

VERSION 2.0

<b>Gas Transmission Price Control Review</b>
Price Control Review Reporting Rules: Instructions and Guidance
April 2008

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### 1. Introduction

- 1.1. The Price Control Review Reporting Rules (“the rules”) have been produced in accordance with standard special condition A40 (Price Control Review Information) of the gas transporters licence (the “licence”).
- 1.2. These rules are supported by the Price Control Review Reporting Pack (PCRRP) – Transmission PCRRP tables NGG NTS.xls. For the purposes of complying with part [ ] of standard special condition A40, 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 the licensee’s 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 the licensee;
  - reduce the burden on licensee to provide financial and other information at the time of a price control review; and
  - ensure consistent interpretation of definitions and reporting requirements.
- 1.5. The rules include definitions and related instructions and guidance for preparing the annual information submissions. The purpose is to assist the licensee in understanding the best means of representing its price control data in order to meet its regulatory requirements. For the avoidance of doubt, these rules are subordinate to the licence conditions. Consequently, and in the event of any dispute, the licence conditions will always take precedence. Obligations under these rules do not affect the requirement for the licensee to comply with any other obligation whether under the 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 special condition A40.
- 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 robustness and accuracy of data submitted;
  - facilitate effective monitoring of expenditure compared to allowances;

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- 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 special condition A40 paragraph XX, these rules specify:

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

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

### *Reporting year*

2.3. The financial year for the provision of information required under the standard special condition A40 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 licensee 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 data 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 the Authority and the licensee and in any such instance the pack must be

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resubmitted in full. The resubmission should only be 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 the transmission company for discussion of the information submitted. Such visits will be agreed in advance with the licensee.
- 2.8. Where a reviewer has been nominated, the reviewer will enter into an agreement with the licensee to maintain confidentiality on reasonable terms in accordance with paragraph 4.8.1 of standard special condition A40 .

### **Modifications 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.

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### 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 prices of the reporting year. For the purpose 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 of 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

### *Instructions 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 licensee 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, and
  - revenue and incentives data
- 4.4. The final price control proposals<sup>1</sup> 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 requirements for the licensee to provide a narrative commentary. It will be used in conjunction with the tables, to understand the structures and operations of each of the licensee, to inform the following price control and to monitor the licensee's performance against the Authority's assumptions for costs included in the current price control period as detailed in the TPCR 2007- 2012 Final proposals, December 2007 (Ref No.206/06) document.
- 4.6. In addition to this narrative, ~~once the annual review of the PCRRP is complete,~~ the licensee 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.

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<sup>1</sup> Paragraph 1.48 TPCR 2007- 2012 Final proposals, December 2007 (Ref No.206/06)

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### 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~~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 the PCRRP. This will provide licensee with the opportunity to add rows where necessary and highlight and errors. Licensees's should highlight any errors in the PCRRP by changing the background colour of the cell to dark green
- ~~Cell protection has been applied through out the PCRRP. 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.~~

#### 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

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### Checks and Balances in PCRRP

#### Financial and Cost Tables

##### Main tables

- 1.1 Published Data
- 1.2 The Ofgem Adjustments (NG)
  - 1.2.1 NGG TO
  - 1.2.2 NGG SO
- 1.3 Accounting Costs Matrix (NG)
  - 1.3.1 Total NGG NTS Transmission
  - 1.3.2 NGG - GTO
  - 1.3.3 NGG - GSO
- 1.4 Opex Performance
  - 1.4.1 Calculation of Different Elements of Performance
  - 1.4.2 Provisions - NGG
- 1.5 Opex Reconciliation (NG)
- 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 NGG - GTO
  - 1.7.2 NGG - GSO

##### 1.8 Abbreviated Cash Flow

##### Supporting Tables

- 2.1 Asset Management Opex - Gas TO (National Grid Only)
- 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 Minimus Services
- 2.5 Analysis of Corporate / Group Costs (NG)
- 2.6 IS Costs (National Grid)
- 2.7 Insurance Costs (NG)
  - 2.7.1 Insurance Premiums
  - 2.7.2 Total Insurance Department Costs
  - 2.7.3 Analysis of Captive Insurance Companies
- 2.8 Analysis of Property Costs (NG Only)
- 2.9 Analysis of UK Business Services (NG only)
- 2.10 Related Party Transactions (NG)
- 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
  - 2.11.6 Total UK Business Services Staff ~~and FTE Numbers~~
  - 2.11.7 Allocation of Business Services Staff ~~and FTEs~~ to Businesses
- 2.12 SO Capex
- 2.13 NGG GSO Network Operations
- 2.14 Year on year Movement
  - 2.14.1 NGG - GTO
  - 2.14.2 NGG - GSO
  - 2.14.3 UK Business Services

##### 2.15 Total Transmission and UK Business Services Salaries and FTEs

##### Financial Tables

- 3.1 Pension Schedule (NG)
- 3.2 Financial Asset and Liability Schedules

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- 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 P&L
  - 3.3.2 Current tax Schedule
  - 3.3.3 Deferred 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 TO

### Gas Capital Expenditure Tables

- 5.1 System characteristics
- 5.2 Activity indicators
- 5.3 Utilisation & performance
- 5.4 Demand & capability
- 5.5 Compressor utilisation
- 5.6 Environmental Performance
- 5.7 Quasi capex
- 5.8 Capex summary
- 5.9 Asset data
- 5.10 Project Listing
- 5.11 Forecast Scenarios
- 5.12 Linepack Output
- 5.13 Capex Forecast – Year on Year Movement
- 5.14 Capex Forecast Price / Volume Variance

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### 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"><li>• The version number and date of submission should be input in the yellow shaded cells</li></ul>

### Check and Balances in PCRRP

Purpose and Use	The purpose of this worksheet is to report all checks
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	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. <b>NB If the box does not state "Yes" the licensee should explain why in the narrative commentary.</b>

### 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 <a href="#">Table 1.2</a> 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 <a href="#">Table 1.4</a> 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"> <li>• No data input is required.</li> <li>• The worksheet is entirely formula driven from links to other worksheets in the reporting pack</li> <li>• Other adjustments will be input by The Authority as required.</li> </ul>

##### 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 Gas 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"> <li>• Costs should be input as positive values</li> <li>• Cost data is to be input on an accounting cost basis.</li> <li>• Costs should be entered by business unit and type of expenditure in the boxes highlighted in yellow.</li> <li>• The table for total electricity transmission will be</li> </ul>

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	<p>the sum of the tables by form of control.</p> <ul style="list-style-type: none"> <li>• 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 <a href="#">Table 2.9</a>.</li> <li>• 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</li> <li>• "Other" costs should be input in total on this table, but a breakdown must be provided in <a href="#">table 1.7</a></li> <li>• The costs of excluded services must be equal to the totals on <a href="#">table 2.4</a></li> <li>• Staff costs pensions and capitalised staff and pension costs come from <a href="#">Table 2.11</a>.</li> <li>• Changes in organisation structure from one year to another should be explained using the organisation definition template at Appendix 4.</li> </ul>
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### 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"> <li>• Data is linked to other table in the PCRRP</li> <li>• Input data further data as required in the yellow shaded cells</li> <li>• Details of provisions should be input in table 1.4.2. The total of these should agree to the regulatory accounts.</li> </ul>

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

### 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"> <li>• Costs should be input as positive values</li> </ul>

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	<ul style="list-style-type: none"> <li>• In table 1.6.1 input the appropriate items to reconcile the capex expenditure from <a href="#">Table 4.18</a> to the capital expenditure as per the Regulatory Accounts.</li> <li>• 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.</li> </ul>
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**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"> <li>• Costs should be input as positive values</li> <li>• Enter detail of all the items included in the "other" costs line in <a href="#">table 1.3</a></li> <li>• The total must agree to that on <a href="#">table 1.3</a>.</li> </ul>

**1.8 Abbreviated Cash Flow**

<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"> <li>• <u>Costs should be input as positive or negative values as indicated.</u></li> <li>• <u>The total must agree to information in the regulatory accounts.</u></li> </ul>

**Supporting Tables**

**2.1 Asset Management Opex - Gas**

Purpose and Use	This worksheet shows the amount of operating costs spent on engineering activities within the gas business. 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"> <li>• Costs should be input as positive values</li> <li>• 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.</li> <li>• The total table should reconcile to the total costs of Asset management on <a href="#">table 1.3</a>. The appropriate reconciling items should be</li> </ul>

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	identified at the bottom of the table.
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**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"> <li>• Enter the name of specific project for IT projects where the expenditure is £1m or more</li> <li>• 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.</li> <li>• Expenditure on all other assets and IT assets less than £1m should be entered in total.</li> </ul> <p><b>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.</b></p>

**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 <del>central inputs</del> <u>Other UK Transmission Cost Centres that have been made to the Transmission business as a result of group decisions or other reasons.</u> The Authority will use the analysis to understand the nature of centrally input costs as these often have significant value.
Instructions for Completion	<ul style="list-style-type: none"> <li>• Costs should be input as positive values</li> <li>• <u>Table 1.3</u> provides a total for <del>central-Other UK Transmission Cost Centres adjustments</del> 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.</li> <li>• The table must agree to the figures in <u>Table 1.3</u>.</li> </ul>

**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"> <li>• Cost and revenue should be input as positive values.</li> <li>• The total costs for Excluded Services in this table must agree the Excluded Services costs shown in <u>Table 1.3</u>. The total revenue will equal</li> </ul>

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	<p>the figures in the Revenue Reporting tables.</p> <ul style="list-style-type: none"> <li>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)</li> </ul> <p><u>Consented services</u> The consented services are those listed in Standard Special Licence Condition A36 paragraph 3(d).</p>
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### 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"> <li>Costs should be input as positive values</li> <li>The total costs for each corporate / group function unit should be input.</li> <li>Details of any atypical items included in the corporate charges should be identified in</li> <li>The names of each the businesses within the NG Group, other than those already named, should be input</li> <li>Costs charged to each regulated or unregulated business from each group function should be input in the appropriate cells.</li> <li>The basis on which the allocation of costs to Transmission has been made should be detailed in the accompanying narrative.</li> <li>The figure will feed into <u>Table 1.3</u>.</li> <li>Changes in organisation structure from one year to another should be explained using the organisation definition template at Appendix 4.</li> </ul>

### 2.6 IS Costs (National Grid)

Purpose and Use	<p>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.</p>
Instructions for Completion	<ul style="list-style-type: none"> <li>Costs should be input as positive values</li> <li>Input costs, staff and contractor numbers for each IT function by cost type</li> <li>Input numbers for equipment and storage etc. in the box below the costs.</li> <li>The total IT function costs must equal the total for IT <b>and operational telecoms</b> on <u>table 2.9</u>.</li> </ul>

### 2.7 Insurance Costs (National Grid)

Purpose and Use	The worksheet will collect information relating to
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	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"> <li>• Costs should be input as positive values</li> <li>• In table 2.7.1 input the appropriate details of all insurance policies</li> <li>• 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 <a href="#">Table 2.9</a></li> <li>• In table 2.7.3 input details of all captive insurance companies owed by the National Grid Group</li> </ul> <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>

### 2.8 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"> <li>• Costs should be input as positive values</li> <li>• Input the name of each category 3 building and details of gross and usable space.</li> <li>• Input the costs of each building against the appropriate resource headings, and totals for all category 1 and category 2 buildings</li> <li>• Input details of the allocations of total property costs to businesses</li> <li>• The total property costs must agree to those in <a href="#">Table 2.9</a></li> </ul>

### 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
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	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"> <li>• Costs should be input as positive values</li> <li>• Cost data is to be input on an accounting cost basis.</li> <li>• Costs should be entered by business service unit and type of expenditure in the boxes highlighted in yellow.</li> <li>• The allocation of total business support unit charged to each regulated or unregulated should be shown.</li> <li>• Staff costs pensions and capitalised staff and pension costs come from <a href="#">Table 2.11</a></li> <li>• There is no need to identify turnover and costs as these units do not charge any profit margin</li> <li>• These figures are then linked to <a href="#">Table 1.3</a>.</li> <li>• <a href="#">Changes in organisation structure from one year to another should be explained using the organisation definition template at Appendix 4.</a></li> <li>• <a href="#">The table reconciling the UK Business Service costs shown in Transmission RRP with indirect costs shown in the Gas Distribution RRP should also be completed</a></li> </ul>

**2.10 Related Party Transactions (National Grid)**

Purpose and Use	The purpose of this worksheet is to provide an analysis of the nature and size of services provided to the transmission business, other group companies and external parties by each related party. 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"> <li>• Input a description of the services provided by each related party.</li> <li>• Input the turnover data for the related party as charged to the transmission business, other related parties and external customers. Input as positive numbers.</li> <li>• Input as negative numbers the respective costs incurred.</li> <li>• 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.</li> <li>• Where there is no margin on the transaction with another related party the turnover and cost should be equal.</li> <li>• 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</li> </ul>

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	<p>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> <p>NB. There is no need to include Corporate Centre in this table as this is covered by <a href="#">Table 2.5</a></p>
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**2.11 Staff Costs ~~and FTE Numbers~~ (National Grid)**

Purpose and Use	<p>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.</p> <p><del>and provide a cost by grade per FTE for comparisons of total employment costs</del></p>
Instructions for Completion	<ul style="list-style-type: none"> <li>• The total labour and pension costs should be broken down into the elements shown on the table</li> <li>• Temporary and agency staff costs are to be recorded on this worksheet</li> <li>• <del>The staff number tables show the average number of FTEs employed over the year for UK Transmission and Shared Services units.</del></li> <li>• <del>FTEs should be reported to the nearest 0.5 FTE.</del></li> <li>• The amount of salaries and pension costs capitalised and charged to opex should be input.</li> <li>• The total transmission staff and pension costs will feed into <a href="#">Table 1.3</a> and <a href="#">Table 2.9</a>.</li> <li>• The tables should be completed for total gas transmission and total UK Business services and then the total allocated to each form of control.</li> </ul> <p><b>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.</b></p> <ul style="list-style-type: none"> <li>• <del>The table also requires average FTEs by grade as well as in total</del></li> </ul> <p><u>Share Options</u> The cost of share options given to staff</p> <p><u>Full-Time Equivalent (FTE)</u> <del>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.</del></p> <p><u>Average Staff Numbers</u></p>

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	<p style="color: red;"><del>The average FTE employed by the business in the year. Average of the opening and closing numbers</del></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>
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### 2.12 SO Capex (National Grid Only)

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

### 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"> <li>• Costs should be input as positive values</li> <li>• The tables should be completed in the same way as Table 1.3 and 2.11</li> <li>• The total should agree to the total of Network Operations on <u>Tables 1.3 and 2.11</u></li> </ul>

### 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"> <li>• Fill in the reasons for changes in costs in the boxes shaded in yellow</li> <li>• The table should be completed to clearly explain the year on year movements but additional explanations can be provided in the narrative if required</li> </ul>

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**2.15 Total Transmission and UK Business Services Salaries and FTEs**

<p><u>Purpose and Use</u></p>	<p><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></p>
<p><u>Instructions for Completion</u></p>	<ul style="list-style-type: none"> <li>• <u>Fill total staff costs and FTEs and indicated by the boxes shaded in yellow.</u></li> </ul> <p><u>Full Time Equivalent (FTE)</u>  <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.</u></p> <p><u>Average Staff Numbers</u>  <u>The average FTE employed by the business in the year. Average of the opening and closing numbers</u></p>

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**Financial Tables**

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

<p><u>Purpose and Use</u></p>	<p>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</p>
<p><u>Instructions for Completion</u></p>	<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 3<sup>rd</sup> 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 into the relevant pension scheme. Where relevant, this will include statutory contributions to the Pension Protection Fund.</p>

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	<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>
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### 3.2 Financial Asset and Liabilities Schedule

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

### 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"> <li>Input details of taxation as indicated by the yellow shaded boxes on the table</li> </ul>

### 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 and RAV calculations
Instructions for Completion	<ul style="list-style-type: none"> <li>Input financial details as indicated by the yellow shaded boxes on the table</li> </ul>

## Gas Capital Expenditure Tables

### 5.1 System characteristics

Purpose and Use	This worksheet collects basic high-level information relating to physical characteristics of the transmission network, showing changes year on year. [This is intended to update the overview of the transmission system captured via the BPQ during the price control review]
Instructions for Completion	All system characteristics should be entered as at the end for a reporting year (i.e. 31 March).

### 5.2 Activity indicators

Purpose and Use	To collect key indicators of the overall level of transmission activity.
Instructions for Completion	All data should be for actual levels of demand showing flows, into and out of the network.

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	GDN demand levels from the NTS should be shown by LDZ
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### 5.3 Transmission system utilisation and performance

Purpose and Use	To collect information relating to the overall size and quality of transmission service delivered.
Instructions for Completion	Number of Transmission system incidents - an incident is defined as any system event which results in a single or multiple loss of supply.  1 in 20 peak day demand levels to be shown for each LDZ

### 5.4 System Demand and Capability

Purpose and Use	To collect key indicators of overall levels of capacity booked and levels of actual demand
Instructions for Completion	Capacity should be shown for each Aggregated System Entry Point (ASEP) indicating the highest value of firm capacity booked in the period for the reporting year.  Actual flows at each Aggregated System Entry Point (ASEP) should indicate maximum values observed in the reporting year expressed in GWh/day

### 5.5 Utilisation of Compressor Capacity

Purpose and Use	To collect data on overall compressor utilisation and enable year on year comparisons to inform about changing patterns of supply and demand
Instructions for Completion	Actual running hours should be record for each compressor

### 5.6 Environmental Monitoring

The report should include information on a number of pre-specified environmental performance measures and accompanying narrative.

Purpose and Use	To collect data on the environmental performance of the NTS so as to be able to link to throughput, and compare trends year on year.  The environmental report will take into account guidance from government, from environment agencies and other relevant bodies. It will explain levels of carbon dioxide, oxides of nitrogen and methane emissions and (where appropriate) performance against any other relevant environmental targets.
Instructions for Completion	CO <sub>2</sub> Emissions – carbon dioxide emitted by gas powered compressors : normalise by energy

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	<p>delivered, estimated Kg of CO<sub>2</sub> per GWh.</p> <p>NO<sub>x</sub> Emissions - NO<sub>x</sub> emitted by gas powered compressors: normalise by unit of annual throughput.</p> <p>Methane Emissions – Methane emitted from plant: estimated Kg of methane emitted per annum, normalised by energy delivered, Kg methane per GWh.</p> <p>(volumes from associated equipment; e.g. valve actuators, may need to be estimated)</p>
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**5.7 Quasi Capex**

Purpose and Use	This worksheet reports the costs of each type of gas quasi capex that is treated as opex in National Grid's regulatory and statutory accounts, but is treated as capex for regulatory reporting purposes. This will enable The Authority to monitor the amount of quasi capex transferred annually
Instructions for Completion	<ul style="list-style-type: none"> <li>Costs for each category of gas quasi capex incurred should be identified.</li> <li>In the case of substations the costs incurred will relate to specific projects and these projects should be identified.</li> <li>In the case of other categories expenditure will often not relate to specific projects, but where it does the projects should be identified.</li> <li>Where there are other projects or areas of expenditure that National Grid believe should be treated as quasi capex full details should be given in the table at the bottom.</li> </ul> <p><u>Decommissioning of gas compressor station assets</u> as a result of a capital scheme even if replacement of gas compressor station assets are not undertaken in the same location.</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"> <li>the substitutability of such expenditure with other opex or capex activities,</li> <li>the incentives on efficiency of such expenditure,</li> <li>the economic lifetime of benefits associated with such expenditure.</li> </ul> <p><b>NB Any costs entered in this section of the Table are subject to assessment and explicit agreement by The Authority before qualifying to be treated as capex.</b></p> <p>Narrative is requested to explain any variances against allowances or licensee's forecast</p> <p>Physical quantities should be entered as applicable</p>

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### 5.8 Actual and Forecast Capex

Purpose and Use	To monitor actual versus forecast expenditure and provide visibility of any variances
Instructions for Completion	Values to be entered as necessary - narrative to explain any variances

### 5.9 Asset data

Purpose and Use	To provide a list of all assets installed on the NTS system and to provide forecasts as to when these assets are likely to be scheduled for replacement
Instructions for Completion	<p>List all assets whose installation has been completed by 1<sup>st</sup> April for each year.</p> <p>Pipelines are to be identified by start and finish points</p> <p>Compressors are to be identified by compressor station and under each compressor station each power unit shall be listed</p> <p>Block valves do not need to be identified separately where they form part of another asset which is listed separately</p> <p>Pig traps do not need to be identified separately where they form part of another asset which is listed separately</p> <p>Date constructed - insert year e.g. 1971</p> <p>Design life insert number of years</p> <p>Insert pipeline diameters in mm. Measure pipeline lengths between recorded start and finish points in km</p> <p>Identify each pipeline by its NTS feeder number</p> <p>Insert compressor power in mega watts (MW)</p> <p>Insert the compressor power source e.g. Gas or Electric for each power unit</p>

### 5.10 Project details

Purpose and Use	To provide a list of all assets planned and forecast to be installed on the NTS system
Instructions for Completion	<p>List all projects planned or forecast, which fall wholly or in part, within the price control period</p> <p>Pipelines are to be identified by start and finish</p>

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	<p>points</p> <p>Compressors are to be identified by compressor station and under each compressor station each power unit shall be listed</p> <p>Block valves do not need to be identified separately where they form part of another asset which is listed separately</p> <p>Pig traps do not need to be identified separately where they form part of another asset which is listed separately</p> <p>Date constructed insert year e.g. 1971</p> <p>Design life insert number of years</p> <p>Insert pipeline diameters in mm. Measure pipeline lengths between recorded start and finish points in km</p> <p>Identify each pipeline by its NTS feeder number</p> <p>Insert compressor power in mega watts (MW)</p> <p>Insert the compressor power source e.g. Gas or Electric for each power unit</p> <p>Expenditure analysis to be provided for completed projects to include a breakdown of expenditure</p>
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**Table 5.11 Forecast Scenarios**

Purpose and Use	To identify entry and exit forecast parameters which help to inform network reinforcement investment decisions
Instructions for Completion	<p>The Forecast scenarios to be reported on will vary from year to year. It is intended that they should not be limited to Minimum and Maximum cases but should represent current views. Such cases as have been identified via the TBE process and Ten Year Statement should be reported and should reflect the latest view based on best available information.</p> <p>Values to be entered as necessary - maximum peak day 1 in 20 forecast levels are taken to be a minimum reporting requirement. The licensee may need to additionally report forecast data for other criteria e.g. SNT, Day1 Severe LDC, Day "n" Severe LDC or such value as is identified as being a key driver for network planning</p>

**5.12 Capex Forecast - Year on Year Movement**

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<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>

**5.13 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 5.12</u>

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**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 gas transporters 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 gas transporters 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 gas transporters 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
<del>Irregular</del> <del>Atypical</del> costs	The total costs (less credits and receipts) of resources employed in response to an <del>atypical-irregular</del> event.
<del>Irregular</del> <del>Atypical</del> event	A specific event or incident that is not expected to recur regularly under normal circumstances due either to its

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	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 condition A1 of the electricity transmission licence.
Excluded services	Has the meaning given in the relevant special licence condition
GDN	Gas distribution network
Network rates	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
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 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.

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### **Appendix 3 – Price Control Review Reporting Pack (PCRRP)**

See Excel spreadsheet for details

Transmission PCRRP tables\_NGG NTS.xls

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## 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 5.12 (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;

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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

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

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- 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.

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### The capital expenditure narrative should include details of:

1. All projects sanctioned – narrative
  - Schedule and delivery dates
  - Phased capex
2. All project re-sanctions – narrative
  - Revised schedule and delivery dates
  - Re-phased capex
3. All new projects and schemes (entry & exit) triggering revenue drivers, as well as any other planned investment for other reasons
  - Planned network investment – narrative
  - Schedule and delivery dates
  - Phased capex
  - Project sanction and / or re-sanction papers where appropriate
4. Any disposals, abandoned pipelines or decommissioned sites or plant with explanation and confirmation of the timescales for disposal
5. An updated map of the NTS network, which can be reproduced in A3 size

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## **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