

VERSION 2.0

Electricity Transmission Price Control Review
Price Control Review Reporting Rules: Instructions and Guidance
April 2008

VERSION 2.0

1. Introduction	3
2. Reporting Arrangements	5
Introduction	5
Reporting year	5
Submission	5
Review	6
Modification of the PCRRP	6
3. Accuracy for Reporting	7
4. Structure of Reporting rules	8
Instruction and Definitions	8
PCRRP	8
Narrative Commentary	8
Appendix 1 – PCRRP Instructions and List of Tables	9
Appendix 2 – Definitions	575 55
Appendix 3 – Price Control Review Reporting Pack (PCRRP)	606 58
Appendix 4 – Narrative Commentary	616 59
Appendix 5 - Information needed to Support the Processing of Financial Information	636 60

Field Code Changed

VERSION 2.0

1. Introduction

- 1.1. The Price Control Review Reporting Rules (“the rules”) have been produced in accordance with, standard condition B15 (Price Control Review Information) of, the electricity transmission licences (“the 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 part C of standard condition B15, the PCRRP should be viewed in conjunction with this document.
- 1.3. The purpose of these rules is to improve the quality of the Gas and Electricity Markets Authority’s (“the Authority”) knowledge of the licensee’s costs and outputs and will help the Authority 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 the robustness and consistency of the cost data submitted by electricity transmission licensees (“the licensees”);
 - reduce the burden on the licensees 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 of this is to assist the 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 will always take precedence. Obligations under these rules do not affect the requirement for the licensees 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 part F of standard condition the licence.
- 1.7. The annual reporting of information should lead to improved transparency by providing a comparison of actual outturn data against the allowances used in the price control review for such expenditure.
- 1.8. The output from these rules will be the transmission companies completed Price Control Review Reporting Pack (PCRRP) and a narrative commentary. The Authority will use this information to:
 - verify the regulatory reporting to audited accounts (Statutory, Regulatory, Pension scheme and actuarial valuations & submitted tax computations) to ensure the robustness and accuracy of the data submitted;

Field Code Changed

VERSION 2.0

- facilitate effective monitoring of expenditure compared to allowances;
- inform future price control reviews, and :
- Inform interested parties by publishing relevant information (subject to the Authority's obligations under 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. 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) may 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 of each year 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. The 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 of data by the licensee 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 Authority and the licensee and in any such instance the pack must be resubmitted in full. The resubmission should only be

VERSION 2.0

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

Review

- 2.7. 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.
- 2.8. 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 in accordance with paragraph 8 of standard condition B15.

Modification of the PCRRP

- 2.9. Where a modification 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.

Field Code Changed

VERSION 2.0

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 purposes of comparison to allowances calculated in 2004/05 prices, the allowances will be updated by The Authority using RPI (April to March financial average).
- 3.4. Where forecast data is required the licensee should indicate the inflation factors used as deflators to give the value in 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 driver and metrics of the assumptions used 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 the licensees 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 proposals¹ 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 the licensees to provide a narrative commentary. It will be used in conjunction with the tables, to understand the structures and operations of each of the licensees, to inform the following price control and to monitor licensees' performance against the Authority's assumptions relating to costs included in the current price control period as detailed in the TPCR 2007- 2012 Final Proposals, December 2007 document (Ref No. 206/06).
- 4.6. In addition to this narrative, ~~once the annual review of the PCRRP is complete,~~ licensees will 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 with the Annual Report under licensee's comments.

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

VERSION 2.0

Appendix 1 – PCRRP Instructions and List of Tables

General Instruction for Completion

The reporting pack is in the form of an 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 containing totals, other formulae or links to other cells in the PCRRP

Dark Gray = Cells where **NO DATA** should be input

Tan = Cells populated by The Authority, NB. Where cells are blank on the capex sheets these should be filled in by licensee

Dark Green = Errors highlighted by licensees when completing the spreadsheets

- 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 not been applied in through out the PCRRP. This will provide licensee with the opportunity to add rows where necessary and highlight and errors. If additional columns are needed the whole PCRRP should be returned to The Authority (via email) and we will add them and return it. Functionality will be provided to insert rows where required. Licensees's should highlight any errors in the PCRRP by changing the background colour of the cell to dark green

Formatted: Font: Bold

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 The Authority.

List of Tables

Universal Data

Check and Balances in PCRRP

Field Code Changed

VERSION 2.0

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
- 1.3s Accounting Controllable Cost Matrix (Scots)
- 1.4 Opex Performance (NG)
 - 1.4.1 Calculation of Different Elements of Performance
 - 1.4.2 Provisions
- 1.4s Performance (Scots)
 - 1.4.1s Calculation of Different Elements of Performance
 - 1.4.2s Provisions
- 1.5 Opex Reconciliation (NG)
- 1.5s Reconciliation (Scots)
- 1.6 Capex Reconciliation (NG)
 - 1.6.1 Capex Reconciliation to Regulatory Accounts
 - 1.6.2 Reconciliation to Statutory Accounts
- 1.7 Analysis of "Other" Costs (NG Only)
 - 1.7.1 TO
 - 1.7.2 SO

1.8 Abbreviated Cash Flow

Supporting Tables

- 2.1 Asset Management / Engineering Opex - Electricity TO
- 2.2 Non Operational Capex
- 2.3 Analysis of ~~Central Inputs~~ Other UK Transmission Cost Centres (NG only)
- 2.4 Analysis of Excluded, Consented, and De Minimis Services
- 2.4s Analysis of Excluded and De Minimis Services (Scots)
- 2.5 Analysis of Corporate / Group Costs (NG)
- 2.5s Analysis of Corporate / Group Costs (Scots)
- 2.6 Analysis of IS Costs (National Grid)
- 2.6s Analysis IT Costs (Scots)
- 2.7 Analysis of 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 Analysis of 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 by Building (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 NGET – ETO Staff
 - 2.11.3 NGET – ESO Staff
 - 2.11.4 NGG – GTO Staff
 - 2.11.5 NGG – GSO Staff

Field Code Changed

VERSION 2.0

- 2.11.6 Total UK Business Services Staff ~~and FTE Numbers~~
- 2.11.7 Memorandum Allocation of Business Services Staff ~~and FTEs to Businesses~~
- 2.11s Staff Costs and FTE Numbers (Scots)
- 2.12 SO Capex
- 2.13 NGET Network Operations
- 2.14 Year on Year Movement
 - 2.14.1 TO
 - 2.14.2 SO
 - 2.14.3 UK Business Services

~~2.15 Total Transmission and UK Business Services Salaries and FTEs (NG only)~~

Financial Tables

- 3.1 Pension Schedule (NG)
- 3.1s Pension Schedule (Scots)
- 3.2 Financial Asset and Liability Schedules
 - 3.2.1 Borrowing and Financial Liabilities as per Balance Sheet
 - 3.2.2 Financial assets as per Balance Sheet
 - 3.2.3 Calculation of Net Debt
 - 3.2.4 Analysis of Borrowings: Long Term Bank Loans
 - 3.2.5 Analysis of Borrowings: Index Linked Bonds
 - 3.2.6 Analysis of Borrowings: Other Bonds
 - 3.2.7 Analysis of Liabilities: Inter Company Loans Payable
 - 3.2.8 Analysis of Assets: Inter Company Loans Receivable
 - 3.2.9 Analysis of Interest expense as per income statement
 - 3.2.10 Analysis of Interest paid as per cash flow statement
 - 3.2.11 Analysis of Interest income as per income statement
 - 3.2.12 Analysis of Interest income as per cash flow statement
 - 3.2.13 Allocation of Net Debt and Interest expense
- 3.3 Taxation
 - 3.3.1 Tax Charge as per Income Statement
 - 3.3.2 Current tax Schedule
 - 3.3.3 Disclosure of Current Tax as per Regulatory Accounts
 - 3.3.4 Tax loss Memo
 - 3.3.5 Deferred Tax Schedule
 - 3.3.6 Reconciliation of Current Tax Liability to Balance Sheet
 - 3.3.7 Reconciliation of Deferred Tax Liability to Balance Sheet
 - 3.3.8 Reconciliation of Current Tax paid to Cash Flow Statement
 - 3.3.9 Capital Allowances

~~3.3.10 Analysis of Tax Paid~~

- 3.4 Fixed Asset Disposals
- 3.4s Fixed Asset Disposals (Scots)

Electricity Capital Expenditure Tables

- 4.1 System info
- 4.2 Activity indicators
- 4.3 System performance
- 4.4 Defects
- 4.5 Faults
- 4.6 Failures
- 4.7 Condition Assessment
- 4.8 Boundary Transfers
- 4.9 Demand & Supply at subs
- 4.10 Reactive Compensation
- 4.11 Asset description
- 4.12 Asset age
- 4.13 Asset disposal LRE by age

Formatted: Font: Not Bold

Formatted: Indent: First line: 0 cm

Field Code Changed

VERSION 2.0

4.14	Asset disposal NLRE by age
4.15	Asset additions and disposals
4.16	Asset Lives
4.17	Unit costs
4.18	Capex summary
4.19	Scheme Listing LR
4.20	Scheme Listing NLR
4.21	Quasi capex (NGET only)
4.22	Other Capex costs
4.23	TIRG
4.24	Revenue Driver information
4.25	Capital Expenditure Incentive
<u>4.26</u>	<u>Capex Forecast - Year on Year Movement</u>
<u>4.27</u>	<u>Capex Forecast Price / Volume Variance</u>

Formatted: Font: Not Bold

Universal Data

Purpose and Use	This worksheet provides data that is used in various parts of the reporting pack.
Instructions for Completion	Much of the data is populated by The Authority, before the pack is sent out to the Transmission companies. <ul style="list-style-type: none">The version number and a date of submission should be input in the yellow shaded cells

Check and Balances in PCRRP

Purpose and Use	The purpose of this worksheet is to report all checks included on the tables and highlight any instances where there are inconsistencies in the data.
Instructions for Completion	The table is formula driven and no further data needs to be input by licensees. NB If the box does not state "Yes" the licensee should explain why in the narrative commentary.

Financial and Cost Tables

Main tables

1.1 Published Data

Purpose and Use	This worksheet shows the figures to be published annually by The Authority based on information collected through the reporting process.
Instructions for Completion	The table is linked to Table 1.2 and other tables 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 allows The Authority to make adjustments to the calculation in Table 1.4 made by the licensee before data is published in Table 1.1 .
-----------------	--

Field Code Changed

VERSION 2.0

	The Authority will discuss the adjustments with the licensee as part of the review process before any data is published.
Instructions for Completion	<ul style="list-style-type: none"> • No data input is required. • The worksheet is entirely formula driven from links to other worksheets in the reporting pack • Other adjustments will be input by The Authority as required.

1.2s Ofgem Adjustments (Scots)

Purpose and Use	This worksheet allows The Authority to make adjustments to the calculation in Table 1.4 and Table 4.18 made by the licensee before data is published in Table 1.1. The Authority will discuss the adjustments with the licensee as part of the review process before any data is published.
Instructions for Completion	<ul style="list-style-type: none"> • No data input is required. • The worksheet is entirely formula driven from links to other worksheets in the reporting pack • Other adjustments will be input by The Authority as required.

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 Electricity Transmission in total and by form of control. The Authority will use the information to assist understanding of the expenditure incurred within the year and understand comparisons costs against allowances.
Instructions for Completion	<ul style="list-style-type: none"> • 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 electricity transmission will be the sum of the tables by form of control. • The support costs part of the total will show the total support costs charged as reported by National Grid's own accounting system, these should agree to the appropriate figures on Table 2.9. • Various cells for staff costs, pensions and charges from Corporate centre 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 1.7 • The costs of excluded services must be equal to

Field Code Changed

VERSION 2.0

	<p>the totals on table 2.4</p> <ul style="list-style-type: none"> • Staff costs pensions and capitalised staff and pension costs come from Table 2.11. • Changes in organisation structure from one year to another should be explained using the organisation definition template at Appendix 4.
--	---

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. The Authority will use the information to assist understanding of the expenditure incurred within the year and understand comparisons costs against allowances.
Instructions for Completion	<p><u>General</u></p> <ul style="list-style-type: none"> • 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. <p><u>Cost Headings</u></p> <ul style="list-style-type: none"> • 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. • <p><u>Cost Recoveries</u></p> <p>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.</p> <p><u>Direct Activities</u></p>

Field Code Changed

VERSION 2.0

	<ul style="list-style-type: none">• Group together all opex and capex “Direct Activities” for the Transmission Business. <p><u>Direct Activities</u> For the transmission activities direct activities are those which involve physical contact with system assets <i>For capex direct costs this will be equipment costs plus land</i> 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</p> <p><u>Capex Direct Activities include:</u> 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.</p> <p><u>Opex Direct Activities include:</u> 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.</p> <p><u>Indirect Activities</u></p>
--	--

Field Code Changed

VERSION 2.0

	<ul style="list-style-type: none">• 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 below 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 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. <p><u>Engineering</u> 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. 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 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. Wayleaves Administration - The activity of obtaining, managing and administering wayleaves, substation rents, easements and servitudes Control Centre - Operational management and control of the transmission network. 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</p>
--	--

Field Code Changed

VERSION 2.0

	<p><u>Finance & Regulation</u> Performing the statutory, regulatory and internal management cost and performance reporting requirements; and customary financial and regulatory compliance activities for the DNO</p> <p><u>Property Management</u> The activity of managing, providing and maintaining non-operational premises.</p> <p><u>CEO / Group Management / Legal</u> 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. 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.</p> <p><u>HR & Training</u> HR and non operational training - the activity of personnel management for all staff and the training of office-based staff. 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.</p> <p><u>Procurement / Stores & Transport</u> Stores and procurement - the activity of managing and operating stores and procurement of goods, materials and services. 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.</p> <p><u>IT & Telecoms</u> The purchase, development, installation, and maintenance of computer and telecommunications systems and applications</p> <p><u>Customer</u> 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</p>
--	---

Field Code Changed

VERSION 2.0

	<p>information. Customer Compensation Claims Administration - the activity of responding to and administration of customer compensation claims and ex gratia compensation payments</p> <p><u>Contractor costs as a % of total direct costs</u> This is automatically calculated from the figures in the table.</p> <p><u>Indirect Costs Capitalised</u> 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.</p> <p><u>Total Costs by Related Party</u> This is automatically calculated from the figures in the table. The totals by each related party should agree to the total charges shown on <u>Table 2.10</u> or distribution equivalent if submitted.</p>
--	---

1.4 Opex Performance (National Grid)

Purpose and Use	This worksheet calculates the opex and pension amounts etc. for the purposes of calculating the comparisons to price control allowances and publication.
Instructions for Completion	<ul style="list-style-type: none"> • Data is linked to other table in the PCRRP • Input data further data as required in the yellow shaded cells • Details of provisions should be input in table 1.4.2. The total of these should agree to the regulatory accounts.

1.4 Performance (Scots)

Purpose and Use	This worksheet calculates the opex and pension amounts etc. for the purposes of calculating the comparisons to price control allowances and publication.
Instructions for Completion	<ul style="list-style-type: none"> • Data is linked to other table in the PCRRP • Input data further data as required in the yellow shaded cells • Details of provisions should be input in table 1.4.2. The total of these should agree to the regulatory accounts

1.5 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 The Authority definitions reconciles to the operating costs reported in the Statutory & Regulatory Accounts of NGET and NGG, which are
-----------------	--

Field Code Changed

VERSION 2.0

	prepared applying the licensee's own accounting policies.
Instructions for Completion	<ul style="list-style-type: none"> • Most of the data is liked to other tables • Further data should be input in the yellow shaded cells as appropriate.

1.5s 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 The Authority definitions reconciles to the costs reported in the Statutory & Regulatory Accounts which are prepared applying the licensee's own accounting policies.
Instructions for Completion	<ul style="list-style-type: none"> • Data should be input in the yellow shaded cells as appropriate to balance to the regulatory accounts.

1.6 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 The Authority definitions reconciles to the costs reported in the Statutory & Regulatory Accounts which are prepared applying the licensee's own accounting policies
Instructions for Completion	<ul style="list-style-type: none"> • Costs should be input as positive values • In table 1.6.1 input the appropriate items to reconcile the capex expenditure from Table 4.18 to the capital expenditure as per the Regulatory Accounts. • In table 1.6.2 input the appropriate items to reconcile the capital expenditure as per the Regulatory Accounts to the capital expenditure as per the Statutory Accounts.

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

Purpose and Use	The worksheet provides a more detailed analysis of "Other" costs on table 1.3. The Authority 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	<ul style="list-style-type: none"> • 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.

1.8 Abbreviated Cash Flow

Field Code Changed

VERSION 2.0

<u>Purpose and Use</u>	<u>The worksheet provides the cash flow in an abbreviated form. The Authority will use the analysis to tie the information in the PCRRP back to the regulatory accounts.</u>
<u>Instructions for Completion</u>	<ul style="list-style-type: none"> <u>Costs should be input as positive or negative values as indicated.</u> <u>The total must agree to information in the regulatory accounts.</u>

Supporting Tables

2.1 Asset Management / Engineering Opex - Electricity

Purpose and Use	This worksheet shows the amount of operating costs spent on planned inspections, planned maintenance and fault repair. It will enable The Authority to monitor such expenditure year by year, compare information between companies and inform the next price control review
Instructions for Completion	<ul style="list-style-type: none"> 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 business, non staff costs and outsourced costs. The total table must reconcile to the total costs of Asset Management in <u>table 1.3/</u> total direct costs for SHETL and SPTL in <u>table 1.3s</u>. The appropriate reconciling items should be identified at the bottom of the table.

2.2 Non Operational Capex

Purpose and Use	This worksheet reports the expenditure on non operational capex. This will enable The Authority to monitor the amount spent against allowances.
Instructions for Completion	<ul style="list-style-type: none"> 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. <p>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.</p> <p><u>Non Operational Capex</u> Expenditure on new and replacement assets which are not system assets. This includes: vehicles (including mobile plant and generators); plant & machinery;</p>

Field Code Changed

VERSION 2.0

	small tools & equipment; office equipment; land and buildings used for administrative purposes; and all IT & telecoms excluding SO IT expenditure.
--	--

2.3 Analysis of ~~Central Inputs~~ Other UK transmission Cost Centres (National Grid only)

Purpose and Use	The worksheet provides a more detailed analysis of central inputs other UK transmission cost centres that have been made to the Transmission business as a result of group decisions or other reasons. The Authority will use the analysis to understand the nature of centrally inputs these costs to the transmission business as these often have significant value.
Instructions for Completion	<ul style="list-style-type: none"> Costs should be input as positive values Table 1.3 provides a total for central inputs other UK Transmission costs centres 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, Consented, and De Minimis Services (National Grid)

Purpose and Use	The worksheet collects costs and revenues relating to Excluded, Consented, and De Minimis services provided by the transmission business by type of service. The information will allow The Authority to understand and monitor the various services provided and the costs and revenues of services provided.
Instructions for Completion	<ul style="list-style-type: none"> 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. 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) <p><u>Consented services</u> The consented services are those listed in Special Licence Condition B6 paragraph 3(d).</p>

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
-----------------	--

Field Code Changed

VERSION 2.0

	information will allow The Authority to understand and monitor the various services provided and the costs and revenues of services provided.
Instructions for Completion	<ul style="list-style-type: none"> • 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 <u>Table 1.3s</u>. The total revenue will equal the figures in the Revenue Reporting tables.

2.5 Analysis of Corporate / Group Costs (National Grid)

Purpose and Use	<p>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.</p> <p>This information will enable The Authority 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.</p>
Instructions for Completion	<ul style="list-style-type: none"> • Costs should be input as positive values • The total costs for each corporate / group function unit should be input. • Details of any atypical items included in the corporate charges should be identified in • 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 feed into <u>Table 1.3</u>. • Changes in organisation structure from one year to another should be explained using the organisation definition template at Appendix 4.

2.5s Analysis of Corporate / Group Costs (Scots)

Purpose and Use	<p>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.</p> <p>This information will enable The Authority 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.</p>
Instructions for Completion	<ul style="list-style-type: none"> • Costs should be input as positive values • The total costs for each corporate / group

Field Code Changed

VERSION 2.0

	<p>function before any allocations to business unit should be input.</p> <ul style="list-style-type: none"> • 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 <u>Table 2.10s</u> and in the Typical Cost Matrix <u>Table 1.3s</u>. <p><u>Group Finance</u> External financial reporting and reporting to the Board including tax and treasury functions</p> <p><u>Regulation</u> Provides support in managing the Businesses legal obligations and regulatory issues with regard to transmission and gas distribution</p> <p><u>Corporate Communications</u> Internal communications, external communications, media relations, issues management, regional communications, community relations, events management</p> <p><u>Legal and Company Secretary</u> 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</p> <p><u>Group Human Resources</u> The group providing HR strategy and policy rather than day to day business advice and support.</p> <p><u>Board Members & Other</u> Costs of board members and other miscellaneous costs incurred at a group level.</p>
--	--

2.6 IT Costs (National Grid)

Purpose and Use	The worksheet will collect information relating to Information Systems (IS) expenditure and activities. The Authority will collect this information and use it to inform the next price control review.
Instructions for Completion	<ul style="list-style-type: none"> • Costs should be input as positive values

Field Code Changed

VERSION 2.0

	<ul style="list-style-type: none"> • 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 <u>and operational telecoms</u> on <u>table 2.9</u>.
--	---

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	<ul style="list-style-type: none"> • Input the costs for each of the activities within IT infrastructure and Management under the relevant row and column headings as defined below. • 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 <u>Table 1.3s</u>. • New Assets - Non-Operational agrees with the total costs included in <u>Table 2.2</u> under IT projects. <p><u>IT Applications costs</u> The costs of application software and related licences</p> <p><u>IT Infrastructure and Management costs</u> 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.</p> <p><u>IT Maintenance and Running costs</u> The cost of all first and third party application software maintenance; and software licence and licensing costs for existing applications</p>

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. The Authority will collect this
-----------------	---

Field Code Changed

VERSION 2.0

	information and use it to inform the next price control review.
Instructions for Completion	<ul style="list-style-type: none"> 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. The total cost should agree to the insurance total on <u>Table 2.9</u> In table 2.7.3 in put details of all captive insurance companies owed by the National Grid Group <p><u>Insurance premiums</u> Cost of insurance premiums including insurance premium tax</p> <p><u>Insurance receipts</u> The financial reimbursement received under a contract of insurance as a result of an insured event.</p> <p><u>Captive Insurance</u> An insurance entity that is a related party</p> <p><u>Brokers Fees</u> The fee charged by an insurance brokers for arranging insurance cover</p>

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. The Authority will collect this information and use it to inform the next price control review.
Instructions for Completion	<ul style="list-style-type: none"> Costs should be input as positive values In table 2.7.1 input the appropriate details of all insurance policies and the transmission share. In table 2.7.2 input details of the total cost of the insurance department and show the amount charged to transmission and the basis of the allocation. In table 2.7.3 in put details of all captive insurance companies owed by the Group <p><u>Insurance premiums</u> Cost of insurance premiums including insurance premium tax</p> <p><u>Insurance receipts</u> The financial reimbursement received under a contract of insurance as a result of an insured event.</p>

Field Code Changed

VERSION 2.0

	<p><u>Captive Insurance</u> An insurance entity that is a related party</p> <p><u>Brokers Fees</u> The fee charged by an insurance brokers for arranging insurance cover</p>
--	--

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. The Authority will collect this information and use it to inform the next price control review.
Instructions for Completion	<ul style="list-style-type: none"> • Costs should be input as positive values • Input the name of each 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 must 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 charged to transmission and gas distribution and other National Grid companies. The Authority 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	<ul style="list-style-type: none"> • 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. • 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. • Changes in organisation structure from one year to another should be explained using the organisation definition template at Appendix 4.

2.10 Related Party Transactions (National Grid)

Field Code Changed

VERSION 2.0

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. The Authority 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	<ul style="list-style-type: none"> • 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. • The total turnover of the related party on this table should agree to what is expected to be reported as total turnover in the statutory accounts. NB. If there are material differences once the statutory accounts for the related party are finalised consideration should be given to resubmitting the table. <p>NB. There is no need to include Corporate Centre in this table as this is covered by Table 2.5</p>

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. The Authority 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	<ul style="list-style-type: none"> • 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.

Field Code Changed

VERSION 2.0

	<ul style="list-style-type: none"> • 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 The Authority 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	<ul style="list-style-type: none"> • The total labour and pension costs should be broken down into the elements shown on the table • Temporary and agency 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 electricity transmission and total UK Business services and then the total allocated to each form of control. <p>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 based on total costs allocated to each form of control, and therefore 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.</p> <ul style="list-style-type: none"> • The table also requires average FTEs by grade as well as in total <p><u>Share Options</u> The cost of share options given to staff</p> <p>Full Time Equivalent (FTE)</p>

Field Code Changed

VERSION 2.0

	<p>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.</p> <p>Average Staff Numbers The average FTE employed by the business in the year. Average of the opening and closing numbers</p> <p><u>Normal Pension Charges</u> Employers contributions or normal accruals to the pension scheme that are not pension deficit payments or charges</p> <p><u>Agency Costs</u> 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.</p> <p><u>Non Staff Salary costs</u> Travel and subsistence payments, car allowances etc.</p>
--	--

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 Accounting Operating Cost Matrix. This will enable The Authority 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	<ul style="list-style-type: none"> • The total labour and pension costs should be broken down into the elements shown on the table • Temporary and agency 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 <u>table 1.3s</u> • 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

Field Code Changed

VERSION 2.0

	<p><u>Full Time Equivalent (FTE)</u> 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.</p> <p><u>Average Staff Numbers</u> The average FTE employed by the business in the year. Average of the opening and closing numbers</p> <p><u>Normal Pension Charges</u> Employers contributions or normal accruals to the pension scheme that are not pension deficit payments or charges</p> <p><u>Agency Costs</u> 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.</p>
--	--

2.12 SO Capex (National Grid Only)

Purpose and Use	This worksheet reports the expenditure on SO capex - electricity. This will enable The Authority to monitor the amount spent against allowances.
Instructions for Completion	<ul style="list-style-type: none"> • Costs should be input as positive values • Enter the name of each project • <u>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.</u> • <u>A forecast for the future years of the price control should also be provided</u>

2.13 Network Operations (National Grid Only)

Purpose and Use	This worksheet gives a breakdown of activities performed and staff costs within Network Operations. It will enable The Authority to understand the costs of various SO activities
Instructions for Completion	<ul style="list-style-type: none"> • Costs should be input as positive values • The tables should be completed in the same way as Table 1.3 and 2.11 • The total should agree to the total of Network Operations on <u>Tables 1.3 and 2.11</u>

2.14 Year on Year Movement

Purpose and Use	This worksheet enables licensees to explain the reasons for increases and decreases in costs year on year. This will help The Authority understand the reasons for changes in costs year on year
Instructions for Completion	<ul style="list-style-type: none"> • Fill in the reasons for changes in costs in the boxes shaded in yellow • The table should be completed to clearly explain

Field Code Changed

VERSION 2.0

	the year on year movements but additional explanations can be provided in the narrative if required
--	---

2.15 Total Transmission and UK Business Services Salaries and FTEs (NG only)

<u>Purpose and Use</u>	<u>This worksheet shows the total transmission and business services staff costs and FTEs. This will provide a cost by grade per FTE for comparisons of total employment costs</u>
<u>Instructions for Completion</u>	<ul style="list-style-type: none"> <u>Fill total staff costs and FTEs and indicated by the boxes shaded in yellow.</u> <p><u>Full Time Equivalent (FTE)</u> 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.</p> <p><u>Average Staff Numbers</u> The average FTE employed by the business in the year. Average of the opening and closing numbers</p>

Formatted: Indent: Left: 0.63 cm, No bullets or numbering

Formatted: Indent: Left: 0.63 cm, No bullets or numbering

Financial Tables

3.1 Pension Schedule (National Grid) – ~~Subject to further consultation~~

<u>Purpose and Use</u>	This worksheet provides details of the different pension schemes operated by National Grid. This will enable The Authority to determine the over/under funding calculation for the pension allowance for the next price control
<u>Instructions for Completion</u>	<p>Input details in the boxes shaded yellow for each pension schemes.</p> <p><u>Pensionable Salaries</u> Salaries which are used to calculate pension entitlement (usually excluding bonuses)</p> <p><u>PPF Levy</u> 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.</p> <p><u>NTS Charge</u> 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</p> <p><u>Pension costs</u> The actual cash contributions and deficit payments attributable to the Transmission business and paid</p>

Field Code Changed

VERSION 2.0

	<p>into the relevant pension scheme. Where relevant, this will include statutory contributions to the Pension Protection Fund.</p> <p><u>Pension Deficit / Deficit Repair</u> 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</p>
--	--

3.1s Pension Schedule (Scots) – *Subject to further consultation*

Purpose and Use	This worksheet provides details of the different pension schemes operated by Scottish transmission companies. This will enable The Authority to determine the over/ under funding calculation for the pension allowance for the next price control
Instructions for Completion	<p>Input details in the boxes shaded yellow for each pension schemes.</p> <p><u>Pensionable Salaries</u> Salaries which are used to calculate pension entitlement (usually excluding bonuses)</p> <p><u>PPF Levy</u> 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.</p> <p><u>Pension costs</u> 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.</p> <p><u>Pension Deficit / Deficit Repair</u> 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</p>

3.2 Financial Asset and Liability Schedules

Purpose and Use	This worksheet provides details of financial assets and liabilities and calculates net debt. This will enable the Authority to calculate actual gearing levels against those assumed in the price control
-----------------	---

Field Code Changed

VERSION 2.0

Instructions for Completion	<ul style="list-style-type: none">Input details of financial assets and liabilities as indicated by the yellow shaded boxed.
-----------------------------	--

3.3 Taxation

Purpose and Use	This worksheet provides an analysis of taxation. It will enable the Authority to confirm the split by business and form of control to compare against allowances.
Instructions for Completion	<ul style="list-style-type: none">Input details of taxation as indicated by the yellow shaded boxes on the table

3.4 Fixed Assets Disposals (National Grid)

Purpose and Use	This worksheet collects information relating to fixed asset disposals to assist the reconciliation of the financial model to accounts.
Instructions for Completion	<ul style="list-style-type: none">Input financial details as indicated by the yellow shaded boxes on the table

3.4~~sg~~ Fixed Assets Disposals (Scots)

Formatted: Font: Not Bold

Purpose and Use	This worksheet collect s information relating to fixed asset disposals to assist the reconciliation of the financial model to accounts
Instructions for Completion	<ul style="list-style-type: none">Input financial details as indicated by the yellow shaded boxes on the table

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	<p><u>General</u> 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.</p> <p><u>Transmission circuits</u> 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.</p> <p><u>Circuit ends numbers</u> 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</p>

Field Code Changed

VERSION 2.0

	<p>directly connected to a bus bar.</p> <p><u>Substations</u> 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.</p> <p><u>Circuit breaker numbers</u> Please specify the number of circuit breakers at each voltage level.</p> <p><u>Transformers numbers and capacity</u> Please specify the number of transformers in each category and capacity. Transformer capacity should be entered as the installed nameplate capacity.</p> <p><u>Reactive Compensation</u> 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.</p> <p>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.</p> <p><u>Towers</u> Please specify the number of transmission towers by operating voltage.</p> <p><u>Grid Supply Points</u> Please specify the number of Grid Supply Points. Grid Supply Points has the meaning as defined in the Grid Code.</p> <p><u>Grid Entry Points</u> Please specify the number of Grid Entry Points. Grid Entry Points has the meaning as defined in the Grid Code.</p>
--	--

4.2 Activity Indicators

Purpose and Use	<p>To collect key indicators of the overall level of transmission activity.</p> <p>Please note that for demand and generation forecasts including reactive capacity each TO should</p>
-----------------	--

Field Code Changed

VERSION 2.0

	<p>provide their assumptions used in their network planning process consistent with the requirements of the SQSS for planning their network.</p> <p>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.</p>
<p>Instructions for Completion</p>	<p><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</p> <p><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.</p> <p><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.</p> <p><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.</p> <p><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.</p> <p><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.</p> <p><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.</p> <p><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.</p> <p><u>Transmission system utilisation (MW.km) based on</u></p>

Field Code Changed

VERSION 2.0

	<p><u>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.</p> <p><u>External system</u> 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.</p> <p><u>Transfer to/from External Systems - Maximum (GW)</u> 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.</p> <p><u>Transfer to/from External Systems - (GWh)</u> Total annual power transfer to and from an external system. To be provided by each TO for their network.</p> <p>N.B. for Scottish Power only for the remaining sections of table 4.2 for "Revenue Driver Zones" read "zones defined by system boundaries"</p> <p><u>Directly connected Generation in Revenue Driver Zones (GW)</u> 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.</p> <p><u>Directly connected Wind Generation in Revenue Driver Zones (GW)</u> 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.</p> <p><u>Demand in Revenue Driver Zones (GW)</u> Total Demand in each Revenue Driver Zone at the time of Measured System Maximum Demand. To be provided by each TO for their network.</p> <p><u>Embedded Generation in Revenue Driver Zones (GW)</u> 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</p>
--	---

Field Code Changed

VERSION 2.0

	<p>network.</p> <p><u>Reactive compensation capacity in Revenue driver zones (MVAR)</u> Please enter reactive compensation capacity with in each revenue driver zone. 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.</p>
--	--

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	<p><u>Number of incentivised loss of supply events</u> This applies to SPT and SHETL only and is as defined in their reliability incentive special licence conditions.</p> <p><u>Incentivised loss of supply volume</u> This applies to NGET only and is as defined ("loss of supply volume") in its reliability incentive special licence condition.</p> <p>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.</p> <p><u>Number of Transmission system incidents</u> 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.</p> <p><u>Unsupplied energy (MWh)</u> Total estimated annual unsupplied energy as a result of all system incidents.</p> <p><u>SF₆ leakage (mass)</u> Please enter total mass of SF₆ leakage</p> <p><u>SF₆ leakage as % of mass installed</u> This term is a key parameter in the SF₆ incentive as set out in the SF₆ incentive special licence conditions.</p> <p><u>Cable oil leakage (ltrs)</u> Please enter total volume of oil leakage in litres</p> <p><u>System availability (%)</u></p>

Field Code Changed

VERSION 2.0

	<p>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.</p> <p><u>Unplanned outage</u> 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.</p> <p><u>Planned outage</u> Outage other than unplanned outage.</p> <p><u>System unavailability due to planned outages (%)</u> 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.</p> <p><u>System unavailability due to planned user connection outages (%)</u> 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.</p> <p><u>System unavailability due to planned construction outages (%)</u> 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.</p> <p><u>System unavailability due to planned maintenance outages (%)</u> 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.</p> <p><u>Planned reliability outages</u> 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.</p> <p><u>System unavailability due to unplanned outages (%)</u> 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.</p> <p><u>Number of planned reliability circuit outages (#)</u> Number of planned (i.e. more than 24 hours notice)</p>
--	---

Field Code Changed

VERSION 2.0

	<p>reliability circuit outages by equipment type.</p> <p><u>Number of unplanned circuit outages (#)</u> Number of unplanned (i.e. less than 24 hours notice or due to plant breakdown) circuit outages by equipment type.</p>
--	--

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	<p><u>Defect</u> 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.</p> <p><u>Number of Defects</u> 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.</p> <p>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.</p>

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	<p><u>Fault</u> An event which causes plant to be automatically disconnected from the HV system for investigation and further action if required.</p> <p><u>Number of Faults</u> 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.</p> <p><u>Total weather related trips and DAR faults</u> Number of trips due to weather conditions and DAR faults</p> <p><u>Total non weather related trips</u> Number of trips not related to weather conditions and DAR faults</p>

Field Code Changed

VERSION 2.0

	<p><u>Faults that required an outage of more than 3 hours</u> Faults that result in the equipment not being returned to service for greater than 3 hours.</p>
--	--

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	<p><u>Number of Failures</u> 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.</p> <p><u>Transformer failures</u> A transformer failure is defined as an event that requires the unit to be taken off the plinth either for replacement or factory repair.</p> <p><u>Overhead line failures</u> An overhead line is considered to have failed if a conductor drops.</p> <p><u>Circuit breakers failures</u> 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.</p> <p><u>Cable failures</u> 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.</p> <p><u>Compensation (SVC's and MSC's) failures</u> 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.</p> <p><u>Substation Auxiliaries</u> A failure is defined as an event that requires the replacement of the entire unit.</p> <p><u>Asset Type Failed</u> Asset types failed should be entered in the same categories as listed Table 4.11, Asset Description.</p> <p><u>Cause of Failure</u> For each asset category please specify the primary causes of failure and the number of failures associated.</p>

4.7 Condition Assessment

Field Code Changed

VERSION 2.0

Purpose and Use	To collect information on the current levels of asset condition on the system.
Instructions for Completion	<p>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. Where condition assessment gradings are not currently used please provide a narrative providing an overview of asset condition for that group of assets, with quantification where possible</p> <p><u>RMHZ</u> 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.</p>

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	<p><u>Boundaries</u> A system boundary splits the transmission network into two parts across which transfer capabilities can be assessed.</p> <p>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.</p> <p><u>Planned Transfer (GW)</u> As defined in the SQSS.</p> <p><u>Boundary Capability (GW)</u> Assessed as according to the SQSS.</p> <p><u>Required Transfer Capacity (GW)</u> 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.</p>

4.9 Demand and supply capacity at substations

Purpose and Use	To collect information relating to more localised
-----------------	---

Field Code Changed

VERSION 2.0

	demand driven need for Capex.
Instructions for Completion	<p><u>General</u> 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).</p> <p><u>Supply capacity</u> 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.</p> <p><u>Peak demand</u> The maximum demand of the demand group at the substation.</p> <p><u>Seasonal peak demand</u> 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.</p> <p><u>Maintenance period demand</u> As defined in the SQSS.</p> <p><u>Intact capacity</u> The capacity with no local outages.</p> <p><u>n-1 capacity</u> The first circuit outage condition as set out in the SQSS.</p> <p><u>n-2 capacity - >300MW demand groups only</u> The second circuit outage condition as set out in the SQSS – only applicable for substations where the peak group demand is greater than 300MW.</p>

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.
-----------------	---

Field Code Changed

VERSION 2.0

Instructions for Completion	<p><u>General</u> 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.</p> <p><u>Voltage</u> Where appropriate the design or operating voltage of the asset group.</p> <p><u>Capacity</u> Where appropriate the capacity of the asset group i.e. MVA for transformers, fault rating for switchgear, current rating for cables.</p> <p><u>Description</u> A physical description of the asset.</p>
-----------------------------	--

4.12 Asset age

Purpose and Use	To collect information relating to the licensee's asset population age for asset replacement modelling purposes. This table is populated from table 4.12 from the previous year and Tables 4.13 to 4.15
Instructions for Completion	<p>The table is automatically completed from other tables</p> <p><u>Assets</u> The list of assets is indicative only and data should be provided consistent with the assets categories as defined in Table 4.11</p> <p><u>19xx</u> The year in which each asset was connected to the network and available for operation.</p> <p><u>Total Quantity</u> Total number of assets connected to the network and available for operation at the end of the reporting year.</p>

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	<p><u>Assets</u> The list of assets is indicative only and data should be provided consistent with the assets categories as defined in Table 4.11</p>

Field Code Changed

VERSION 2.0

	<p><u>19xx</u> The year in which the asset disposed was connected to the network and available for operation.</p> <p><u>Total Quantity</u> Total number of assets disposed for load related reasons during the reporting year.</p>
--	--

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	<p><u>Assets</u> The list of assets is indicative only and data should be provided consistent with the assets categories as defined in Table 4.11</p> <p><u>19xx/xy</u> The year in which the asset disposed was connected to the network and available for operation.</p> <p><u>Total Quantity</u> Total number of assets disposed for non load related reasons during the reporting year.</p>

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	<p><u>Assets</u> The list of assets is indicative only and data should be provided consistent with the assets categories as defined in Table 4.11</p> <p><u>Additions</u> Total number of assets added to the network during the reporting year.</p> <p><u>Disposals</u> Total number of assets removed from the network during the reporting year.</p> <p><u>Opening balance</u> Total number of assets connected to the network and available for operation at the start of the reporting year.</p> <p><u>Load related, Asset replacement</u> The division between these two Capex categories is as defined for Table 4.18.</p> <p><u>Closing balance</u> Total number of assets connected to the network and available for operation at the end of the</p>

Field Code Changed

VERSION 2.0

	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	<p><u>General</u> 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.</p> <p><u>Assets</u> The list of assets is indicative only and data should be provided consistent with the asset categories as defined in Table 4.11</p> <p><u>Data Type A</u> 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.</p> <p><u>Data Type B</u> 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.</p> <p><u>Cumulative Probability Density Function</u> 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.</p>

4.17 Average unit costs

Purpose and Use	To collect information relating to average unit costs for asset replacement modelling purposes.
Instructions for Completion	<p><u>Assets</u> The list of assets is indicative only and data should be provided consistent with the asset categories as defined in Table 4.11</p> <p>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</p>

Field Code Changed

VERSION 2.0

	<p>suppliers. The licensee should state in the accompanying narrative any material assumptions in deriving these costs.</p> <p><u>New Build</u> Where a new asset is installed to provide increased capacity and is not replacing an existing asset.</p> <p><u>Replacement</u> Where an asset is removed and replaced by a new asset for capacity or condition reasons.</p> <p>Where distinction between new build and replacement is not relevant the same cost should be entered in each.</p> <p><u>Equipment costs</u> 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</p> <p><u>Total overheads</u> Engineering overheads + Business overheads</p> <p><u>Engineering overheads</u> 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</p> <p><u>Business overheads</u> All other capitalised costs not included above excluding land costs. Depending on capitalisation policy, this may include procurement, regulation, legal and finance costs</p> <p><u>Land costs</u> Any scheme specific land purchase cost for example purchase of land for construction of new transmission assets</p>
--	---

4.18 Actual and forecast capex

Purpose and Use	To collect information relating to the licensee's historic expenditure.
Instructions for Completion	<u>Actual Expenditure</u> Please ensure that the numbers reconcile with the regulatory accounts.

Field Code Changed

VERSION 2.0

	<p><u>Generation connection – sole-use</u> Only includes expenditure on assets that are covered by connection charges as of the connection charging boundary at the time.</p> <p><u>Demand connection – sole-use</u> 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.</p> <p><u>Infrastructure – entry triggered</u> 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.</p> <p><u>Infrastructure - general - reactive schemes (excl TIRG /TSS)</u> 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 installation 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.</p> <p><u>Infrastructure - general - non reactive schemes (excl TIRG /TSS)</u> 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 installation 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.</p> <p><u>Infrastructure – exit triggered</u> Expenditure on assets covered by TNUoS charges yet directly triggered by individual demand connection projects.</p> <p><u>Infrastructure - TSS</u> Expenditure on schemes aimed primarily at improving the efficiency of system operation.</p> <p><u>Asset Replacement and refurbishment</u> Expenditure necessary for the replacement of existing 'life expired' assets. Replacement schemes</p>
--	---

Field Code Changed

VERSION 2.0

	<p>include the following main sub-categories: Transformers, Reactors, Switchgear, Overhead Lines, Underground Cables, Protection & control.</p> <p><u>Substation other</u> Non-load related investment within a substation not covered by the main sub categories listed above</p> <p><u>Other TO</u> Includes expenditure on non physical assets such as asset management IT systems and any other miscellaneous items not covered by the main sub-categories listed above or substation other.</p> <p><u>Quasi Capex (200708 – 2011/12)</u> Operating costs that are treated as capital expenditure for regulatory purposes.</p> <p><u>Customer Contributions (enter as negative)</u> These exclude the connection charges.</p> <p><u>Infrastructure - TIRG</u> Expenditure explicitly covered by the TIRG licence conditions.</p> <p><u>TO logging-up capex (200708 – 2011/12)</u> Areas of capex to be logged-up as stated in the final proposals, including BT21CN, cable tunnels and Plugs N-1 connections.</p> <p><u>Security Cost</u> Expenditure as agreed with The Authority</p>
--	--

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	<p><u>General</u> 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.</p> <p><u>Total Scheme cost</u> 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."</p> <p><u>Comm. Date Last</u> The planned commissioning date of the last item of plant.</p> <p><u>Deliverable</u></p>

Field Code Changed

VERSION 2.0

	<p>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 (eg system stability).</p> <p><u>Assets installed (#)</u> 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.</p>
--	--

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	<p><u>General</u> 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.</p> <p><u>Total Scheme cost</u> 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."</p> <p><u>Comm. Date Last</u> The planned commissioning date of the last item of plant.</p> <p><u>Assets installed (#)</u> 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</p>

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	<p><u>Quasi Capex</u> Operating costs that are treated as operating costs in the regulatory and statutory accounts, but are reported as capex for regulatory treatment purposes.</p> <p><u>Circuit breaker refurbishment</u> Circuit breaker refurbished to retain acceptable reliability and / or defer asset replacement.</p> <p><u>Tower foundations and steelwork</u> Tower condition-related steelwork replacement, foundation repairs and muff replacement. This</p>

Field Code Changed

VERSION 2.0

	<p>activity is separate from piecemeal steelwork replacement undertaken as a maintenance activity which should remain in Opex</p> <p><u>Decommissioning of cables</u> The decommissioning of cables as a result of a capital asset scheme even if a 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.</p> <p><u>Decommissioning of overhead lines</u> Decommissioning of overhead route as a result of a capital asset scheme even if an overhead route is not in the vicinity of the existing route.</p> <p><u>Decommissioning of substations</u> Decommissioning of substation assets as a result of a capital scheme even if replacement of substation assets are not undertaken in the same location.</p> <p><u>Asbestos Removal</u> Removal of asbestos at substations to ensure the long term operation of the substation to its full economic life. The costs are driven health and safety and other legislation.</p> <p><u>Possible quasi capex</u> Additional categories of cost subject to consideration of the following factors:</p> <ul style="list-style-type: none"> • the substitutability of such expenditure with other opex or capex activities, • the incentives on efficiency of such expenditure, • the economic lifetime of benefits associated with such expenditure. <p>NB Any costs entered in this section of Table 4.21 are subject to assessment and explicit agreement by The Authority before qualifying to be treated as capex.</p>
--	---

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	<p><u>Other TO Schemes</u> Comprises miscellaneous items including environmental oil containment schemes, site security, and asset management IT systems. Please clarify in the accompanying narrative what cost items are included here.</p> <p><u>TO Logging-up Capex Schemes</u> 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.</p> <p><u>PLUGs (only for SPT/SHETL)</u></p>

Field Code Changed

VERSION 2.0

	Enter half of the capex relating to providing n-1 security at a local infrastructure boundary (eg transformers, double circuit overhead line) for connecting wind generating station with a connection capacity 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	<u>General</u> 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	<u>NGET Only</u> <u>BGN</u> As defined in Special Licence Condition D9. Means the individual relevant generation entry capacities which were delivered and subject to access charges at any point in the relevant year commencing 1 April 2006. To be entered for each individual power station <u>GN</u> As defined in Special Licence Condition D9. Means maximum of the individual relevant generation entry capacities in any relevant year from the relevant year commencing 1 April 2007 up to and including relevant year n for an individual power station for which access charges were levied in any relevant year from the relevant year commencing 1 April 2007 up to and including relevant year n. The relevant generation entry capacity for an individual power station shall be the largest holding or (if greater than the holding) use of entry capacity rights (through any combination of firm access products) held or used by an individual power station for a total period not less than 5 days during the relevant year n. To be entered for each individual power station <u>ZGen</u> As defined in Special Licence Condition D9. Means the sum across all users connected in each zone of all long-term generation entry capacity products in MW for which charges were levied in the relevant year n including TEC and such other products that imply a user commitment of not less

Field Code Changed

VERSION 2.0

	<p>than one year</p> <p><u>ZClos</u> As defined in Special Licence Condition D9. Means the sum across all users connected in each zone of all individual reductions in generation entry capacities in MW for which access charges were paid in the relevant year n-1 but not in the relevant year n (for the avoidance of doubt this number can take a zero or positive value)</p> <p><u>Odem_{j,n-1}</u> As defined in Special Licence Condition D9. Means the sum for each zone of all Grid Supply Point demands in MW at time of national peak demand in relevant year n-1</p> <p><u>FDem_{j,n-1}</u> As defined in Special Licence Condition D9. Means the sum for each zone of all Grid Supply Point demand nominations in MW for time of national peak demand made in relevant year n-1 for relevant year n-1</p> <p><u>FDem_{j,n}</u> As defined in Special Licence Condition D9. Means the sum for each zone of all Grid Supply Point demand nominations in MW for time of national peak demand made in relevant year n-1 for relevant year n</p> <p><u>ZDem</u> As defined in Special Licence Condition D9. $ZDem_{j,n} = FDem_{j,n} * (ODem_{j,n-1}/FDem_{j,n-1})$ To be automatically calculated.</p> <p>For the avoidance of doubt FDem_{j,n}, FDem_{j,n-1} and Odem_{j,n-1} reported in year y are used to calculate ZDem_{j,n} for year y+1.</p> <p><u>ST</u> As defined in Special Licence Condition D9. [Means the delivered long-term output capacity in MW of the network between Scotland and England in relevant year n. Delivery of long-term capacity across this portion of the network shall be assessed on the basis of the availability of secure capacity on the circuits that cross the England – Scotland border and the network upstream and downstream of the border such that power transfers can be sustained for a variety of generation patterns in Scotland and England]</p> <p><u>Generation TEC</u> Enter TEC for the reporting year for each individual power station, for the avoidance of doubt this covers both new and existing generators</p>
--	--

Field Code Changed

VERSION 2.0

	<p>Note TEC increases and decreases must reconcile with changes in ZGen. Please provide a explanation where changes to ZGen are not as a result of TEC changes i.e. the impact other products that imply a user commitment of not less than one year</p> <p><u>Scottish companies only</u></p> <p><u>Local Infrastructure</u></p> <p><u>Relevant generation capacity</u> As defined in Special Licence Condition J5. Means the cumulative amount of generation connection capacity connected to a part of the licensee's transmission system or connected to a distribution system which in turn connects directly to a part of the licensee's transmission system (but excluding high cost projects) for which attributable transmission reinforcement works are completed and commissioned (in accordance with the System Operator Transmission Owner Code, STC) after 31 March 2005.</p> <p><u>High cost generation capacity</u> Means the cumulative amount of generation connection capacity connected to a part of the licensee's transmission system or connected to a distribution system which in turn connects directly to a part of the licensee's transmission system and is a <u>high cost project</u> for which attributable transmission reinforcement works are completed and commissioned (in accordance with the System Operator Transmission Owner Code, STC) after 31 March 2005.]</p> <p><u>Relevant Generation Projects</u> Generation projects with transmission reinforcement works attributable to the connection of relevant generation.</p> <p><u>Baseline Projects</u> Relevant Generation Projects excluding Local RD Qualifying Projects.</p> <p>For the avoidance of doubt only the costs associated with local infrastructure works should be reported. Where relevant generation projects have no local infrastructure works the costs should be entered as zero.</p> <p><u>Local infrastructure works</u> As defined in Special Licence Condition J5. means sole user triggered transmission reinforcement works associated with the connection of new or additional generation capacity to a part of the licensee's transmission system (or connected to</p>
--	---

Field Code Changed

VERSION 2.0

	<p>a distribution system which in turn connects to a part of the licensee's transmission system) as specified in relevant agreements between the licensee and the system operator pursuant to the STC</p> <p><u>Local RD Qualifying Projects</u> As defined in Special Licence Condition J5 means local infrastructure works being undertaken by the licensee: (a) which result, or have resulted, in the volume of relevant generation capacity first exceeding 1734 megawatts; or (b) will be, or have been, completed and commissioned after the point at which the volume of relevant generation capacity is equal to or exceeds 1734 megawatts;</p> <p>to provide generation connection capacity where the licensee has, or will have, prior to 1 April of relevant year, committed to spend not less than 25 per cent of the capital expenditure that it estimates, using reasonable endeavours, will be incurred in completing the set of relevant local infrastructure works</p> <p><u>High Cost Projects</u> As defined in Special Licence Condition J5. means local infrastructure works where the licensee, estimates, using reasonable endeavours, that the capital expenditure incurred in completing the relevant set of local infrastructure works will exceed the cost per megawatt of predicted capacity set out in Special Licence Condition J5</p> <p>For the avoidance of doubt for projects with a n-1 secure connection and a connection capacity less than 100MW (i.e. is subject to Plugs logging up) the cost per MW is calculated as half the Total Cost divided_by Generation Connection Capacity</p> <p><u>Capacity (Generation Connection Capacity)</u> As defined in Special Licence Condition J5. Means the connection capacity that transmission reinforcement works have been contracted and constructed to deliver in the relevant Transmission Operator Connection Agreements between the licensee and the system operator pursuant to the STC</p> <p>Total Cost Means estimated total capital expenditure associated with local infrastructure works to be incurred in completing each project,</p> <p><u>N-1 secure and <100MW</u></p>
--	--

Field Code Changed

VERSION 2.0

	<p>Enter yes for project subject to Plugs logging up</p> <p><u>Deep Infrastructure</u></p> <p><u>Deep RD Qualifying Project</u> As defined in Special Licence Condition J5. Means deep reinforcement works being undertaken by the licensee: (a) which are relevant to the conditions set out in Table 1 of paragraph 13, and (b) for which the licensee will have, prior to 1 April of relevant year t, committed to spend not less than 25 per cent of the capital expenditure that it estimates, using reasonable endeavours, will be incurred in completing these works</p> <p><u>Year of commissioning (year DFlag = 1)</u> Enter year in which each Deep RD Qualifying Project is commissioned</p> <p><u>Zone</u> Enter zone as required in Special Licence Condition J5, paragraph 13, table 1.</p>
--	---

4.25 Capital Expenditure Incentive

Purpose and Use	To collect information relating to the operation of Capital Expenditure Incentive
Instructions for Completion	<p><u>Cx</u> As defined in Special Licence Condition D9 (NGET) and J7 (SPTL and SHETL) to be automatically completed from table 4.18</p> <p><u>ESCx</u> As defined in Special Licence Condition D9 (NGET) and J7 (SPTL and SHETL) to be automatically completed from table 4.18</p> <p><u>LCx</u> As defined in Special Licence Condition D9 (NGET) and J7 (SPTL and SHETL) to be automatically completed from table 4.18</p> <p><u>TP</u> As defined in Special Licence Condition D9 (NGET) and J7 (SPTL and SHETL)</p> <p><u>DCx</u> As defined in Special Licence Condition D9 (NGET) and J7 (SPTL and SHETL)</p> <p><u>GCz</u> As defined in Special Licence Condition J7 (SPTL and SHETL) to be automatically completed from table 4.24</p>

Field Code Changed

4.26 Capex Forecast - Year on Year Movement

<u>Purpose and Use</u>	<u>To understand the movements in the capex forecasts from year to year</u>
<u>Instructions for Completion</u>	<u>The table is automatically completed from information input by Ofgem and other tables in the pack</u> <u>Input the reasons for the changes in forecast in the column shaded in yellow</u>

Formatted: Font: Not Bold

4.27 Capex Forecast Price / Volume Variance

<u>Purpose and Use</u>	<u>To understand the makeup of the current capex forecast for the price control period between price and volume</u>
<u>Instructions for Completion</u>	<u>Input details of volumes and costs by asset type that make up the total proposed expenditure (actual and forecast) for the current price control period. The total costs must agree to the total forecast expenditure for the price control period shown on Table 4.26</u>

Field Code Changed

VERSION 2.0

Appendix 2 – Definitions

Most definitions apply to specific tables and therefore and included as part of the table instructions for completion, this appendix provides definitions that cover more than one table and more general definitions. Any word or expressions used in the Utilities Act 2000, Electricity Act 1989, the Energy Act 2004, or standard or special licence conditions of the electricity transmission licence shall have the same meaning when used in these rules, similarly for standard accounting terms, IFRS/IAS and/or UK GAAP and Companies Act 2006~~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 The Authority 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 items. These are only those items that are not incurred as part of the ordinary level of business activities and would be atypical. Normal business activities include, normal trade accruals and prepayments and holiday pay provisions.
Affiliate IDNO	An independent distribution network operator owned by the group and operating within the group’s own electricity distribution network area
Atypical-irregular costs	The total costs (less credits and receipts) of resources employed in response to an atypical-irregular event.
Atypical event <u>Irregular event</u>	A specific event or incident that is not expected to recur regularly under

Field Code Changed

VERSION 2.0

	normal circumstances due either to its size or nature.
Customer / Capital contributions	Financial contribution received from / repaid to a customer in respect of the provision of a new connection to the transmission network.
De Minimis	The activity of conducting de minimis business, i.e. non-transmission activities, which are subject to the limitation provided for in standard licence condition B6 Paragraph 4
Excluded services	Has the meaning given in the relevant special licence condition
GDN	Gas distribution network
Network rates	<ul style="list-style-type: none"> in England and Wales, the rates payable by the licensee in respect of hereditaments on the Central Rating Lists (England and Wales) compiled under section 52 of the Local Government Finance Act 1988; and in Scotland, the rates payable by the licensee in respect of any land and heritages on the Valuation Rolls compiled under the Local Government Scotland Act 1975, the Local Government etc (Scotland) Act 1994, or any legislation amending or replacing those enactments
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
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.
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.
Retained Gas Distribution Networks	The 4 Gas Distribution Networks

Field Code Changed

VERSION 2.0

	retained by National Grid
TIRG	Transmission Investment for Renewable Generation
Transmission Licence	Payments by the licensee to the Authority determined in accordance with the standard condition licence A4.

VERSION 2.0

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 The Authority 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:

- full reasons for any material variance (> £500k) from price control allowances. This should align with figures shown in the Table 1.1 Published Data ;
- full reason for any material variance from previous year actual and for capex the capex forecast. This should align with figures shown in Tables 2.14 (opex) and 4.26 (capex);
- full reason for any material variance between regulated revenue and price control allowance, i.e. the under / over recovery;
- 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, below is a suggested template;

Formatted: No bullets or numbering

Formatted: List Paragraph, No bullets or numbering

New Definition	Old Definition	Summary of changes (if any)
<u>Unit / Activity Name (new)</u>	<u>Unit / Activity Name (old)</u>	
Enter a list / description of the activities under the new definition	Enter a list / description of the activities under the old definition	Summarise the changes or state that there have been no changes

The template could apply to all of the organisational definitions within the Reporting Pack, such as:

- The Operating Units, e.g. Asset Management
- The analysis of Network Operations, e.g. Gas Operations
- The analysis of Corporate Centre, e.g. Group Financial Control

- where appropriate this would included details of any material change (> £500k) in any values on individual; tables NB. Materiality for the Scottish Transmission companies should be > £100k or 10%;

- ~~reasons for any material variance (> £500k) from price control allowances; and~~

Field Code Changed

VERSION 2.0

- full details of all changes in allocations / apportionments of costs between years.
- Cost allocation models / spreadsheets and documentations for shared services and corporate recharges etc. For any "general rule" used to allocate corporate charges (i.e. turnover, employees, operating profit, net assets) please provide the relevant number for the group as a whole, each regulated entity and the unregulated segments disclosed in the published accounts.
- Accounting policies manuals and details of changes in policy or application from previous year. If there are no changes please include a statement to this effect.
- Self insurance / Captive insurance accounts or summary thereof
- Organisation structure charts
- Detail of changes in policies and procedures other than accounting above.
- Pension scheme accounts and any actuarial valuation
- Copies of previous year's tax computation submitted to HMRC and any helpful supporting spreadsheets
- Details of changes in accounting systems /software used to source information in the PCRRP
- Disclose the narrative desired for inclusion in Annual Report under licensee's comments.

Formatted: Font: Italic, Underline

Formatted: List Paragraph, No bullets or numbering

Formatted: Bulleted + Level: 1 + Aligned at: 0.11 cm + Tab after: 0.74 cm + Indent at: 0.74 cm

Formatted: List Paragraph, No bullets or numbering

Formatted: List Paragraph, No bullets or numbering

Formatted: List Paragraph, No bullets or numbering

Formatted: List Paragraph, No bullets or numbering

Formatted: List Paragraph, No bullets or numbering

Formatted: Font: Not Italic, No underline

Field Code Changed

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

The following information will enable The Authority to understand how the financial and other information has been provided. This could be supplied to The Authority along with the PCRRP, or may be a presentation given to The Authority at the time of reviewing the PCRRP each year. One of the key things The Authority want to understand is what the changes are from year to year. Examples of the sort of material that should be covered include:

- 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