

Offshore Electricity Transmission

Regulatory Instructions and Guidance for OFTOs (RIGs)

Section 1: Revenue Reporting

Version 1 - DRAFT

October 2010

Overview

This document is the Revenue Reporting Regulatory Instructions and Guidance established under Amended Standard Condition E12 – D1 of the offshore transmission licence (Offshore regulatory reporting) and covers provision of information relating to revenues and incentive performance.

The information described in this document is required for a number of reasons:

- 1. Compliance assurance** – this information allows Ofgem to monitor effective the revenue of the consolidated transmission business and to confirm that the revenues charged are in line with the tender revenue stream (TRS) bid as adjusted for incentives
- 2. Monitoring incentives** – In order to ensure that the incentives are working as intended and that they are properly balanced it is necessary to obtain and review reliable data about performance against incentives and the associated revenue impact
- 3. Licence compliance** – Condition E12 – D1 of the licence requires that this data to be collected

The Regulatory Instructions and Guidance (RIGs) provide a framework that enables Ofgem to collect data from OFTOs in a consistent format. The RIGs inform OFTOs about the information we plan to collect, guide them on how to provide this information and enable them to put the systems in place to collect the data to the detail we require.

These RIGs may be modified in accordance with the change control procedures detailed in Amended Standard Condition E12 – D1.

This document covers two separate reporting requirements under E12 – D1:

- 1. Revenue Reporting** – covering the provision of audited, as stipulated by Amended Standard Condition E12 – D1 paragraph 7 (a), and forecast revenue information, as stipulated by paragraph 7 (b) of the same condition. In essence this aims to provide Ofgem with the audit trail of all allowed revenue generated by the licensee in each relevant year; and
- 2. Incentives Reporting** – providing information on incentives schemes, specifically the availability incentive and the incremental capacity incentive (Amended Standard Condition E12 – J4).

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1. Introduction

- 1.1. Amended Standard Condition E1 – D1 establishes the revenue reporting regulatory instructions and guidance (“RIGs”). The RIGs are split into two sections: Section 1 is for revenue reporting, Section 2 is for cost reporting. This document is Section 1 and covers:
 - i. Revenue reporting
 - ii. Incentives reporting
- 1.2. The RIGs contain the specified information to be reported in the templates provided in Appendices 1-4. The specified items themselves are given in Section 2.
- 1.3. Section 3 covers reporting arrangements and the provision of revenue returns to the Authority with Section 4 providing details on completing the revenue templates.
- 1.4. For the avoidance of doubt this document is subordinate to the licence conditions. This document will not change, alter, or amend, any definition or obligation contained within the licence and, in the event of any inconsistency between the licence conditions and this document, the licence conditions will take precedence.
- 1.5. The revenue reporting RIGs may be modified, from time to time, in accordance with the change process set out in paragraphs 12 to 16 of Amended Standard Condition E12 – D1. Ofgem recognises that any significant changes to the scope or form of the information that it requests from the licensees could not only increase the regulatory burden upon licensees but may also increase the perception of regulatory risk. Ofgem will take all reasonable steps to minimise the number of changes to the scope and form of the information it requests in relation to this document, consistent with Ofgem carrying out its functions under the Electricity Act 1989.
- 1.6. If any of the guidance contained in this document is at any time not sufficiently clear to a licensee then that licensee should contact Ofgem for further guidance and to discuss potential changes to the reporting templates which may be required. In the first instance queries should be directed to:

Daniel Rock
Senior Manager, Financial Analysis
Offshore Transmission
Ofgem E-Serve
daniel.rock@ofgem.gov.uk
0207 901 1815

2. Specified Information

2.1. The specified information for revenue reporting is:

2.2. **Specified Information for Transmission Owner activity** means:

- the term: 'Offshore Transmission Owner Allowed Revenue' and all subsequent terms used in its calculation as described by the Amended Standard Conditions E12 – J1 to J4; and
- Excluded Services information as defined in Amended Standard Licence Condition E12 – J10.

2.3. **Offshore Transmission Owner Allowed Revenue (OFTO_t)** defined as:

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

2.4. **Base Revenue Term BR_t**: BR_t refers to base transmission revenue as defined in Amended Standard Condition E12 – J2:

with all subsequent terms defined in that condition.

2.5. **Pass Through Items (PT_t)**: PT_t refers to Pass Through items and is defined in accordance with Amended Standard Condition E12 – J3 paragraph 1. It is derived from the following formula:

$$PT_t = LF_t + RB_t + CEL_t + DC_t + IAT_t + TPD_t + TCA_t + MCA_t$$

with all subsequent terms defined in that condition.

2.6. **Performance Availability (PA_t)**: PA_t refers to incentive payments and is defined in accordance with Amended Standard Condition E12 – J4 paragraph 1. It is derived from the following formula:

with each subsequent term defined in that condition.

2.7. **Correction Factor (K_t)**: K_t is the correction factor and defined in accordance with paragraph 4 of Amended Standard Condition E12 – J2. It is defined by the following formula:

With all subsequent terms defined in that paragraph.

2.8. The specified information for the incentives reporting is:

2.9. **Specified information relating to availability incentive:** Specified information for the availability incentive as defined in amended standard condition E12 – J4 shall mean the following:

- MWh unsupplied
- Number of events
- MW unsupplied

2.10. **Specified information relating to incremental capacity incentive:** specified information for the incremental capacity incentive, defined in amended standard condition E12 – J4, shall mean the following:

- MW of additional capacity available
- Additional capacity made available

3. Reporting arrangements

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

Provision of an allowed revenue model

3.2. For the purposes of providing information to the Authority, Ofgem provides the allowed revenue model which covers the reporting of OFTO revenues. The model operates on the basis of a series of inputs fed into the spreadsheet, which in turn generate allowed revenue in the calculation pages based on the algebra given in the amended standard conditions E12 – J1 to E12 – J4.

3.3. The output pages extract data from the model to produce the revenue return reports. The input pages and revenue return reports are provided in Appendix A: Audited Revenue Returns and Appendix B: Forecast Revenue Returns. These reports represent templates referred to by sub-paragraphs 7 (a) and (b) of Amended Standard Condition E12 – D1 respectively.

Audit requirements

3.4. Paragraph 8 of Amended Standard Condition E12 – D1 requires the information relating to paragraph 7 (a) to be accompanied by an auditor's report. Furthermore paragraph 9 of Amended Standard Condition E12 – D1 requires that the report from the auditors be accompanied by a letter detailing the procedures they have followed. Both documents are required to be provided to the Authority in conjunction with an electronic copy of the revenue reporting pack.

3.5. Agreed upon procedures will be issued by Ofgem to specify the procedures auditors must follow in the production of their audit report.

3.6. For the purposes of paragraph 8 of Amended Standard Condition E12 – D1 the following sections of the Audited Revenue Return (as given in Appendix 1) should be audited:

- 1. Inputs
- 3a. Excluded and de minimis revenue
- 3b. Total revenue (including excluded services)
- 3c. Reconciliation between OFTO's regulated revenue and allowed revenue (AR_t)

Documents to submit

3.7. The below table sets out the revenue and incentive reporting requirements under condition E12 – D1. The references in the final 'Documents to submit' are references to appendices to this document. Electronic copies of the worksheets shown in these appendices should be submitted. Blank copies of these worksheets are provided along with this document.

Reporting	Return	Licence reference	Documents to submit
Revenue	Audited	E12 – D1 para. 7 (a)	Appendix 1
	Forecast	E12 – D1 para. 7 (b)	Appendix 2
Incentives	Availability	E12 – D1 para. 7 (d)	Appendix 3
	Incremental capacity	E12 – D1 para. 7 (e)	Appendix 4

3.8. In addition, in respect of condition E12 – D1 paragraph 7(a) (audited revenue reporting) the licensee must submit the following:

- A report from the licensee’s auditor setting out the findings of their agreed upon procedures (this will constitute the “auditor’s report” referred to in the licence)
- A hard copy of the cost return initialled by the licensee’s auditors on each page to indicate that the version submitted is the same as the version on which the auditors prepared their work

Submission dates

3.9. Submission dates are as follows:

Reporting	Return	Licence reference	Submission date
Revenue	Audited	E12 – D1 para. 7 (a)	31 st July
	Forecast	E12 – D1 para. 7 (b)	1 st April
Incentives	Availability	E12 – D1 para. 7 (d)	31 st July
	Incremental capacity	E12 – D1 para. 7 (e)	31 st July

3.10. Items due by 31st July are to cover the preceding regulatory year. For example, the audited revenue return for the year to 31st March 2013 should be submitted by 31st July 2013.

Submission process

3.11. The documents listed under point 3.7 above should all be emailed to daniel.rock@ofgem.gov.uk and uploaded to the extranet (further details to be provided via email). Hard copies should also be sent to:

Daniel Rock
Senior Manager, Financial Analysis
Offshore Transmission
Ofgem E-Serve
9 Millbank
London
SW1P 3GE

4. Additional guidance for reporting on templates

Introduction

4.1. This section sets out guidance for the reporting of the specified information.

Information relating to Appendix 1 – Audited Revenue Return

4.2. **Input Pages – Part 1 General** – This covers general inputs across the OFTO allowed revenues as well as information relating to pass through items, availability incentive and other specific terms.

For all other inputs the licensee should enter data into the yellow shaded areas.

For this section each term should be stated as follows:

For £m amounts to 3 decimal places

For percentages to 2 decimal places

For MW amounts to 1 decimal place

4.3. **Reports** - Tables 2a to 2f cover all the reports generated from the calculation sheets in the allowed model.

Tables 3a to 3c are additional disclosure requirements relating to excluded services / de minimis activities and reconciliation of turnover to the regulatory accounts.

Information relating to Appendix 2 – Forecast Revenue Return

4.4. The forecast return provides a high level summary of the allowed revenues of the associated Offshore Transmission Owner activities. For this section each term should be stated as follows:

For £m amounts to 3 decimal places

Universal data

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ofgem E-Serve

OFFSHORE TRANSMISSION - REVENUE reporting pack

Project: **Demo sands**

OFTO: **[Offshore transmission operator 1]**

Year: **2012-13**

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Universal data

Prepared by:

Name of preparer	Company number:
	Company name:
Reviewed by:	Company short name:
Name of reviewer	Project:
<input type="checkbox"/> Reviewed	Reporting year: (enter 2011 for 2010/11)
	Version (number):
	Submitted date:
	Date to which last statutory accounts were made up:

[Offshore transmission operator 1]
OFTO1
Demo sands
2013
31 December 2012

1. Inputs



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OFFSHORE TRANSMISSION - REVENUE reporting pack

Project: Demo sands

OFTO: [Offshore transmission operator 1]

Year: 2012-13

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1. Inputs

Prepared by:

Name of preparer

Reviewed by:

Name of reviewer

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Actual Revenue from NETSO (£m)	AR _t	4.080	7.915	7.657	10.310	5.787	8.342	8.405	8.471	8.841	9.114	9.391	15.866	14.930	15.877	15.789	16.006	15.128	15.331	16.633	16.915	11.077	
Retail Price Index Number		100.00	102.00	104.04	106.12	108.24	110.41	112.62	114.87	117.17	119.51	121.90	124.34	126.82	129.36	131.95	134.59	137.28	140.02	142.82	145.68	148.59	151.57
Retail Price Inflation rate (%)	RPI _t	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
RPI_t = (Index_t/Index_{t-1})-1																							
Licence Fee cost adj. term (£m)	LF _t	-	-	-	-	0.200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rates for networks Business cost adj. term (£m)	RB _t	-	-	-	-	-	-	-	0.200	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Crown Estate Licence cost adj. term (£m)	CEL _t	-	-	-	-	-	0.100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decommissioning Cost adj. term (£m)	DC _t	-	-	0.500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income Adjusting event adj. Term (£m)	IAT _t	-	-	-	-	-	-	-	0.300	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marine and Coastal Act 2009 adj. term (£m)	MCA _t	-	-	-	-	-	-	-	-	-	0.400	-	-	-	-	-	-	-	-	-	-	-	-
Tender Cost Adj. term (£m)	TCA _t	-	-	-	-	-	-	-	-	-	-	0.700	-	-	-	-	-	-	-	-	-	-	-
Temporary Physical Disconnection term (£m)	TPD _t	-	-	-	-	-	-	-	-	-	-	-	-	0.300	-	-	-	-	-	-	-	-	-
Incremental Capacity Utilisation term (MW)	ICU _t	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Additional Capacity Adjustment term (£m)	ACA _t	-	-	-	-	-	-	-	-	-	-	-	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000
Average specified Interest rate (%)	i _t	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Tender Revenue Stream term (£m, real)	TRSt	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000
Market Rate revenue Adj. term (£m, real)	MRAt	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)
Post Tender Revenue Adj. term (£m, real)	PTRAt	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500
Proportion of Revenue term	PR _t	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.10


Defined terms from Annex A to Condition E12 - J4

Month	Licence Condition	1	2	3	4	5	6	7	8	9	10	11	12
		January	February	March	April	May	June	July	August	September	October	November	December
TSIR	E12 - J4	120.00%	120.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	120.00%	120.00%	120.00%	120.00%
TSIT	E12 - J4	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%

Defined terms from amended standard condition E12 - J2 and E12 - J4

Description	Name	Licence Condition	Value
OFTO Network Capacity (MW)		E12 - J4	278.0
Collar	COL	E12 - J4	4.00%
Transmission System Incentive Factor	TSIF	E12 - J4	10.00%
Penalty Interest Rate	PI	E12 - J2	4.00%
Penalty Application Level		E12 - J2	4.00%
Risk Compensation Factor	RCF	E12 - J4	0.31
Composite Circuit Rating (MW)	CCR	E12 - J4	200.0

3a. Excluded and de minimis revenue

 	OFFSHORE TRANSMISSION - REVENUE reporting pack Project: Demo sands OFTO: Offshore transmission operator 1 Year: 2012-13
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3a. Excluded and de minimis revenue

Prepared by:
Name of preparer **Excluded Services**

Reviewed by: Please provide a list of all excluded services
Name of reviewer

Reviewed



	Activity Description	2012-13 £m	2011-12 £m
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
Total		-	-

De Minimis Activities

Please provide a list of De Minimis Activities for all items

	Activity Description	2012-13 £m	2011-12 £m
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
Total		-	-

3b. Total revenue (including excluded services)

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3b. Total revenue (including excluded services)

Prepared by:

Reviewed by:

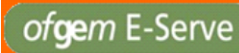
Reviewed

	£m	£m
Actual revenue		
Other revenue Items		
De-Minimis Turnover	-	
Excluded Services	-	-
Reconciling Items (please list)		
1		
2		
3		
4		
5		
6		
7		
Total		-
Turnover as per Profit and Loss		
Check that reconciliation works		✓

Commentary

1	
2	
3	
4	
5	
6	
7	

3c. Reconciliation between OFTO's regulated revenue and allowed revenue (AR_t)



OFFSHORE TRANSMISSION - REVENUE reporting pack

Project: **Demo sands**
 OFTO: **Offshore transmission operator 1**
 Year: **2012-13**

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3b. Total revenue (including excluded services)

Prepared by:

Reviewed by:

Reviewed

	£m	£m
Actual revenue		<input type="text"/>
Other revenue Items		
De-Minimis Turnover	-	
Excluded Services	-	-
Reconciling Items (please list)		
1 <input type="text"/>	<input type="text"/>	
2 <input type="text"/>	<input type="text"/>	
3 <input type="text"/>	<input type="text"/>	
4 <input type="text"/>	<input type="text"/>	
5 <input type="text"/>	<input type="text"/>	
6 <input type="text"/>	<input type="text"/>	
7 <input type="text"/>	<input type="text"/>	
Total		-
Turnover as per Profit and Loss		<input type="text"/>
Check that reconciliation works		<input checked="" type="checkbox"/>

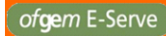
Commentary

1 <input type="text"/>
2 <input type="text"/>
3 <input type="text"/>
4 <input type="text"/>
5 <input type="text"/>
6 <input type="text"/>
7 <input type="text"/>

2a. Components of allowed revenue



OFFSHORE TRANSMISSION - REVENUE reporting pack



Project: **Demo sands**
 OFTO: **[Offshore transmission operator 1]**
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2a. Components of allowed revenue

Prepared by:

Name of preparer		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
Reviewed by:	Base Revenue transmission (£m)	BR _t	7,200	8,160	8,323	8,490	8,659	8,833	9,009	9,189	9,373	9,561	9,752	9,947	10,146	10,349	10,556	10,767	10,982	11,202	11,426	11,654	1,189	-
Name of reviewer	Pass Through term (£m)	PT _t	-	-	0,500	-	0,200	0,100	-	0,200	0,300	0,400	0,700	-	0,300	-	-	-	-	-	-	-	-	-
Reviewed	Performance Adjustment term (£m)	PA _t	-	(0,720)	(0,816)	(0,832)	(0,849)	(0,852)	(0,869)	(0,887)	(0,904)	(0,923)	(0,941)	6,232	6,357	6,484	6,614	6,746	7,208	7,567	7,718	7,873	8,013	3,027
	Correction term factor for revenue year to year (£m)	K _t	-	(3,276)	(2,941)	(3,455)	(0,842)	(3,219)	(3,106)	(2,983)	(3,165)	(3,247)	(3,330)	(3,622)	(4,133)	(6,306)	(7,625)	(9,455)	(11,511)	(15,302)	(19,676)	(23,297)	(27,205)	(26,597)
	Ofshore Transmission Owner allowed revenue (£m)	OFTO _t	7,200	10,716	10,948	11,113	8,853	11,300	11,246	11,486	11,934	12,286	12,841	19,802	20,936	23,139	24,794	26,968	29,701	34,071	38,821	42,824	36,407	29,624
	Actual Revenue received from NETSO (£m)	AR _t	4,080	7,915	7,657	10,310	5,787	8,342	8,405	8,471	8,841	9,114	9,391	15,866	14,930	15,877	15,789	16,006	15,128	15,331	16,633	16,915	11,077	-
	Over/(Under) Recovery (=Kt+1) (£m)		(3,120)	(2,801)	(3,291)	(0,802)	(3,066)	(2,958)	(2,841)	(3,014)	(3,093)	(3,171)	(3,450)	(3,936)	(6,006)	(7,262)	(9,005)	(10,963)	(14,573)	(18,739)	(22,188)	(25,909)	(25,330)	

Appendix 2 – Forecast Revenue Return

7. Summary of forecast allowed revenue

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OFFSHORE TRANSMISSION - REVENUE reporting pack

ofgem E-Serve

Project:

Demo sands

OFTO:

[Offshore transmission operator 1]

Year:

2012-13

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7. Summary of forecast allowed revenue

Prepared by:

Name of preparer

Reviewed by:

Name of reviewer


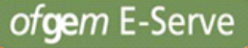
Reviewed

		Actual 2013	Forecast 2014
Allowed Offshore Transmission Owner Revenue term (£m)			
OFTO_t		10.948	11.113
<i>OFTO_t = BR_t + PT_t + PA_t + K_t</i>			
Base Revenue term (£m)			
BR_t		8.323	8.490
<i>BR_t = (TRS + PTR_A) × PR_t × RIT_t</i>			
Tender Revenue Stream term (£m, real)	TRS	7.000	7.000
Market Rate Adj. term (£m, real)	MRA	(0.500)	(0.500)
Post Tender Revenue Adj. term (£m, real)	PTRA	1.500	1.500
Proportion of Revenue term	PR _t	1.000	1.000
Retail Inflation Term	RIT _t	1.040	1.061
<i>RIT_t = (1 + RPI_t) × RIT_{t-1}</i>			
Retail Price Inflation rate (%)	RPI _t	2.00%	2.00%
Pass Through term (£m)			
PT_t		0.500	-
<i>PT_t = LF_t + RB_t + CEL_t + DC_t + IAT_t + TPD_t + EPA_t</i>			
Licence Fee cost adj. term (£m)	LF _t	-	-
Rates for networks Business cost adj. term (£m)	RB _t	-	-
Crown Estate Licence cost adj term (£m)	CEL _t	-	-
Decommissioning Cost adj. term (£m)	DC _t	0.500	-
Income Adjusting event adj. Term (£m)	IAT _t	-	-
Marine and Coastal Act 2009 adj. term (£m)	MCA _t	-	-
Tender Cost Adj. term (£m)	TCA _t	-	-
Temporary Physical Disconnection term (£m)	TPD _t	-	-

		Actual 2013	Forecast 2014
Performance Adj. (£m)		(0.816)	-0.832
<i>PA_t = TSAI_t + TSAP_t - ICA_t</i>			
Transmission system availability incentive (£m)	TSAI _t	(0.816)	(0.832)
<i>TSAI_t = BR_t × (TSAC_t - TSAF_t)</i>			
Transmission System Availability Failure (%)	TSAF _y	10.00%	10.00%
Transmission System Availability Credit (%)	TSAC _y	0.00%	0.00%
Transmission System Availability Payment (£m)			
TSAP _{t=21} = SUM(BR _{t=21} × TSAC (t=21 to t=25))	TSAP _t	-	-
Incremental Capacity incentive Adj. term (£m)	ICA _t	-	-
<i>ICA_t = ICUA_t - ACA_t</i>			
Incremental Capacity Utilisation Adjustment term (£m)	ICUA _t	-	-
<i>ICUA_t = MAX(0, ICRD_t × (RIT_t × ICUT))</i>			
Incremental Capacity Revenue utilisation Driver (£/MW)	ICRD	-	-
<i>ICRD_t = RCF × (BR_t / CCR)</i>			
Risk Compensation Factor	RCF	0.310	0.310
Composite Circuit Rating (MW)	CCR	200.000	200.000
Incremental Capacity Utilisation term (MW)	ICU _t	-	-
Additional Capacity Adjustment term (£m)	ACA _t	-	-
Correction factor on year to year revenue (£m)			
K_t		(2.941)	-3.455
<i>K_t = (AR_{t-1} - OFTO_{t-1}) × (1 + (I_t + (PI_t × APT) / 100)</i>			
Regulated transmission revenue (£m)	AR _t	7.657	10.310
Allowed transmission owner revenue (£m)	OFTO _t	10.948	11.113
Interest rate (%)	I _t	5.00%	5.00%
IF AR _t > 1.04 × OFTO _t then apply Penalty Interest	APT	-	-
Penalty Interest rate (%)	PI _t	4.00%	4.00%
(Over/Under) Recovery (=K_t+1) (£m)			
		(3.455)	(0.842)

Appendix 3 – Availability incentive reporting

5a. Planned outages

OFFSHORE TRANSMISSION - REVENUE reporting pack

Project: **Demo sands**
 OFTO: **[Offshore transmission operator 1]**
 Year: **2012-13**

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5a. Planned outages

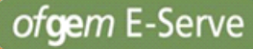
Prepared by:

Name of preparer	Date & time of outage starts	Date & Time outage ends	Total energy undelivered (MWhr)	Cable availability (as % of maximum)	Equipment on which fault occurred	Exclusion Requested	Description of Fault	Exclusion Approved by Authority
	1 12/01/2010 13:20	12/01/2010 14:20	278	0.00%	Transformer	No	Planned maintenance on OSP 1 transform	N/A
Reviewed by:	2		-	n/a		No		No
Name of reviewer	3		-	n/a		No		No
<input type="checkbox"/> Reviewed	4		-	n/a		No		No
	5		-	n/a		No		No
	6		-	n/a		No		No
	7		-	n/a		No		No
	8		-	n/a		No		No
	9		-	n/a		No		No
	10		-	n/a		No		No
	11		-	n/a		No		No
	12		-	n/a		No		No
	13		-	n/a		No		No
	14		-	n/a		No		No
	15		-	n/a		No		No
	16		-	n/a		No		No
	17		-	n/a		No		No
	18		-	n/a		No		No
	19		-	n/a		No		No
	20		-	n/a		No		No
	21		-	n/a		No		No
	22		-	n/a		No		No
	23		-	n/a		No		No
	24		-	n/a		No		No
	25		-	n/a		No		No
	26		-	n/a		No		No
	27		-	n/a		No		No
	28		-	n/a		No		No
	29		-	n/a		No		No
	30		-	n/a		No		No
	31		-	n/a		No		No
	32		-	n/a		No		No
	33		-	n/a		No		No
	34		-	n/a		No		No

5b. Unplanned outages



OFFSHORE TRANSMISSION - REVENUE reporting pack



Project: **Demo sands**
 OFTO: **[Offshore transmission operator 1]**
 Year: **2012-13**

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5b. Unplanned outages

Prepared by:

Name of preparer	Date & time of outage starts	Date & Time outage ends	Total energy undelivered (MWhr)	Cable availability (as % of)	Equipment on which fault occurred	Exclusion Requests	Description of Fault	Exclusion Approved by Authority
	1 15/06/2010 19:20	16/06/2010 00:20	1,390	0.00%	Switchgear		Fault repair in switchgear	No
Reviewed by:	2 28/03/2010 13:40	13/04/2010 09:40	105,640	0.00%	switchgear	No	Caused by riot at onshore substa	No
Name of reviewer	3		-	n/a		No		No
<input type="checkbox"/> Reviewed	4		-	n/a		No		No
	5		-	n/a		No		No
	6		-	n/a		No		No
	7		-	n/a		No		No
	8		-	n/a		No		No
	9		-	n/a		No		No
	10		-	n/a		No		No
	11		-	n/a		No		No
	12		-	n/a		No		No
	13		-	n/a		No		No
	14		-	n/a		No		No
	15		-	n/a		No		No
	16		-	n/a		No		No
	17		-	n/a		No		No
	18		-	n/a		No		No
	19		-	n/a		No		No
	20		-	n/a		No		No
	21		-	n/a		No		No
	22		-	n/a		No		No
	23		-	n/a		No		No
	24		-	n/a		No		No
	25		-	n/a		No		No
	26		-	n/a		No		No
	27		-	n/a		No		No
	28		-	n/a		No		No
	29		-	n/a		No		No
	30		-	n/a		No		No
	31		-	n/a		No		No
	32		-	n/a		No		No
	33		-	n/a		No		No
	34		-	n/a		No		No
	35		-	n/a		No		No

5c. Outages the OFTO has requested be excluded from availability incentive calculation



OFFSHORE TRANSMISSION - REVENUE reporting pack



Project: Demo sands
 OFTO: [Offshore transmission operator 1]
 Year: 2012-13

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5c. Outages the OFTO has requested be excluded from availability incentive calculation

Prepared by:

Name of preparer	Date & time of outage starts	Date & Time outage ends	Total energy undelivered (MWhr)	Cable availability (as % of)	Outage Type (Planned/Unplanned)	Equipment on which fault occurred	Exclusion Requested	Description of Fault	Exclusion Approved by Authority
	1 28/03/2010 13:40	13/04/2010 09:40	105,640	0.00%	Planned	switchgear	No	Caused by riot at onshore substa	No
Reviewed by:	2		-	n/a	Planned		No		No
Name of reviewer	3		-	n/a	Planned		No		No
<input type="checkbox"/> Reviewed	4		-	n/a	Planned		No		No
	5		-	n/a	Planned		No		No
	6		-	n/a	Planned		No		No
	7		-	n/a	Planned		No		No
	8		-	n/a	Planned		No		No
	9		-	n/a	Planned		No		No
	10		-	n/a	Planned		No		No
	11		-	n/a	Planned		No		No
	12		-	n/a	Planned		No		No
	13		-	n/a	Planned		No		No
	14		-	n/a	Planned		No		No
	15		-	n/a	Planned		No		No
	16		-	n/a	Planned		No		No
	17		-	n/a	Planned		No		No
	18		-	n/a	Planned		No		No
	19		-	n/a	Planned		No		No
	20		-	n/a	Planned		No		No
	21		-	n/a	Planned		No		No
	22		-	n/a	Planned		No		No
	23		-	n/a	Planned		No		No
	24		-	n/a	Planned		No		No
	25		-	n/a	Planned		No		No
	26		-	n/a	Planned		No		No
	27		-	n/a	Planned		No		No
	28		-	n/a	Planned		No		No
	29		-	n/a	Planned		No		No
	30		-	n/a	Planned		No		No
	31		-	n/a	Planned		No		No
	32		-	n/a	Planned		No		No
	33		-	n/a	Planned		No		No
	34		-	n/a	Planned		No		No
	35		-	n/a	Planned		No		No

4a. Monthly performance incentive calculations



OFFSHORE TRANSMISSION - REVENUE reporting pack

Project: **Demo sands**



OFTO: **[Offshore transmission operator 1]**

Year: **2012-13**

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4a. Monthly performance incentive calculations

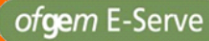
Prepared by:

Name of preparer	Year	Month	Days in month	Planned maintenance (MWhrs)	Unplanned Outage (MWhrs)	Reported System Incentive Performance (MWWhr)	Transmission System Incentive Rate	Transmission System Incentive Target	Maximum Transmission System Availability (MWWhr)	Monthly Value of TSICOL	Adjusted Performance Availability Permits Earned	Availability Penalties Earned	Availability Credits Earned
						RSIP	TSIR	TSIT	MTSA		APAPE	APE	ACE
	1	1	31	-	206,832.00	-	120.0%	98.0%	206,832	8,273	-	243,234	-
Reviewed by:	1	2	28.25	-	206,832.00	18,348	120.0%	98.0%	188,484	7,539	-	243,675	-
Name of reviewer	1	3	31	-	200,160.00	6,672	80.0%	98.0%	206,832	8,273	-	156,819	-
<input type="checkbox"/> Reviewed	1	4	30	-	206,832.00	6,672	80.0%	98.0%	200,160	8,006	-	162,263	-
	1	5	31	-	200,160.00	6,672	80.0%	98.0%	206,832	8,273	-	156,819	-
	1	6	30	-	206,832.00	6,672	80.0%	98.0%	200,160	8,006	-	162,263	-
	1	7	31	-	206,832.00	-	80.0%	98.0%	206,832	8,273	-	162,156	-
	1	8	31	-	188,484.00	18,348	80.0%	98.0%	206,832	8,273	-	147,478	-
	1	9	30	-	206,832.00	6,672	120.0%	98.0%	200,160	8,006	-	243,395	-
	1	10	31	-	200,160.00	6,672	120.0%	98.0%	206,832	8,273	-	235,228	-
	1	11	30	-	206,832.00	6,672	120.0%	98.0%	200,160	8,006	-	243,395	-
	1	12	31	-	200,160.00	6,672	120.0%	98.0%	206,832	8,273	-	235,228	-
	2	1	31	-	206,832.00	-	120.0%	98.0%	206,832	8,273	-	243,234	-
	2	2	28.25	-	206,832.00	18,348	120.0%	98.0%	188,484	7,539	-	243,675	-
	2	3	31	-	200,160.00	6,672	80.0%	98.0%	206,832	8,273	-	156,819	-
	2	4	30	-	206,832.00	6,672	80.0%	98.0%	200,160	8,006	-	162,263	-
	2	5	31	-	200,160.00	6,672	80.0%	98.0%	206,832	8,273	-	156,819	-
	2	6	30	-	206,832.00	6,672	80.0%	98.0%	200,160	8,006	-	162,263	-
	2	7	31	-	206,832.00	-	80.0%	98.0%	206,832	8,273	-	162,156	-
	2	8	31	-	188,484.00	18,348	80.0%	98.0%	206,832	8,273	-	147,478	-
	2	9	30	-	206,832.00	6,672	120.0%	98.0%	200,160	8,006	-	243,395	-
	2	10	31	-	200,160.00	6,672	120.0%	98.0%	206,832	8,273	-	235,228	-
	2	11	30	-	206,832.00	6,672	120.0%	98.0%	200,160	8,006	-	243,395	-
	2	12	31	-	200,160.00	6,672	120.0%	98.0%	206,832	8,273	-	235,228	-
	3	1	31	-	206,832.00	-	120.0%	98.0%	206,832	8,273	-	243,234	-
	3	2	28.25	-	206,832.00	18,348	120.0%	98.0%	188,484	7,539	-	243,675	-
	3	3	31	-	200,160.00	6,672	80.0%	98.0%	206,832	8,273	-	156,819	-
	3	4	30	-	206,832.00	6,672	80.0%	98.0%	200,160	8,006	-	162,263	-
	3	5	31	-	200,160.00	6,672	80.0%	98.0%	206,832	8,273	-	156,819	-

4b. Annual performance incentive calculations



OFFSHORE TRANSMISSION - REVENUE reporting pack



Project: **Demo sands**
 OFTO: **[Offshore transmission operator 1]**
 Year: **2012-13**

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4b. Annual performance incentive calculations

Prepared by:

Name of preparer	Year	Annual Value of TSICOL	Transmission System Performance Penalty	Transmission System Performance Credit	Total Performance Availability Permits Earned	5 Year Penalty Balance	5 Year Penalty Limit	5 Year Credit Mechanism	Performance Penalty Revenue Offset	Transmission System Availability Penalty Factor	Performance Availability Payout Credit	Transmission System Availability Credit Factor
		AVCOL _y	TSPPy	TSPCy	TPAPE _y	5YPBy	5PLY	5YCM _y	PPRO _y	TSAF _y	PAPCy	TSAC _y
Reviewed by:		SUMIF(MVOL _{yt} , i=1 to i=12)	SUMIF(APE _y , i=1 to i=12)	SUMIF(ACE _y , i=1 to i=12)	TPAPE _{y-1} + TSPPy + TSPCy - 5PLY - PPRO _{y-1} - PAPCy-1	5YPBy-1 + TSPPy-1 + TSPCy-1 - 5PLY-1 - PPRO _{y-1} - PAPCy-1	IF(AND((TSPPy-5+AVCOL _{y-5})<0, (5YPBy<0), 5YPBy,0))	5YCM _{y-1} + TSPCy-5 + TSPPy + PPRO _{y-1} - 5PLY-1 - PAPCy-1	IF(TPAPE _y <0, IF(TPAPE _y <AVCOL _y , -PPRO _y / AVCOL _y , 0))	x TSIF	IF(5YCM _y >0, 5YCM _y , 0)	PAPCy / AVCOL _{y-5} x TSIF
Name of reviewer	-4											
<input type="checkbox"/> Reviewed	-3											
	-2											
	-1											
	0											
	1	97,478	- 2,391,952	-	- 2,391,952	-	-	- 2,391,952	- 97,478	10.0%	-	
	2	97,478	- 2,391,952	-	- 4,686,426	97,478	-	- 4,686,426	- 97,478	10.0%	-	
	3	97,478	- 2,391,952	-	- 6,980,900	194,956	-	- 6,980,900	- 97,478	10.0%	-	
	4	97,478	- 2,391,952	-	- 9,275,374	292,434	-	- 9,275,374	- 97,478	10.0%	-	
	5	97,478	- 2,391,952	-	- 11,569,848	389,912	-	- 11,569,848	- 97,478	10.0%	-	
	6	97,478	- 1,125,073	26,154	- 10,666,727	1,904,562	-	- 12,597,443	- 97,478	10.0%	-	0.0%
	7	97,478	-	48,666	- 8,252,263	2,268,320	-	- 10,595,403	- 97,478	10.0%	-	0.0%
	8	97,478	-	48,666	- 5,860,311	2,245,809	-	- 8,229,605	- 97,478	10.0%	-	0.0%
	9	97,478	-	48,666	- 3,468,359	2,245,809	-	- 5,886,319	- 97,478	10.0%	-	0.0%
	10	97,478	- 19,037	45,463	- 1,098,647	2,245,809	-	- 3,562,070	- 97,478	10.0%	-	0.0%
	11	97,478	-	48,666	29,628	982,132	-	- 1,192,629	-	0.0%	-	0.0%
	12	97,478	-	48,666	78,294	48,666	-	- 161,832	-	0.0%	-	0.0%
	13	97,478	-	48,666	126,959	97,331	-	- 113,166	-	0.0%	-	0.0%
	14	97,478	-	48,666	175,625	145,997	-	- 64,500	-	0.0%	-	0.0%
	15	97,478	-	48,666	224,290	175,625	-	- 19,037	-	0.0%	-	0.0%
	16	97,478	-	48,666	272,956	224,290	-	- 29,628	-	0.0%	29,628	3.0%
	17	97,478	-	48,666	291,993	243,328	-	- 48,666	-	0.0%	48,666	5.0%
	18	97,478	-	48,666	291,993	243,328	-	- 48,666	-	0.0%	48,666	5.0%
	19	97,478	-	48,666	291,993	243,328	-	- 48,666	-	0.0%	48,666	5.0%
	20	97,478	-	48,666	291,993	243,328	-	- 48,666	-	0.0%	48,666	5.0%
	21	97,478	-	48,666	291,993	243,328	-	- 48,666	-	0.0%	48,666	5.0%

Appendix 4 – Incremental capacity incentive reporting

1. Inputs

ofgem OFFSHORE TRANSMISSION - REVENUE reporting pack
 Project: Demo sands
 OFTO: [Offshore transmission operator 1]
 Year: 2012-13

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1. Inputs

Prepared by:		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Reviewed by:																							
Name of preparer																							
Reviewed																							
Actual Revenue from NET SO (£m)	AR _t	4.080	7.915	7.657	10.310	5.787	8.342	8.405	8.471	8.841	9.114	9.391	15.866	14.930	15.877	15.789	16.006	15.128	15.331	16.633	16.915	11.077	
Retail Price Index Number		100.00	102.00	104.04	106.12	108.24	110.41	112.62	114.87	117.17	119.51	121.90	124.34	126.82	129.36	131.95	134.59	137.28	140.02	142.82	145.68	148.59	151.57
Retail Price Inflation rate (%)	RPI _t	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
$RPI_t = (Index_t / Index_{t-1}) - 1$																							
Licence Fee cost adj. term (£m)	LF _t	-	-	-	-	0.200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rates for networks Business cost adj. term (£m)	RB _t	-	-	-	-	-	-	-	0.200	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Crown Estate Licence cost adj. term (£m)	CEL _t	-	-	-	-	-	0.100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decommissioning Cost adj. term (£m)	DC _t	-	-	0.500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income Adjusting event adj. Term (£m)	IAT _t	-	-	-	-	-	-	-	0.300	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marine and Coastal Act 2009 adj. term (£m)	MCA _t	-	-	-	-	-	-	-	-	0.400	-	-	-	-	-	-	-	-	-	-	-	-	-
Tender Cost adj. term (£m)	TCA _t	-	-	-	-	-	-	-	-	-	0.700	-	-	-	-	-	-	-	-	-	-	-	-
Temporary Physical Disconnection term (£m)	TPD _t	-	-	-	-	-	-	-	-	-	-	-	0.300	-	-	-	-	-	-	-	-	-	-
Incremental Capacity Utilisation term (MW)	ICU _t	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Additional Capacity Adjustment term (£m)	ACA _t	-	-	-	-	-	-	-	-	-	-	-	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000
Average specified Interest rate (%)	i _t	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Tender Revenue Stream term (£m, real)	TRSt	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000
Market Rate revenue Adj. term (£m, real)	MRAt	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)
Post Tender Revenue Adj. term (£m, real)	PRAt	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500
Proportion of Revenue term	PR _t	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.10

Defined terms from Annex A to Condition E12 - J4

Month	Licence Condition	1	2	3	4	5	6	7	8	9	10	11	12
		January	February	March	April	May	June	July	August	September	October	November	December
TSIR	E12 - J4	120.00%	120.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	120.00%	120.00%	120.00%	120.00%
TSIT	E12 - J4	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%

Defined terms from amended standard condition E12 - J2 and E12 - J4

Description	Name	Licence Condition	Value
OFTO Network Capacity (MW)		E12 - J4	278.0
Collar	COL	E12 - J4	4.00%
Transmission System Incentive Factor	TSIF	E12 - J4	10.00%
Penalty Interest Rate	PI	E12 - J2	4.00%
Penalty Application Level		E12 - J2	4.00%
Risk Compensation Factor	RCF	E12 - J4	0.31
Composite Circuit Rating (MW)	CCR	E12 - J4	200.0

