Transmission Price Control Review 4 (TPCR) ROLLOVER

FBPQ Guidelines for Tables and Narrative

July 2010

Summary

Background

Ofgem has decided to extend the existing Transmission price control (TPCR4) for an additional year, i.e. 2012/13. The extension applies to all 4 transmission companies (TOs): National Grid Electricity Transmission (NGET), Scottish Hydro Electric Transmission Limited (SHETL), Scottish Power Transmission Limited (SPTL) and National Grid Gas - National Transmission System (NGG – NTS). We are also extending the National Grid Gas and Electricity SO internal incentives by one year.

We have decided to adopt a proportionate approach for the one year control whilst taking account of the Authority's statutory duties as modified by the Energy Act 2010, to protect the interest of consumers taken as a whole including their interests in the reduction of greenhouses gases and the security of supply to them.

We propose to roll forward opex allowances informed by average costs in up to the first three years of TPCR4 with a consideration of forecast operating costs (opex) and the addition of an efficiency factor on a company specific basis. To keep the regulatory burden proportionate with a one-year control, we propose to focus on forecast capital expenditure (capex) with an investigation of historical capex only where necessary to inform our views on the licensees' forecasts. The analysis of forecast capex will be targeted on those areas where there are the most material issues. We will carry out the full efficiency review of historical capex as part of TPCR5. More details are provided in Transmission Price Control 4 – Rollover (2012/13) Scope Decision and Consultation document (Ref 78/10) to be found on the Ofgem website www.ofgem.gov.uk

This guidance document and the accompanying spreadsheets set out the information requirements for the TPCR rollover including associated guidance and narrative questions.

Information Request

The Forecast Business Plan Questionnaire (FBPQ) spreadsheets referred to in this document and the narrative questions set out in this document constitute formal information requests under Standard Condition B4 (Provision of Information to the Authority) of the Electricity Transmission Licence and Standard Condition 24 (Provision of Information to the Authority) of the Gas Transporters Licence. The Authority requires the information to be provided by the dates set out below for the purpose of performing its statutory functions.

Further supplementary questions (either written or as part of costs visits or meeting which take place once the FBPQ has been submitted) issued by Ofgem or other consultants (on its behalf) will also be formal requests under condition B4 of the Electricity Transmission Licence or Condition 24 Gas Transporters Licence and should be provided by the dates set out in those requests.

The Transmission Operators are required to complete and return the FBPQs and associated documentation to Ofgem electronically by via the Extranet by 29th

October 2010. This will be sufficient for the purposes of submitting the FBPQ and additional hard copies are not needed. If it is not possible to provide some of the information electronically (for example, if the document can't practically be scanned) please provide the information in hard copy to Ofgem at the following address:

Network Cost and Outputs Team
Local Grids
Ofgem
9 Millbank
London
SW1P 3GE

The data tables must be completed as a Microsoft Excel file. The Commentary should be completed and submitted as a Microsoft Word file. Submissions as portable document format ("PDF") files are not permissible.

Along with the FBPQ submission please provide a register of all documents that have been submitted and identify whether they have been submitted electronically or a hard copy has been provided or both. A confirmation e-mail should be sent to *tpcr4.rollover@ofgem.gov.uk* by 5pm on 29th October 2010 confirming that all the FBPQ information has been provided and including a copy of the register.

Ofgem together with its consultants will review the information once it has been submitted and hold appropriate meetings with each of the TOs to review their costs in more detail and challenge key assumptions regarding forecasts. This will be used to determine appropriate cost allowances for the TPCR4 Rollover.

Provision of data to other Transmission Operators

Some information we receive from one TO may be relevant in setting the price controls of other TOs. In such cases it may be appropriate to share the information with those companies. The TOs should therefore carefully mark any parts of a response they do not want shared with other TOs and provide appropriate justification.

Publication

The publication of historical and forecast financial information is an essential component in performing a transparent price control review to ensure that the price control is clearly understood by all stakeholders. The publication of information obtained from the completed FBPQs will provide fundamental background information to support the publication of the Ofgem financial model and final determination of TPCR4 Rollover allowed revenue.

We have included a specific part of the FBPQ and associated TO narrative for publication shortly after the FBPQs have been received.

Ofgem may decide, once it has considered the views of the TNOs and other interested parties, to publish additional FBPQ data on the Ofgem website. Only those parts that are confidential, prohibited (because of relevant stock exchange listing rules) or for which Ofgem has already agreed a publication exemption will definitely be excluded. The TNOs should therefore carefully mark as confidential any parts of a response they do not want published and provide justification as to why publication would or might seriously and prejudicially affect their interests.

Ofgem would also like to hear the views on publication of all those with an interest in the TPCR4 Rollover including consumers and their representatives, investors and city analysts.

1. Introduction

1.1. The Forecast Business Plan Questionnaire (FBPQ) tables by default use the same definitions as those used in the Price Control Review Reporting Rules. The purpose of these Rules is to provide a framework for the collection and provision of accurate and consistent historical and forecast data from the Transmission Operators ("TOs"). Where there are any differences they are set out in these guidelines.

1.2. For all queries on completion of the cost reporting pack or if any formula errors or other such errors are discovered on completion, an email should be sent to: Martin Rodgers Head of Network Business Support, Costs and Outputs Team, email Martin.Rodgers@Ofgem.gov.uk

2. Submission of Data Tables and Narrative Commentary

2.1. The data tables should be completed and submitted in electronic format as a Microsoft Excel file. The narrative commentary should be completed and submitted in electronic format as a Microsoft Word file. Both files should be submitted via the Extranet, submissions as portable document format ("PDF") files are not permissible.

2.2. The licensees must provide the information via the Extranet not later than **29th October 2010**.

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. With the exception of the financial tables 3.3, 3.5.1, 3.5.2 and 3.5.3, all forecast data should be input in **2009-10 prices**.For the purposes of forecasting, please use the following RPI assumption:

	2010-11	2011-12	2012-13
Index	225.8	234.5	242.8
% change	4.7%	3.8%	3.5%

3.4. 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. Narrative Requirements

4.1. The licensee must provide a narrative with the FBPQ tables to explain information within them and reduce the need for supplementary questions.

4.2. The narrative must explain at a high level the assumptions licensees have made in preparing the FBPQ and how these relate to the opex and capex projections. This should include quantifying any uncertainties and how they propose to deal with these.

4.3. For capex the licensee also must describe their internal process for scheme development, costing, sign off and formulation of the capital plans. Key internal milestones and papers should be identified.

Load related

4.4. The licensee must provide a complete description of how the forecast has been built up including:

- Explain the methodology adopted and assumptions made in forecasting levels of demand and generation (by revenue driver zone or on a locational basis if relevant).
- Explain the methodology adopted for forecasting boundary flows and capability requirements.
- Explain the methodology adopted for forecasting substation utilisation.
- Explain assumptions made with respect to system security requirements and compliance and the effect on forecasts.
- Explain assumptions made with respect to access arrangements and their effect on forecasts.
- Provide details of methodology and assumptions adopted for any cost benefit analysis to justify proposed load-related investment.
- Explain to what extent forecasts are based on known connections with firm offers/consents granted etc.?
- Explain the extent to which scheme costs are based on high level estimates, detailed design costs, tendered prices etc.
- Provide internal cost books for producing high level cost estimates (please see section 5.1)
- Describe of how internal cost books are updated to reflect actual costs
- Provide a view on the level of certainty of the forecast and the sensitivity of relevant investment schemes to the variation of key elements of the forecast.
- Provide a description of the effect of the proposed investment on load related outputs and network risk.
- Provide an overview of load-related investment policies and procedures, highlighting recent or assumed changes.

- Provide details of resource planning to deliver the proposed investment.
- Provide details of any assumptions relating to the impact of new technologies.
- How have schemes addressing both load and non-load related expenditure been accounted for in the submitted tables?

4.5. Following submission of the tables Ofgem will identify a subset of load related schemes where the following additional information will be required. The information should be supplied through internal scheme papers, board papers, project plans, design papers and other relevant documentation.

- Scheme driver
  - Description of the current system (network layout, configuration, customers)
  - Objectives of the investment - what problem is being addressed? (e.g. future overloading, voltage issues, fault level issues, new demand, new generation etc.)
  - Demand and generation forecasts – implications for investment need and timing.
  - Description of forecasting processes
  - Is there a non-load related element to the work?
- Options considered
  - A description of each option with phasing and estimated costs
  - Advantages and disadvantages of each option; and
  - Consideration of time before further reinforcement is required
  - Consideration of alternatives to capex solutions
- Scheme selection
  - The cost/benefit analysis of the options and identification of the preferred scheme;
  - A detailed cost estimate for the preferred scheme; and
  - The implementation plan with expenditure phasing.
- Certainty
  - Is there any contractual commitment from other parties regarding this scheme?
  - Is the scheme sanctioned?
  - Is the scheme dependent on a trigger?
  - Is the scheme already incurring costs?
  - Is there potential for deferment?
- Outputs
  - What are the outputs of the scheme expected to be and how can they be measured?

Non-load related

4.6. The licensee must provide a complete description of how the forecast has been built up including:

- Explain the extent to which forecasts are based on known asset specific condition information and assessed criticality.
- Explain the extent to which asset replacement modelling has been used to complement forecasts.
- Explain the extent to which scheme costs are based on high level estimates, detailed design costs, tendered prices etc.
- Provide internal cost books for producing high level cost estimates.
- Describe how internal cost books are updated to reflect actual costs.
- Describe a description of asset life assumptions. How are these derived? Describe how actual condition is fed back into asset life assumptions for modelling (as presented in table 4.16). What measures to extend asset lives have been considered?
- What is the process for deriving a prioritised capital plan based on condition information and criticality?
- What assumptions have been made and what methodology used in defining which schemes are addressed in the one year period (i.e. how has the cut off point in the list of prioritised schemes been derived)?
- Provide a description of the effect of the proposed investment on non-load related outputs and network risk.
- Provide a description of how "TO other costs" have been forecast and the underlying assumptions.
- Explain the methodology used and assumptions made in forecasting quasi capex costs (if relevant).
- Provide details of resource planning to deliver the proposed investment.
- Provide details of any assumptions relating to the impact of new technologies.
- Provide an overview of non-load related investment policies and procedures, highlighting recent or assumed changes.
- How have schemes addressing both load and non-load related expenditure been accounted for in the submitted tables?
- Provide a view on the level of certainty of the forecast and the sensitivity of relevant investment schemes to the variation of key elements of the forecast.
- Describe the needs case for the project (gas).

4.7. Following submission of the tables Ofgem will identify a subset of load related schemes where the following additional information will be required. The information should be supplied through internal scheme papers, board papers, project plans, design papers and other relevant documentation.

- Scheme driver
    - Description of the current system (network layout if relevant, assets installed)
    - Objectives of the investment - what problem is being addressed? (e.g. condition of one or more assets and the

impact on the performance of the system)
    - Asset deterioration assumption used
    - Description of forecasting processes
    - Is there a load related element to the work?
- Options considered
    - A description of each option with phasing and estimated costs
    - Consideration of alternatives strategies (e.g. potential for refurbishment or partial replacement)
    - Advantages and disadvantages of each option; and
    - Consideration of time before further reinforcement is required
- Scheme selection
    - The cost/benefit analysis of the options and identification of the preferred scheme;
    - A detailed cost estimate for the preferred scheme; and
    - The implementation plan with expenditure phasing.
- Certainty
    - Is the scheme sanctioned?
    - Is the scheme already incurring costs?
    - Is there potential for deferment?
- Outputs
    - What are the outputs of the scheme expected to be?

Other – General Assumptions

In preparing their forecasts we ask for a general narrative about the assumptions made. This narrative must address the following specific questions

- What are the forecast assumptions for real input prices including various categories of contract, direct labour and materials? Please specify.

- What work has the TO undertaken to identify efficiency savings for their own business and how have these been incorporated within their forecasts?

- What evidence can the TO provide to demonstrate that their forecasts costs are efficient? (For example has the TO undertaken internal review, external benchmarking, process review?) Where applicable please provide this evidence.

- What evidence do TOs have to demonstrate that the tender costs are efficient? Where applicable please provide.

- What other factors, such as environmental and other legislation requirements, have been considered in preparing the forecasts?

Electricity TO asset replacement

In order to inform our assessment of the asset replacement forecasts we need to gain an understanding of the development of asset replacement work and expenditure relative to the forecasts made at TPCR4.

- Explain the rationale for the changes in the asset replacement volumes during the TPCR4 period to date relative to those forecast at the review for each of the main categories of assets including (where applicable) the impact of new information, new techniques, changes in pattern of work due to market conditions;

- What associated impact has this had on your assumption for asset lives or probability distributions for each of the main categories of assets;

- What impact has the revised pattern of work had on asset condition and criticality measures relative to that which would have been had the planned work been carried out. Please quantify using the agreed output metrics?

- What impact has this has on your forecast work for the rollover year 2012/13, and TPCR5?

- Give an explanation of your forecast replacement volumes and expenditure for 2012/13 and TPCR5? in the context of actual/forecast work and expenditure during TPCR4? Are there any new factors that are affecting work and expenditure forecasts for 2012/13 and TPCR5? How are these being addressed/taken into account in terms of the work during the current price control period.

Pensions

4.8. The licensee must provide the comments to the following pension scheme questions, in the tabular form as shown:

	Comment:
How the attributions to segments reported have been calculated and how they differ from prior year(s).	
Where the pension scheme encompasses more than one DNO related party or business activity how the reported amounts have been calculated.	
What steps are taken to alleviate the risk based element of the pension protection fund levy, including the current and prior year Dun & Bradstreet failure score.	
Changes in employer contribution rates across time and the reason for each change.	

Changes in employee contribution rates across time and the reason for each change.	
How the administration costs of each DB pension scheme are met, e.g. paid directly by the licensee, related party or collected through ingoing contributions by the pension scheme; and, if shared between companies in common ownership, the basis of attribution and whether this is consistent across time?	
Provide full details of any salary sacrifice schemes, which must include: Date arrangements introduced and any subsequent changes. To which group of employees it applies. What percentage of members participate. How the reduction in salary is calculated. Whether the saving in employers National Insurance contributions is shared with employees; and, if so, explain the basis.	
Identify any differences between the assumptions used to value the past service liabilities and those used to calculate future contributions. Detail any differences, including whether the differences apply to contributions to meet future accruals, deficit recovery contributions or both.	
Comment on any significant differences between a scheme's current investment strategy and its benchmark strategy, or any agreed future changes to a scheme's investment strategy.	
If a scheme has closed, detail what pension benefits are provided for subsequent entrants.	
Where the employer's deficit recovery contributions (or contribution reductions for surplus) are expressed as fixed monthly amounts, detail the annual amounts.	

Indicate if there is a significant difference in the remaining service life between non- and members, and provide both numbers. Where the mortality tables used needs further detail – supply this here as necessary.	
State the basis on which scheme's investment management advisors are remunerated including success factors and why these fees have varied year on year.	
Where any change(s) is made to prior year membership data these should be identified and detailed.	
Provide complete details of, and on what, basis any scheme deficit has been attributed across licensee's regulated business, licensee's non-regulated business segments, affiliates and other sponsoring employers and specifically other licensees.	
Explain how each pension schemes' administration costs are met, e.g. by licensee, related party or pension scheme; and, if shared, how.	
Detail all bulk transfers and scheme mergers from corporate transactions explaining how the valuations of assets and liabilities have been determined, e.g. actuarial assessment of assets and liabilities of relevant members.	
Detail the value of scheme assets and liabilities at the time of any merger or bulk transfer relating to that merger or bulk transfer.	
Identify any differences between the assumptions used to value the past service liabilities and those used to calculate future contributions. Detail any differences, including whether the differences apply to contributions to meet future accruals, deficit recovery	

contributions or both.	
If the opening balances of scheme assets are revised, correct the previous year's data rather than adjusting in the current year. Where any changes are made to prior year data, these should be detailed.	
For all scheme transfers in, explain the reasons for transfer, and whether transfer was fully funded.	
Have member contribution rates been reduced or increased since 2005? If so, why and provide the changes.	
Has the scheme or the licensee ever restricted any new (or existing) elements of salaries to make them non-pensionable, or restricted salaries for pension scheme members relative to non-members? If so, provide details.	
Has the scheme or the licensee ever offered cash, or other benefits, in return for employees giving up their protected rights? Have there been any other modifications to protected rights terms? If so, provide details, including the percentage of eligible employees who accepted.	
Provide the period over which the existing deficit as at the last triennial valuation is being funded as agreed with the Trustees and accepted by The Pensions Regulator (TPR) in the deficit recovery plan and state which triennial valuation this refers to.	

Any further response to be entered here

4.9. Licensees should also comment on each table explaining the main changes or assumptions being made.

5. Provision of supplementary information and files

5.1. The licensee is required to provide the actual detailed cost models and data that they have used for building up project costs for both Load Related and Non Load Related schemes and and for rolling these projects costs up to form their submitted capex requirements. These models must reconcile back to the Total Capital Expenditure requirements being forecast as part of the rollover review up to and including 2017/18. They must be presented in excel format and include all cost elements including unit cost data where applicable.

5.2. The files referred to in 5.1 above must be accompanied by an appropriate commentary which describes their operation and demonstrates the methodology licensees have used in determining their forecasts.

Gas

5.3. For Gas we require the licensee to provide a commentary covering NGG; NTS investment strategy and address the following specific areas for Load Related and Non Load Related expenditure:

- How NGG NTS assess the reasonableness of costs incurred
- How historical benchmarking has been used - where applicable please provide examples
- Other relevant factors affecting forecasts being made up to and including the rollover

5.4. For Load Related Expenditure please provide a separate commentary detailing the use of unit cost information within the NTS business

5.5. For paragraphs 5.3 and 5.4 please also provide supporting evidence – such as relevant internal papers and reports prepared - that demonstrate the application of the methodologies outlined in the commentaries

Other

5.6. Please note Ofgem reserves the right to raise supplementary questions regarding the provision of this supplementary information should we

believe further clarification is required.

6. Structure of FBPQ

6.1. The FBPQ is based in the Price Control Regulatory Reporting Pack (PCRRP) and licensees should refer to the Price Control Review Reporting Rules ("the rules") version 4 for detailed instructions and guidance for completion of each of the tables in the FBPQ. There are few additional tables / alterations to existing tables, where this is the case specific guidance is given in Appendix 1.

6.2. Where tables are expected to be completed a number of times for different years the rules applying to that table apply to each year.

Appendix 1 – FBPQ Instructions and List of Tables

General Instructions for Completion

The FBPQ tables are in the form of an Excel workbook and consist of a number of worksheets. The totals must agree to information in the Regulatory Accounts or other relevant documents where appropriate.

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

All tables must be completed for each year 2009/10 to 2012/13 unless indicated otherwise in the index of tables.

The FBPQ 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 Grey = Cells containing totals, other formulae or links to other cells in the PCRRP

  Dark Grey = 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

  Light Green = Errors highlighted by licensees when completing the spreadsheets

- With the exception of the financial tables 3.3, 3.5.1, 3.5.2 and 3.5.3, all forecast data must be input in 2009-10 prices 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 FBPQ. This will provide licensees with the opportunity to add rows where necessary and highlight any errors. To preserve data links for the financial tables, licensees should only add lines below the tables (and linked into existing cells). Licensees should highlight any errors in the FBPQ by changing the background colour of the cell to light green.

Checks and Balances

Throughout the FBPQ there are various formulae 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

Financial and Cost Tables

Financial Tables

	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	Capital Allowances
	3.3.6	Analysis of Tax Paid
3.5		Profit & Loss account
	3.5.1	Balance sheet
	3.5.2	Cashflow
3.6		Financing requirements
3.4s		Fixed Asset Disposals (Scots)
3.7		Tax allocations
4.18		Capex Summary (NGET/Scots)
5.8		Capex Summary (NGG)
		Input

Electricity Capital Expenditure Tables

Index
Universal data
4.2 Activity indicators
4.3_System_perf_NG
4.8_Boundary_transf_capab
4.9_Demand_&_Supply_at_sub
4.11 Asset description NGET
4.12 Asset age 2012
4.15 Asset adds & disps
4.16 Asset lives
4.18 Capex summary e
4.19 Scheme Listing LR
4.20 Scheme Listing NLR
4.21 Quasi capex
4.22 Other Capex costs
4.23 TIRG
4.24 Revenue Driver info
4.25 CEI
4.27.3_Unit_costs
4.28A_Asset_health_&_crit
4.28B_Asset_health_&_crit

Gas Capital Expenditure Tables

5.1	System characteristics
5.3	Transmission system utilisation and performance (to 2017/18)
5.4	System demand and capability (to 2017/18)
5.7	Quasi Capex Expenditure
5.8	Actual and forecast capex (to 2017/18)

Supporting Tables

1.3.4 Irregular Items

Purpose and Use	This worksheet identifies irregular or one off costs included in Table 1.3. This will help The Authority understand the costs that are not part of the normal recurring business activities.
Instructions for Completion	• Costs should be input as positive values •

1.3.5 Resilience Cost

Purpose and Use	This worksheet identifies all operating or capital resilience costs incurred either on specific assets e.g. substations costs or generally. This will help The Authority understand the costs incurred by licensees to ensure their network can cope with natural weather events.
Instructions for Completion	• Costs should be input as positive values • Where costs are specific to an asset or site the name of the site should be given • The tables show both opex and capex but the figures do not need to reconcile to other tables in the FBPQ. However please explain how these have been accounted for within the other tables

Financial Tables

3.01 Other price control data

Purpose and Use	This worksheet provides details of various disparate additional data that is additional to the standard RRP tables. Volume drivers data will be used in calibration of the model. The segmental allocation of revenue will be used in a similar way.

	The accounting asset lives will be used in the model to forecast future P&L and Balance sheets and movements in depreciation. The tax allocations will be used to understand the levels of tax allowances that have not been allowed for in modelling prices.
Instructions for Completion	Input details in the boxes shaded yellow for each set of data: 3.01.1 Volume drivers Enter the volumes, in terra watt hours, leaving the transmission system. 3.01.2 Revenue Enter the segmental analysis by year. 3.01.3 Capitalisation of opex Enter the percentage of opex which is capitalised in the accounts. 3.01.4 Tax allocations This section collects tax allocation data relating to capex not originally modelled in the main price control calculation (e.g. TIRG, incremental capex, security costs). It therefore requires detail on the allocations of historical spend. This should reconcile back to the totals entered in table 4.18 (or 5.8 for gas).

3.3 Taxation

Purpose and Use	This worksheet provides a summary of the tax calculation and an analysis of capital allowances for tax purposes.
Instructions for Completion	Table 3.3.2 should be completed in 2009-10 prices. For table 3.3.7 there is the option to complete in either 2009/10 or nominal prices. • Input details of tax calculation to arrive at the tax charge shown in table 3.5.1 P&L. The corporation tax rate should be consistent with legislation in force at the time of submission. • Input details of capital additions and writing down allowances as appropriate in the yellow shaded boxes on the table. The WDA should be based only on rates applicable at the time of submission.

Electricity Capex Tables

4.19 LR scheme listing - additional information

<table>
<tr><td>Purpose and Use</td><td>To provide further detail of the build up of forecast capex</td></tr>
<tr><td>Instructions for Completion</td><td>Enter a row of data for every scheme against which capex is incurred in the Rollover period (2012-13). For all schemes report/forecast expenditure incurred prior to the Rollover period, within the Rollover period and subsequent to the Rollover period.

In addition to the above all columns of the table should be fully populated for schemes as described below. Where there is not the required number of schemes in an expenditure category these should be substituted with the previously unreported scheme which incurs the next highest cost in the reporting period across all categories.
NGET:
The 80 load related schemes split by categories of expenditure as follows:

<table>
<tr><th>Expenditure category</th><th>Reporting requirement – schemes with expenditure in 2012/13</th><th>Reporting requirement – schemes with expenditure in TPCR4 but not in 2012/13</th></tr>
<tr><td>Generation connection sole use</td><td>2 schemes with highest net expenditure in 2012/13</td><td>2 schemes with highest net expenditure pre-rollover</td></tr>
<tr><td>Demand connection sole use</td><td>4 schemes with highest net expenditure in 2012/13</td><td>4 schemes with highest net expenditure pre-rollover</td></tr>
<tr><td>Infrastructure entry triggered</td><td>10 schemes with highest net expenditure in 2012/13</td><td>10 schemes with highest net expenditure pre-rollover</td></tr>
<tr><td>Infrastructure</td><td>10 schemes with</td><td>10 schemes with</td></tr>
</table>
</td></tr>
</table>

exit triggered	highest net expenditure in 2012/13	highest net expenditure pre-rollover
Infrastructure general reactive schemes	2 schemes with highest net expenditure in 2012/13	2 schemes with highest net expenditure pre-rollover
Infrastructure general non reactive schemes	10 schemes with highest net expenditure in 2012/13	10 schemes with highest net expenditure pre-rollover
Infrastructure TSS	2 schemes with highest net expenditure in 2012/13	2 schemes with highest net expenditure pre-rollover

SPTL and SHETL:

The 40 load related schemes split by categories of expenditure as follows:

Expenditure category	**Reporting requirement – schemes with expenditure in 2012/13**	**Reporting requirement – schemes with expenditure in TPCR4 but not in 2012/13**
Generation connection sole use	2 schemes with highest net expenditure in 2012/13	2 schemes with highest net expenditure pre-rollover
Demand connection sole use	2 schemes with highest net expenditure in 2012/13	2 schemes with highest net expenditure pre-rollover
Infrastructure entry triggered	5 schemes with highest net expenditure in 2012/13	5 schemes with highest net expenditure pre-rollover
Infrastructure exit triggered	5 schemes with highest net expenditure in 2012/13	5 schemes with highest net expenditure pre-rollover
Infrastructure general reactive schemes	No requirement	No requirement
Infrastructure general non reactive schemes	5 schemes with highest net expenditure in 2012/13	5 schemes with highest net expenditure pre-rollover
Infrastructure TSS	1 schemes with highest net expenditure in 2012/13	1 schemes with highest net expenditure pre-rollover

For these schemes provide the breakdown of total scheme costs by cost category given. Provide details of the number of assets that are to be installed against column heading.

Provide details of the scheme status in line with

	internal policies for scheme development. Separate narrative should be provided giving further details of the scheme development processes and milestones including level of forecast cost development at each stage.

4.20 NLR scheme listing - additional information

Purpose and Use	To provide further detail of the build up of forecast capex
Instructions for Completion	Enter a row of data for every scheme against which capex is incurred in the Rollover period (2012-13). For all schemes report/forecast expenditure incurred prior to the Rollover period, within the Rollover period and subsequent to the Rollover period. In addition to the above all columns of the table should be fully populated for schemes as described below. Where there is not the required number of schemes in an expenditure category these should be substituted with the previously unreported scheme which incurs the next highest cost in the reporting period across all categories. Where schemes which incurred expenditure in TPCR4 but not in 2012/13 relate to categories of asset against which there is no expenditure forecast for 2012/13 these may be substituted with the next highest cost scheme in the pre-rollover period within that asset category. **NGET:** The 80 non-load related schemes split by categories of expenditure as follows:

Expenditure category	**Reporting requirement – schemes with expenditure in 2012/13**	**Reporting requirement – schemes with expenditure in TPCR4 but not in 2012/13**
Transformers	8 schemes with highest net expenditure in 2012/13	8 schemes with highest net expenditure pre-rollover

Reactors	2 schemes with highest net expenditure in 2012/13	2 schemes with highest net expenditure pre-rollover
Switchgear	8 schemes with highest net expenditure in 2012/13	8 schemes with highest net expenditure pre-rollover
Overhead lines	8 schemes with highest net expenditure in 2012/13	8 schemes with highest net expenditure pre-rollover
Underground cables	10 schemes with highest net expenditure in 2012/13	10 schemes with highest net expenditure pre-rollover
Protection and control	2 schemes with highest net expenditure in 2012/13	2 schemes with highest net expenditure pre-rollover
Substation other	2 schemes with highest net expenditure in 2012/13	2 schemes with highest net expenditure pre-rollover

SPTL and SHETL:

The 40 non-load related schemes split by categories of expenditure as follows:

Expenditure category	**Reporting requirement – schemes with expenditure in 2012/13**	**Reporting requirement – schemes with expenditure in TPCR4 but not in 2012/13**
Transformers	5 schemes with highest net expenditure in 2012/13	5 schemes with highest net expenditure pre-rollover
Reactors	No requirement	No requirement
Switchgear	5 schemes with highest net expenditure in 2012/13	5 schemes with highest net expenditure pre-rollover
Overhead lines	5 schemes with highest net expenditure in 2012/13	5 schemes with highest net expenditure pre-rollover
Underground cables	2 schemes with highest net expenditure in 2012/13	2 schemes with highest net expenditure pre-rollover
Protection and control	2 schemes with highest net expenditure in 2012/13	2 schemes with highest net expenditure pre-rollover
Substation other	1 schemes with highest net expenditure in 2012/13	1 schemes with highest net expenditure pre-rollover

For these schemes provide the breakdown of total scheme costs by cost category given. Provide details

	of the number of assets that are to be installed against column heading. Provide details of the scheme status in line with internal policies for scheme development. Separate narrative should be provided giving further details of the scheme development processes and milestones including level of forecast cost development at each stage.

4.27.3 Unit costs - additional information

Purpose and Use	To record historical and forecast unit costs and their scope
Instructions for Completion	Populate the historical and forecast unit costs against the given asset categories by year in 2009/10 prices. Also provide details of what is included in the scope of the unit costs in the table provided by populating with yes/no against each row.

Appendix 2 – Definitions

Most definitions apply to specific tables and therefore are 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 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.
Irregular costs	The total costs (less credits and receipts) of resources employed in response to an irregular event.
Irregular event	A specific event or incident that is not expected to recur regularly under 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	• 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 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.