and charged to opex should be input. • The total transmission staff and pension costs will feed into Table 1.3 and Table 2.9. • The tables should be completed for total transmission and total UK Business services and then the totals allocated to each form of control. **NB. It should be noted that the total figures for each forms of control for UK Business Services is simply an allocation of the total and cannot be used for benchmarking. There is more certainty in the allocation of Transmission staff to forms of control but again care should be exercised in using data at this level.** • The table also requires average FTEs by grade as well as in total • Allocations of total costs and FTEs are also required for activities within Operations and Trading. Where these are the result of an allocation, please indicate this and the basis within the narrative.

2.11s Staff Costs and FTE Numbers (Scots)

Purpose and Use	This worksheet provides a breakdown of the Net Staff Cost (separately identify Agency Costs) and Pension costs and benefits in the Operating Cost Matrix. This will enable Ofgem to understand the make up of labour and pension costs by business / support unit, enable an understanding of the resourcing mix of Opex and Capex work, and provide a cost by grade per FTE for comparisons of total employment costs
Instructions for Completion	• The total labour and pension costs should be broken down into the elements shown on the table • Temporary, agency and contract staff costs are to be recorded on this worksheet • The staff number tables should show the average number of FTEs employed over the year for direct and indirect activities. • FTEs should be reported to the nearest 0.5 FTE. • The amount of salaries and pension costs capitalised and charged to opex should be input. • The total staff and pension costs will feed into table 1.3s

	• The total FTEs for each related party and the transmission share is also required. • The table also requires average FTEs by grade as well as in total

2.12 SO Capex (National Grid Only)

Purpose and Use	This worksheet reports the expenditure on SO capex - electricity. This will enable Ofgem to monitor the amount spent against allowances.
Instructions for Completion	• Costs should be input as positive values • Enter the name of each project • Data should be entered for each project under the appropriate asset heading. Full project details not just expenditure in the year should be entered as indicated by the column headings. • Data should be entered for additions and disposals as indicated by the tables

2.13 Analysis of Logged Up Costs

Purpose and Use	This worksheet collects details of expenditure that has been incurred by transmission companies on specific items where no allowance was given in the final proposals. This will enable Ofgem to understand the value of these costs and assess their efficiency
Instructions for Completion	• Opex costs should be input as positive values • Capex costs will be linked to Table 4.22 • Enter details of all provisions associated with each type of logged up costs

Financial Tables

3.1 Pension Schedule (National Grid)

Purpose and Use	This worksheet provides details of the different pension schemes operated by National Grid. This will enable Ofgem to determine the over/ under funding calculation for the pension allowance for the next price control
Instructions for Completion	Input details in the boxes shaded yellow for each pension schemes.

3.1s Pension Schedule (Scots)

Purpose and Use	This worksheet provides details of the different pension schemes operated by Scottish transmission companies. This will enable Ofgem to determine the over/ under funding calculation for the pension allowance for the next price control
Instructions for Completion	Input details in the boxes shaded yellow for each pension schemes.

3.2 Financial Liabilities Schedule

Purpose and Use	This worksheet …….. This will enable Ofgem to confirm the split by business and form of control to meet the EU directive and assess disallowance (if any tax) is needed in the next price control.
Instructions for Completion	• Input financial details as indicated by the information on the table

3.3 Financial Assets Schedule

Purpose and Use	This worksheet …….. This will enable Ofgem to confirm the split by business and form of control to meet the EU directive and assess disallowance (if any tax) is needed in the next price control.
Instructions for Completion	• Input financial details as indicated by the information on the table

3.4 Taxation

Purpose and Use	This worksheet an analysis of tax by tax pools. It will enable Ofgem to confirm the split by business and form of control to meet the EU directive and assess if any tax disallowance is needed in the next price control.
Instructions for Completion	• Input financial details as indicated by the information on the table

3.5 Fixed Assets Disposals TO (National Grid)

Purpose and Use	This worksheet collects information relating to fixed asset disposals to assist the reconciliation of the financial model to accounts and RAV calculations
Instructions for Completion	• Input financial details as indicated by the information on the table NB SO disposals are shown on table 2.12

3.5g Fixed Assets Disposals (Scots)

Purpose and Use	This worksheet collect s information relating to fixed asset disposals to assist the reconciliation of the financial model to accounts and RAV calculations
Instructions for Completion	• Input financial details as indicated by the information on the table

3.6 Regulatory Asset Value (National Grid)

Purpose and Use	This worksheet provides the transmission company's view of the RAV. This will assist Ofgem in calculation of the RAV on an annual basis.
Instructions for Completion	• Input opening balance • RAV additions will come from the capex Table 4.18 • Detail all RAV adjustments • Input the net sales proceeds value of any disposals. • RAV Depreciation – enter the amount of RAV depreciation

3.6s Regulatory Asset Value (Scots)

Purpose and Use	This worksheet provides the transmission company's view of the RAV. This will assist Ofgem in calculation of the RAV on an annual basis.
Instructions for Completion	• Input opening balance • RAV additions will come from the capex Table ?? • Detail all RAV adjustments • Input the net sales proceeds value of any disposals. • RAV Depreciation – enter the amount of RAV depreciation

3.7 Profit & Loss

Purpose and Use	This worksheet summarises information from the financial model for the Licensee and Ofgem.

3.8 Balance Sheet

Purpose and Use	This worksheet summarises information from the financial model for the Licensee and Ofgem.

3.9 Cash Flow and Financial Ratios

Purpose and Use	This worksheet summarises information from the financial model for the Licensee and Ofgem.

Electricity Capital Expenditure Table

4.1 System characteristics

Purpose and Use	To collect high-level information relating to physical characteristics of the transmission network.
Instructions for Completion	General All system characteristics should normally be entered as at the end (i.e. 31 March) for a reporting year. Licensees to confirm whether this date is practical. Transmission circuits Please specify the statistics for transmission circuits – total lengths for overhead lines and underground cables based on operating voltage. Transmission circuits are as defined in GBSQSS but exclude transformers. Circuit ends numbers Please specify the number of circuit ends at each voltage level. A circuit end is a switchgear bay of a circuit which is owned by the transmission company that connects two electrical substations together. Circuit ends can also be found where transmission apparatus is connected to the system such as

	reactive compensation devices or transformers directly connected to a bus bar. [NGET to provide further clarification] Substations Please specify the number of substations at each voltage level. Substations with multiple voltage levels should only be counted once and categorised by the highest voltage level. Circuit breaker numbers Please specify the number of circuit breakers at each voltage level. Transformers numbers and capacity Please specify the number of transformers in each category and capacity. Transformer capacity should be entered as the installed nameplate capacity. Reactive Compensation Please enter reactive compensation capacity. Reactive compensation includes all static and variable reactive compensation devices owned by the licensee that are connected directly to the licensee's network. Variable compensation includes capacity from both SVC and rotating compensation but excludes that from generating plant. Reactive power (lagging and leading) available from generating plant includes all generating plant directly connected to the licensee's network and is evaluated as that available at rated MW output as required by the Grid Code (CC6.3.2) including any reductions as a result of derogations. Towers Please specify the number of transmission towers by operating voltage. Grid Supply Points Please specify the number of Grid Supply Points. Grid Supply Points has the meaning as defined in the Grid Code. Grid Entry Points Please specify the number of Grid Entry Points. Grid Entry Points has the meaning as defined in the Grid Code.

4.2 Activity Indicators

Purpose and Use	To collect key indicators of the overall level of transmission activity. Please note that for demand and generation forecasts including reactive capacity each TO should provide their assumptions used in their network

	planning process consistent with the requirements of the SQSS for planning their network. If the assumptions differ from those provided by the GBSO under the STC a narrative should be provided explaining why different assumptions have been used.
Instructions for Completion	<u>Measured System Maximum Demand (GW)</u> Actual outturn peak demand on the TO's network based on the maximum half-hour average. To be provided by each TO for their network <u>System ACS Demand (GW)</u> As defined in the SQSS For the reporting Year (y), ACS demand should be entered as the ACS corrected outturn. For years (y+1 to y+5) the ACS demand forecast should be entered. To be provided by each TO for their network. <u>Transmission losses at system maximum demand</u> Total Transmission losses (GW) at measured system maximum demand (as defined above). This will be provided by NGET as GBSO for all the three TOs. <u>Units transmitted to GSPs (GWh)</u> Total annual units (GWh) transmitted to GSPs as metered at the GSPs. This will be provided by NGET as GBSO for all three TOs. <u>Units of Transmission losses</u> Total annual units (GWh) lost through Transmission System losses. This will be provided by NGET as GBSO for all three TOs. <u>Total directly connected generation (GW)</u> For the reporting Year (y), total capacity of generation connected directly to the licensee's network. For years (y+1 to y+5), TO's best view forecast. To be provided by each TO for their network. <u>Total directly connected wind generation (GW)</u> For the reporting Year (y), total capacity of wind generation connected directly to the licensee's network. For years (y+1 to y+5), TO's best view forecast. To be provided by each TO for their network. <u>Total embedded generation (GW)</u> Total capacity of embedded generation connected to the licensee's network that has use of system rights or equivalent. For years (y+1 to y+5), TO's best view forecast. To be provided by each TO for their network. <u>Transmission system utilisation (MW.km) based on ACS intact flow</u>

	Total MW.km with MW flow on each circuit based on the planned transfer condition and an intact network as set out in the SQSS. This will be provided by NGET as GBSO for all three TOs. External system External system includes: transmission systems owned by other transmission licensees within or outside GB, and distribution systems outside GB. To be provided by each TO for their network. Transfer to/from External Systems - Maximum (GW) For reporting year (y) maximum measured half-hour average transfer to and from an external system. For years (y+1 to y+5), forecast at ACS peak demand. To be provided by each TO for their network. Transfer to/from External Systems - (GWh) Total annual power transfer to and from an external system. To be provided by each TO for their network. Directly connected Generation in Revenue Driver Zones (GW) Total registered capacity (as defined in the Grid Code) of Generation directly connected to the licensee's network in each Revenue Driver Zone. To be provided by each TO for their network. Directly connected Wind Generation in Revenue Driver Zones (GW) Total capacity of Wind Generation directly connected to the licensee's network in each Revenue Driver Zone. To be provided by each TO for their network. Demand in Revenue Driver Zones (GW) Total Demand in each Revenue Driver Zone at the time of Measured System Maximum Demand. To be provided by each TO for their network. Embedded Generation in Revenue Driver Zones (GW) Total generation connected to the distribution networks within each Revenue Driver Zone that has use of system rights or equivalent. Please provide further details in the accompanying narrative of embedded generation not included in this item that may impact on the requirement for transmission capacity. To be provided by each TO for their network.

4.3 Transmission System Performance

Purpose and Use	To collect information relating to the quality of transmission service delivered. System performance and unavailability to be used as output measures.
Instructions for Completion	Number of incentivised loss of supply events This applies to SPT and SHETL only and is as defined in their reliability incentive special licence conditions. Incentivised loss of supply volume This applies to NGET only and is as defined ("loss of supply volume") in its reliability incentive special licence condition. The above terms are added as the definitions for the corresponding terms reported under C17, the annual summary of which are requested here in spreadsheet format, are being developed by the licensees to improve consistency. Number of Transmission system incidents An incident is defined as any system event which results in a single or multiple loss of supply. This includes all incidents regardless of the number of directly connected parties affected, or the duration of the incidents. We understand that the joint work for C17 report is likely to remove the SSE's <3minute exclusion. Unsupplied energy (MWh) Total estimated annual unsupplied energy as a result of all system incidents. SF_6 leakage (mass) Please enter total mass of SF_6 leakage SF_6 leakage as % of mass installed This term is a key parameter in the SF6 incentive as set out in the SF_6 incentive special licence conditions. Cable oil leakage (ltrs) Please enter total volume of oil leakage in litres System availability (%) The sum for all circuits of hours available/ (No. circuits * No. hours in period), where a circuit is defined as an overhead line, cable, supergrid transformer or any combination of these plant items controlled by one or more circuit breakers. Unplanned outage Outage required and taken immediately upon request or planned at less than 24 hours' notice. We understand that the TOs' joint work on C17 is likely to propose this alignment across GB. Planned outage

	Outage other than unplanned outage. System unavailability due to planned outages (%) The sum for all circuits of hours unavailable/ (No. circuits * No. hours in period), where unavailability is due to planned outage (i.e. more than 24 hours notice) required due to reliability issues. System unavailability due to planned user connection outages (%) The sum for all circuits of hours unavailable/ (No. circuits * No. hours in period), where unavailability is due to planned outage (i.e. more than 24 hours notice) required due to user connection issues. System unavailability due to planned construction outages (%) The sum for all circuits of hours unavailable/ (No. circuits * No. hours in period), where unavailability is due to planned outage (i.e. more than 24 hours notice) required due to construction issues. System unavailability due to planned maintenance outages (%) The sum for all circuits of hours unavailable/ (No. circuits * No. hours in period), where unavailability is due to planned outage (i.e. more than 24 hours notice) required due to maintenance issues. Planned reliability outages The sum for all circuits of hours unavailable/ (No. circuits * No. hours in period), where unavailability is due to planned (i.e. more than 24 hours notice) reliability outages. System unavailability due to unplanned outages (%) The sum for all circuits of hours unavailable/ (No. circuits * No. hours in period), where unplanned unavailability is due to either an enforced outage taken with less than 24 hours notice or an outage which occurs as a result of plant breakdown. Number of planned reliability circuit outages (#) Number of planned (i.e. more than 24 hours notice) reliability circuit outages by equipment type. Number of unplanned circuit outages (#) Number of unplanned (i.e. less than 24 hours notice or due to plant breakdown) circuit outages by equipment type.

4.4 Defect Reporting

Purpose and Use	Defects to be monitored to provide an indication of general asset condition and network risk.
Instructions for Completion	Defect A non-conformance from specified requirements,

	which is identified from maintenance, inspection, observation or alarm and requires investigation, possibly involving planned disconnection of plant, and/or further remedial action. Number of Defects This should be reported for either the reporting year, or the calendar year ending on 31 December within the reporting year. Licensee to specify whether defect reporting is carried out on a financial or calendar year basis. The detailed breakdown for each asset category in this table will initially be tailored for individual licensees' own detail breakdown format, with the requirement for the licensees to submit accompanying narrative on why and how such data give the best information on the health of the assets.

4.5 Fault Reporting

Purpose and Use	Faults to be monitored as an output measure to give an indication of trends in frequency and cause of trips and therefore system and asset condition
Instructions for Completion	Fault An event which causes plant to be automatically disconnected from the HV system for investigation and further action if required. Number of Faults This should be reported for either the reporting year, or the calendar year ending on 31 December within the reporting year. Licensee to specify whether fault reporting is carried out on a financial or calendar year basis. Total weather related trips and DAR faults Number of trips due to weather conditions and DAR faults Total non weather related trips Number of trips not related to weather conditions and DAR faults Faults that required an outage of more than 3 hours Faults that result in the equipment not being retuned to service for greater than 3 hours.

4.6 Failure Reporting

Purpose and Use	Frequency of failures and failure mechanisms to be monitored to aid assessment of asset condition and network risk.
Instructions for Completion	Number of Failures This should be reported for either the reporting year, or the calendar year ending on 31 December

	within the reporting year. Licensee to specify whether defect reporting is carried out on a financial or calendar year basis. Transformer failures A transformer failure is defined as an event that requires the unit to be taken off the plinth either for replacement or factory repair. Overhead line failures An overhead line is considered to have failed if a conductor drops. Circuit breakers failures Failure of circuit breakers is defined as an event that requires the replacement of the breaker, or repair equivalent to the replacement of at least one head. Cable failures Cable failures are events where a cable section, joint or sealing end has failed in service requiring its replacement. Third party causes are not counted. Compensation (SVC's and MSC's) failures A failure is defined as an event that requires the replacement of fault damaged components other than those which would be replaced under normal routine maintenance. Substation Auxiliaries A failure is defined as an event that requires the replacement of the entire unit. Asset Type Failed Asset types failed should be entered in the same categories as listed Table 4.11, Asset Description. Cause of Failure For each asset category please specify the primary causes of failure and the number of failures associated.

4.7 Condition Assessment

Purpose and Use	To collect information on the current levels of asset condition on the system.
Instructions for Completion	This table should be filled in showing those condition assessment gradings currently in use by the company and the number of assets falling within those gradings. RMHZ Risk Management Hazard Zone (RMHZ) is defined as the area around defective equipment in which harm may be experienced if a failure were to occur. Number of RMHZs (or equivalent) present on the

	system should be recorded.

4.8 Boundary transfers and capability

Purpose and Use	To collect information on existing transmission capacity against required transfer level at key parts of the transmission system, as indicators of load-driven need for developing the transmission infrastructure.
Instructions for Completion	Boundaries A system boundary splits the transmission network into two parts across which transfer capabilities can be assessed. In the accompanying narrative, the transmission owner should provide a description of each boundary including the circuits that cross the boundary, with a single line diagram and geographic diagram showing the location of the system boundaries. Please also explain the limiting factors of the boundary capability. The most recent calculation should be provided with accompanying narrative giving the date of the calculations. Planned Transfer (GW) As defined in the SQSS. Boundary Capability (GW) Assessed as according to the SQSS. Required Transfer Capacity (GW) As defined in the SQSS if the two parts either side of the boundary are of applicable sizes, otherwise apply an equivalent scaling to the generation and demand.

4.9 Demand and supply capacity at substations

Purpose and Use	To collect information relating to more localised demand driven need for Capex.
Instructions for Completion	General The licensee should give information in the specified format as far as possible, especially for the later years. Where data is not available in the specified format the licensee should seek to provide alternative information fit for the purpose. The most recent data available should be provided (most recent business planning studies). Supply capacity Here the supply capacity assessed in two different ways - as limited by SGT capacity only, and as limited by any other factors. In both cases the assessment should be according to the SQSS, for example, taking due account of any LV transfer capability and contribution from embedded generation.

	Peak demand The maximum demand of the demand group at the substation. Seasonal peak demand Equal to peak demand unless the licensee judges that a (lower) seasonal demand with the relevant seasonal rating is more onerous than that at the group peak demand. Please identify in the accompanying narrative the substations where a non-peak demand is used for any substations. Maintenance period demand As defined in the SQSS. Intact capacity The capacity with no local outages. n-1 capacity The first circuit outage condition as set out in the SQSS. n-2 capacity - >300MW demand groups only The second circuit outage condition as set out in the SQSS – only applicable for substations where the peak group demand is greater than 300MW.

4.10 Utilisation of reactive compensation

Purpose and Use	To collect information relating to the requirement of reactive support.
Instructions for Completion	This table is to be developed.

4.11 Asset description

Purpose and Use	To collect information relating to the licensee's asset population. This is largely used to analyse the non-load related expenditure of the licensee.
Instructions for Completion	General The list of assets is indicative only and data should be provided in accordance with TO's own system for classifying and grouping assets for asset life based planning purposes. However, there should be reasonable stability in data types over the years to facilitate assessment of trends etc. The licensee should give an explanation in the accompanying narrative for any changes in asset categories that occurred in the reporting year and provide information on mapping the historical classification to any new classification. Voltage Where appropriate the design or operating voltage of the asset group. Capacity

	Where appropriate the capacity of the asset group i.e. MVA for transformers, fault rating for switchgear, current rating for cables. Description A physical description of the asset.

4.12 Asset age

Purpose and Use	To collect information relating to the licensee's asset population age for asset replacement modelling purposes.
Instructions for Completion	Assets The list of assets is indicative only and data should be provided consistent with the assets categories as defined in Table 4.11 19xx The year in which each asset was connected to the network and available for operation. Total Quantity Total number of assets connected to the network and available for operation at the end of the reporting year.

4.13 Assets disposed as part of load related expenditure

Purpose and Use	To collect information relating to the disposal of assets on the licensee's network for load related reasons, and the age of those assets.
Instructions for Completion	Assets The list of assets is indicative only and data should be provided consistent with the assets categories as defined in Table 4.11 19xx The year in which the asset disposed was connected to the network and available for operation. Total Quantity Total number of assets disposed for load related reasons during the reporting year.

4.14 Assets disposed as part of non load related expenditure

Purpose and Use	To collect information relating to the disposal of assets on the licensee's network for non load related reasons, and asset lives being achieved.
Instructions for Completion	Assets The list of assets is indicative only and data should be provided consistent with the assets categories as defined in Table 4.11 19xx/xy

	The year in which the asset disposed was connected to the network and available for operation. Total Quantity Total number of assets disposed for non load related reasons during the reporting year.

4.15 Asset quantities – annual additions and disposals

Purpose and Use	To collect information relating to the additions and disposals of assets on the licensee's network.
Instructions for Completion	Assets The list of assets is indicative only and data should be provided consistent with the assets categories as defined in Table 4.11 Additions Total number of assets added to the network during the reporting year. Disposals Total number of assets removed from the network during the reporting year. Opening balance Total number of assets connected to the network and available for operation at the start of the reporting year. Load related, Asset replacement The division between these two Capex categories is as defined for Table 4.18. Closing balance Total number of assets connected to the network and available for operation at the end of the reporting year.

4.16 Asset lives

Purpose and Use	To collect information relating to the licensee's asset population lives for asset replacement modelling purposes.
Instructions for Completion	General Asset lives should be based on the known and planned levels of refurbishment which results in an increase in the average expected remaining life. The licensee should provide an explanation and justifying evidence in the accompanying narrative for any changes in its estimate of the asset lives. Assets The list of assets is indicative only and data should be provided consistent with the asset categories as defined in Table 4.11 Data Type A

	To be completed where Earliest Onset of Significant Unreliability, Anticipated Life, Latest Onset of Significant Unreliability, and a cumulative probability density function are used to model asset lives. Data Type B To be completed where weighted average and standard deviation, percentage of assets retired, and a cumulative probability density function are used to model asset lives. Cumulative Probability Density Function The entrance under column heading "0" should be the probability for the relevant asset to be replaced within the year of installation, i.e. up to the end of the financial year in which the asset is commissioned. Entrance in each of the following columns headed "x" should represent the probability of the relevant asset to be replaced up to the end of the financial year x years after the year of commissioning.

4.17 Average unit costs

Purpose and Use	To collect information relating to average unit costs for asset replacement modelling purposes.
Instructions for Completion	Assets The list of assets is indicative only and data should be provided consistent with the asset categories as defined in Table 4.11 Unit costs provided should be an updated forecast of the cost of procuring each type of asset based on recent historic procurement and the latest views from discussions and contract development with suppliers. The licensee should state in the accompanying narrative any material assumptions in deriving these costs. New Build Where a new asset is installed to provide increased capacity and is not replacing an existing asset. Replacement Where an asset is removed and replaced by a new asset for capacity or condition reasons. Where distinction between new build and replacement is not relevant the same cost should be entered in each. Equipment costs All scheme specific direct costs involved in installing or replacing the asset. This is sometimes known as the prime cost. This includes the prime purchase cost of the asset and related materials, any direct

	internal labour specific to the scheme, and all other third party contractor and supplier costs specific to the scheme Total overheads Engineering overheads + Business overheads Engineering overheads All capitalised engineering costs not specific to a scheme. Depending on capitalisation policy, this may include network design, network policy and asset management functions. This may also include third party contractor and supplier costs not specific to any scheme Business overheads All other capitalised costs not included above excluding land costs. Depending on capitalisation policy, this may include procurement, regulation, legal and finance costs Land costs Any scheme specific land purchase cost for example purchase of land for construction of new transmission assets

4.18 Actual and forecast capex

Purpose and Use	To collect information relating to the licensee's historic expenditure.
Instructions for Completion	Actual Expenditure Please ensure that the numbers reconcile with the regulatory accounts. Generation connection – sole-use Only includes expenditure on assets that are covered by connection charges as of the connection charging boundary at the time. Demand connection – sole-use Defined as expenditure by the TO required to meet increases or changes in the power demand of grid supply points and other directly connected customers as a result of load growth, load transfer or closure of embedded generation. Only includes expenditure on assets that are covered by connection charges as of the connection charging boundary at the time. Infrastructure – entry triggered Expenditure on assets covered by TNUoS charges yet directly triggered by individual generation connection projects. This should exclude the PLUGs logging-up costs for SPT/SHETL. Infrastructure - general - reactive schemes (excl TIRG /TSS)

	Expenditure required for reinforcement of the transmission system in order to meet the SQSS to fulfil the company's obligations to the transmission licence for schemes that involve the instillation of reactive plant. Includes all load related expenditure covered by use of system charges and excludes entry and exit triggered and TSS expenditure as well as expenditure allowed under TIRG. Infrastructure - general - non reactive schemes (excl TIRG /TSS) Expenditure required for reinforcement of the transmission system in order to meet the SQSS to fulfil the company's obligations to the transmission licence excluding schemes that involve the instillation of reactive plant. Includes all load related expenditure covered by use of system charges and excludes entry and exit triggered and TSS expenditure as well as expenditure allowed under TIRG. Infrastructure – exit triggered Expenditure on assets covered by TNUoS charges yet directly triggered by individual demand connection projects. Infrastructure - TSS Expenditure on schemes aimed primarily at improving the efficiency of system operation. Asset Replacement and refurbishment Expenditure necessary for the replacement of existing 'life expired' assets. Replacement schemes include the following main sub-categories: Transformers, Reactors, Switchgear, Overhead Lines, Underground Cables, Protection & control. Substation other Non-load related investment within a substation not covered by the main sub categories listed above Other TO Includes expenditure on non physical assets such as asset management IT systems and any other miscellaneous items not covered by the main sub-categories lasted above or substation other. Quasi Capex Operating costs that are treated as capital expenditure for regulatory purposes. Customer Contributions (enter as negative) These exclude the connection charges. Infrastructure - TIRG Expenditure explicitly covered by the TIRG licence conditions.

	TO logging-up capex Areas of capex to be logged-up as stated in the final proposals, including BT21CN, cable tunnels and Plugs N-1 connections.

4.19 Ongoing and sanctioned schemes – load related

Purpose and Use	To collect information relating to the schemes within the capital expenditure programme of the licensee.
Instructions for Completion	General Except for the terms defined below, the definitions for all the categories are as defined in table 4.18. The totals and subtotals in this table should all reconcile with table 4.18. Total Scheme cost The total scheme cost that does not necessarily equal the sum of phased expenditure over the period specified since some sums may fall outside the period. Total scheme cost breakdown to be allocated after Scheme Closure and in accordance with definitions in Table 4.17." Comm. Date Last The planned commissioning date of the last item of plant. Deliverable Enter a short free-hand summary of the driver for the scheme, including, for example, the relevant generation connection, the system boundary to be reinforced; and the nature of main problem addressed (e.g. system stability). Assets installed (#) The 4 highest cost asset items each costing above £500k that have been installed as part of the scheme should be listed with quantity installed.

4.20 Ongoing and sanctioned schemes – non load related asset replacement

Purpose and Use	To collect information relating to the schemes within the capital expenditure programme of the licensee.
Instructions for Completion	General The definitions for all the categories are as defined in table 4.18. The totals and subtotals in this table should all reconcile with table 4.18. Total Scheme cost The total scheme cost that does not necessarily equal the sum of phased expenditure over the period specified since some sums may fall outside the period. Total scheme cost breakdown to be

	allocated after Scheme Closure and in accordance with definitions in Table 4.17." Comm. Date Last The planned commissioning date of the last item of plant. Assets installed (#) The 4 highest cost asset items each costing above £500k that have been installed as part of the scheme should be listed with quantity installed

4.21 Ongoing and sanctioned schemes – Quasi capex expenditure (NGET only)

Purpose and Use	To collect information relating to the quasi capex schemes within the capital expenditure programme of the licensee.
Instructions for Completion	Quasi Capex Operating costs that are treated as operating costs in the regulatory and statutory accounts, but are reported as capex for regulatory reporting purpose. Circuit breaker refurbishment Circuit breaker refurbished to retain acceptable reliability and defer asset replacement. Tower foundations and steelwork Tower condition-related steelwork replacement, foundation repairs and muff replacement. This activity is separate from steelwork replacement undertaken as a maintenance activity which should remain in Opex. Quantity of tower foundations should be entered in terms of whole towers. Units for quantity of tower steelwork to be defined by National Grid in their narrative. Decommissioning of cables The decommissioning of cables as a result of a capital asset replacement scheme even if the cable replacement route is not in the vicinity of the existing route. Can include the removal costs of cable and/or oil, oil tanks and the associated disconnected accessories. Decommissioning of overhead lines Decommissioning of overhead route as a result of a capital asset replacement scheme even if the overhead route is not in the vicinity of the existing route. Decommissioning of substations Decommissioning of substation assets as a result of a capital scheme where replacement is not undertaken in the same location as the original assets.

	Asbestos Removal Removal of asbestos at substations to ensure the long term operation of the substation to its full economic life. The costs are driven by the Control of Asbestos at Work Regulations (CAWR) 2002. Quantities not required or number of sites? Possible quasi capex Additional categories of cost subject to consideration of the following factors: • broadly consistent with relevant reporting standards e.g. FRS15 and other relevant accounting conventions, • the substitutability of such expenditure with other opex of capex activities, • the incentives on efficiency of such expenditure, • the economic lifetime of benefits associated with such expenditure. **NB Any costs entered in this section of the table are subject to assessment and explicit agreement by Ofgem before qualifying to be treated as capex.**

4.22 Ongoing and sanctioned schemes – other capex costs

Purpose and Use	To collect information on TO capex schemes in the remaining categories.
Instructions for Completion	Other TO Schemes Includes expenditure on non physical assets such as asset management IT systems and any other miscellaneous items not covered by the main sub-categories lasted above or substation other. TO Logging-up Capex Schemes A breakdown of schemes for which costs incurred are logged-up. Totals should reconcile with those in TO Logging-up Capex in Table 4.18. Logged UP - BT21st Century Costs The efficient costs of mitigating the impact of telecom circuits or services that would demonstrably compromise the transmission licensee's tele-protection systems given the potential withdrawal of BT's Leased Line platform. For the avoidance of doubt this means: • costs of replacing these telecom circuits or services, or where it is more economic the costs of using an alternative telecoms service for these circuits and services; and • any appropriate set up costs attributable to the these telecom circuits or services Cable Tunnels Costs incurred in relation to the identified cable tunnel projects, subject to an efficiency test. Any expenditure above £60 million that has been identified will be

	subject to the capital expenditure incentive scheme. Logged Up - PLUGs (only for SPT/SHETL) Enter half of the capex relating to providing n-1 security at a local infrastructure boundary (e.g. transformers, double circuit overhead line) for connecting wind generating station with TEC less than 100MW. This cost should be excluded from the "infrastructure - entry triggered" term, so as to avoid double counting.

4.23 Ongoing and sanctioned schemes – TIRG

Purpose and Use	To collect information on TIRG schemes
Instructions for Completion	General The costs should be broken down between "pre-construction" and "construction" phases, as well as for all named projects and sub-projects as referred to in the TIRG licence conditions.

4.24 Revenue driver information

Purpose and Use	To collect information relating to the operation of revenue driver mechanisms.
Instructions for Completion	To be developed.

Appendix 2 – Definitions

This appendix provides definitions of key terms included in these instructions and in the Tables. Any word or expressions used in the Utilities Act 2000, Electricity Act 1989, the Energy Act 2004, or standard or special licence conditions of the electricity transmission licence shall have the same meaning when used in these rules, similarly for standard accounting terms, IFRS/IAS and/or UK GAAP and Companies Act 1985 ("CA85") definitions should be applied.

In the circumstance where no definition is given the licensee should include in explanatory notes details of the treatment it has applied and inform Ofgem of the omission. Where a definition set out in this appendix is not the same as that applied by a licensee for other purposes, the definition set out herein must be used in the preparation of the Price Control Review Reporting Pack ("PCRRP").

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

Accounting Controllable Costs	Costs as per statutory or regulatory accounts excluding non controllable costs, but before any adjustments for atypical, provisions etc.
Accounting Costs	Costs as per statutory or regulatory accounts before any adjustments for non controllable costs and atypical, provisions etc.
Accruals and Prepayments	For the purpose of determining what amounts should be excluded as non cash item are only those items that are not incurred as part of the ordinary level of business activities, the latter being normal trade accruals and prepayments, holiday pay provisions; and would be atypical costs.
Affiliate IDNO	An independent distribution network operator owned by the group and operating within the group's own electricity distribution network area
Agency Costs	Costs of 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.
Amortisation	
Associate	
Atypical costs	The total costs (less credits and

	receipts) of resources employed in response to an atypical event.
Atypical event	A specific event or incident that is not expected to recur regularly under normal circumstances due either to its size or nature.
Atypical provision	A provision relating to an atypical event
Average staff numbers	The average FTE employed by the business in the year. Average of the opening and closing numbers
Board Members and Other	Costs of board members and other miscellaneous costs incurred at a group level.
Brokers Fees	The fee charged by an insurance brokers for arranging insurance cover
Business Support	Activities that support the main operations of the transmission business
Capex direct activities	• Infrastructure – entry triggered:- Defined as expenditure on assets covered by TNUoS charges yet directly triggered by individual generation connection projects. • Infrastructure: Defined as expenditure required for reinforcement of the transmission system in order to meet the planning standards to fulfil the company's obligations to the transmission licence. Includes all load related expenditure cover by use of system charges except Entry and Exit expenditure • Infrastructure – exit triggered: Defined as expenditure on assets covered by TNUoS charges yet directly triggered by individual demand connection projects. • Non-load Related, Non-Fault, New and Replacement Assets: Defined as planned replacement of assets for reasons other than their failure to operate as expected or for load-related reasons. • Fault-related Replacement; Defined as replacement of system assets which have unexpectedly failed to operate as expected.
Capital Expenditure (capex)	Definitions tend to be specific to individual tables and therefore have been included in the table instructions
Captive Insurance	An insurance entity that is a related party
Central adjustments	Adjustments that are made to the total transmission operating costs rather than a specific unit, either as a result of group decisions or other reasons

CEO/ Group management / Legal etc.	1. CEO / Group management - costs of the CEO (or equivalent role or title) that does not have specific departmental responsibility, costs of non-executive directors of the DNO and share of the charges for senior group management and group directors not directly attributable to a specific activity. Such costs may be within the DNO itself or charged through to the DNO via a parent or other related party. 2. Legal - The activities performed by the company secretary and legal department within the DNO itself or charged through to the DNO via a related party.
Connection "plugs"	*To define*
Consented costs and revenue	
Contractors	The charges invoiced by contractors
Corporate Centre	The costs of corporate / group functions charged to the Transmission business.
Corporate Communications	Internal communications, external communications, media relations, issues management, regional communications, community relations, events management
Cost recoveries	Is the recovery of costs or the release of excess provisions or accruals in a different financial year from which the costs were originally recorded. This includes insurance receipts, refunds of insurance premiums, recoveries of costs of third party faults, and any other recoveries of costs that are not categorised or required to be disclosed under de minimis activities or as excluded service income.
Costs licence staff	Staff costs of those people who are employed directly by the transmission company
Costs outsourced	The charges invoiced by contractors excluding materials
Current cash service costs	The amount paid to a pension scheme
Customer / Capital contributions	Financial contribution received from / repaid to a customer in respect of the provision of a new connection to the transmission network.
Customer activities	1. Customer Call Centre - Responding and managing the main telephone lines for the business. Where reports or queries require further investigation by another division of the business these costs are not included except to the extent that a member of the Call Centre team responds after obtaining

	additional information. 2. Customer Compensation Claims Administration - the activity of responding to and administration of customer compensation claims and ex gratia compensation payments
De Minimis	The activity of conducting de minimis business, i.e. non-transmission activities, which are subject to the limitation provided for in standard condition A1 of the electricity transmission licence.
Direct activities	For the transmission activities direct activities are those which involve physical contact with system assets For capex direct costs this will be equipment costs plus land Equipment costs All scheme specific direct costs involved in installing or replacing the asset. This is sometimes known as the prime cost. This includes the prime purchase cost of the asset and related materials, any direct internal labour specific to the scheme, and all other third party contractor and supplier costs specific to the scheme Land costs Any scheme specific land purchase cost for example purchase of land for construction of new transmission assets
DNO	Electricity distribution network operator
Engineering	1. Network Policy (inc R&D) - All processes and tasks involved in the development and review of environmental, technical and engineering policies, and including research and development. 2. Network design and engineering - All processes and tasks involved in the: strategic planning of the transmission network at all voltages; and detailed engineering design of new connections, extensions and changes to the transmission network at all voltages 3. Engineering management and clerical - The office-based activities of engineering and clerical support staff managing or assisting the employees working in the field on system assets. 4. Wayleaves Administration - The activity of obtaining, managing and administering wayleaves, substation rents, easements and servitudes 5. Control Centre - Operational management and control of the

	transmission network. 6. System mapping - The activity of mapping of the network and operational premises of the network to geographical locations. These should be cost not specific to an individual capex or opex scheme
Estimated completion date	The completion date estimated when the project was started
Estimated total costs	The forecast of total costs for the project when it was started
Excluded services	Has the meaning given in standard condition A1
Facilities Management costs	Costs relating to management of non operational buildings that cannot be allocated to any other cost expenditure category. For example services charges, cleaning.
Finance and regulation	Performing the statutory, regulatory and internal management cost and performance reporting requirements; and customary financial and regulatory compliance activities for the DNO
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.
GDN	Gas distribution network
Gearing	
HR and Training	1. HR and non operational training - the activity of personnel management for all staff and the training of office-based staff. 2. HSE and operational training - The activity of training of staff involved in direct activities and the activity of promoting and maintaining health and safety of employees, contractors, customers and the public.
Indirect activities	Those activities which do not involve physical contact with system assets: The cost of performing indirect activities should include all labour, materials, contractors and any other costs that have not been incurred on performing direct activities.
Insurance	Costs of insurance premiums including insurance premium tax
Insurance premiums	The periodic payments made on an insurance policy
Insurance proceeds from capital works	
Insurance receipts	The financial reimbursement received under a contract of insurance as a result of an insured event.
Interconnector related charges	All charges relating to the Scottish

	interconnector
Internal Reference No.	The reference number used by the company to track the project costs
IT and Telecoms	The purchase, development, installation, and maintenance of computer and telecommunications systems and applications
IT Applications Costs	The costs of application software and related licences.
IT Infrastructure and management costs	The cost of developing, purchasing, installing and maintaining: propriety or bespoke new IT system hardware; the physical IT environmental systems (i.e. air conditioning, uninterruptible power supply, fire and flood prevention and detection equipment); and the cost of the maintenance and all the operating costs of the above infrastructure and management costs activity.
IT Maintenance and Running costs	The cost of all first and third party application software maintenance; and software licence and licensing costs for existing applications
Legal and Company Secretariat	Legal: Legal advice and guidance businesses, managing external legal relations. Company Secretariat: Group system corporate governance for all companies to ensure they comply with legislation, regulations and best practice
Logged Up Costs	Recording of specific additional costs incurred by the licensee as set out in the final proposals
Logging Up - Costs of claims for loss of development land against NGG NTS	Settled claims over the period 2007-12 which have been demonstrably challenged by NGG NTS, as far as is reasonable, regarding both the basis of the claim and the quantum of compensation sought. For the avoidance of doubt the following claims under the terms of the Deed of Easement may be logged up: • loss of crop and drainage; • loss of land development e.g. housing, quarrying etc; • sterilised minerals; • landfill and tipping; and • power generation.
Logging Up - Costs of mitigating the effects of BT's 21st Century Networks	The efficient costs of mitigating the impact of telecom circuits or services that would demonstrably compromise the transmission licensee's tele-protection systems given the potential withdrawal of BT's Leased Line platform. For the avoidance of doubt

	this means: • costs of replacing these telecom circuits or services, or where it is more economic the costs of using an alternative telecoms service for these circuits and services; and • any appropriate set up costs attributable to the these telecom circuits or services
Logging up – Other Costs	Costs subject to logging up mechanism
Maintenance	The invasive ('hands on') examination of the specific plant and equipment. Includes oil pumping; environmental clear-ups; building maintenance including weed clearance, fencing, outdoor and indoor maintenance; the functional testing of plant & equipment; The use of diagnostic testing equipment to assess the condition of plant and equipment and minor repairs carried out at the same time as the maintenance.
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.
Network rates	Rates levied on transmission network assets in accordance with the Electricity Supply Industry (Rateable Values) (England) Order 2005.
Non – Transmission	Costs attributable to activities other than transmission e.g. Non regulated, Gas Distribution
Non Controllable Costs	Costs not deemed to be controllable by the transmission business, transmission licence fees, network rates
Non Operational capex	Expenditure on new and replacement assets which are not system assets. This includes: vehicles (including mobile plant and generators); plant & machinery; small tools & equipment; office equipment; land and buildings used for administrative purposes; and all IT & telecoms excluding SO IT expenditure.
Non staff salary costs	*To define* • *Travel and subsistence payments* • *Car allowances*
Normal pension charges	Employer contributions or normal accruals to a pension scheme that are not pension deficit payments or charges
NTS charge	A charge on the Gas Distribution

	Networks (retained by National Grid and sold to 3rd parties) to reflect the cost of pensioners at the time of the sale of the GDNs.
Opex direct activities	• Maintenance Substations: Defined as maintenance excluding Underground Cables, Overhead Lines and Towers • Maintenance Underground Cables • Maintenance Overhead lines • Maintenance Tower Painting • Fault Repair; Defined as repair of system assets which have unexpectedly failed to operate as expected. • Inspections: Defined as the visual checking of the external condition of assets, including helicopter and foot patrols; and reading gauges • Tree Cutting: Defined as The activity of physically felling or trimming vegetation.
Pension costs	The actual cash contributions and deficit payments attributable to the Transmission business and paid into the relevant pension scheme. Where relevant, this will include statutory contributions to the Pension Protection Fund.
Pension deficit payments	The cash payments made, directly or indirectly, by the licensee to reduce the pension deficit. The pension deficit is the shortfall in a pension scheme's assets compared with liabilities as determined in accordance with applicable accounting standards, the pension scheme rules and the pension scheme actuaries
Pensionable salaries	Salaries which are used to calculate pension entitlement (usually excluding bonuses)
PPF Levy	The risk-based and the non-risk (i.e. scheme) based levies paid by a defined benefit pension scheme to the Pension Protection Fund in accordance with the Pensions Act.
Procurement, store and Transport	1. Stores and procurement - the activity of managing and operating stores and procurement of goods, materials and services. 2. Vehicles and transport - the activity of managing, operating and maintaining the commercial vehicle fleet and mobile plant utilised by transmission or any other related party for the purposes of providing services to the transmission business.

Professional services and subscriptions	Consultancy services employed by the licensee or related party.
Profit/ loss on sales of fixed assets	The proceeds received from the sale of fixed assets less the book value of those assets
Property management	The activity of managing, providing and maintaining non-operational premises.
Provision	
Quarry and loss	See - Logging Up - Costs of claims for loss of development land against NGG NTS
Quasi Capex	Operating costs that are treated as operating costs in the regulatory and statutory accounts, but are reported as capex for regulatory reporting purpose.
RAV	Regulatory Asset value
RCCC Allowance	The assumption for operating expenditure requirements used to calculate allowed revenue.
Recurring Cash Controllable Costs (RCCC)	The normal ongoing cash operating costs, excluding non-recurring / one off costs that are controllable by the transmission company.
Redundancy and severance costs	
Regulation	Provides support in managing the Businesses legal obligations and regulatory issues with regard to transmission and gas distribution
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 Margins	The profit or loss recorded on a transaction with an affiliate being the excess or deficit on actual direct costs and indirect costs (including financing costs) fairly attributable to the transaction or the charge and the cost of providing that transaction.
Related party transaction	A transaction that occurs where one party provides goods, works, supplies or services to an affiliate.
Rent / Leases/ Rates/ Utilities / Software Liciences	Property rents, leases, utilities (electricity, gas, water rates, business rates), software licences (licence fees incurred in respect of the use of IT application software)
Rent and Building costs	Property rents, leases, utilities (electricity, gas, water rates, business rates)
Retained Gas Distribution Networks	The 4 Gas Distribution Networks retained by National Grid
Revenue Driver	
Share options	The cost of share options given to staff
Staff Costs (excluding pensions)	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. It also includes non salary staff costs
Start date	The date on which the project was started
Systems assets	All assets on the licensee's *transmission* system, except connected generation assets not owned by the licensee and 'out of area' assets (e.g. offshore).
TIRG	Transmission Investment for Renewable Generation
Transfers to capital	Capitalisation of direct staff costs and indirect costs
Transmission Licence	Payments by the licensee to the Authority determined in accordance with the appropriate standard condition of the transmission liciences.
UK Transmission Business	The electricity and gas transmission business

Appendix 3 – Price Control Review Reporting Pack (PCRRP)

See Excel spreadsheet for details

Transmission PCRRP tables_NGET.xls
Transmission PCRRP tables_SHETL.xls
Transmission PcRRP tables_SPTL.xls

Appendix 4 – Narrative Commentary

Transmission companies are required to produce a narrative commentary to accompany the Price Control Review Reporting Pack. This will enable Ofgem to understand the financial and other data within the pack, and reduce the need for supplementary questions and investigations.

This narrative should include the following:

- A description of the main operational and business events during the year that have affected positively or negatively the transmission company;
- The financial effect of these events on the company's results;
- Description of any change in the structure of the transmission company, or any company within the group that has an impact on the transmission; business;
- Where appropriate this would included details of any material change (> £500k) in any values on individual; tables (Need to confirm)
  NB. Materiality for the Scottish Transmission companies should be > £100k (Need to confirm)
- Reasons for any material variance (> £500k) from price control allowances; and (Need to confirm)
- Full details of all changes in allocations / apportionments of costs between years.

Appendix 5 - Information needed to Support the Processing of Financial Information

The following information will enable Ofgem to understand how the financial and other information has been provided. This should be supplied to Ofgem along with the PCRRP. This may be a presentation given to Ofgem at the time of reviewing the PCRRP rather than a formal submission each year. One of the key things Ofgem want to understand is what the changes are from year to year

- A summary of the financial systems processes and audit thereon
- Sarbanes Oxley summaries or compliance procedures
- Authorisation process summaries
- A table of the main inputs / outputs to and from the financial systems
- Cost allocation model and documentations
- Costs mapping showing the grouping of nominal ledger codes in the financial systems to the tables in the PCRRP
- Accounting policies manuals
- Self insurance / Captive insurance accounts or summary thereof