

Electricity Distribution Price Control Revenue Reporting: Regulatory Instructions and Guidance - Version 4

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Target Audience: Electricity distribution network operators, distributed generators, electricity suppliers and other interested parties

Overview:

This document is Version 4 of the Price Control Revenue Reporting Regulatory Instructions and Guidance (the "revenue reporting rigs") referred to at Standard Condition 50 of the Electricity Distribution Licence.

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Context

The purposes of this document are to facilitate the collection of information on a common basis, and to an appropriate degree of accuracy, by each Distribution Network Operator (DNO) to enable Ofgem to effectively monitor compliance with the price control conditions. It supersedes version 3 dated April 2007. This version of the revenue reporting rigs will take effect for the detailed return due by 31 July 2008 (relating to relevant year 2007/08) and subsequent returns falling due. The revenue reporting rigs may be modified in accordance with the change control procedures detailed in standard condition 50.

Associated Documents

- Electricity Act 1989
- Utilities Act 2000
- Energy Act 2004
- Electricity Distribution Licence Standard Conditions
- Electricity Distribution Licence Special Conditions (as applicable to each DNO)
- Distributed Generation Incentive, Innovation Funding incentive, Registered Power Zones Regulatory Instructions and Guidance Version 2 ('DG Rigs')

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Summary

Ofgem has set out revised distribution price control obligations that will apply from 1 April 2005 and are referred to as 'DPCR4'. These price controls establish a number of charge and revenue restrictions and define the scope of those restrictions. Version 4 of the Price Control Revenue Reporting: Regulatory Instructions and Guidance (the "revenue reporting rigs") has been prepared and introduced pursuant to standard condition 50 of the distribution licence (SLC 50). The purpose of this document is to facilitate the collection of information on a common basis, and to an appropriate degree of accuracy, by each Electricity Distribution Network Operator (DNO) to enable Ofgem to effectively monitor compliance with the price control conditions. This is an important element in the protection of customers' interests whilst at the same time minimising the burden of regulation.

1. Introduction

Background

1.1 This document sets out related instructions and guidance for the collection and reporting of specified information. Specified information is defined in sub-paragraph 3(d) of standard condition 50 and includes:

- Demand revenues and associated information;
- Generation revenues and associated information;
- Metering revenues and associated information
- Excluded services revenue and revenue outside of the price control; and
- De minimis revenues.

1.2 For the avoidance of doubt this document is subordinate to those licence conditions that may apply to the determination of allowed revenues or which contain associated reporting obligations. The document will not change, alter, or amend, any definition or obligation contained within the distribution licence and, in the event of any inconsistency between the licence conditions and this document, the licence conditions will take precedence.

1.3 The revenue reporting rigs may be modified, from time to time, in accordance with the change process set out in paragraphs 10 to 14 of standard condition 50. Ofgem recognises that any significant changes to the scope or form of the information that it requests from the DNOs could not only increase the regulatory burden upon licensees but may also increase the perception of regulatory risk. Ofgem will take all reasonable steps to minimise the number of changes to the scope and form of the information it requests in relation to this document, consistent with the carrying out of its functions under the Electricity Act 1989 as amended.

Structure of this document

- 1.4 This document covers the following main areas:
- Chapter 2 Instructions for reporting specified items
- **Chapter 3** Definitions for the reporting of specified information
- Chapter 4 Reporting arrangements

- **Chapter 5** Process for dealing with an event with a material impact on the consistency or accuracy of information
- **Chapter 6** Additional guidance on the reporting of information in the templates
- Appendices 1 & 2 This section details the input areas/templates to be completed for the returns

2. Instructions for reporting specified items

2.1 This section sets out the procedures for reporting specified information to Ofgem. These arrangements have been designed to strike an appropriate balance between effective monitoring of compliance with the charge restriction conditions and minimising the regulatory burden on licensees.

Provision of information to the Authority

2.2 Standard condition 50 places obligations on each licensee to provide specified information in relation to the reporting framework in the form of the following statements and reports:

- A statement ("**the forecast return**") providing the licensee's best estimate of the value of each specified item in the form set out in template B, for the relevant year t, representing an estimate made after 31 July. For example, the forecast return in respect of the relevant year from 1 April 2008 to 31 March 2009 should be an estimate of values made after 31 July 2008.
- A statement and accompanying report from an appropriate auditor (the "**the detailed return**") providing the outturn value, for the relevant year t, of each specified item in the form set out in template A.

2.3 Standard condition 50 requires that this information be provided no later than the following:

- **31 October** of the relevant year t the forecast return; and
- **31 July** following the end of the relevant year t the detailed return.

3. Definitions for the reporting of specified information

Introduction

3.1 This section sets out the definitions for the reporting of specified information.

Part (i) - Restriction on demand use of system charges

3.2 The "demand revenue restriction" is the charge restriction established by special condition B1 (Restriction of distribution charges: demand use of system charges). The purposes of that condition are to establish the charge restrictions that determine the level of allowed demand revenue that may be recovered from demand use of system charges by the licensee and to set out the obligations of the licensee in respect of those restrictions.

3.3 "Allowed demand revenue" (ADt) is the total amount of revenue determined by the demand revenue restriction, as calculated by the following formula:

 $AD_t = BR_t + PT_t + IP_t - KD_t$

where, each of the terms is explained below, including the cross references to the relevant clauses in the licence conditions where the detailed terms are defined.

"**Regulated demand revenue**" has the meaning given in Special Condition A1 of the Licence.

"Net movement on revenue provisions" means the net amount taken to (positive) or released from (negative) any account(s) in which the licensee records differences between demand use of system charges for any relevant year and regulated demand revenue for any relevant year as recognised in its price control returns. If no such accounts are used, then a nil value should be entered in the field.

Base demand revenue (BR_t)

3.4 "**Base demand revenue**" (BR_t) is the baseline revenue allowance determined by the Authority in respect of the demand revenue restriction, adjusted for inflation, customer growth, volume growth, and merger policy. It is calculated using the formula given in paragraph 4 of special condition B1:

 $BR_t = (PU \times GR_t + PE) \times PIAD_t - MG_t$

where, each of the terms is defined in that paragraph.

Allowed pass-through items (PTt)

3.5 "Allowed pass-through items" PTt is the revenue adjustment, whether of a positive or negative value, determined in accordance with special condition B2 (Restriction of distribution charges: allowed pass-through items) using the following formula:

 $PT_t = LF_t + RB_t - HB_t + MPT_t + UNC_t$

where, each of the terms in the formula is defined in that condition.

Total incentive revenue (IPt)

3.6 "**Total incentive revenue**" (IPt) is the revenue adjustment, whether of a positive or negative value, determined in accordance with special condition B3 (Restriction of distribution charges: total incentive revenue adjustment) using the following formula:

 $IP_t = IL_t + IQ_t + IFI_t$

where, each of the terms in the formula is defined in that condition.

The quality of service rigs established under standard condition 49 provide additional guidance and instructions for reporting information on the quality of service incentive adjustment. The quality of service incentive scheme for 2005 to 2010 includes mechanisms to make adjustments to revenue in respect of the supply restoration standards.

The correction factor (KDt)

3.7 "**The correction factor**" KD_t is the revenue adjustment, whether of a positive or negative value, representing the difference between regulated demand revenue and allowed demand revenue in the relevant year t-1. The adjustment is calculated using the formula given in paragraph 5 of special condition B1:

$$KD_{t} = \left(RD_{t-1} - AD_{t-1}\right) \times \left[1 + \frac{\left(I_{t} + PR_{t}\right)}{100}\right]$$

and each of the terms in the formula is also defined in that paragraph.

Part (ii) - Restriction on generation use of system charges

3.8 The "**network generation revenue restriction**" is the charge restriction established by special condition D1 (Restriction of distribution charges: generation use of system charges). The purposes of that condition are to establish the charge restrictions that determine the level of allowed network generation revenue that may be recovered from generation use of system charges by the licensee and to set out the obligations of the licensee in respect of those restrictions.

3.9 "Allowed network generation revenue" AGt is the revenue calculated using the formula:

$$AG_t = IG_t + RPZ_t - KG_t$$

where, each of the terms is defined in special condition D1.

Incentive revenue adjustments for distributed generation (IG*t*) and registered power zones (RPZ*t*)

3.10 "IG t" is the amount of incentive revenue adjustment to reflect the performance of the licensee in relation to connection of distributed generation (DG). It is derived from the following formula given in special condition D2:

 $IG_t = GI_t + GP_t + GO_t$

3.11 "**RPZ***t*" is the amount of incentive revenue adjustment to reflect the performance of the licensee in relation to the registered power zone incentive scheme. It is derived from the formula given in special condition D2:

 $RPZ_t = PIAG_t \times \min(RPZM, giz \times gcz_t)$

3.12 Each of the terms given in the formulae for IG_t and RPZ_t are defined in Special Condition D2 and will be determined in accordance with the procedures, processes and guidance given in the DG rigs document.

The generation correction factor (KGt)

3.13 "the correction factor" (KG_t) is the revenue adjustment, whether of a positive or negative value, representing the difference between network generation revenue and allowed network generation revenue in the relevant year t-1. The adjustment is calculated using the formula:

$$KG_t = \left(RG_{t-1} - AG_{t-1}\right) \times \left[1 + \frac{\left(I_t + PR_t\right)}{100}\right]$$

where, each of the terms in the formula is also defined in special condition D1.

Part (iii) - Restriction on legacy basic meter asset provision charges

3.14 On 1 April 2007 the Electricity Distribution Licence (standard and special conditions) were modified such that, from 1 April 2007, only legacy basic meter asset provision (as defined in special condition A1) is subject to charge restrictions as specified in special condition F1. All other metering services, provided after 1 April 2007, are reportable as metering excluded services, as defined at point ES10 of Appendix 1 to special condition A2.

3.15 The restrictions on charges for legacy basic meter asset provision are set out in special condition F1 (Restriction of charges for legacy basic meter asset provision). The purposes of the restriction is to determine the maximum charges that may be levied by the licensee for the provision of legacy basic meter assets comprising:

- single-phase single-rate credit meters (SRCMt);
- single-rate token prepayment meters (TPPM t);
- single-rate key prepayment meters (KPPM t);
- single-rate smartcard prepayment meters (SPPM t); and
- all other types of basic meter (MAPPC t).

Part (iv) - Excluded services

3.16 "**Excluded services**" are those services provided by the licensee as part of its distribution business in respect of which the charges may be treated as falling outside the scope of the charge restrictions otherwise imposed by or under the licence.

3.17 The basis on which services may be treated as excluded services is set out in special condition A2 (scope of the charge restriction conditions).

Part (v) - De Minimis business

3.18 "**De Minimis Activities**" are the collection of activities associated with de minimis business as defined in standard licence condition 1(SLC 1). Revenue from de-minimis activities should be reported without any netting of associated charges. Any necessary reconciliation to the DNO's regulatory accounts should be shown in Section 7 of the detailed return.

Part (vi) - Revenue outside of the price control

3.19 "**Revenue outside the price control**" includes those items that are relevant to the operation of the charge restriction conditions, which do not fall within the items specified under parts (i) to (v). These are:

- Transmission connection point charges payable by the licensee, includes amounts recovered both from suppliers and distributed generators.
- Transmission connection point charges (excluded service EHV). These are transmission connection point charges attributable to the distribution of EHV excluded service units. If the DNO does not have a methodology to attribute transmission connection point charges to the distribution of EHV excluded service units, then the total charges should be reported under the preceding category.
- Wheeling costs incurred by the licensee, includes amounts recovered both from suppliers and distributed generators. For the avoidance of doubt, wheeling costs incurred means charges payable by the licensee to another DNO for units entering its network. Revenue from charges made by the wheeling DNO for units leaving its network (including revenue for wheeling arrangements commenced after 1 April 2005) should be included in the figure for regulated demand revenue.
- Revenue associated with those parts of the licensee's distribution system not forming part of the distribution services area.

4. Reporting arrangements

Part (vi) - Revenue outside of the price control

4.1 It is important that a clear set of arrangements are in place for reporting revenues accurately and on a consistent basis. This section details the procedures for reporting revenue.

4.2 These arrangements have been designed to strike an appropriate balance between the regulatory burdens on DNOs and the effective monitoring of compliance with the charge restriction conditions.

Provision of an allowed revenue model

4.3 For the purposes of providing information to the Authority, Ofgem provides a copy of its allowed revenue model. The input and price control report areas of the model are those which appear in templates A and B, which are provided in Appendices 1 and 2 of this document. The model displays and calculates input values in accordance with the disclosure levels laid out at paragraphs 6.4 to 6.12 below.

4.4 The provision of a model promotes transparency in calculations between Ofgem and the licensees. However the licensee is not obliged to complete the returns using the model.

4.5 Template A in Appendix 1 gives the detailed return and consists of the input sheets and detailed price control reports. It is important to note that some inputs are required in the detailed price control report sections – specifically section 7 (reconciliation of turnover from regulatory return to regulatory accounts), section 4 (sub categories of "other types of meter" if applicable) section 6 (charges) and all commentary sections.

4.6 Template B is the forecast return and requires only the submission of a report generated from the input sheets.

4.7 For Template A if the licensee does use the model then they need only complete the input areas for the relevant year t (including those mentioned at 4.5 above). All other information contained within the price control report of the detailed return will be automatically generated.

4.8 If the licensee chooses not to use the model then Template A should be completed as a pro-forma and all information required should be submitted. This includes all input sheets and all price control report sections.

Provision of a "severe weather payment" model

4.9 Some input areas concerning the quality of service incentive require that compensation payments under guaranteed standards be disclosed. Ofgem has issued a "severe weather payment" model. In this model the licensee can enter data into an input area and a series of values will be derived for SWPM*t* SWPD*t* NCPM*t* and for NCPD*t*. For Scottish Hydro-Electric Power Distribution it will derive the additional terms HIPD*t* and HIPM*t*. These values will have been determined in accordance with the quality of service rigs.

4.10 If the licensee chooses, it may calculate these terms using its own systems. If the licensee chooses to do this then it shall submit its own schedules used in calculating each of the relevant terms given above. These schedules should be of an appropriate format which clearly shows the derivation of the relevant terms.

4.11 The licensee is required to send a completed model or supporting schedules (if the licensee chooses not to use the model) to Ofgem on or before the 31st of July following the end of the relevant year t.

4.12 The severe weather payment model is issued in conjunction with the allowed revenue model. However both are independent of each other.

Audit requirements

4.13 Paragraph 6 of standard condition 50 requires that the detailed return be accompanied by an auditor's report and a letter from the auditors which sets out the audit procedures they have followed in reaching their opinion. If appropriate, reference should be made to the set of audit procedures agreed upon by Ofgem, the licensee and the licensee's auditor for the relevant year under report. Both these documents should be sent to the Authority in conjunction with a hard copy of the detailed return (which contains both the input sheets and price control report). In the covering letter the auditors should also state whether the licensee has completed the returns using their own systems or Ofgem's allowed revenue model and consequently what information was audited. The licensee should also send an electronic copy of the detailed return. The electronic copy should be sent as an Excel document and addressed to finrepteam@ofgem.gov.uk

4.14 If the licensee completes the returns using the allowed revenue model then the following information is to be audited:

- All information contained within the input sheets.
- Any meter sub-category values in table 2k of Section 4
- All commentaries given in section 5.

- Section 7 of the price control report (reconciliation of turnover from the regulatory return to the regulatory accounts).
- All commentaries given in section 8 of the price control report.

Where a set of agreed upon audit procedures (AUP) is in place for the relevant year under report, completion of the AUP by the licensee's auditors will satisfy the audit requirement under this paragraph.

4.15 If the licensee does not use the model then the following information should be audited:

- All information required in the input sheets.
- All information required in sections 1 to 6 (inclusive) of the price control report. This includes ensuring that all tables are arithmetically correct and where cross referencing occurs all values correspond.
- The information required by section 7 of the price control report.
- All commentaries given in section 8.

4.16 The auditors should as a minimum follow the procedures set out in the relevant audit engagement letter.

Ofgem's role in reporting

4.17 The provision of the regulatory returns, both forecast and detailed, will be scrutinised by Ofgem to ensure that DNOs are in compliance with the charge restriction conditions. Ofgem will undertake as much analysis as is deemed necessary to ensure that this objective is satisfied.

5. Process for dealing with an event with a material impact on the consistency or accuracy of information

5.1 It is important that Ofgem can collect information on a common and accurate basis and to this end the revenue reporting rigs provide a reporting framework. From time to time events may occur which have a significant impact upon the determination of allowed revenue but which are not covered by the instructions and guidance in this document. Standard licence condition (SLC 50) provides for such circumstances.

5.2 Standard licence condition 50 requires that where the revenue reporting rigs do not provide adequate or sufficient guidance in relation to the collection and reporting of specified items following:

- a change in industry process or procedures on or after 1 April 2005 which has a significant effect on the calculation of one or more specified items; or
- a change in the process or procedures of the licensee on or after 1 April 2005 which has a significant effect on the calculation of one or more specified items,

the licensee shall request guidance from the Authority in relation to the treatment of such items.

5.3 For the purposes of standard licence condition 50 a significant effect is defined as a change to the calculation of one or more specified items such that:

- its effect on the calculation of allowed demand revenue exceeds, or is likely to exceed, 1 per cent of base demand revenue; or
- its effect on the calculation of allowed network generation revenue exceeds, or is likely to exceed an amount which is equal to 0.5 per cent of base demand revenue.

5.4 On receipt of a request for guidance the Authority may:

a) having regard to whether the change to the calculation of one or more specified items has material implications for other distribution services providers; and

b) after consultation with the licensee and (where relevant, having regard to subparagraph a) other distribution services providers, by notice to the licensee and (where relevant) other distribution services providers direct how such specified items should be reported for the purposes of this condition.

6. Additional guidance for the reporting of specified information in the templates

Introduction

6.1 This section sets out guidance for the reporting of specified information contained within template A of Appendix 1 and template B of Appendix 2.

Information Requirements for Template A

6.2 Template A is the detailed return and consists of a series of input sheets and a price control report.

Input Sheets: Demand, Generation and other revenue streams

6.3 The input sheet is split into six areas: basic information, demand, generation, revenue outside the price control, excluded services and de minimis activities. The input sheet has been formatted for data validation and data should be entered into the green shaded area for the relevant year under report. Licensees not using the allowed revenue model provided by Ofgem should still complete this section of Template A.

6.4 Basic information relates to RPI and interest rates (I $_t$). Both these terms should be stated to 2 decimal places.

6.5 It is important that the relevant regulatory year for the report is selected using the list-box provided.

6.6 For demand information, values should be stated as follows:

Items	Level of disclosure
Customer numbers	4 decimal places (e.g. 2.5613m)
Units distributed (EHV,HV,LV1,LV2,LV3)	GWh up to 3 decimal places
	Note : The figures for EHV units distributed should include units distributed as EHV excluded services.
Unmetered units entering	GWh up to 3 decimal places
Metered units entering	GWh up to 3 decimal places

GWh up to 3 decimal places GWh up to 3 decimal places
GWb up to 3 docimal places
Gwill up to 5 decimal places
GWh up to 3 decimal places
Note : The figures for units entering and exiting the licensee's distribution system must be calculated on the same basis as was used for the equivalent values for the year commencing 1 April 2002, except where a formal agreement from the Authority has been received for them to be calculated on a revised basis (Special Licence Condition C1(9) refers)
GWh up to 3 decimal places
to 2 decimal places in £m
to the nearest £
to 2 decimal places in £m

HBt	to 2 decimal places in £m
TPC_t	to 2 decimal places in £m
$LPSF_{t}$	to 2 decimal places in £m
EP_{t}	to 2 decimal places in £m
SHt	to 2 decimal places in £m
<i>RD</i> ^t	to 2 decimal places in £m
Use of system charges - Revenue (Section 6)	to 2 decimal places in £m
Net movement on revenue provisions	to 2 decimal places in £m

6.7 For generation information, the terms should be stated as follows:

<i>gc</i> ^{<i>t</i>}	to the nearest MW
gt_t	to 2 decimal places in £m
gpst	to 2 decimal places in £m
gpc _t	to 2 decimal places in £m
<i>gczt</i>	to the nearest MW
RG_t	to 2 decimal places in £m

6.8 All monetary items relating to revenue outside the price control, excluded services and de minimis activities should be disclosed to 2 decimal places in £m. Units distributed in association with EHV excluded services should be disclosed in GWh up to 3 decimal places.

6.9 The expression "to x decimal places" in this document means rounded to x decimal places, for example:

4.138 to 2 decimal places is 4.144.131 to 2 decimal places is 4.13

Input sheet for Loss adjustments Relating to distributed Generation

6.10 The input sheet for losses related to distributed generation requires relevant site names to be disclosed and for each year the loss adjustment factor associated with that site (LAG_{it}) and the units entering the system from that site (DGV_{it}) . Data should be entered into the green shaded cells for the relevant year under report. Entries are only required for sites with a loss adjustment factor LAG_{it} lower than 0.997.

6.11 The values entered into the LAG_{it} input cells should be stated to 3 decimal places.

6.12 The values entered into the DGV input cells should be stated in GWh up to 3 decimal places.

Input sheet metering

6.13 On 1 April 2007 the Electricity Distribution Licence (standard and special conditions) were modified such that, from 1 April 2007, only legacy basic meter asset provision (as defined in special condition A1) is subject to charge restrictions as specified in special condition F1. All other metering services, provided after 1 April 2007, are reportable as metering excluded services, as defined at point ES10 of Appendix 1 to special condition A2.

6.14 The input sheet for metering is split into 3 areas: legacy basic meter asset provision, basic meter operation services and metering excluded services. The area for basic meter operation services is no longer in use and the cells for years after 2006/07 have been 'greyed out' accordingly. The total value of metering excluded service entries should equal the total figure entered on the main Input page. All data should be entered into the green shaded cells for the relevant year under report.

6.15 The legacy basic meter asset provision section is split into disclosure for each of the meter types:

- Single-phase single-rate credit meters (SRCM)
- Single-rate token prepayment meters (TTPM)
- Single-rate key prepayment meters (KPPM)
- Single-rate smartcard prepayment meters (SPPM)
- Other Types of Meter: Multi-rate single-phase credit meter (MRSPCM)

Multi-rate single-phase prepayment meters (MRSPPM)

Poly-phase single rate whole current meters (PPSRWCM)

Poly-phase multi rate whole current meters (PPMRWCM)

Non-half hourly current transformer meters (NHHCTM)

Sub-categories (paragraph 8 of Special Licence Condition F1 refers)

6.16 For each meter type (including the "other types of meter") the licensee is required to state total legacy basic meter asset provision revenue (£m to 2 decimal places) and the maximum (highest) unit charge levied for that meter type (£ to 2 decimal places) at any point during the year under report. For sub-categories of "other types of meter" only the total meter asset provision revenue, if applicable is collected on this sheet. Information for individual sub-categories should be input at Table 2k in Section 4 of the model.

6.17 The licensee should input any adjustment factor which has applied at any time during the year under report (if applicable) as notified/determined under Part B of Special Licence Condition F1.

6.18 For the "other types of meter" listed above. The licensee is required to state the relevant purchase price $(MEAP_i)$ and current expected economic life (ELA_i) as defined by paragraph 7 of Part A of Special Licence Condition F1. For sub-categories of "other types of meter", if applicable, this information should be input at Table 2k in Section 4 of the model.

6.19 In the Metering Excluded Services section, the licensee should provide a breakdown of the Metering Excluded Services total revenue figure entered on the main input page. This should include all metering services other than legacy basic meter asset provision, as defined at point ES10 of Appendix 1 to special condition A2.

Detailed Return: price control report

6.20 The allowed revenue model will derive most of the values required in the price control report part of the detailed return and disclose them in the relevant sections. Some sections within the price control report of the detailed return will require additional manual inputs by the licensee. These are sections 4 (if applicable) 5, 6, 7 and 8. The manual input areas are shaded green.

6.21 The remainder of this section will specify the reporting accuracy for information contained within the report (which should be observed if the licensee chooses to use its own systems rather than the Ofgem model to calculate reported values). All licensees should refer to the requirements given below for completing the manual input areas in the price control report section of the detailed return.

Section 1: Summary

6.22 Section 1 is concerned with the disclosure of summary information. Table 1 lists information on allowed demand revenue (AD_t) , allowed network generation revenue (AG_t) and meter asset provision revenue (MAP).

6.23 Table 1a summarises actual revenues and provisions movements.

6.24 All values in this section are required to be reported in £ million to 2 decimal places.

Section 2: Allowed Demand Revenue

6.25 Section 2 is concerned with the derivation of allowed demand revenue and is split into 5 areas which are:

- Derivation of Allowed Demand Revenue (Table 1)
- Derivation of base revenue and associated terms (tables 2a to 2e)
- Derivation of pass through items and associated terms (tables 3a to 3d)
- Derivation and disclosure of Incentive Payments (tables 4a to 4e)
- Derivation of the correction factor (table 5a and 5b)

6.26 In table 1 the licensee is required to state the total allowed demand revenue (AD_t) and each of the component terms - BR_t , PT_t , IP_t and KD_t . The licensee is also required to state the regulated demand revenue (RD_t) and the level of over or under recovery.

6.27 Tables 2a to 2e refer to the derivation of Base Demand Revenue (BR_t) and associated terms involved in its calculation. Table 2a specifies each of the component terms used in the calculation of $BR_t - GR_t$, $PU \times GR_t$, PE, $PIAD_t$ and MG_t . Table 2b requires a breakdown of the GR_t term, Table 2c refers to the $PU \times GR_t$ calculation, Table 2d refers to the derivation of $PIAD_t$ and table 2e refers to the derivation of MG_t . Values disclosed in tables 2b to 2e should be consistent with values disclosed in Table 2a. (i.e. the value for MG_t derived in table 2e should equate to the MG_t value in table 2a). Likewise the BR_t term in table 2a should be consistent with the value given in table 1. 6.28 Tables 3a to 3d refer to the derivation of allowed pass through items (PT_t) . Table 3a is summary information requiring disclosure of each of the component terms (LF_t) , RB_t , HB_t , MP_t and UNC_t . Table 3b requires the derivation of the licence fee adjustment LF_t , table 3c refers to the calculation of the business rates adjustment (RB_t) and table 3d refers to other pass-through items MPT_t . Values disclosed in tables 3b to 3d should be consistent with values disclosed in table 3a. Likewise the PT_t term given in table 3a should agree to the PT_t term given in table 1.

6.29 Additional disclosure relating to settlement run-off costs and Shetland balancing costs is required in section 9. The value of MPA_t in section 9 should equate to the value of MPA_t in table 3d.

6.30 Tables 4a to 4e refer to incentive revenue (IP_t) . Table 4a is summary information requiring the value of the losses incentive adjustment (IL_t) , the quality of service incentive adjustment IQ_t and the innovation funding incentive adjustment IFI_t . Guidance on the derivation of (IQ_t) can be found in the quality of service rigs and guidance on the derivation of (IFI_t) can be found in the distributed generation, innovation funding incentive and registered power zone rigs.

6.31 Table 4b refers to the derivation of the innovation funding incentive revenue adjustment (IFI_t) and requires the disclosure of $ptri_t$, $IFIE_t$, CBR_t , $KIFI_t$ and $IFIIE_t$. All items should be reported to 2 decimal places.

6.32 Tables 4c to 4e refer to the losses incentive adjustment IL_t . Table 4c is a summary of the losses incentive adjustment showing separately, the loss incentive elements relating to units physically distributed before and after 1 April 2005. The total value for losses incentives (IL_t), given in table 4c, should agree with the value given in table 4a.

6.33 Table 4d is a breakdown of the losses incentive for units distributed after 1 April 2005 and requires the disclosure of AL_t , ALP, L_t , LR_t and $PIAL_t$. The total value given in row 7 of table 4d should agree with the value given in row 1 of table 4c.

6.34 Table 4e is a breakdown of the losses incentive for units distributed before 1st April 2005 and requires the disclosure of *PLR*, *PIAL*, *ALP* and *PVL*. The total value given in row 5 of table 4e should agree with the value in row 2 of table 4c.

6.35 Tables 5a and 5b refer to the derivation of the correction factor KD_t . Table 5a refers to the derivation of the correction factor from 2006/07 (second year of the price control) and requires values of AD_{t-1} , RD_{t-1} , I_t and PR_t .

6.36 The following terms should be stated as follows:

- *GR*^{*t*} and *PIAD*^{*t*} should be stated to 4 decimal places
- *MG*^{*t*} should be stated to 3 decimal places

- 6.37 All other terms in Section 2 should be stated as follows:
- All monetary values to 2 decimal places
- All percentages to 2 decimal places
- All customer numbers to 4 decimal places (e.g. 2.5656m)
- All units of electricity to the nearest GWh (e.g. 29014 GWh)

Section 2a (Losses) and 2b: (Derivation of DGA)

6.38 Sections 2a and 2b are additional disclosure requirements in relation to losses. Section 2a is separated into 3 tables. Table 1 derives adjusted distribution losses (L_i) and the value stated here should agree to the values given in table 4d of Section 2. Each of the component terms is subsequently derived in tables 2 (adjusted system entry volumes) and 3 (adjusted units distributed).

6.39 Table 2 includes the distributed generation adjustment (DGA_t) . The derivation of this is given in section 2b.

- 6.40 All units in sections 2a and 2b should be stated as follows:
- All information relating to units of electricity should be stated to the nearest GWh
- *LAF_{it}* should be reported to 3 decimal places (e.g. 0.965).

Section 3: Allowed Network Generation Revenue

6.41 Section 3 is concerned with the determination of allowed network generation revenue (AG_t) . Table 1 is summary information and requires the statement of each of the component terms – IG_t , RPZ and KG_t . Furthermore it also requires disclosure of network generation revenue (RG_t) and the over/under recovery.

6.42 Table 2 refers to incentive revenue for distributed generation (IG_t) . Each of the components GI_t , GP_t and GO_t is to be stated. Guidance on the derivation of these terms can be found in the distributed generation, innovation funding incentive and registered power zone rigs. The value for IG_t derived in table 2 should agree with the IG_t value in table 1. Each of the constituent terms is derived in the relevant tables 2a to 2c. Table 2b (1) is additional disclosure relating to the gp_j term.

6.43 Table 3 refers to the derivation of incentive revenue for Registered Power Zones RPZ_t . Each of the component terms $PIAG_t$, giz, and gcz_t should be disclosed. The value for RPZ_t in table 3 should agree with the value in disclosed in table 1. Guidance on these terms can be found in the distributed generation, innovation funding incentive and registered power zone rigs.

6.44 Table 4 refers to the derivation of the generation correction factor KG_t . Each of the component terms AG_{t-1} , RG_{t-1} , I_t and PR_t should be disclosed. The value for KG_t in table 4 should agree with the value in disclosed in table 1.

6.45 All terms should be stated as follows:

- All £million (£m) items should be stated within 2 decimal places.
- All £ items should be stated to 2 decimal places
- Capacity should be stated to the nearest MW
- All percentages should be stated to 2 decimal places

Section 4 (A): Metering Revenue: Legacy Basic Meter Asset Provision (Tables 1 and 2)

6.46 Section 4 (A) is concerned with the revenue associated with meter asset provision. Table 1 is summary information listing meter asset provision revenue associated with each of the meters (SRCM, TPPM, KPPM, SPPM and other types of meter) to show total revenue associated with meter asset provision.

6.47 Tables 2a to 2j show the derivation of the maximum charge for each type of meter and the maximum charge for that type of meter levied by the DNO:

Table 2a	refers to single rate credit meters (SRCM) and disclosure of each of the component terms associated with derivation of the maximum charge is required
Table 2b	refers to token pre-payment meters (TPPM), and disclosure of each of the component terms associated with derivation of the maximum charge is required
Table 2c	refers to key pre-payment meters (KPPM) and disclosure of each of the component terms associated with derivation of the maximum charge is required
Table 2d	refers to smartcard pre-payment meters (SPPM) and disclosure of each of the component terms associated with derivation of the maximum charge is required
Table(s) 2e-2j	refer to other meter types and disclosure of each of the component terms associated with the derivation of maximum charges is required
Table 2k	refers to the component terms associated with the derivation of maximum charges where a licensee has multiple sub-divisions of "other types of meter" as outlined at 6.18 above

6.48 Section 4(B) is no longer in use.

Section 5 : Excluded Services, Revenue Outside the Price Control and De–Minimis activities

6.49 Tables 1 to 13 refer to Excluded services. Table 1 is summary information for excluded services and requires the licensee to disclose each of the values associated with special condition A2 (ES1 to ES10). Furthermore table 1b requires the licensee to disclose the number of units of electricity distributed associated with the ES1 activity (excluded services distribution to EHV premises).

6.50 Table 2 should be completed with general comments concerning excluded services revenue. Table 3 and tables 5-11 are commentary sections concerning the different categories of excluded services. If the revenue associated with a particular category of excluded service is less than £0.1m then the respective commentary section need not be completed. The revenue figure, however, must still be reported.

6.51 Table 4 requires a breakdown of connection charge receipts (ES2). The licensee should list projects where receipts are greater than £0.5m. If there are more than five such projects, then the projects with the five highest receipt totals should be entered and a comment that there were more projects with receipts greater than £0.5m entered in table 5.

6.52 Table 12 requires a breakdown of other excluded services (ES9) and table 13 requires a breakdown of other metering services (ES10). In both tables the licensee should list all items in excess of £0.1m. Items below this materiality can be aggregated as "other items".

6.53 Tables 15-18 are commentary sections concerning categories of revenue derived from charges which fall outside the distribution price control and table 20 is a commentary section concerning revenue from de minimis activity. If the revenue associated with a particular category is less than £0.1m then the respective commentary section need not be completed. The revenue figure, however, must still be reported.

6.54 All terms should be reported as follows:

All monetary values should be disclosed as £million to 2 decimal places

All information relating to units distributed should be disclosed to the nearest GWh.

Section 6 : Charging

6.55 Section 6 relates to charging and tariffs. Licensees are asked to identify the use of system charges which contribute an amount greater than £1 million to turnover for demand and £100,000 for generation. The licensee should list them in the "Use of system charge" column.

Table 1: Demand

6.56 The charges should then be broken down into their relevant components such as fixed standing charge, annual unit charge and reactive power charge, etc in the component column, together with the unit charging basis. For each component the unit charge should be disclosed in the adjacent "Unit Charge" column.

6.57 The Revenue column identifies the revenue that each component contributes to the total revenue associated with that use of system charge.

6.58	An example of t	his is given below	(taken from table1)
------	-----------------	--------------------	---------------------

Use of system charge	C omponent & unit charging basis (e.g. £/kV A)	Unit Charge	Revenue (£m)
Use of system charge #1	Reactive Power (£/kVA)	1.53	1.98
Use of system charge #2	Unit charge (pence/unit)	0.01	11.53

Total 13.51

6.59 The licensee should ensure that components are shown clearly against the relevant use of system charge.

6.60 Amounts should be reported as follows:

- Figures in the Revenue column in £m to 2 decimal places.
- Figures in the Unit Charge column, as appropriate, up to 6 decimal places.

Section 7: Reconciliation to Regulatory Accounts

6.61 Section 7 is designed to show a reconciliation from the turnover figure reported in the detailed return to the turnover figure in the profit and loss account of the regulatory financial accounts.

6.62 Where used, the model automatically extracts basic reconciling figures from elsewhere in the report. These should otherwise be reported to 2 decimal places. There are additional lines for the licensee to show any further reconciling items. Amounts should be reported to 2 decimal places. If these additional lines are used, then an explanation of the figures entered should be provided in the commentary section at the foot of the page.

Section 8: Additional disclosure requirements relating to quality of service.

6.63 Section 8 is additional disclosure of terms from the quality of service incentive scheme.

6.64 For all licensees, except Scottish Hydro Electric Distribution, the value of $SWPD_t$, $SWPM_t$, $NCPD_t$ and $NCPM_t$ should be reported to the nearest whole pound. Licensees should also provide a commentary for these items in the relevant areas at the foot of the page.

6.65 For Scottish Hydro Electric the value associated with $SWPD_t$, $SWPM_t$, NCPDt, NCPMt, HIPDt and HIPMt should be reported to the nearest whole pound. Scottish Hydro Electric should also provide a commentary for these items in the relevant area.

6.66 In completing these items all licensee's have the option of using a spreadsheet model (the "severe weather payment spreadsheet") prepared in accordance with the special condition C2 (calculation of charge restriction adjustments arising from performance in respect of quality of service) (see chapter 4).

6.67 However licensees may choose to ascertain the figures using their own calculation systems. In this case the calculation schedules must be submitted with the detailed report. These schedules should be of an appropriate format which clearly shows the derivation of the relevant terms.

Section 9: Other Pass-Through Items: Additional disclosure relating to MPAt

6.68 Section 9 refers to additional disclosure requirements for balancing and settlement costs (MPAt). This section should only be completed by Scottish Hydro Electric and Scottish Power Distribution.

6.69 Table 1 requires each of the component terms (SRS_t and SA_t) used in the derivation of MPA_t to be disclosed.

6.70 Table 2 refers to the derivation of settlement costs (SRS_t) and requires the disclosure of unrecovered settlement costs (1998 costs), ongoing expenditure (SOC) and the price index adjustment (*PIASt*). The value for *SRSt* in table 2 should correspond to the value given in table 1.

6.71 Table 3 refers to the derivation of Shetland balancing costs (SAt) and should only be completed by Scottish Hydro Electric. It requires the disclosure of each of the component terms – TPCt, LPSFt, LPSCt, LPSA, EPt, SHt, SHBt, SHAand PIAHt. The value given in table 3 for SAt should correspond to the value given in table 1.

- 6.72 All terms reported in section 9 should be stated as follows:
- All monetary items in £million to 2 decimal places
- All percentages to 2 decimal places

Information requirements for Template B: The forecast return

6.73 The date of submission should be entered in the green cell at the top of the form

Table	Items to be Reported
1 – Basic information	Inflation (RPI_t) , interest (I_t) and customer numbers (C_t) .
1b – Units distributed: Demand	GWh up to 3 decimal places EHV, HV, LV1, LV2 and LV3
1c – Generation capacity	Total incentivised capacity of relevant DG
1d – Basic output information	Total allowed demand revenue (AD_t) over or under recovery for demand, allowed generation revenue (AG_t) over or under recovery for generation, legacy basic meter asset provision revenue, total excluded services, total revenue outside the price control, total de minimis revenue. Line 6 of Table 1d is no longer in use.
2a – Losses post 1.4.2005	Benchmark losses (AL_t) , actual losses (L_t) , net losses, incentive amount.
2b - Losses pre- 1.4.2005	Units physically delivered before 1 April $2005(PVL_t)$, Allowed loss percentage (ALP_t) , incentive amount. (RD_t)

3 - Demand revenue	Regulated demand revenue , Net movement on revenue provision accounts, Base demand revenue (BR_t) Allowed pass- through items (PT_t) , Incentive payments (IP_t) and the correction factor (KD_t)
4 - Network Generation revenue	Network generation revenue (RG_t) , DG incentive payment (IG_t) , Registered Powers Zones payments (RPZ_t) and the generation correction factor (KG_t) .
5 - Revenue outside the price control	Transmission connection point charges (LV1, LV2, LV3 and HV), transmission connection point charges (excluded services EHV), wheeled units imported, out of area networks revenue and total revenue outside the price control.

6.74 All items reported in the forecast return should be stated as follows:

- All monetary values in £million to 2 decimal places
- All units of electricity to the nearest GWh
- Total incentivised capacity of relevant DG to the nearest MW
- All percentages to 2 decimal places

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Appendices

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Appendix 1 - Template A - Detailed Return

Template A – Detailed Return:

Input Sheets:

Demand, generation, excluded services, revenue outside the price control and de minimis activities

Loss adjustment data relating to DG entry points

Metering

Price Control Return Sections 1 to 9

March 2008



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March 2008

Office of Gas and Electricity Markets

March 2008

ofgem Input SI Generic	neet - Metering							
egacy Basic Meter Asset Provis	sion							
otal MAP Revenue & Maximum harge Levied per Meter Type		Units	2005/06	2006/07	2007/08	2008/09	2009/10	Range Name
Single-phase single-rat		£m						Rev_SCRM
Maximum C Single-rate token prepa	harge levied per SRCM yment meters	£ £m						Rev_TPPM
	harge levied per TTPM	£ £m						_ Rev_KPPM
Maximum C	harge levied per KPPM	£						
Single-rate smartcard p Maximum C	harge levied per SPPM	£m £						Rev_SPPM
Multi-rate single-phase		£m						Rev_MRSPCM
Maximum C Multi-rate single-phase	harge levied per MRSPCM prepayment meters	£ £m						Rev_MRSPPM
	harge levied per MRSPPM	£ £m						Rev_PPSRWCM
Maximum C	harge levied per PPSRWCM	£						
	harge levied per PPMRWCM	£m £						Rev_PPMRWCM
Non-half hourly current		£m						Rev_NHHCTM
Sub-categories (per Se		£m						Rev_Additional_Ty
								sub-total 'other meters'
ljustment Factor		£						
duction in Asset life							-	
	yrs				0	C		LRTPPM
LRKPPM _t LRSPPM _t	yrs yrs				0	C C		LRKPPM LRSPPM
Irchase Price MEAP	,. <u>-</u>							
Multi-rate single-phase	credit meter £							MEAP_MRSPCM
Multi-rate single-phase								MEAP_MRSPPM
Poly-phase single rate Poly-phase multi rate w Non-half hourly current	hole current meters £							MEAP_PPSRWCM MEAP_PPMRWCM MEAP_NNHCTM
irrent Expected Life ELAi				•			•	
Multi-rate single-phase	credit meter yrs						1	ELA_MRSPCM
Multi-rate single-phase Poly-phase single rate								ELA_MRSPPM ELA_PPSRWCM
Poly-phase multi rate w	hole current meters yrs							ELA_PPSRWCM ELA_PPMRWCM
Non-half hourly current	transformer meters yrs							ELA_NNHCTM
sic Meter Operation Services			0005/00	0000/07	0007/00	0000/00	0000/40	
Basic Meter Operation	Revenue £m		2005/06	2006/07	2007/08	2008/09	2009/10	Rev_MOP
SPCA t PPCA t	Activities Activities							spca ppca
CCA _t	Activities							cca
etering Excluded Services (bre	akdown of total on main input s	sheet)	2005/06	2006/07	2007/08	2008/09	2009/10	Range Name
1	£m							Act1
2	£m							Act2
3 4	£m							Act3 Act4
5	£m							Act5
6 7	£m							Act6 Act7
8	£m				1			Act8
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ofgem	<u>SECTION 1: SUMMARY</u> Generic
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Regulatory Period:

2007/08

Reference	Notation	Revenue Stream	Reference	Year	Comparative
				£m	<u>£m</u>
1	AD _t	Allowed Demand Revenue	Section 2	#DIV/0!	#DIV/0!
2	AG _t	Allowed Network Generation Revenue	Section 3	#DIV/0!	#DIV/0!
3	MAP	Legacy Basic Meter Asset Provision Revenue	Section 4(a)	-	-
4	MOP _t	Allowed Meter Operation Revenue	Section 4(b)	-	-
5		Total Allowed Revenue		#DIV/0!	#DIV/0!

Reference	Revenue Stream	
		<u>£m</u>
1	Regulated Demand Revenue	-
1a	Net Movement on Revenue Provisions (£m) -	
2	Network Generation Revenue	-
3	Legacy Basic Meter Asset Provision Total Revenue	-
4	Basic Meter Operation Revenue	-
5	Total Actual Revenue	-

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ofge	em)	SECTION 2: ALLOWED DEMAND Generic	<u>) REVENUE</u>					
Regulatory Period: 2007/08								
Table 1: Derivation of Allowed Demand Revenue Formula $AD_{t} = BR_{t} + PT_{t} + IP_{t} - KD_{t}$								
Formula	$AD_t = BR_t +$	$PT_{t} + IP_{t} - KD_{t}$						
Formula	$AD_{t} = BR_{t} + Notation$	PT _t + IP _t - KD _t Revenue Item	Reference	Year £m	Comparative <u>£m</u>			
Formula 1		· · · ·	Reference Table 2a		· .			

3	IP t	Incentive Revenue	Table 4a	-	-
4	KD t	Correction Factor	Table 5	#DIV/0!	#DIV/0!
5	AD _t	Total Allowed Demand Revenue		#DIV/0!	#DIV/0!
6	RD t	Regulated Demand Revenue		-	-
7		Over/(under) Recovery		#DIV/0!	#DIV/0!

Base Demand Revenue

Tables 2a to 2e refer to the derivation of BR $_{t}$

Table 2a: S	Table 2a: Summary Information for Base Demand Revenue								
Formula $BR_t = (PU \times GR_t + PE) \times PIAD_t - MG_t$									
	Notation	Item	Reference	Units	Year	Comparative			
1	GR _t	Growth term in current year	Table 2b		#DIV/0!	#DIV/0!			
2	PU.GR _t	Adjusted Base Revenue	Table 2c	£m	#DIV/0!	#DIV/0!			
3	PE	EHV Revenue Allowance		£m	-	-			
4	PIAD t	RPI-X term	Table 2d		1.0640	1.0258			
5	MGt	Merger Adjustment	Table 2e	£m	-	-			
6	BR t	Base Demand Revenue	Table 1	£m	#DIV/0!	#DIV/0!			

Table 2b Do	erivation of GR _t							
Formula $GR_t = 0.5 \times \left(\frac{\sum P_{0i} \times D_{it}}{\sum P_{0i} \times D_{it-1}} + \frac{C_t}{C_{t-1}}\right) \times GR_{t-1}$								
Reference	Notation	Item	Units	Year	Comparative			
1	$\frac{\sum P_{oi} x D_{it}}{\sum P_{oi} x D_{it-1}}$	Weighted Average of Unit categories and units distributed		#DIV/0!				
3	C _t	Customer Numbers	millions	-				
4	C _{t-1}	Previous years customer numbers	millions	-				
5	GR t-1	Previous year Growth term		#DIV/0!				
6	GR t	Growth Term		#DIV/0!				

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Table 2c Derivation of PU x GR _t								
Formula	$PU \ge GR_t$							
Reference	Notation	Item	Units	Year	Comparative			
Reference 1	Notation PU	Item Annex A of special condition B1	Units £m	Year -	Comparative			
Reference 1 2				Year - #DIV/0!	Comparative			

Table 2d - Derivation of PIAD_t

Formula	Formula $PIAD_{t} = \left(1 + \frac{RPI_{t} - X}{100}\right) \times PIAD_{t-1}$							
Reference	Notation	Item	Units	Year	Comparative			
1	Х	Annual Reduction		0.0000				
2	RPI t	Retail Price Index	%	3.72%				
3	PIAD t-1	Previous Year Price Index Adjuster		1.0258				
4	PIAD t	Price Index Adjuster		1.0640				

	$model{model} model{model} mod$				
Reference	Notation	Item	Units	Year	Comparative
1	MR t	Annual Reduction		-	-
2	PIAM t	Price Index Adjuster		1.1686	1.1267
3	PIAM t-1	Previous Year Price Index Adjuster		1.1267	1.0984
4	MG _t	Merger Adjustment		-	-

Pass Through Items Tables 3a to 3d refer to the derivation of pass through items

Table 3a: Summary Information for Allowed Pass through items Formula PT _ = LF _ + RB HB _ + MPT _ + UNC _ +								
Reference	Notation	Revenue Item	Reference	Units	Year	Comparative		
1	LF _t	Licence Fee Adjustment	Table 3b	£m	-	-		
2	RB t	Business Rates Adjustment	Table 3c	£m	_	-		
3	HB _t	Network Subsidy	-	£m	_	-		
4	MPT t	Other Pass-Through Items	Table 3d	£m	-	-		
5	UNC t	Uncertain Costs	-	£m	-	-		
6	PT _t	Allowed Pass through	Table 1	£m	-	-		

Table 3b - Licence Fee Adjustment Formula $LF_t = LP_t - LA_t$							
Reference	Notation	Item	Reference	Units	Year	Comparative	
1	LP _t	Licence Fee Payments	-	£m	-	-	
2	LA _t	Allowance Nominal	-	£m	-	-	
3	PF _t	Allowance Real	Annex A of Special Condition B2	£m	-	-	
4	PIABt	Price Index Adjuster	-		1.1522	1.1109	
5	LF _t	Allowance for Licence Fees	-	£m	-	-	

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Table 3c - Business Rates Adjustment Formula $RB_t = RP_t - RA_t$								
Reference	Notation	Item	Reference	Units	Year	Comparative		
1	RP t	Rates Payable	-	£m	-	-		
2	RA t	Rates Allowed Nominal	-	£m	-	-		
3	RV t	Rates Allowed Real	Annex B of Special Condition B2	£m	-	-		
4	PIAB t	Price Index Adjuster	-		1.15	1.11		
5	RB t	Allowance for Business Rates	-	£m	-	-		

	Table 3d - Other Pass-Through Items Formula MPT t = MPC t + MPA t								
Reference	Notation	Item	Reference	Units	Year	Comparative			
1	MPA t	Pass through adjustments	Section 9	£m	-	-			
2	MPC t	Other allowable costs	-	£m	-	-			
3	MPT t	Total Other Pass-Through Items	=1+2	£m	-	-			

Incentive Payments Tables 4a to 4d refer to Incentive Payments

Table 4a: Su	Table 4a: Summary Information for Incentive Revenue								
Formula $IP_t = IL_t + IQ_t + IFI_t$									
Reference	Notation	Revenue Item	Reference	Year	Comparative				
				£m	\underline{fm}				
1	IL t	Losses	See Note						
		Incentive	below	-	-				
2	IQ t	Quality of Service Incentive	See Note						
			below	-	-				
3	IFI t	Innovation Funding Incentive	See Note	-	-				
			below						
4	IP _t	Incentive Revenue		-	-				

Notes

Additional disclosure relating to the losses incentive is given tables 4b to 4d below 1

2 IQ_t is determined by incentive arrangements with the QoS. Only the output is disclosed here

IFI_t is determined by incentive arrangements with Technical monitoring. Only the output is recorded 3

Table 4b - IFI _t

	$\prod_{t} = pm_{t}$	$\left(\min\left(IFIE_{t},\left(\left(0.005\times CBR_{t}\right)+KIFI_{t}\right)\right)\right)$			
Reference	Notation	Revenue Item	Reference /units	Year	Comparative
1	ptri _t	pass through factor	%	-	-
2	IFIE t	Expenditure	£m	-	-
3	CBR t	combined distribution network revenue	£m	-	-
4	KIFI _t	Carry forward	£m	-	-
5	IFIIE t	Eligible internal expenditure	£m	-	-
6	IFI _t	Innovation Funding Incentive	Table 4a	-	-
-		Note:		caution - interna more than 15%	

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Table 4c: Derivation of losses Incentive Adjustment								
Formula $IL_{i} = [LR \times PIAL_{i} \times (AL_{i} - L_{i})] + \left[PLR \times PIAL_{i} \times \left(1 + \frac{ALP}{100}\right) \times PVL_{i}\right]$								
Reference	Notation	Item	Reference	Units	Year	Comparative		
Reference	Notation	Item Post 1.4.2005	ReferenceTable 4d	Units £m	Year	Comparative		
Reference 1 2	Notation				Year			

Table 4d Losses Incentive - Post 1.4.2005 Formula 1 LR _ t × PIAL _ t × (AL _ t - L _ t) 2 AL _ t = $\frac{ALP}{100} \times AUD_t$						
Reference	Notation	Item	Reference	Units	Year	Comparative
1	AL t	Benchmark Losses		GWh	-	
2	ALP	Allowed Loss Percentage	Special Condition C1, Annex A	%	0.00%	
3	L t	Adjusted Distribution Losses	Section 2a	GWh	-	
4		Net Losses	=1-3	GWh	-	
5	LR	Incentive Rate		£/MWh	48.00	
6	PIAL t	Price Index Adjuster			1.0985	
7		Losses Incentive (post) 1.4.2005		£m	-	

Table 4e Losses Incentive - Pre 1.4.2005 Formula $\begin{bmatrix} PLR, xPIAL, x \left(1 + \frac{ALP}{100}\right) xPVL_t \end{bmatrix}$							
Reference	Notation	Item	Reference	Units	Year	Comparative	
1	PLR	Previous Incentive Rate	Special Condition Cl	£/MWh	32.24		
2	PIAL,	Price Index Adjuster			1.0985		
3	ALP	Allowed loss percentage	Special Condition C1, Annex A	%	0.00%		
4	PVL t	Units distributed before 1.4.2005		GWh	-		
5		Losses Incentive (pre) 1.4.2005	Table 4b	£m	-		

Correction Factor Tables 5a and 5b refer to the correction factor

Table 5a: D	erivation of co	rrection Factor				
Formula	$KD_{t} = (RD_{t-1} - A)$	$\Delta D_{t-1} \times \left[1 + \frac{(I_t + PR_t)}{100} \right]$				
Reference	Notation	Item	Reference	Units	Year	Comparative
1	AD _{t-1}	Previous yr. Allowed Revenue		£m	#DIV/0!	
2	RD t-1	Previous year Regulated Demand Revenue		£m	_	
3	I t	Interest		%	0.00%	
4	PR _t	Interest Rate Adjustment		%	#DIV/0!	
5	KD t	Correction Factor	Table 1 above	£m	#DIV/0!	

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Table 5b Co	orrection Facto	r for 2005/06 only				
Formula for	allowed demand	d revenue $AD_{t-1} = M_{dt-1} \times M_{dt-1}$	D_{t-1}			
Reference	Notation	Item	Reference	Units	Year	Comparative
1	M _{dt -1}	Max Ave charge in 2004/05		p/KWh	0	
2	D _{t-1}	Units Distributed 2004/05		GWh	-	
3	AD _{t-1}	Allowed Revenue 2004/05		£m	0	
4	RD _{t-1}	Regulated Revenue 2004/05		£m	0	
5	KDt	Correction factor 05/06	Table 1above	£m	#DIV/0!	

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ofge	em) SECTION 2 (a): Losses Generic		
Regulator	y Period: 2007/08		
Table 1	Disclosure of Adjusted Distribution Losses		
	Adjusted System Entry Volumes (Table 2 below)	GWh	-
	Adjusted Units Distributed (Table 3 below)	GWh	-
	Adjusted Distribution Losses (L _t) (Section 2, Table 4d)	GWh	-
Table 2	Derivation of Adjusted System Entry Volume	25	
	Metered Units Entering System	GWh	-
	Unmetered Units Entering System	GWh	-
	DGA Adjustment (Section 2b)	GWh	
	Adjusted Units Entering system	GWh	-
Table 3	Derivation of Adjusted Units Distributed		
	Metered Units Leaving System	GWh	-
	Unmetered Units Leaving System	GWh	-
	Less Amounts distributed before 1.4.2005 (should agree to value disclosed in Section 2, ta	GWh ble4e)	-
	Less Amounts distributed as shared metered points (SHE only)	GWh	-
	Adjusted Units Distributed	GWh	

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Ofgem SECTION 2 (b): Derivation of DGA Generic
--

Regulatory Period:

2007/08

Table 1

No	Site	LAF	DGV <i>GWh</i>	DGA GWh
1	-	-	-	-
2	-	-	-	-
3	-	-	-	-
4	-	-	-	-
5	-	-	-	-
6	_	-	-	-
7	_	-	-	-
8	_	-	-	-
9	_	-	-	-
10	-	-	-	-
11	-	-	-	-
12	-	-	-	-
13	-	-	-	-
14	-	-	-	-
15	-	-	-	-
16	-	-	-	-
17	-	-	-	-
18	-	-	-	-
19	-	-	-	-
20	-	-	-	-
21	-	-	-	-
22	-	-	-	-
23	-	-	-	-
24	-	-	-	-
25	-	-	-	-

Total DGA -

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atom un	SECTION 3: ALLOWED NETWORK GENERATION REVENUE
orgen	Generic

Regulatory Period: 2007/08

Table 1: Derivation of Allowed Network Generation Revenue

Formula $AG_t = IG_t + RPZ_t - KG_t$

Reference	Notation	Revenue Item	Reference	Year <u>£m</u>	Comparative <u>£m</u>
1	IG t	Incentive Revenue	Table 2	-	-
2	RPZ _t	Registered Power Zone	Table 3	-	-
3	KGt	Generation Correction Factor	Table 4	#DIV/0!	#DIV/0!
4	AG _t	Allowed Network Generation Revenue	Allowed Network Generation Revenue		#DIV/0!
5	RG _t	Network Generation Revenue	Network Generation Revenue		-
6		Over/(under) Recovery		#DIV/0!	#DIV/0!

Table 2 - Disclosure of Incentive Revenue for Distributed Generation Formula $IG_t = GI_t + GP_t + GO_t$						
Reference	Notation	Revenue Item	Reference	Year <u>£m</u>	Comparative <u>£m</u>	
1	GI t	Incentive Payment	Table 2a	-	-	
2	GP t	Pass through Revenue	Table 2b	-	-	
3	GO t	Operation and Maintenance	Table 2c	-	-	
4	IG t	Incentive Revenue for DG		-	-	

Table 2a - GI t

Formula	$GI_t = PIAG_t$	\times gir \times gc _t			
Reference	Notation	Item	Reference/Units	Year	Comparative
1	PIAGt	Price Index Adjuster		1.0640	1.0258
2	gir	Incentive Rate		£1500/MW	£1500/MW
3	gc t	Total Incentivised Capacity of Relevant DG	MW	-	-
4	GI t	Incentive Payment	Table 2	-	-

Table 2b - (Table 2b - GP _t						
Formula	Formula $GP_{t} = PIAG_{t} \times \sum_{j=mas(-y,l-P)}^{t-1} \left[\frac{1}{PIAG_{j}} \times \left(\frac{r}{1 - \frac{1}{(1+r)^{P}}} \right) \times \left(gp_{j} - gt_{j} \right) \right]$						
Reference	Notation	Revenue Item	Reference/Units	Year	Comparative		
1	PIAG t	Price Index Adjuster		1.0640	1.0258		
2	r	pre-tax cost of capital	%	6.90%	6.90%		
3	Р	number of complete relevant years	years	15	15		
4	gp _i	Use of system Capex		0	0		
5	gt j	Transfer Capex	£m	0	0		
6	GP t	Pass through revenue	Table 2	-	-		

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Table 2 b (1) - gp jFormula $gp_j = ptrg \times (gps_j + gpc_j) - gpc_j$						
Reference	Notation	Item	Reference/Units	Year	Comparative	
1	ptrg	Pass through rate	%	0.80	0.80	
2	gps _j	use of system capex	£m	-	-	
3	gpc _j	shared connection capex	£m	-	-	
4	gp j	total use of system capex subject to pass-through	Table 2a	-	-	

Table 2c- GO t						
Formula ($GO_t = PIAG_t$	\times gor \times gc $_{t}$				
Reference	Notation	Item	Reference/Units	Year	Comparative	
1	PIAG t	Price Index Adjuster	%	1.0640	1.0258	
2	gor	O & M rate	£/MW	1,000	1,000	
3	gc t	Total Incentivised Capacity of Relevant DG	MW	-	-	
4	GO t	Operation and Maintenance	Table 2	-	-	

Reference	Notation	Revenue Item	Units	Year	Comparative
1	PIAG t	Price Index Adjuster		1.0640	1.0258
2	RPZM t	Cap on RPZ	£	500,000	500,000
3	giz	incremental incentive rate	£/MW	3,000	3,000
4	gcz t	RPZ DG Capacity	MW	-	-
5	RPZ t	Incentive Revenue - Registered Power Zones	£m	-	-

Table 4	Derivation of	Derivation of Generation Correction Factor					
Formula $KG_{t} = (RG_{t-1} - AG_{t-1}) \times \left[1 + \frac{(I_{t} + PR_{t})}{100}\right]$							
Reference	Notation	Item	Units	Year	Comparative		
1	AG t-1	Allowed Network Generation Revenue	£m	#DIV/0!			
2	RG _{t-1}	Network Generation Revenue	£m	-			
3	I _t	Interest	%	0.00%			
4	PR _t	Interest Rate Adjustment	%	#DIV/0!			
5	KG _t	Correction Factor	£m	#DIV/0!			

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SECTION 4 Metering Revenue Generic

SECTION 4 (A) Metering Revenue - Legacy Basic Meter Asset Provision

2007/08 **Regulatory Period:**

Tables 1 to 3 Refer to Meter Asset Provision Í

Reference	Notation	Item	Units	Total Revenue Year	Total Revenue Comparative
1	SRCM t	Single-Phase Single-Rate Credit	£m	-	-
2	TPPM _t	Single-Rate Token Prepayment	£m	-	-
3	KPPM _t	Single-Rate Key Prepayment	£m	-	-
4	SPPM _t	Single-Rate Smartcard Prepayment	£m	-	-
5	MAPPC _t	Other Meters	£m	-	-
6	MAP	Meter Asset Provision	£m	-	-

Table 2a -2e Derivation of Maximum Charge Meter Asset Provision Items

Single-Phase Single-Rate Credit 2a SRCM_t

> SRCM $_{t} = \pounds 1.12 \times PIT_{t} + AF_{t}$ <u>Formula</u>

Item	Units	Value
Fixed Value	£	1.12
PIT t		1.15
AFt	£	-
SRCM t	£	1.29
Max levied	£	-

TPPM_t Single-Rate Token Prepayment $2\mathbf{b}$

<u>Formula</u>

$$1 \quad TPPM_{t} = \left(\left[\left(\frac{TPPMAV}{LT_{t}} \right) \times \left[1 + \left[\left(1 + LTW_{t} \right) \times \left(\frac{6.9}{100} - \frac{6.9}{200} \times \frac{LTW_{t}}{LT_{t}} \right) \right] \right] \right] + \pounds 0.242 \right) \times PIT_{t} + AF_{t}$$

$$2 \quad LT_{t} = 9.72$$

Item	Units	Value
TTPMAV	£	59.00
LTW t	£	9.00
LT t	yrs	9.72
LRTPPM t	yrs	-
PIT t		1.15
AFt	£	-
TPPM _t	£	9.86
Max levied	£	-

KPPM_t Single-Rate Key Prepayment 2c

<u>Formula</u>

$$1 \quad KPPM_{t} = \left[\left[\left(\frac{KPPMAV}{LK_{t}} \right) \times \left[1 + \left[\left(1 + LKW_{t} \right) \times \left(\frac{6.9}{100} - \frac{6.9}{200} \times \frac{LKW_{t}}{LK_{t}} \right) \right] \right] \right] + \pounds 0.242 \right] \times PIT_{t} + AF_{t}$$

$$2 \quad LK_{t} = 9.34$$

Item	Units	Value
KPPMAV	£	60.31
LKW t	£	9.00
LK t	yrs	9.34
LRKPPM t	yrs	-
PIT t		1.15
AFt	£	-
KPPM _t	£	10.38
Max levied	£	-

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2d SPPM t Single-Rate Smartcard Prepayment

$$\begin{array}{c|c} \hline \textbf{Formula} & \textbf{1} \quad SPPM_i = \left(\left[\left(\frac{SPPMAV}{LS_i} \right) \times \left[1 + \left[\left(1 + LSW_i \right) \times \left(\frac{6.9}{100} - \frac{6.9}{200} \times \frac{LSW_i}{LS_i} \right) \right] \right] \right] + \pounds 0.242 \right) \times PIT_i + AF_i \\ \textbf{2} \quad LS_i = 7.00 \\ \hline \begin{array}{c|c} \hline \textbf{Item} & \textbf{Units} & \textbf{Value} \\ \hline \textbf{SPPMAV} & \pounds & 62.77 \\ \hline \textbf{LSW}_i & \pounds & 7.00 \\ \hline \textbf{LS}_i & \text{yrs} & 7.00 \\ \hline \textbf{LRSPPM}_i & \text{yrs} & - \\ \hline \textbf{PIT}_i & 1.15 \\ \end{array}$$

MAPPC t Other Meters

f

£

£

AF,

SPPM

Max levied

Formula
$$MAPPC_{i} = \left[\frac{MEAP_{i}}{ELA_{i}} + MEAP_{i} \times \frac{6 \cdot 9}{200} + 0 \cdot 242\right] \times PIT_{i} + AF_{i}$$

13.46

2e Multi-rate single-phase credit meter

Item	Units	Value
MEAP _i	£	-
ELA _i	yrs	-
PIT _t		1.15
AFt	£	-
MAPPC _t	£	#DIV/0!
Max levied	£	-

2f Multi-rate single-phase prepayment meters

Item	Units	Value
MEAP _i	£	-
ELA _i	yrs	-
PIT _t		1.15
AFt	£	-
MAPPC _t	£	#DIV/0!
Max levied	£	-

2g Poly-phase single rate whole current meters

Item	Units	Value
MEAP _i	£	-
ELA _i	yrs	-
PIT _t		1.15
AFt	£	-
MAPPC t	£	#DIV/0!
Max levied	£	-

2h Poly-phase multi rate whole current meters

Item	Units	Value
MEAP _i	£	-
ELA _i	yrs	-
PIT _t		1.15
AFt	£	-
MAPPC t	£	#DIV/0!
Max levied	£	-

2i Non-half hourly current transformer meters

Item	Units	Value
MEAP _i	£	-
ELA _i	yrs	-
PIT _t		1.15
AFt	£	-
MAPPC t	£	#DIV/0!
Max levied	£	-

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Table 2j - Other Types of Meter - Sub-Category Information

Type (e.g. MRSPCM)	Sub-Category Name	MEAP _i Value (£)	ELA _i Value (yrs)	Max charge	MAPPC _t
Type (e.g. MIK3FCM)	Sub-Category Name	IMEAP _i value (z)	ELA; Value (yrs)	Levied (Z)	(£)

SECTION 4 (B) Metering Revenue - Basic Meter Operation

Tables 3 to 6 refer to Basic Meter Operation Revenue

Table 3 - I	Derivation of	Allowed Meter Operation Rev	venue (MOP _t)			
<u>Formula</u>		$MOP_t = MOPR_t - RMA_t$				
Reference	Notation	Item	Reference	Units	Year	Comparative
1	MOPRt	Baseline Meter Operation Revenue	Table 5	£m	-	-
2	RMA _t	Adjustment in Revenue	Table 6	£m	-	-
3	MOP _t	Allowed Meter Operation Revenue		£m		-
4	Basic Meter Op	peration Revenue		£m	-	-

Table 4 Derivation of $MOPR_t$

<u>Formula</u> $MOPR_t = MRV \times Pl$

Reference	Notation	Item	Reference	Units	Year	Comparative
1	MRV	Fixed Value	Annex A*	£m	-	-
2	PIT _t	Price Index Adjustment		%	-	1.11
3	MOPR _t	Baseline Meter Operation Revenue	Table 4	£m	-	-
				*Annex A of Special Con	dition F1	

Table 5 Summary of RMA_t

<u>Formula</u>

 $RMA_{\cdot} = SCA_{\cdot} + PCA_{\cdot} + CTCA$

Reference	Notation	Item	Reference	Units	Year	Comparative
1	SCA _t	Single Phase Meters	Table 7a	£m	-	-
2	PCA _t	Polyphase Meters	Table 7b	£m	-	-
3	CTCAt	CT Metering	Table 7c	£m	-	-
4	RMA _t	Adjustment in Revenue	Table 4	£m	-	-

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Table 6 Derivation of RMA_t

Tables 6a to 6c refer to the Derivation of RMA

ба <u>SCA - Single-Phase chargeable activities</u>

<u>Formula</u> $SCA_t = (FSCA - SPCA_t) \times (21.37 \times PIT_t)$

Item	Units	Value
FSCA	Activities	-
SPCAt	Activities	-
Charge	£	-
PIT _t		-
SCAt	£m	-

бb — <u>PCA - Poly-Phase chargeable activities</u>

<u>Formula</u> $PCA_t = (FPCA - PPCA_t) \times (34.91 \times PIT_t)$

Item	Units	Value
FPCA	Activities	-
PPCA _t	Activities	-
Charge	£	-
PIT _t		-
PCAt	£m	-

6c <u>CTCA - CT metering chargeable activities</u>

Formula $CTCA_{t} = (FCTA - CCA_{t}) \times (106.67 \times PIT_{t})$

Item	Units	Value
FCTA	Activities	-
CCAt	Activities	-
Charge	£	-
PIT _t		-
CTCAt	£m	-

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ofgem	SECTION 5: Revenue Outside of Price Control and Excluded Services Generic

Regulatory Period:

2007/08

Excluded Services Tables 1 to 13 refer to Excluded Services

Table 1: Summary Information for Excluded Services

-			A Year	B Comparative	A-B Variance
Reference	Special Licence Ref	Item	Amount	Amount	Amount
			£m	£m	£m
Table 3	ES1	EHV (after 1st April 2005)	-	-	-
Table 4	ES2	Connections	-	-	-
Table 5	ES3	Revenue Protection	-	-	-
Table 6	ES4	Charging Statements	-	-	-
Table 7	ES5	Non Trading Rechargeables	-	-	-
Table 8	ES6	Non Trading Rechargeables	-	-	-
Table 9	ES7 A	Top Up and Standby	-	-	-
Table 10	ES7 B	Security	-	-	-
Table 11	ES8	Reactive Power Charges	-	-	-
Table 12	ES9	Other Excluded Services	-	-	-
Table 13	ES10	Other Metering	-	-	-
		Total Excluded Services	-	-	-

	Table 1 (b) : Units distributed EHV								
		Α	В		A-B				
_			Year	Comparative	_	Variance			
	Special	Item	Amount	Amount		Amount			
	Licence Ref		GWh	GWh		GWh			
	ES1	EHV (after 1st April 2005)	-	-		-			

Table 2 - General Comments on Excluded Services

Commentary

Table 3- Commentary on EHV Charges and Units Distributed (ES1)

Commentary

Table 4 - Connection Charge Receipts 1 (ES2)

Connection site	Amount
	£m
Total	0.

Give details of top five (by contribution amount) projects where connection charge receipts > $\pm 0.5m$

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Table 5 - Commentary on Connection charge receipts (ES2)

Commentary

Table 6- Commentary on Revenue Protection (ES3)

<u>Commentary</u>

 Table 7 - Commentary on Charging Statements (ES4).

<u>Commentary</u>

 Table 8 - Commentary on Non Trading Rechargeable (ES5 and ES6)

<u>Commentary</u>

Table 9 - Commentary on Top Up and Stand by (ES7A)

Commentary

Table 10- Security (ES7B)

Commentary

Table 11 - Reactive Power Charges (ES8)

Commentary

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Regulatory Instructions and Guidance

Table 12 - Other Excluded Services (ES9)

		A Year	B Comparative
Item	I	Amount	Amount
		£m	£m
Other Excluded Service - 1		-	-
Other Excluded Service - 2		-	-
Other Excluded Service - 3		-	-
Other Excluded Service - 4		-	-
Other Excluded Service - 5		-	-
Other Excluded Service - 6		-	-
Other Excluded Service - 7		-	-
Other Excluded Service - 8		-	-
Other Excluded Service - 9		-	-
Other Excluded Service - 10		-	-
Total		-	-

Specify all revenue items in excess of £0.1m. If items below this threshold are aggregated, please list the constituent parts

Table 13 - Excluded Metering Services (ES10)

rable 15 - Excluded Areacting Services (ES10)	A Year	B Comparative
ítem	Amount	Amount
	£m	£m
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
Fotal	-	-

Specify all revenue items in excess of $\pounds 0.1m$. If items below this threshold are aggregated, please list the constituent parts

Revenue Outside the Price Control Tables 14 to 18 refer to Revenue Outside of the Price Control

Table 14: Summary Information of Revenue Outside the Price Control

			Α	В		A-B
			Year	Comparative	_	Variance
Reference	Special	Item	Amount	Amount		Amount
	Licence Ref					
			£m	£m		£m
Table 15		Transmission Connection Point Charges (LV1, LV2, LV3, HV)	-	-		-
Table 16		Other TransmissionConnection Point Charges (EHV charges, etc)	-	-		-
Table 17		Wheeled Units Imported- Pass Through Costs	-	-		-
Table 18		Out of Area Networks	-	-		-
		Total Revenue Outside of the Price Control	-	-		-

Table 15 - Transmission Connection Point Charges

Commentary

Table 16- Other Transmission Connection Point Charges

Commentary

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Variance . . .

A-B

Amount
£m
-
-
-
-
-
-
-
-
-
-
-

A-B Variance Amount £m

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Table 17 - Wheeled Units Imported

Commentary Table 18 - Out of Area Networks Commentary

De Minimis Services Tables 19 to 20 refer to De Minimis Services

Table 19 - De Minimis Services

Table 19 - De Minimus Services	A Yea	B ar Comparative
Item	Amou	unt Amount
	£m	ı £m
Activity - 1		
Activity - 2		
Activity - 3		
Activity - 4		
Activity - 5		
Activity - 6		
Activity - 7		
Activity - 8		
Activity - 9		
Activity - 10		
Total		

Specify all revenue items in excess of $\pounds 0.1m$. If items below this threshold are aggregated, please list the constituent parts

Table 20 - De Minimis Services

Commentary

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Q	01	ge	m	

SECTION 6: Charging Generic

Regulatory Period:

2007/08

Table 1: Demand (see note below)

Use of system charge	Component & unit	Unit Charge	Revenue
	charging basis (e.g. £/kVA)		(£m)

Total Revenue

Table 2: Generation (see note	below)		
Use of system charge	Component & unit charging basis (e.g. £/kVA)	Unit Charge	Revenue (£m)

Total Revenue _____

Note

Please identify use of system charges contributing amounts greater than £1m and £100,000 for demand and generation respectively Please split use of system charges into component parts: e.g: fixed MPAN/charge, unit charge or reactive power charge

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Section 7: Reconciliation of Turnover from Regulatory Return to Regulatory Accounts ofgem Generic 2007/08 **Regulatory Period:** £m £m Actual Turnover **Regulated Demand Revenue** RD_t Network Generation Revenue RG_t Legacy Basic Meter Asset Provision Revenue MAP MOP Basic Meter Operation Revenue Other Turnover Items Excluded Services (inc. Connections Contributions) (Less Connections Contributions) De-Minimis Turnover Revenue Outside Price Control Other Adjustments (please list) **Turnover as per Profit and Loss Commentary**

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ofgem Section 8: Additional disclosure requirements relating to quality of service Generic

Regulatory Period:

2007/08

	Year	Comparative
SWPD _t	-	-
SWPM _t		
NCPDt		
NCPM _t		
HIPD _t (SHE only)		
HIPM _t (SHE only)		

Commentary on SWPD _t and SWPM _t
Commontory on NCDD and NCDM
Commentary on NCPD _t and NCPM _t
Commentary on HIPD _t and HIPM _t

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ofgem	Section 9 Generic	- Other Pass-Through Iten	ns: Additional Dis	sclosure Re	elating to M	1PA _t
Regulatory	Period:	2007/08				
Table 1 Sur	nmary Info	rmation for MPA _t				
Formula		$MPA_{t} = SRS_{t} + SA_{t}$				
	Notation	Item	Reference	Units	Year	Comparative
1	SRS _t	Settlement Run off Costs	Table 2	£m	-	-
2	SA _t	Shetland balancing	Table 3	£m	-	-
3	MPA _t	Balancing and Settlement	Section 2	£m	-	-
Table 2 Der	rivation of S	SRS t				
Formula		$SRS_t = (1998 \cos ts + SOC)$)× PIAS $_{t}$			
Reference	Notation	Item	Reference	Units	Year	Comparative
1	1998costs	Unrecovered settlement costs	Annex C of Special Condition B2	£m	-	-
2	SOC	Ongoing Expenditure	Annex C of Special Condition B2	£m	-	-
3	PIAS t	Price Index Adjustment	Condition B2	%	1.10	1.06
4	\mathbf{SRS}_{t}	Settlement Costs	Table 1	£m	-	-
Table 3 Der	rivation SA	t				
Formula	1		$PSC_t + EP_t - SH_t -$	SHB _t		
	2 3					
Reference	Notation	Item	Reference	Units	Year	Comparative
1	TPC _t	Annual cost of contract		£m	-	-
2	LPSF t	Fuel for Lerwick		£m	-	-
3	LPSC t	Adjusted CAPEX and OPEX		£m	-	-
4	LPSA	CAPEX and OPEX for LPS	Special	£m	-	-
			Condition B,			
			Annex C, Part(2)			
5	EP _t	Environmental permits		£m	-	-
6	SH t	Generation on Shetland		£m	-	-
7	SHB t	Adjusted allowance for PU and PE		£m	-	-
8	SHA	Allowance for PU and PE		£m	-	-
9	PIAH _t	Price Index Adjuster		%	1.15	1.11
		Total Allowance for				

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Appendix 2 – Template B - Forecast Return

Template B – Forecast Return

March 2008

ofgem Forecast Return Generic

Regulatory Period Submission date 2007/08

Table 1 - Basic Information						
Reference	Notation	Item	Units	Year		
1		RPI	%	3.72%		
2	It	Interest	%	0.00%		
3	Ct	Customer Numbers	m	0.00		

Table 1b - U	J nits Distrib	outed: Demand		
Reference	Notation	Item	Units	Year
1		EHV	GWh	-
2		HV	GWh	-
3		LV1	GWh	-
4		LV2	GWh	-
5		LV3	GWh	-

Table 1c - Generation Capacity						
Reference	Notation	Item	Units	Year		
1	gc t	Total Incentivised Capacity of Relevant DG	MW	-		

Table 1d - B	Table 1d - Basic Output Information					
Reference	Notation	Item	Units	Year		
1	AD _t	Total Allowed Demand Revenue	£m	#DIV/0!		
2		Demand Over/(under) Recovery	£m	#DIV/0!		
3	AG _t	Allowed Network Generation Revenue	£m	#DIV/0!		
4		Generation Over/(under) Recovery	£m	#DIV/0!		
5	MAP	Legacy Basic Meter Asset Prov'n Revenue	£m	-		
6	MOPt	Allowed Meter Operation Revenue	£m	n/a		
7		Excluded Services Income	£m	-		
8		Revenue Outside of Price Control	£m	-		
9		De minimis Activities	£m	-		

Table 2a- Losses Post 1.4.2005					
Reference	Notation	Item	Units	£m	
1	AL _t	Benchmark Losses	GWh	-	
2	L _t	Adjusted Distribution Losses	GWh	-	
3		Net Losses	GWh	-	
4		Incentive	£m	-	

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Table 2b- Losses Pre 1.4.2005					
Reference	Notation	Item	Units	£m	
1	PVL _t	Units Distributed	GWh	-	
2	ALP	Allowed loss Percentage	%	0.000%	
3		Incentive	£m	-	

Table 3 - Der	Table 3 - Demand Revenue					
Reference	Notation	Item	Units	Year £m		
1	RD _t	Regulated Demand Revenue	£m	-		
1a		Net Movement on Revenue Provisions (£m)	-			
2	BR _t	Base Demand Revenue	£m	#DIV/0!		
3	PT _t	Allowed Pass-Through Items	£m	-		
4	IP _t	Incentive Payments	£m	-		
5	KD _t	Correction Factor	£m	#DIV/0!		

Table 4 - Net	work Gene	ration Revenue		
Reference	Notation	Revenue Item	Units	Year <u>£m</u>
1	RG _t	Network Generation Revenue	£m	-
2	IG _t	DG Incentive payment	£m	-
3	RPZ _t	Registered Power Zones	£m	-
4	KG _t	Generation Correction Factor	£m	#DIV/0!

Table 5 - Revenue Outside of Price Control			
Reference	Revenue Item	Units	Year
			<u>£m</u>
1	Transmission Connection point Charges (LV1 - 3 & HV)	£m	-
2	Other Transmission Connection Point Charges (EHV etc)	£m	-
3	Wheeled Units Imported - Pass Through Costs	£m	-
4	Out of Area Networks	£m	_
5	Total Revenue Outside the Price Control	£m	-

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Appendix 3 – The Authority's Powers and Duties

1.1. Ofgem is the Office of Gas and Electricity Markets which supports the Gas and Electricity Markets Authority ("the Authority"), the regulator of the gas and electricity industries in Great Britain. This Appendix summarises the primary powers and duties of the Authority. It is not comprehensive and is not a substitute to reference to the relevant legal instruments (including, but not limited to, those referred to below).

1.2. The Authority's powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002 and the Energy Act 2004, as well as arising from directly effective European Community legislation. References to the Gas Act and the Electricity Act in this Appendix are to Part 1 of each of those Acts.¹

1.3. Duties and functions relating to gas are set out in the Gas Act and those relating to electricity are set out in the Electricity Act. This Appendix must be read accordingly².

1.4. The Authority's principal objective when carrying out certain of its functions under each of the Gas Act and the Electricity Act is to protect the interests of consumers, present and future, wherever appropriate by promoting effective competition between persons engaged in, or in commercial activities connected with, the shipping, transportation or supply of gas conveyed through pipes, and the generation, transmission, distribution or supply of electricity or the provision or use of electricity interconnectors.

1.5. The Authority must when carrying out those functions have regard to:

- The need to secure that, so far as it is economical to meet them, all reasonable demands in Great Britain for gas conveyed through pipes are met;
- The need to secure that all reasonable demands for electricity are met;
- The need to secure that licence holders are able to finance the activities which are the subject of obligations on them³; and
- The interests of individuals who are disabled or chronically sick, of pensionable age, with low incomes, or residing in rural areas.⁴

1.6. Subject to the above, the Authority is required to carry out the functions referred to in the manner which it considers is best calculated to:

¹ entitled "Gas Supply" and "Electricity Supply" respectively.

² However, in exercising a function under the Electricity Act the Authority may have regard to the interests of consumers in relation to gas conveyed through pipes and vice versa in the case of it exercising a function under the Gas Act.

³ under the Gas Act and the Utilities Act, in the case of Gas Act functions, or the Electricity Act, the Utilities Act and certain parts of the Energy Act in the case of Electricity Act functions. ⁴ The Authority may have regard to other descriptions of consumers.

- Promote efficiency and economy on the part of those licensed⁵ under the relevant Act and the efficient use of gas conveyed through pipes and electricity conveyed by distribution systems or transmission systems;
- Protect the public from dangers arising from the conveyance of gas through pipes or the use of gas conveyed through pipes and from the generation, transmission, distribution or supply of electricity;
- Contribute to the achievement of sustainable development; and
- Secure a diverse and viable long-term energy supply.

1.7. In carrying out the functions referred to, the Authority must also have regard, to:

- The effect on the environment of activities connected with the conveyance of gas through pipes or with the generation, transmission, distribution or supply of electricity;
- The principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed and any other principles that appear to it to represent the best regulatory practice; and
- Certain statutory guidance on social and environmental matters issued by the Secretary of State.

1.8. The Authority has powers under the Competition Act to investigate suspected anti-competitive activity and take action for breaches of the prohibitions in the legislation in respect of the gas and electricity sectors in Great Britain and is a designated National Competition Authority under the EC Modernisation Regulation⁶ and therefore part of the European Competition Network. The Authority also has concurrent powers with the Office of Fair Trading in respect of market investigation references to the Competition Commission.

⁵ or persons authorised by exemptions to carry on any activity.

⁶ Council Regulation (EC) 1/2003

Appendix 4 - Glossary

С		
Capex	Capital Expenditure	
D		
DG	Distributed Generation	
DG Rigs	Distributed Generation Incentive, Innovation Funding Incentive Registered power Zones Regulatory Instructions and Guidance	
DNO	(electricity) Distribution Network Operator	
I		
IFI	Innovation Funding Incentive	
R		
RIGs	Regulatory Instructions and Guidance	
R		
RPZ	Registered Power Zone	
S		
SLC	Standard Licence Condition (Electricity Distribution Licence)	