

Decision on strategy for the next gas distribution price control - RIIO-GD1 business plan data template instructions and guidance (version 6.0)

Document Type: GDN Guidance for completing business plan data template (RIIO-GD1 Overview Paper)

Date of Publication: 21 March 2012

Target Audience: Gas Distribution Networks

Overview:

The next gas distribution price control will be the first under the new RIIO model. RIIO is designed to drive real benefits for consumers; providing network companies with strong incentives to step up and meet the challenges of delivering a low carbon, sustainable energy sector at a lower cost than would have been the case under our previous approach. RIIO puts sustainability alongside consumers at the heart of what network companies do. It also provides a transparent and predictable framework, with appropriate incentives for delivery.

Having consulted on the strategy for the RIIO price control review, this supporting document to the main decision document sets out the instructions and guidance for completing the business plan data template, required as part of the assessment of the well-justified business plans that GDNs are required to submit by 30 November 2011.

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Associated Documents

Links to other associated documents

- Decision on strategy for the next gas distribution price control - RIIO-GD1 Overview paper (47/11)
<http://www.ofgem.gov.uk/Networks/GasDistr/RIIO-GD1/ConRes/Documents1/GD1decision.pdf>
- Decision on strategy for the next transmission and gas distribution price controls – RIIO-T1 and GD1 Business plans, innovation and efficiency incentives - Supplementary Annex (RIIO-T1 and GD1 Overview papers – 31 March 2011)
<http://www.ofgem.gov.uk/Networks/GasDistr/RIIO-GD1/ConRes/Documents1/GD1decisionbusplan.pdf>

A glossary of terms for all the RIIO-T1 and GD1 documents is on our website:

<http://www.ofgem.gov.uk/Networks/GasDistr/RIIO-GD1/ConRes/Documents1/Glossary.pdf>

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1. Introduction

1.1. This appendix sets out the instructions and guidance for completing the business plan data template ('template') that supports the submission of the GDNs' well-justified business plans. This guidance includes definitions for preparing the template. For the avoidance of doubt, the template and guidance are subordinate to and support the submission of the business plan, inclusion of data in the template should not be used as a substitute to provide a well-justified business plan. This appendix will not change any definitions or obligations contained within the gas transporter licence applicable to the GDNs and in the event of any dispute, the licence conditions will always take precedence.

Structure of this document

1.2. The rules cover the following main areas:

- chapter 2 – sets out the purpose and objectives of the cost reporting rules;
- chapter 3 – details the reporting arrangements;
- chapter 4 – sets out the instructions and definitions for completing the business plan data template; and
- chapter 5 – sets out the current position in relation to the publication of summary information and the annual RAV.

1.3. The appendices consist of the following:

- appendix 1 – includes the business plan data template;
- appendix 2 – sets out the purpose and instructions for completion of each table in the business plan data template; and
- appendix 3 – lists the detailed definitions to be applied in completing the business plan data template.

2. Purpose and objectives of the rules

Introduction

2.1. This instruction and guidance provide a framework for the collection and provision of consistent information to support the well-justified business plans submitted by GDNs. The output from this process will be the gas distribution networks' (GDNs) completed business plan data templates. Ofgem will use this information to assist in the assessment of the well-justified business plan submissions for RIIO-GD1.

2.2. The objectives of these instructions and guidance are to provide a framework for the collection and provision of consistent cost information from the GDNs. This will avoid varying interpretations of definitions and reporting requirements.

Cost categories

Metering, excluded services, de minimis and other activities

2.3. These instructions and guidance cover the forecast costs of providing metering services, excluded services, services specifically consented to by the Authority and de minimis activities.

Pass-through costs

2.4. Certain costs were considered to be pass-through costs and others are 'outside the price control'. The instructions and guidance require such costs to be disclosed. Pass-through costs include of:

- network business rates
- Distribution network licence fees
- NTS pension deficit charges to the distribution network
- payments to suppliers in respect of the costs of investigations into gas illegally taken
- payments made in respect of third party damage and water ingress
- any other items designated in special condition E3 (distribution network allowed pass-through items) of the licence as pass-through costs, including any costs to be treated as miscellaneous pass-through items as directed by the Authority.

3. Reporting arrangements

Introduction

3.1. It is important that robust arrangements are put in place for the submission of the GDNs well-justified business plans. The template will be required to set out the forecast costs for the final two years of GDPCR1 (2011-2013), RIIO-GD1 (2013-2021) and the first five years (in less detail) of RIIO-GD2 (2021-2026).

Reporting years and cost base

3.2. A financial year for the provision of information required will be a period of 12 months commencing on 1 April of each year and ending on 31 March of the following calendar year. The base year for costs is 2009-10, therefore, all costs should be provided in 2009-10 prices unless otherwise stated, see paragraph 4.3.

Submission

3.3. GDNs must provide the completed template with the submission of their well-justified business plan as soon as reasonably practicable, and in any event, not later than 30 November 2011.

3.4. Any resubmission of the template is only to be made by agreement between Ofgem and the licensee and in any such instance the pack should be resubmitted in full. Resubmission will require a letter to be signed by a director and Ofgem require additional certification from the relevant GDN.

Queries on completion or discovery of errors

3.5. For all queries on completion of the business plan supporting tables or if any formula errors or other such errors are discovered on completion, an email should be sent to:

mick.watson@ofgem.gov.uk

3.6. GDNs must not make changes to the formulas, format or structure, contained in the template unless these instructions say otherwise.

4. Instructions and definitions for completion of the template

Introduction

4.1. This section refers to the instructions and definitions for completion and submission of the template that support the well-justified business plan.

Template

4.2. The template at Appendix 1 is provided in Excel spreadsheet format to GDNs and should be submitted in electronic format to Ofgem via the extranet, together with the well-justified business plan. The business plan data template must be submitted as an Excel file: submission of the template as a portable document format ("PDF") file is not permissible.

4.3. The tables have not been 'locked', but GDNs must not make any changes to the formulas, format or structure contained in the template unless these instructions or instructions from Ofgem say otherwise.

Specific instructions

4.4. Tables 1.0.2, 1.2.1, 1.3.1, 1.3.2 and 1.3.3 should be completed in nominal prices using the inflation assumptions contained in sheet 1.0.1. (other price control data). The remaining tables are to be completed in **2009-10 prices** and exclusive of real price effects (these are captured in table 2.6).

4.5. The financial tables should be completed under UK GAAP to March 2014, where the reporting should then move to IFRS in accordance with the current guidance from the Accounting Standards Board.

4.6. Detailed instructions for completing the template are set out in Appendix 2.

Repex scenarios

4.7. As part of the March Decision document we indicated we would request the GDNs to prepare their forecasts on the basis that the repex programme will continue on an as-is basis but excluding the requirement for the replacement of large diameter mains.

4.8. At this stage of the review the definition of large diameter mains is still being considered. We will continue to work with the HSE and GDNs during April to finalise the diameter cut off so that the GDNs can plan the core 30:30 programme agreed between the GDNs and the HSE.

4.9. Once this definition has been finalised we would expect the GDNs to prepare their baseline plan on this scenario.

4.10. Any other repex scenarios required to be modelled or agreed between Ofgem and the GDNs will be captured in table 3.9b, which is a high level forecast of the repex costs and impact on other business activities. Detailed guidance is contained in Appendix 2.

Definitions

4.11. The definitions set out in Appendix 3 should be used to complete the template in a consistent way. Deviations from these definitions are not permitted unless instructed to do so by Ofgem.

5. Publication

5.1. A number of GDNs consider some of the information provided in the business plan data template to be commercially sensitive.

5.2. Ofgem is bound by the requirements of section 105 of the Utilities Act 2000 relating to the disclosure of information.

5.3. Ofgem recognises the value of improving transparency of information in regulating natural monopolies.

5.4. It is Ofgem's intention to continue to review whether to publish further disaggregated data and analysis alongside the well-justified business plans.

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Appendix 1 – Business plan data template

[Refer to excel document RIIO GD1 business plan data template_final]

GDNs must not make any changes to the formulae, format or structure contained in the template unless these instructions or instructions from Ofgem say otherwise.

Appendix 2 – Instructions for completion of the template

General

Overview

1.1. The template is an Excel workbook. It consists of a number of data entry sheets with various summaries. The template should support and be consistent with the submitted well-justified business plan.

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

1.3. The template is to be completed in accordance with these instructions and the definitions provided in appendix 3. The template is to be submitted to the Authority in electronic Excel file format using Ofgem's extranet by 30 November 2011.

Structure of the template

1.4. The template has been separated into the following sections:

- Financial tables: - Tables 1.0.1 to 1.4.1 request financial information
- Cost tables: – Tables 2.0 to 3.17 request cost data for opex, capex and repex; additionally it collects associated data for assets and workload.
- Output data: - Tables 4.1 to 4.3 to collect additional data to support primary and secondary outputs and innovation.

Gas distribution business

1.5. The overall objective of the template is to develop an understanding and support the well-justified business plan of the GDN. Accordingly, the financial information presented in the template should relate to activities of the GDN whether carried out by the GDN directly or by another party on behalf of the GDN (eg related parties or third parties carrying out activities for the GDN). De minimis businesses are to be included where such activities are carried by the licensee (which has been consented to by the Authority in accordance with Standard Special Condition A36).

1.6. For the purposes of filling out the template, all excluded services and de minimis costs should be reported separately from the transportation costs. Specific columns have been included in the template to capture these costs.

1.7. For National Grid Gas plc, all workload and costs associated with the "Outer Met" area should be reflected in the return for East of England.

Definitions and accounting policies

1.8. The template should be prepared on a cash typical basis. Subject to this they should use the same accounting policies as in the preparation of the regulatory financial statements, in accordance with UK GAAP or IFRS unless otherwise stated.

1.9. In the event that the accounting policies applied to prepare the template differ from those used in the regulatory financial statements (for some or all years) you are requested to include appropriate details including quantification of the difference.

Data entry

1.10. As the template is a series of Excel spreadsheets, links and formulae have been included to limit, where possible, the amount of manual data entry required. The spreadsheets have not been "locked", but GDNs are not to change any formulas or formats without instruction from Ofgem first. If a change is necessary (to correct an error, for example), Ofgem will notify all GDNs of the correction to be made.

1.11. The colour scheme used in the spreadsheets is as follows:

- Yellow = cells requiring data entry;
- Grey = cells summing rows and columns, to remain blank, or containing other calculations;

1.12. Tables 1.0.2, 1.2.1, 1.3.1, 1.3.2 and 1.3.3 should be completed in nominal prices using the inflation assumptions contained in sheet 1.0.1. (other price control data). The remaining tables are to be completed in **2009-10 prices** and exclusive of real price effects (these are captured in table 2.6).

1.13. Costs should be shown in £m, rounded to the nearest £1000 (i.e. 3 decimal places), unless otherwise stated.

1.14. Costs are to be entered exclusive of real price effects (RPEs). These should be captured in table 2.6 RPEs.

1.15. All costs are to be entered as positive numbers except where indicated otherwise. In the capex, repex tables and asset tables, additions should be shown as +ve and abandonments/disposals as -ve. Customer or other contributions should also be entered as +ve numbers. (The tables will deduct customer contributions from gross expenditure to calculate net expenditure)

1.16. Except where indicated, all costs are to be entered on a cash typical costs basis, being cash spend exclusive of atypical items. Cash means exclusive of charges to or releases from provisions but includes provision utilisation. All expenses recognised are those expected to be incurred as part of the ordinary level of business. Atypical movements in accruals and prepayments should also be excluded.

Costs for affiliates and related parties

1.17. Except where otherwise indicated, costs of related parties in performing the licensee's activities should be reported including any margin, profit or management fee for those related parties. Those margins, profits or management fees should be disclosed by activity to be removed from the total cost of those activities. For the purpose of this paragraph, related parties includes:

- any "related undertaking" or "affiliate" as defined in the distribution licence;
- xoserve Limited; and
- Treatment of related parties and companies who outsource substantial elements of their activity

1.18. Where substantive elements (ie greater than 35% of the GDN's costs) of the GDN's operations are subcontracted to a single contractor, costs should be reported at the same level of detail as if they were carried out by the licensee.

1.19. The treatment of any margin, profit or management fee of the contractor will depend on whether or not that contractor is a related party and whether the contract for carrying out those activities has been awarded as part of a competitive tender process.

1.20. If the contractor is not a related party and the work has been awarded to the contractor through a competitive tender process, the fees, profits or margins of the contractor will be an allowed cost, but the fees, profits or margins of any substantive contractor (as defined in paragraph 1.16) should be disclosed by activity together with an explanation of how these fees, profits or margin have been allocated across activities.

1.21. If the contractor is a related party, or if the contract has not been awarded through a competitive tender process (or both), then the fees, profit or margin are not an allowed cost and should be disclosed together with an explanation of how these fees, profits or margins have been allocated across activities. For related parties this is captured in table 2.3.

Analysis of expenditure or work volumes for affiliates and related parties

1.22. Where an analysis of expenditure or work volumes is required by direct labour and contract labour, direct labour should include direct labour within related parties.

Definitions

1.23. Appendix 3 contains the detailed definitions to be adopted. GDNs must ensure that the definitions are clearly understood and are complied with when entering any data into the template. Where there is doubt or uncertainty, please refer to Ofgem for clarification. This is to ensure consistency and comparability of data entry across GDNs.

Use of Estimates and Allocations

1.24. 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.

Additional information

1.25. If you think that any additional information beyond that requested is necessary to develop a complete understanding of the information presented in the tables of the template, please include such information in an appendix to your submission.

Worksheet Protection

1.26. The excel workbooks have not been locked or password protected. However GDNs should only make entries in the indicated cells. If a GDN believes it is necessary to make any other change (eg insert extra columns or rows or change formulae) they must obtain Ofgem's approval before making any such change. This allows Ofgem to confirm that the change is appropriate and advise other GDNs accordingly.

Specific instructions for completing each schedule

Contents and Version Control

| | |
|-----------------------------|--|
| Purpose and Use by Ofgem | The purpose of this version submission control sheet is to ensure that all tables of the template have been completed and submitted by GDNs and to monitor resubmissions and track changes in those resubmissions. |
| Instructions for Completion | <p>The initial submission should be completed in its entirety and submitted as soon as reasonably practicable and in any event not later than 30 November 2011.</p> <p><u>Version submission control:</u> enter the date of the initial submission and the dates of any re-submission. For each submission enter the version number. If required, additional columns will be added by Ofgem.</p> <p><u>Business plan tables:</u> enter a cross ("x") to indicate that the table has been completed and submitted.</p> <p>Where it is necessary to resubmit for any reason, the whole pack must be resubmitted because of the integrated file links. In such circumstances enter the date and the version number of the resubmission (section 2) and indicate with a cross in the appropriate box which tables and/or additional information has been amended (section 3).</p> <p>In addition for each resubmission, a separate free-form explanation must be provided listing each and every cell that has been amended and sufficient commentary to</p> |

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| | explain the reasons for each change. |
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Changes log

| | |
|-----------------------------|--|
| Purpose and Use by Ofgem | The purpose of this worksheet is to report any changes made in the Business Plan Data Tables by Ofgem. |
| Instructions for Completion | No data input is required. |

Fixed Data

| | |
|-----------------------------|--|
| Purpose and Use by Ofgem | The purpose of this worksheet is for the licensee's name and those of related parties and pension schemes to be entered and date and current year RPI information. |
| Instructions for Completion | <p>Input from the table the number allocated to the licensee to whom the template relates. Input the full names of the GDN, other GDNs in the same group, related parties and all pension schemes.</p> <p>Input the abbreviations for all other GDNs in the same group, related parties and pension schemes. Where another GDN is already listed use the same abbreviations as in the table.</p> |

1.0.1 Other price control data

| | |
|-----------------------------|--|
| Purpose and Use by Ofgem | <p>This worksheet provides details of various disparate additional data that is additional to the standard tables. Volume driver's data will be used in calibration of the model.</p> <p>The segmental allocation of revenue will be used to model total revenues.</p> <p>The table also includes the forecast of future RPI that should be used in your plans. We have also allocated rows where specific additional assumptions that you may use can be specified. These should be expanded upon as necessary in the commentary.</p> |
| Instructions for Completion | <p>Input details in the boxes shaded yellow for each set of data:</p> <p><u>Volume drivers</u></p> <p>Forecast Customer Numbers TWh – Terawatt Hours</p> <p><u>Revenue</u></p> |

| | |
|--|---------------------------------------|
| | Enter the segmental analysis by year. |
|--|---------------------------------------|

1.0.2 Summary 2010-11 data

| | |
|-----------------------------|---|
| Purpose and Use by Ofgem | This worksheet collects actual data for 2010-11 for capex, opex and repex spends. It drives the calculation of the amount of expenditure entering RAV for the year. |
| Instructions for Completion | This table should be completed in nominal prices. The data should agree to the RRP for 2010-11. The table handles the conversion to 2009-10 prices |

1.1.1 Pension defined benefits scheme costs

| | |
|-----------------------------|---|
| Purpose and Use by Ofgem | This sheet collects pension data relating to cash and forecast costs of funding DB pension current service obligations. |
| Instructions for Completion | All pension costs should be consistently reported across the business plan data templates, on a cash paid basis. This table collects information about the licensee's pension costs rather than the total DB scheme as a whole. All data should be entered in 2009-10 prices for each year. Row 6: Insert pensionable pay relating to this scheme only. This is not necessarily the same as Labour costs in the Cost tables. Row 7: The salary sacrifice element relates solely to sacrifice for additional DB pension contributions made under an arrangement with the sponsoring employer. Row 16: Provide the cash cost of funding of any pension related severance costs. Row 40: Provide the period over which existing deficit as at the last triennial valuation is being funded as agreed with the scheme trustees and accepted by The Pensions Regulator (TPR) in the deficit recovery plan and state in the |

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|--|--|
| | <p>commentary which triennial valuation this refers to.</p> <p>Row 41: Provide the date from which current deficit funding payments commenced.</p> <p>Row 42: Enter the percentage allocation of the group scheme to the gas distribution business, i.e. the regulatory fraction.</p> <p>Row 48: Enter the amount of annual deficit repair funding payments that the company has agreed to pay in accordance with the latest full valuation.</p> <p>Rows 49 to 51: Provide an explanation in the Commentary for any amounts entered under these pension expenditure categories.</p> <p>Rows 64 to 72: Provide the attribution of meeting current pension service cost for the DB scheme over the various segments.</p> <p>Rows 89 to 108: Enter the cost incurred by the scheme sponsors in providing a contingent asset to support pension scheme technical provisions or a recovery plan. These costs should only include costs paid by the licensee and other pension scheme co-sponsors.</p> <p>Rows 122-125: Enter a breakdown of pension liabilities as at 31/3/10 to calculate an indicative regulatory fraction.</p> |
|--|--|

1.1.2 Pension Defined Contribution Scheme data

| | |
|-----------------------------|---|
| Purpose and Use by Ofgem | This table collects data relating to the defined contribution scheme pension costs, plus any contributions to stakeholder pensions and personal accounts. |
| Instructions for Completion | This table should be completed, in 2009-10 prices. |

1.1.3 Pension Protection Fund Levy

| | |
|--------------------------|--|
| Purpose and Use by Ofgem | This section collects data on a cash basis on the Pensions Protection Fund (PPF) levies for each scheme and shows the allocation of these costs between sponsoring entities. |
| Instructions for | This table should be completed in 2009-10 prices. |

| | |
|------------|--|
| Completion | <p>Both admin costs and the PPF levy are pass through costs and are outside of the cost benchmarking process.</p> <p>Row 7: Enter the total fixed PPF levy for the DB scheme (including the levy for PPF administration charge) paid (in cash) in the year.</p> <p>Rows 9 to13: Enter the allocation of fixed PPF levies paid direct by the employer (not collected through the scheme contributions) split by non-transportation and transportation business segments.</p> <p>Rows 15 to19: Enter the allocation of fixed PPF levies collected through the scheme contributions (not paid direct by the employer) split by non-transportation and transportation business elements.</p> <p>Row 23: Enter the total risk based PPF levy for the primary DB scheme.</p> <p>Rows 25 to 29: Enter the allocation of risk based PPF levies paid direct by the employer (not collected through the scheme contributions) split by non-transportation and transportation business elements.</p> <p>Rows 31 to 34: Enter the allocation of risk based PPF levies collected through the scheme contributions (not paid direct by the employer) split by non-transportation and transportation business elements.</p> |
|------------|--|

1.1.4 Pension Scheme Administration costs

| | |
|-----------------------------|---|
| Purpose and Use by Ofgem | <p>This section collects data on a cash basis on each Pension scheme's administration costs (that is the costs incurred by the trustees in the running of the pension scheme and includes investment management fees) for each scheme and shows the allocation of these costs between entities, as well as forecasting for the remainder of the RIIO GD-1 period. These do not include costs incurred by the licensee or other sponsoring employers in collecting employee contributions or managing their interface with the scheme. This enables reconciliation to the cost tables and allocation to RAV where appropriate.</p> |
| Instructions for Completion | <p>This table should be completed in 2009-10 prices. Both admin costs and the PPF levy are treated as pass through costs and are outside of the cost benchmarking</p> |

| | |
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| | <p>process.</p> <ul style="list-style-type: none"> • Enter the total pension administration costs for each scheme. • Rows 10 to 14: Enter the allocation of administration costs paid direct by the employer (not collected through the scheme contributions) split by non transportation and transportation business elements. • Rows 16 to 20: Enter the allocation of administration costs collected through the scheme contributions (not paid direct by the employer) split by non transportation and transportation business elements. <p>Rows 26 to 31: Enter the values of administration costs that are attributed to the segments of the transportation business.</p> |
|--|--|

1.2.1 Taxation

| | |
|-----------------------------|---|
| Purpose and Use by Ofgem | This worksheet provides a summary of the tax calculation and an analysis of capital allowances for tax purposes, forecast to the end of the RIIO GD-1 period (2021). |
| Instructions for Completion | <p>This table should be completed in nominal prices.</p> <ul style="list-style-type: none"> • Input details of tax calculation to arrive at the tax charge shown in table 1.3.1 Profit and Loss Account / Statement of Comprehensive Income. The corporation tax rate should be consistent with existing legislation plus June 2010s budget. • Input details of capital additions and writing down allowances as appropriate in the yellow shaded boxes on the table. <p>GDNs should apply existing legislation together with the June 10 and March 11 Budget proposals for Corporation Tax rates and Capital Allowances.</p> |

1.2.2 Tax Allocations of spend

| | |
|-----------------------------|--|
| Purpose and Use by Ofgem | <p>This table is used to report the allocation of capex and opex spend to capital allowance pools for the licensee. It obtains an analysis of the GDNs capex and ensures allocation to the capital allowance pools on a consistent and comparable format across GDNs.</p> <p>It enables monitoring and comparison of allocations to capital allowance pools across GDNs, and across time, which will inform future price controls.</p> |
| Instructions for Completion | <p>This table should be completed in 2009-10 prices</p> <ul style="list-style-type: none"> • The table requires GDNs to insert the allocation of |

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| | <p>expenditure across tax categories for the various types of expenditure for each of the forecast years of RIIO GD-1. These allocations should reflect the basis on which the tax charge for the Regulatory Accounts has been / is anticipated will be based.</p> <ul style="list-style-type: none"> • Enter the analysis of the expenditure in each area for tax purposes (£m) by each of the capital allowance pools. The total expenditure should agree to that reflected in the capex summary table. <p>Profiles are calculated for each expenditure type in the bottom half of the sheet.</p> |
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1.3.1 Profit and Loss account / Statement of Comprehensive Income

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| Purpose and Use by Ofgem | <p>This table is designed to provide a Profit & Loss / Statement of consolidated income forecast up to 2020-21. It will be used to populate, and provide a consistency check to, the financial model.</p> |
| Instructions for Completion | <p>This table should be completed in nominal prices</p> <p>This table should be populated from and agree to the entity's audited Regulatory accounts for the first two years (2010 & 2011), and then contain a forecast covering the remaining 10 years covering the full RIIO period.</p> <p>All figures should be based upon UK GAAP until 2014 – 15 financial year where upon IFRS should be adopted as based upon the current ASB proposals.</p> <p>Row 8: Insert total revenue as shown in the regulatory accounts.</p> <p>Rows 8 to 53: These rows cover the licensed entity and should agree to the audited Regulatory accounts.</p> <p>Row 32: "Other finance income/Investment income" on the P&L account should include non-transportation related items, financial movements on pension schemes and all movements on derivative financial instruments.</p> |

1.3.2 Balance sheet / Statement of Financial Position

| | |
|------------------------------------|--|
| <p>Purpose and Use by Ofgem</p> | <p>This table is designed to obtain a standard form of each licensee's Balance Sheet / Statement of financial position, consistent with the Regulatory accounts for the most recent two years actuals and a forecast for the next 10 years for the whole of RIIO GD1.</p> <p>It will be used to provide the data in this statement in the regulatory accounts on a consistent and comparable basis across GDNs and time; and to populate the financial model. It will be used to check the level of total debt and other liabilities the licensee has; and to populate the financial model.</p> <p>It will also be used to identify differences in reporting when GDNs switch from UK GAAP to IFRS during the price control period.</p> |
| <p>Instructions for Completion</p> | <p>All figures should be entered in nominal prices (£m) to at least 1 decimal place.</p> <p>This table should be populated from and agree to the audited Regulatory accounts for the relevant years, and then a forecast for the remaining period of the RIIO GD 1 Price Control. Whilst there are more categories than in the Balance Sheet / Statement of financial position in the entity's audited regulatory accounts the additional detail is required to facilitate reconciliation/agreement with other tables.</p> <p>All figures should be based upon UK GAAP until 2014 – 15 financial year where upon IFRS should be adopted based upon the current ASB proposals.</p> <p>Row 64: The net debt shown is calculated based on the definition of net debt issued in the open letter of 31 July 2009 "Clawback of tax benefit due to excess gearing"¹.</p> <p><u>Asset Lives</u></p> <p>Enter standard asset lives for the classes indicated and provide a weighted average.</p> <p>In row 72, the anticipated life that GDNs will allocate to</p> |

¹ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=49&refer=Networks>

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| | repeX upon the change to IFRS should be entered. |
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1.3.3 Cash_Flow

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| Purpose and Use by Ofgem | <p>This table is designed to obtain a standard form of each licensee's cashflow position consistent with the Regulatory Accounts for the most recent years and a forecast to the end of RIIO GD1.</p> <p>It will be used to provide the data in this statement in the regulatory accounts on a consistent and comparable basis across GDNs and time; and to sense check the financial model.</p> |
| Instructions for Completion | <p>All figures should be entered in nominal prices (£m) to at least 1 decimal place.</p> <p>All figures should be based upon UK GAAP until 2014 - 15 financial year where upon IFRS should be adopted based upon the current ASB proposals.</p> <p>Inputs are required to replicate the cashflow in the regulatory accounts for the first two years, and a forecast for the remaining price control period.</p> <p>Rows 58 to 65: Reconciliation is required between opening debt and the closing debt implied by the decrease/ increase in net cash.</p> |

1.4.2 RAV Additions

| | |
|-----------------------------|--|
| Purpose and Use by Ofgem | <p>This table is designed to calculate the amount of forecast expenditure entering the RAV and to show how GDNs calculate the percentage of totex that they believe should be added to RAV.</p> |
| Instructions for Completion | <p>This table should be populated in 2009 - 10 prices</p> <ul style="list-style-type: none"> • Total CAPEX, OPEX and REPEX are automatically populated from other sheets within the business plan data templates. • Inputs are required to identify those items that are excluded from the TOTEX Expenditure. • Items to be excluded include, but are not limited to: <ul style="list-style-type: none"> all costs relating to de minimis activities all costs relating to excluded services activities pension deficit repair payments relating to the established deficit and for the avoidance of doubt, |

| | |
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| | <p>all unfunded early retirement deficiency costs (ERDC) post 1 April 2004</p> <p>profit margins from related parties</p> <p>all additional costs relating to rebranding a company's assets or vehicles following a name or logo change</p> <p>finances and penalties incurred by the network company (including all tax penalties fines and interest)</p> <p>compensation payments made in relation to standards of performance</p> <p>bad debt costs and receipts (subject to an ex post adjustment to allowed revenues)</p> <p>Costs in relation to pass-through items, including business rates (except for business rates on non-operational buildings). Pass through items include NTS exit charges and Ofgem licence fees</p> <ul style="list-style-type: none"> • Where GDNs are aware that an adjustment to restrict RAV additions under the GDPCR1 five year repex cap mechanism is required, this adjustment should be entered into cell F18. In practice we shall determine this calculation following receipt of the RRP's for 2012-13. • GDNs should enter the amount of the fuel poor incentive entering the RAV for the five years of the current price control. The methodology used to calculate this amount should be detailed in the commentary to the extent necessary to understand how it is arrived at. • GDNs should show in the table below how the percentage of TOTEX into RAV has been calculated. The table is split into assets with a less than 3 year life, and those with a larger than three year life. The calculation should be supported as necessary in the accompanying commentary. |
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Opex

1.27. The following sections contain guidance notes on the completion of each table for the purposes of the business plan data template for opex.

2.0 Opex Summary

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| Purpose and Use by Ofgem | This table is a summary of the information contained in table 2.1 Analysis of Operating Costs with additional information from table 2.6 – RPE. |
| Instructions for Completion | Enter the forecasted expenditure by opex activity, but not broken down by cost type, for the five years following the RIIO-GD1 price control period (2021/22- 2025/26), for both inclusive and exclusive RPE. |

2.1 Analysis of Operating Costs

| | |
|--------------------------|---|
| Purpose and Use by Ofgem | <p>This sheet collects details of the forecasted operating expenses to incur within the main activities by the GDNs.</p> <p>The presentation of a summary of the forecasted operating expenditure that to incur for each year will:</p> <ul style="list-style-type: none"> - facilitate an understanding of the future performance of the GDN; - review and analyse the forecasting trend to inform about future costs; - allow comparison of costs across the GDNs. <p>Note that:</p> <ol style="list-style-type: none"> a) operating costs associated with holder demolition and land remediation should be reported under asset management and be consistent with Table 2.11. b) operating costs associated with NRSWA, TMA/T(S)A, lane rental, S74 should be reported in table 2.1 and should also be reported under street works tables 2.10a & b. Please ensure the total opex costs associated with street work reported in table 2.1 tally with street works opex costs reported in tables 2.10a + 2.10b. c) Operating costs associated with smart metering should be reported under smart metering table 2.12 and not included as part of table 2.1. d) Do not include costs associated with carbon monoxide. e) Costs associated with interruptions/NTS flat should be reported under Other Direct Activities as controllable costs (the classification of these costs as controllable or non-controllable is under review). |
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| Instructions for Completion | Enter the forecasted expenditure by opex activity and cost type for the remaining years of GDPCR1 (2011/12-2012/13) and for the eight years of RIIO-GD1 (2013/14-2020/21) |
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2.1a Analysis of Controllable Emergency Costs

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| Purpose and Use by Ofgem | The purpose of this worksheet is to provide an analysis of emergency costs at both price controlled and total cost (including non-price controlled activities such as meter work) levels, identifying the baseline costs from the current emergency policy/model as at 2010-11 and any movement relating to changes for loss of meter work , smart metering roll-out and carbon monoxide policy. |
| Instructions for Completion | <p>Enter emergency costs for both price controlled related costs and the total emergency costs (both price controlled and non-price controlled (eg meterwork) activities</p> <ul style="list-style-type: none"> • Input emergency baseline costs (based on current emergency policy/model as at 2010-11). • Input additional costs associated with loss of meter work • For the three categories (smart metering (auto populates from table 2.12), CO and other new work) under memo identify the cost that can be met from spare capacity within the baseline costs. • Incremental costs associated with smart metering will auto-populate from table 2.12 • Input incremental costs associated with carbon monoxide policy other new work. • Input costs for metering activities (non-price controlled) <p>Total controllable emergency costs should agree with the controllable emergency costs in table 2.1.</p> |

2.2 Analysis of Maintenance Costs

| | |
|-----------------------------|---|
| Purpose and Use by Ofgem | The purpose of this worksheet is to provide an analysis of the annual forecasted spend to incur in respect to maintenance activities. |
| Instructions for Completion | <p>Routine Maintenance</p> <p>Enter the annual forecasted amount in respect of routine maintenance, non routine and exceptional items for</p> <ul style="list-style-type: none"> • Storage • LTS; and • Other. |

| | |
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| | <p>Where the maintenance activity is forecasted to incur cost greater than £500k provide a description of that activity in the free form space provided (additional lines can be added). Individual activities of less than £500k can be aggregated together.</p> <p>Forecasted figures should be provided for the final two years of the GDPCR1 (2011/12-2012/13) and for the eight years of RIIO- GD1 (2013/14-2020/21).</p> <p>The total maintenance cost should agree to that detailed in the direct opex matrix 2.1 under the 'Maintenance' Activity Centre.</p> <p>For definitions of routine, non routine and exceptional items maintenance, see Appendix 3</p> |
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2.3 Analysis of Related Party Transactions

| | |
|-----------------------------|--|
| Purpose and Use by Ofgem | The purpose of this worksheet is to provide an analysis of the nature and size of services provided to the GDN(s), by each related party. |
| Instructions for Completion | <ul style="list-style-type: none"> • Input a description of the services provided by each related party. • Input the turnover data (split between Opex, Capex and Repex) for the related party as charged to the GDN(s) business. Input as positive numbers. • Input as negative numbers the respective costs incurred. • Where the total charge from a related party to the GDN(s) business is less than £500k pa that related party does not need to be included on this table. • There is no total turnover for each related party as we are not expecting licensee to forecast the total turnover for each related party in the tables. |

2.4 Business Support Tables General Instructions for Completion of Tables 2.4a to 2.4i

If costs in certain areas are small it is not expected that GDNs will fill in figures in all lines of the tables. GDNs should take a pragmatic and proportionate approach that supports their business plan and amalgamate some costs together to make meaningful figures.

2.4a Business Support GROSS

| | |
|--------------------------|---|
| Purpose and Use by Ofgem | These worksheets provide the GDN allocated gross cash controllable cost analysis of business support costs. |
|--------------------------|---|

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|-----------------------------|---|
| Instructions for Completion | <p>Input "Add back costs allocated to other categories" for the relevant GDN. All other fields are auto-populated.</p> <p>Net controllable costs for each business support category come from table 2.1. The "Total Controllable Costs – Gross (for GDN)" for each business support category should equate to the corresponding allocation given in tables 2.4d to 2.4h for the relevant GDN.</p> |
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Table 2.4b be deleted

2.4b Business Support Analysis

| | |
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| Purpose and Use by Ofgem | The table shows how certain business support activities are analysed between non-operational and operational aspects,. |
| Instructions for Completion | <ul style="list-style-type: none"> • Most of the information comes from calculations on other tables with the exception of total training costs. Costs should be input as positive values |

2.4c IS & Telecom Costs

| | |
|-----------------------------|--|
| Purpose and Use by Ofgem | The worksheet will collect gross cash controllable cost information relating to Information Systems (IS) & Telecoms expenditure and activities supporting UK regulated network businesses. |
| Instructions for Completion | <ul style="list-style-type: none"> • Costs should be input as positive values • Input costs for each IS function by cost category • Input staff and contractor numbers in total <p>Includes:</p> <ul style="list-style-type: none"> • Application Development – costs associated with the development of applications before they are put into the production • Application Maintenance & Support – The costs of maintaining and supporting applications that are in production. Includes minor enhancements and bug fixes • Desktop Services – the costs involved in supporting desktop hardware and software. • Application Server Support – costs involved in maintaining computer servers |

| | |
|--|---|
| | <ul style="list-style-type: none"> • Storage – costs involved in supporting the IT storage • Central Printing – all printing other than printing to local printers from a desktop pc or other device • Network (LAN & WAN) – costs involved in implementing and supporting the computer networks, Local Area Network (LAN) and Wide Area Network (WAN) • Business Telecoms – cost involved in supporting the network of business telephone, mobile and desk phones. It does not include the costs of maintaining the operational telephony linking network assets • Management Services – IT directors and other costs of running the IT function not covered by other areas • Training Centres – all the IT costs associated with training centres. This will include elements of the above that relate to training centres. <p>Contractors – Additional IT staff recruited on a contractual basis rather than employed directly.</p> <p>Bought in Services – other costs or services bought in that do not fit in other categories.</p> |
|--|---|

2.4d IS & Telecoms

| | |
|-----------------------------|---|
| Purpose and Use by Ofgem | This table shows the allocation of costs to businesses and split between non-operational and operational costs as well as the number of end users of non-operational and operational IT systems and infrastructure. |
| Instructions for Completion | <p><u>Costs</u></p> <ul style="list-style-type: none"> • Costs should be input as positive values • Allocate IS & Telecoms costs charged to each GDN and other businesses (UK regulated networks) and split between non-operational and operational. <p><u>End users</u></p> <ul style="list-style-type: none"> • An end user is defined as an individual (typically either an employee or contractor) that spends at least 10% of his or her time using a GDN provided, funded, supported computing device that is part of the GDN’s IT infrastructure (i.e. desktops, laptops, hand held devices, etc.) to support his or her business functions. The user must have direct access to internal applications/systems to execute specific transactions on behalf of the GDN. <ul style="list-style-type: none"> ▪ The end user count does NOT include casual users of voice response systems, mobile phones, and pagers. ▪ The end user MAY include some users that are not employees or contractors (i.e. agents/brokers/dealers/distributors/supply chain partners), but only |

| | |
|--|--|
| | <p>if they are using a computing device provided, funded, and supported by the GDN at least 10% of their time, and use GDN applications/systems to execute specific business transactions. These 'other' users must be named users on the GDN systems and use the GDN's IT support organisation.</p> <ul style="list-style-type: none"> ▪ Smart phone users should only be counted if the user uses the smart phone as the primary device to access internal applications and does this for at least 10% of his or her time. Smart phone users are NOT to be counted if the phone is only used for voice calls and email. ▪ Only count end users once even if they have multiple devices. ▪ Shared devices used in multiple labour shifts of for groups of people should be counted as a single end user per shift. Do not count each user separately since the device is shared. Network printers should not be counted as a workstation. Example: there are 4 employees using one PC at a workstation. This would count as 1 end user. If the scenario occurs across 3 shifts, this should be counted as 3 end users. <ul style="list-style-type: none"> • '<u>Other users</u>' are those that are not funded directly by the GDN or indirectly through the GDN's allocated costs, e.g. external users where the GDN recovers the cost of using its IT systems or infrastructure from the user, or users from other businesses (UK regulated networks). • An end user may be included in both the non-operational and operational categories. However, '<u>total IT end users (non-operational and/or operational)</u>' is the number of distinct end users and therefore is not necessarily equal to the sum of non-operational and operational end users, e.g. 1 user using an operational and non-operational system is counted as 1 user for total end user purposes NOT 2 end users. |
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2.4e Property Costs by Building

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| Purpose and Use by Ofgem | The worksheet will collect gross cash controllable cost information relating to all property costs supporting UK regulated network businesses. |
| Instructions for Completion | <ul style="list-style-type: none"> • Costs should be input as positive values • Category 3 buildings – buildings costing >£1m per year. Input the name of each category 3 building and costs as stated on the table and details of gross and usable space. • Category 2 buildings – buildings costing <£1m and |

| | |
|--|---|
| | <p>>£0.5m per year. Input the total costs as stated on the table.</p> <ul style="list-style-type: none"> • Category 1 buildings – buildings costing <£0.5m per year. Input the total costs as stated on the table. • Training Centres – identify the total building(s) costs of all Training Centre(s) as stated on the table. Training Centre(s) are therefore not included in Categories 1, 2 and 3 above. • Non-allocated costs - Input the costs which cannot be attributed to specific buildings. |
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2.4f Property Management Costs

| | |
|-----------------------------|--|
| Purpose and Use by Ofgem | This table shows the allocation of costs to businesses split between non-operational and operational costs. |
| Instructions for Completion | <ul style="list-style-type: none"> • Costs should be input as positive values • Allocate Property Management costs charged to each GDN and other businesses (UK regulated networks) and split between non-operational and operational. |

2.4g Insurance Costs

| | |
|-----------------------------|---|
| Purpose and Use by Ofgem | The worksheet will collect cash controllable cost information relating to insurance costs, premiums, policies and cover etc, including the actual costs and cover relating to the GDN businesses. |
| Instructions for Completion | <ul style="list-style-type: none"> • Costs should be input as positive values. • In Table 2.7.1 input the appropriate details of all insurance policies and how this is allocated to businesses and excluded services. <p><u>Insurance premiums</u> Cost of insurance premiums including insurance premium tax.</p> <ul style="list-style-type: none"> • In Table 2.7.2 input details of the total cost of the insurance department and how this is allocated to businesses and excluded services. <p><u>Staff Costs</u> The costs of staff working in the insurance department</p> <p><u>Brokers Fees</u></p> |

| | |
|--|--|
| | <p>The fee charged by an insurance broker for arranging insurance cover.</p> <p><u>Insurance receipts</u> The financial reimbursement received under a contract of insurance as a result of an insured event. This will be shown for historical years but it is very unlikely that companies will forecast such receipts.</p> <ul style="list-style-type: none"> • In Table 2.7.3 in put details of all captive insurance companies owed by the Group. <p><u>Captive Insurance</u> An insurance entity that is a related party.</p> |
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2.4h CEO & Other Corporate Function Costs

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| Purpose and Use by Ofgem | <p>This worksheet shows the gross cash controllable cost of CEO and other corporate function costs and the amounts allocated to GDNs directly or via a related party.</p> <p>It is not expected that the GDNs will forecast the total CEO costs, just the total of the costs allocated to GDNs</p> |
| Instructions for Completion | <ul style="list-style-type: none"> • Costs should be input as positive values • The total costs for each corporate activity should be input. • The amount of costs allocated directly to the GDNs with allocations of such functions, if any, from related parties. <p>Includes: Communications – communication within the UK businesses, internal communications, external communications, media relations, issues management, regional communications, community relations, events management</p> <p>Group Strategy- function has the responsibility of evaluating the strategic options of the Group.</p> <p>Legal / Risk and Compliance/ Comp Secretary – legal department, the management corporate governance for all companies to ensure they comply with legislation, regulations and best practice.</p> <p>Corporate Responsibility and investor relations – corporate responsibility and interaction with institutional equity investors and market analysts also advertising, charity and sponsorship arrangements.</p> |

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| | Board Members and Other – staff and other costs of Board members and other corporate costs not fitting into other categories |
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2.4i Insource/outsource

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| Purpose and Use by Ofgem | This table will help in understanding the different business models in use by companies and how much work is done in house or by contractors. It will help in comparison of costs |
| Instructions for Completion | <ul style="list-style-type: none"> • This table is seeking information for 2010/11, 2016/17 and 2020/21 only • Enter details of internal labour, ongoing pension costs and directly procured materials • For all open book contracts enter the value of labour only contracts and other contracts breaking down the total contract cost into the various headings identified in the table • For all closed book contracts enter the total value of labour only contracts and the total value of other contracts. |

2.5 Year on Year Opex Movements

| | |
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| Purpose and Use by Ofgem | <p>The purpose of this worksheet is to provide an analysis of the reasons for the movements in each activity from each forecasted year against the preceding year.</p> <p>This worksheet will be used by Ofgem to complement the explanations in the Cost Commentary (in appendix 5) and build up a picture of the underlying cost and workload changes for GDNs in aggregate, and the savings that will be generated to reduce costs/mitigate cost increases annually over the forecasted period.</p> |
| Instructions for Completion | <p>Management Initiatives</p> <p>The quantifiable impact on particular activities of initiatives that will be taken by management to reduce costs or mitigate cost increases. Link to specific management efficiency programmes, explaining in well-justified business plan what will be done, which expense types will be influenced (staff costs, materials, contractors) and how the impact is measured.</p> <p>Workload</p> <p>Section to be used to explain changes in the total amount of work (volume & mix) that will be undertaken in each year compared with that undertaken in the preceding year. This may be due to external factors (PREs), management</p> |

| | |
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| | <p>choices (maintenance activities capable of being deferred/deferred in the preceding year but now required), or intrinsic in the nature of the work required (project work ramping down/up in the forecasted year)</p> <p>- Volume</p> <p>Outputs which will be delivered as part of the funded programme (if any) should be highlighted here. Also, outputs to be delivered may be lower than anticipated. Volume changes attributable to timing (if any) should be captured within this category.</p> <p>- Mix</p> <p>Where there will be changes to the respective workload mix e.g. repairs type, such variations should be quantified and reported within this category.</p> <p>Other</p> <p>Materiality</p> <p>Where the movement between two years in balance within an activity is less than £500k, an explanation is not required, however such that the total movement in costs can be reconciled between the years the total movement (being less than £500k) should be entered against the relevant activity.</p> <p>Enter year on year movements by opex activity and cost type for the remaining years of GDPCR1 (2011/12-2012/13) and for the eight years of RIIO-GD1 (2013/14-2020/21)</p> |
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2.6 RPEs

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| Purpose and Use by Ofgem | <p>This table enables licensees to provide a forecast of real price effects (RPEs) (additional to other building block forecasts). Therefore all cost forecasts provided within the other tables of the business plan should be exclusive of RPEs.</p> <p>It allows us to assess forecasts across the GDNs.</p> |
| Instructions for Completion | <p>For each input fill in a relevant index on which forecasts are based. The index should represent your forecast over and above RPI. Indices are on the base year 2010-11, ie if you expect direct labour for opex to increase by 1% above RPI</p> |

| | |
|--|--|
| | <p>from 2010-11 to 2011-12 then insert 1.01 for year 2011-12.</p> <p>The index for contractor labour should be exclusive of any costs for materials used by contractors. The index for materials should reflect the cost changes associated with both direct materials and those used by contractors.</p> <p>The inputs specified allow for a different index to be submitted for opex, capex and repex, eg if materials used are different between the three then a different index can be used. If there is no difference then the same index can be used.</p> <p>Fill in the weights of each input for the expenditure building blocks. Weights should sum to 100%, therefore 'other' should capture all inputs not split out. Different weights can be inserted for different years.</p> <p>You should provide evidence within the commentary of how the final indices were deduced and why you expect the weight of each factor to vary over time (if applicable).</p> <p><u>Disaggregated Opex RPE costs</u></p> <p>Fill in the table with the forecasted RPE figures by operating cost category in £m for the remaining years of GDPCR1 (2011/12-2012/13) and for the eight years of RIIO-GD1 (2013/14-2020/21). This information will be populated in table 2.0.</p> |
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2.7 FTE

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| Purpose and Use by Ofgem | <p>This table collects information on the number of FTEs involved in each key cost activity.</p> <p>This information will allow us to monitor labour trends in gas distribution.</p> |
| Instructions for Completion | <p>The forecasted average number of FTEs to be employed each year must be provided for each cost activity</p> <p>FTEs need to be split into the following types:</p> <p>(i) GDN own Employee FTE</p> |

| | |
|--|---|
| | <p>(ii) GDN own Apprentices/Trainees FTE</p> <p>(iii) GDN own Total FTE (<i>auto-populated</i>)</p> <p>(iv) Routine/Direct Contract Labour FTE</p> <p>If FTEs cannot be allocated into these activities, please allocate in proportion to salaries and wage if there is no more appropriate basis of allocation.</p> <p>FTEs should be reported to the nearest 0.5 FTE.</p> |
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2.8 Apprentices and Training

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| Purpose and Use by Ofgem | The table seeks to capture the numbers and costs of apprentices and other trainees and the training costs associated with them. |
| Instructions for Completion | <ul style="list-style-type: none"> • With the exception of external funding, all costs should be input as positive values. • Data should be input into the cells that are highlighted in yellow. <p><u>Apprentices</u> Employees engaged under an approved apprenticeship programme</p> <p><u>Craftsperson Apprentices</u> Apprentices who are being trained to attain or retain skills commensurate with Level 1, 2 or 3 Jointers, Overhead Linesman, Fitters, Multi-skilled trades set out by Energy and Utility Skills</p> <p><u>Engineer Apprentices</u> Apprentices being trained on an apprenticeship programme leading to qualification as an engineer</p> <p>Graduate and other staff/ Management Trainees Other employees employed under a formal training programme</p> <p><u>Training costs for apprentices and other trainees</u> Specific costs of training courses materials and other costs specifically relating to training courses. This will only be the costs incurred in training apprentices and trainees whilst they are on that programme. Therefore the costs will not include the training of the existing workforce. Operational training covers training for Craftsperson and Engineers, non operational training covers all other training.</p> |

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| | <p><u>Other Initiatives to Address Skill Shortages</u> Where the GDN has identified other initiatives undertaken to address skills shortage please provide details and costs</p> <p><u>External funding</u> Where there is a reasonable likelihood that a GDN will be eligible for funding from any body (for example from the National Employment Service) – either paid directly to the training provider or to the GDN or its parent company - towards any training and apprentices costs then a realistic assessment should be made of the amount of funding it is likely to receive.</p> <p><u>Admin Cost Attributed to Apprentices and Trainees</u> Input the total cost of recruitment of apprentices and trainees</p> |
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2.8a Apprentice and Trainee Programmes

| | |
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| Purpose and Use by Ofgem | The table seeks to capture the net staff cost per trainee/apprentice of specific training and apprentice programmes run by or on behalf of the GDN. |
| Instructions for Completion | <ul style="list-style-type: none"> • All costs should be input as positive values. • Data should be input into the cells that are highlighted in yellow. <p><u>Craftsperson Apprentice Programmes/Engineer Apprentice Programme/Graduate & Other Apprentice Programme</u> The title of the specific programme run by or on behalf of the GDN should be entered under the relevant category. The categories are the same as those for table 2.8 and programmes should be allocated to the same categories as they were for calculating the costs given in table 2.8. In the case of a programme falling under more than one category then it should be entered under all applicable categories and a supporting narrative explanation should be provided.</p> <p><u>Reference (Ref)</u> The reference values should not be changed. These are used for calculating the values on table 2.8c. If the references for individual programmes do not agree between table 2.8a and 2.8c then #N/A errors will be seen on table 2.8c.</p> <p><u>Trainee Type</u> One of the following trainee types, at which the training</p> |

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| | <p>programme is aimed, should be entered:</p> <ul style="list-style-type: none"> ▪ Competent ▪ Semi-competent ▪ Graduate trainees ▪ Trainees ▪ Upskillers <p>These types are consistent with those used by Energy and Utility Skills. Please note that the cells use conditional validation to ensure that only the above categories may be entered.</p> <p>Where a programme is aimed at more than one trainee type then each programme/trainee type combination should be considered as distinct programmes and entered into the table as such. Where this is the case then a supporting narrative explanation should be provided.</p> <p><u>Programme Length</u> The length of time in years between the start and end of a programme should be entered (rounded up to the nearest year).</p> <p><u>Accreditation/Award</u> The accreditation body (if any) plus the qualifications gained on successful completion of any stage of the programme should be entered.</p> <p><u>Average training cost per trainee per annum</u> The average annual specific costs of training courses materials and other costs specifically relating to training courses, as described in the instructions to table 2.8, should be entered under the applicable operational or non-operational category heading.</p> <p><u>Year 1/2/3/4 Net Staff Cost Per Apprentice/Trainee</u> Forecast net staff cost per apprentice/trainee</p> |
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2.8b Apprentice / Trainee Numbers

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| Purpose and Use by Ofgem | <p>The table seeks to capture the number of apprentices and trainees on each programme and to relate these numbers to the numbers of positions vacated/created in the GDN.</p> <p>It should be noted that it is not expected that there would always be a direct correlation year-by-year between the number of positions to be filled and the number of apprentices qualifying from a programme. However over the entire time period (2012 to 2026) some degree of</p> |
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| | correlation between the two sets of figures should be evident. |
| Instructions for Completion | <ul style="list-style-type: none"> All costs should be input as positive values. Data should be input into the cells that are highlighted in yellow. <p><u>Positions to be filled in year</u> For each apprentice/training programme, the number of equivalent positions expected to be created in the organisation each year as a result of retirement, staff leaving for other reasons, or additional positions created (due to, for example, growth or expansion of a function) should be entered. An equivalent position for these purposes is one planned to be filled by a person qualifying from the apprentice/training programme.</p> <p>Entries to the fifth year of RIIO-GD2 (2025/26) are required as there may be a lag between a position becoming necessary to be filled and recruitment/qualification of apprentices/trainees.</p> <p><u>Apprentice/Trainee Numbers</u> The number of apprentices/trainees starting and qualifying as well as the average number of apprentices/trainees participating on the programme over the year (on each year of the programme) should be entered to the nearest 0.1. Entries to the end of RIIO-GD1 only are required.</p> |

2.8c Apprentice / Trainee Reconciliation

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| Purpose and Use by Ofgem | The purpose of this table is to check consistency between the figures given in table 2.8 and those in tables 2.8a and 2.8b. |
| Instructions for Completion | <ul style="list-style-type: none"> It is not necessary to input any values into this sheet. All cells are autopopulated from tables 2.8, 2.8a, and 2.8b. This table calculates the individual programme costs for a given year by combining the entries in tables 2.8a and 2.8b as follows: <ul style="list-style-type: none"> Total net staff costs Training costs (operational or non-operational) <p>Where: N_k is the average number of apprentices/trainees on any year, k, of a</p> |

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| | <p>programme; Cs_k is the average staff cost per year-k apprentice/trainee on the programme; C_t is the average training cost per apprentice/trainee for the programme over RIIO-GD1.</p> <ul style="list-style-type: none"> Note that if a #N/A error is showing in any cells it means that the reference in column B does not match a reference on table 2.8a. The reference on table 2.8a should be set to the reference for the relevant programme on this table. If values are correctly entered into tables 2.8a and 2.8b (i.e. in agreement with table 2.8) the cells C29:M29, cell M30, and cells C31:M31 should display "OK". If "Error" is seen in one or more of these cells then the tables do not agree. It should be noted that as this table uses the average training cost over RIIO-GD1 per apprentice/trainee to calculate training costs for apprentices and trainees. There may be slight disagreement between the total calculated cost for any given year versus table 2.8. However, the total figures over RIIO-GD1 should agree. |
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2.9 Shrinkage

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| Purpose and Use by Ofgem | <p>This sheet collects the forecasted amounts to be spent annually on shrinkage gas split by component and by LDZ.</p> <p>Allows us to monitor the shrinkage purchases.</p> |
| Instructions for Completion | <p>Costs reported on this schedule should be the anticipated costs to incur in procuring the gas for shrinkage as determined under the UNC.</p> <p>The figures reported here should agree with the shrinkage figures reported in table 2.1.</p> |

2.10a Street works- existing HAs

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| Purpose and Use by Ofgem | <p>This sheet collects the forecasted amounts to be spent annually on street works activities. It covers those Highways Authorities where TMA has already been implemented/accepted as part of the re-opener decision (as at 20 December 2011²) i.e. where GDN holds actual cost data associated with scheme.</p> |
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² <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=545&refer=Networks/GasDistr/GDPCR7->

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| | <p>Street works costs should be reported in tables 2.10a & 2.10b to allow separate identification of street works costs from expenditure reported in other BPDTs.</p> |
| <p>Instructions for Completion</p> | <p>Costs should be input as positive values.</p> <p>All costs should be inclusive of contractor costs.</p> <p>All costs should be exclusive of RPEs.</p> <p>Costs should be net of contribution costs and submitted in 2009-10 prices.</p> <p>Costs incurred working in London HAs (within the M25) should be separately identified from costs incurred in HAs outside of London. London HAs costs should be entered in columns E:N, outside London HAs columns P:Y.</p> <p>Where any assumptions have been included for improved efficiency these should be explained in the narrative.</p> <p>Total costs should be attributed under each street works cost category;</p> <ol style="list-style-type: none"> 1. NRSWA 2. TMA/T(S)A – (i) permits, (ii) fixed penalty notices, (iii) administration, (iv) productivity 3. Other streetworks activity – S74 daily charges, lane rental and half/full width reinstatement <p>The street works costs should also be attributed to opex, repex and capex.</p> <p>Costs included in this template should be only those where you are requesting them to be part of an ex ante allowance i.e. any costs that are to be assessed during the RIIO-GD1 reopener should not be included.</p> <p>Information for GDPCR1 is for comparison purposes only, no allowance will be given in RIIO-GD1 for these costs.</p> <p>All costs provided should exclude works relating to connections where the charge is recovered directly from the customer being connected.</p> <p>Include street works activity associated with:</p> <p>1. NRSWA</p> |

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| | <ul style="list-style-type: none"> • Include ongoing NRSWA costs i.e. costs which are not associated with TMA/T(S)A, lane rental or half/full width reinstatement. • All business as usual NRSWA cost should be reported in table 2.10a. • Break NRSWA costs down by opex, repex, capex activity. <p>2. TMA/T(S)A (include only incremental costs over and above NRSWA)</p> <p>(i) Permit Schemes</p> <ul style="list-style-type: none"> • Number of permits should be the actual / forecast number of all works, within the Highways Authority (HA) that have schemes operating, that will be subject to a permit charge. • Forecast total cost of permit should be derived from the forecast volume of works and the forecast proportion of works that will be subject to a permit. Provide evidence within the narrative of how expected permit charges have been derived. <p>(ii) Fixed Penalty Notices (FPNs) broken down by:</p> <ul style="list-style-type: none"> • Provide number and cost of FPNs for contravention of NRSWA. These are the total actual / forecast FPNs under codes 1 to 7 (see table below). • Provide number and cost of FPNs for breach of a permit condition. These are the total actual / forecast FPNs under code 9 (see table below). • Provide number and cost of FPNs for undertaking street works without a permit. These are the total actual / forecast FPNs under code 8 (see table below). <p>FPNs notice codes:</p> |
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| Code 01 | Failure to submit s54 notice of intended work |
| Code 02 | Executing work in advance of s55 notice start date |
| Code 03 | Failure to cancel s55 notice in the relevant timescale |
| Code 04 | Failure to issue s57 notice within 2 hours of starting work |
| Code 05 | Failure to advice of completion of reinstatement within 10 days |
| Code 06 | Failure to give notice of s74 where works have been unreasonably delayed |
| Code 07 | Failure to give notice under s74 reference to duration of works |
| Code 08 | Working without a Permit (FPN is £500 discounted to £300 for early settlement) |
| Code 09 | Breaking the agreed conditions of a Permit (FPN is £120 discounted to £80 for early settlement) |

(iii) Administration broken down by:

- Provide total number of projects per year which are impacted by street works costs.
- One off administration set up costs.
- On-going administration costs which includes; back-office administration, management costs, training costs, IT running costs and field-based administration.
- Field-based administration covers traffic management schemes including traffic control apparatus (special signage) and crew, Traffic Management Plans, site meetings to ensure the requirements of the Traffic Managers (inspections) are met, pre-site surveys to meet the planning requirements, liaison with permitting authorities for the effective programming of mains replacement works, noticing/permits/amendments/extension requests, arranging various planning & advance notification letters, validation of FPNs & permit charges, work schedules/planning programmes and the Scottish Road Work Register (where applicable).

(iv) Other costs broken down by:

- Provide total length in kilometres of mains abandoned within the TMA/T(S)A boundary/year.

➤ **Productivity costs**

- Working methods in the field - shorter mains replacement lengths that would have been the case prior to TMA/T(S)A, reduction in production rates associated with gas mains replacement activities.
 - Additional materials & logistics due to permit restrictions to working length - restrictions to working length in the highways has resulted in additional material cost for more frequent application of reinstatement materials, restricted working areas or restricted working lengths between temporary traffic signals.
 - Restricted working hours impact on productivity - restricted working hours or additional site resources need to be maintained on site, additional operatives to attend site to manually control temporary traffic signals.
 - Extended working hours on site on replacement projects - to minimise the time spent on highways and congestion impact, has an impact on wage costs.
 - Contractors - productivity claim
 - **Other costs**
 - Including parking bay suspensions, temporary traffic restriction orders, modifications to existing traffic signals, bus stop suspensions, traffic separators / project revisions, connections and repair costs, increase in inspection charges, public advance noticing, contractors TMA/T(S)A claims.
 - Exclude costs associated with additional reinstatement. These costs should be separately identified under the half and full width reinstatement section.
- 3. Other streetworks costs**
- (i) S74 Daily Charge Rates / Overstay charges**
- Provide detail of the actual and forecast number of works that have received charges. If the average charge is forecast to increase, provide evidence in the narrative to support this.
- (ii) Lane rental charges covering lane rental pioneer schemes**
- Costs associated with lane rental pioneer schemes should be reported in table 2.10b.
- (iii) Half and full width reinstatement**
- Costs associated with the implementation of half and full width reinstatement should be reported in table 2.10b.
- Breakdown of total costs by activity**
- In addition to providing costs broken down by NRSWA, TMA/T(S)A and other streetworks costs (see above), please split out costs into opex, repex, capex providing a breakdown by activity i.e. work management,

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| | <p>mains, connections etcThe total opex, repex and capex costs reported here should match the opex, repex and capex street works costs reported in the initial tables. Please use the data validation checks to ensure the total street works costs reported tally between the tables</p> <p>Introduction of Permit Schemes</p> <ul style="list-style-type: none"> • In the table at the bottom of the worksheet please select X from the drop down box to indicate which year the Highway Authority (HA) introduced/expected to introduce the TMA/T(S)A permit scheme as of 31 March of each year. • For the London Permitting Scheme (LoPS) treat each LoPS phase as one scheme, i.e. LoPS Phase 1 began in January 2010. <p>Percentage split for direct and contract labour</p> <ul style="list-style-type: none"> • Please provide percentage split of direct and contract labour for street works. • Provide assumption based on a typical year during RIIO-GD1 period. • Provide direct and contract labour split for each of the street works areas - NRSWA, TMA/T(S)A, other street works and by activity – opex, repex, capex. |
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2.10b Street works- future HAs

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| Purpose and Use by Ofgem | <p>This sheet collects the forecasted amounts to be spent annually on street works activities. <i>It covers those Highways Authorities where TMA/T(S)A had not been implemented/accepted as part of the re-opener decision (20 December 2011³), i.e. where GDN does not hold actual cost data associated with scheme, but where the scheme is likely to be implemented at some point during the RIIO-GD1 period.</i></p> <p>Street works costs should be reported in tables 2.10a & 2.10b to allow separate identification of street works costs from expenditure reported in other BPDTs.</p> |
| Instructions for Completion | <p>Costs should be input as positive values.</p> <p>All costs should be inclusive of contractor costs.</p> |

³ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=545&refer=Networks/GasDistr/GDPCR7-13>

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| | <p>All costs should be exclusive of RPEs.</p> <p>Costs should be net of contribution costs and submitted in 2009-10 prices.</p> <p>Costs incurred working in London HAs (within the M25) should be separately identified from costs incurred in HAs outside of London. London HAs costs entered in columns E:N, outside London HAs columns P:Y.</p> <p>Where any assumptions have been included for improved efficiency these should be explained in the narrative.</p> <p>Total costs should be attributed under each street works cost category;</p> <ol style="list-style-type: none"> 1. NRSWA 2. TMA/T(SA) – (i) permits, (ii) fixed penalty notices, (iii) administration, (iv) productivity 3. Other streetworks activity – S74 daily charges, lane rental and half/full width reinstatement <p>The street works costs should also be attributed to opex, repex and capex activity areas.</p> <p>Information for GDPCR1 is for comparison purposes only, no allowance will be given in RIIO-GD1 for these costs.</p> <p>All costs provided should exclude works relating to connections where the charge is recovered directly from the customer being connected.</p> <p>Include street works activity associated with:</p> <ol style="list-style-type: none"> 1. NRSWA All business as usual NRSWA cost should be reported in table 2.10a. 2. TMA/T(S)A (include only incremental costs over and above NRSWA) <ol style="list-style-type: none"> (i) Permit Schemes <ul style="list-style-type: none"> • Number of permits should be the actual / forecast number of all works, within the Highways Authority (HA) that have schemes operating, that will be subject to a permit charge. • Forecast total cost of permit should be derived from the forecast volume of works and the forecast proportion of works that will be subject to a permit. Provide evidence within the narrative of how expected permit charges have been derived. |
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(ii) Fixed Penalty Notices (FPNs) broken down by:

- Provide number and cost of FPNs for contravention of NRSWA. These are the total actual / forecast FPNs under codes 1 to 7 (see table below).
- Provide number and cost of FPNs for breach of a permit condition. These are the total actual / forecast FPNs under code 9 (see table below).
- Provide number and cost of FPNs for undertaking street works without a permit. These are the total actual / forecast FPNs under code 8 (see table below).

FPNs notice codes:

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| Code 01 | Failure to submit s54 notice of intended work |
| Code 02 | Executing work in advance of s55 notice start date |
| Code 03 | Failure to cancel s55 notice in the relevant timescale |
| Code 04 | Failure to issue s57 notice within 2 hours of starting work |
| Code 05 | Failure to advice of completion of reinstatement within 10 days |
| Code 06 | Failure to give notice of s74 where works have been unreasonably delayed |
| Code 07 | Failure to give notice under s74 reference to duration of works |
| Code 08 | Working without a Permit (FPN is £500 discounted to £300 for early settlement) |
| Code 09 | Breaking the agreed conditions of a Permit (FPN is £120 discounted to £80 for early settlement) |

(iii) Administration broken down by:

- Provide total number of projects per year which are impacted by street works costs.
- One off administration set up costs.
- On-going administration costs which includes; back-office administration, management costs, training costs, IT running costs and field-based administration.
- Field-based administration covers traffic management schemes including traffic control apparatus (special signage) and crew, Traffic Management Plans, site

meetings to ensure the requirements of the Traffic Managers (inspections) are met, pre-site surveys to meet the planning requirements, liaison with permitting authorities for the effective programming of mains replacement works, noticing/permits/amendments/extension requests, arranging various planning & advance notification letters, validation of FPNs & permit charges, work schedules/planning programmes and the Scottish Road Work Register (where applicable).

(iv) Other costs broken down by:

- Provide total length in kilometres of mains abandoned within the TMA/T(S)A boundary/year.
 - **Productivity costs**
- Working methods in the field - shorter mains replacement lengths that would have been the case prior to TMA/T(S)A, reduction in production rates associated with gas mains replacement activities.
- Additional materials & logistics due to permit restrictions to working length - restrictions to working length in the highways has resulted in additional material cost for more frequent application of reinstatement materials, restricted working areas or restricted working lengths between temporary traffic signals.
- Restricted working hours impact on productivity - restricted working hours or additional site resources need to be maintained on site, additional operatives to attend site to manually control temporary traffic signals.
- Extended working hours on site on replacement projects - to minimise the time spent on highways and congestion impact, has an impact on wage costs.
- Contractors - productivity claim
 - **Other costs**
- Including parking bay suspensions, temporary traffic restriction orders, modifications to existing traffic signals, bus stop suspensions, traffic separators / project revisions, connections and repair costs, increase in inspection charges, public advance noticing, contractors TMA/T(S)A claims.
- Exclude costs associated with additional reinstatement. These costs should be separately identified under the half and full width reinstatement section.

3. Other streetworks costs

(i) S74 Daily Charge Rates / Overtay charges

- Provide detail of the actual and forecast number of works that have received charges. If the average

charge is forecast to increase, provide evidence in the narrative to support this.

(ii) Lane rental charges covering lane rental pioneer schemes

- Charges determined by reference to the duration of work in highway authorities where lane rental charges are anticipated. Include here expenditure associated with lane rental pioneer scheme within the TfL Strategic Road Network.

(iii) Half and full width reinstatement

- Costs associated with the implementation of Section 73 (England and Wales) and Section 132 (Scotland) of NRSWA for the resurfacing of roads.
- Provide evidence within the narrative of reasons for the expected date of implementation.

Breakdown of total costs by activity

- In addition to providing costs broken down by TMA/T(S)A and other streetworks costs (see above), please split out costs into opex, repex, capex, providing a breakdown by activity i.e. work management, mains, connections etc
- The total opex, repex and capex costs reported here should match the opex, repex and capex street works costs reported in the initial tables.
- Please use the data validation checks to ensure the total street works costs reported tally between the tables

Introduction of Permit Schemes

- In the table at the bottom of the worksheet please select X from the drop down box to indicate which year the Highway Authority (HA) introduced/expected to introduce the TMA/T(S)A permit scheme as of 31 March of each year.
- For the London Permitting Scheme (LoPS) treat each LoPS phase as one scheme, i.e. LoPS Phase 1 began in January 2010.

Percentage split for direct and contract labour

- Please provide percentage split of direct and contract labour for street works.
- Provide assumption based on a typical year during RIIO-GD1 period.
- Provide direct and contract labour split for each of the street works areas - NRSWA, TMA/T(S)A, other street works and by activity – opex, repex, capex.

2.11 LP Gasholders Removal

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| Purpose and Use by Ofgem | <p>This table collects information on costs and workload associated with the decommissioning, demolition and land remediation of low pressure gasholders.</p> <p>The information will enable Ofgem to understand the workload and costs associated with the LP gasholders removal programme.</p> |
| Instructions for Completion | <p>Costs: enter the forecasted costs of demolition, statutory and non-statutory land remediation and capex costs associated with LP gasholders in each year over the period. Forecasts should exclude RPEs.</p> <p>Note</p> <ul style="list-style-type: none"> • land remediation costs reported in this table relate to remediation of land of decommissioned/demolished gasholder sites • costs reported in this table should not be excluded from other tables that report the same costs in different contexts. • The costs reported in this table should be reflected in the cost-benefit analysis of the gasholder removal programme. The table does not require information on benefits associated with the removal of gasholders (eg, reduced maintenance costs). These benefits should be explicit in the cost-benefit analysis. <p>LP Gasholder (units): enter the forecasted number of operational, decommissioned and mothballed low pressure gasholders at the end of each year over the period. For 2011/12 only, enter the above numbers also for the beginning of the year.</p> <p>LP Gasholder (mcm): enter the forecasted volume (in mcm) of operational, decommissioned and mothballed low pressure gasholders at the end of each year over the period. For 2011/12 only, enter the above volumes also for the beginning of the year.</p> <p>Note, operational, decommissioned and mothballed gasholders are defined as follows:</p> <ul style="list-style-type: none"> • Operational gasholders: holders that are being regularly filled and emptied to provide diurnal storage to the LDZ or local strategic support for specific MP or IP networks. • Decommissioned gasholders: holders that have been parked at low level and are not being regularly filled and emptied. Decommissioned holders still retain gas and the potential to be recommissioned in the future. For the purpose of BPDT we term holders that continue |

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| | <p>to be required for winter operation as operational even if they are “decommissioned” during summer, and only those holders that are no longer required as part of our storage plans are termed “decommissioned”.</p> <ul style="list-style-type: none"> • Mothballed gasholders: holders that have been physically isolated (cup and cap, removal of spool) and purged to air. The potential for recommissioning at some point in the future is significantly reduced. <p>Capex workload: enter capex workload associated with the holder removal programme.</p> |
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2.12 Smart Metering

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| Purpose and Use by Ofgem | <p>This table collects smart metering costs for opex, repex and capex, workload and FTE numbers.</p> <p>The table should include both the marginal (incremental) increase in costs associated (excluding costs that can be met from other resources) and the full cost for meeting the rollout of smart metering for all activities.</p> <p>This will allow us to understand the extent of the strategy employed by each GDN.</p> |
| Instructions for Completion | <p>The table is split into several parts:</p> <ul style="list-style-type: none"> • Summary smart metering costs (excluding RPEs) for the marginal increase (incremental) costs (do not include costs that can be met from other resources). • Summary smart metering costs (excluding RPEs) for the full cost • Workload – PREs and Reports • FTEs – numbers by opex, repex, capex <p>Summary incremental costs (excluding RPEs)</p> <ul style="list-style-type: none"> • Input the costs for opex, repex and capex • Input the percentage split between direct and contract labour <p>The table should include only the marginal increase in costs associated with smart metering – do not include smart metering costs that can be met/managed from current resources</p> <p>Summary total costs (excluding RPEs)</p> <ul style="list-style-type: none"> • Input the costs for opex, repex and capex (repex costs are linked to table 3.11c Services replacement) |

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| | <p>expenditure (not associated with mains replacement))</p> <ul style="list-style-type: none"> • Input the percentage split between direct and contract labour <p>Workload</p> <ul style="list-style-type: none"> • Insert the number of forecasted smart meters to be installed each year. • PREs - input the PREs (emergency and non-emergency) associated with smart metering • Reports – input the reports associated with (emergency only) smart metering • Repex – workload is split between GDN workload and recharged workload and is linked to table 3.11c Services replacement expenditure (not associated with mains replacement) <p>The PREs (emergency) and Reports totals should equal.</p> <p>The workload on this table should also be included in the PREs and Reports on table 3.15.</p> <p>FTEs</p> <ul style="list-style-type: none"> • Input the number of FTEs required for smart metering for opex, repex and capex <p>The FTEs on this table should not be included on the FTE table 2.7.</p> <p>Percentage split for direct and contract labour</p> <ul style="list-style-type: none"> • Please provide percentage split of direct and contract labour for incremental smart metering costs. • Provide assumption based on a typical year during RIIO-GD1 period. |
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3.1 Capital Expenditure Summary

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| Purpose and Use by Ofgem | <p>This sheet summarises the information contained in the capex sheets 3.2 – 3.8 and also captures forecast expenditure at high level for years 2022 to 2026.</p> <p>Forecast expenditure should be entered to the greatest possible level of accuracy, and as a minimum to the nearest £1k.</p> <p>All expenditure should be inclusive of capitalised overheads.</p> |
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| | <p>Note that:</p> <p>a) capex associated with TMA/T(S)A should not be reported in tables 3.1 but should be reported under relevant capex sections of street works tables 2.10a & b.</p> <p>b) capex associated with smart metering should not be reported in tables 3.1 but should be reported under relevant capex sections of the smart metering table 2.12.</p> |
| Instructions for Completion | Input high level forecast gross expenditure and contributions for the years 2022 to 2026. Net expenditure is calculated automatically by subtracting contributions from gross expenditure. |

3.2 LTS and Storage

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| Purpose and Use by Ofgem | <p>This table collects forecast expenditure and asset data for LTS pipelines, NTS offtakes and other direct feeds, PRSs, storage (LTS linepack) and storage (non-LTS). Details for projects with a gross value of >£0.5m are individually identified with specific costs and asset details relating to them, and costs for work <£0.5m is aggregated.</p> <p>Forecast expenditure and workload for LTS capital works associated with the removal of gas holders should be captured in this table, however costs and workload for the removal of low pressure holders (abandonment, demolition and remediation) should be captured under work management (table 2.1) and LP gasholder removal (table 2.11). LP system reinforcement should be captured under reinforcement (table 3.3)</p> <p>Forecast LTS replacement expenditure and workload for the GDPCR1 period only should be recorded under table 3.10 "replex mains"; for the RIIO-GD1 price control period replacement expenditure and workload should be recorded within this table, 3.2.</p> <p>Below 7 barg reinforcement should be recorded under schedule 3.3 "Reinforcement".</p> <p>Forecast expenditure should be entered to the greatest possible level of accuracy, and as a minimum to the nearest £1k.</p> <p>All expenditure should be inclusive of capitalised overheads.</p> |
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| | <p>Note that:</p> <ul style="list-style-type: none"> a) capex associated with NRSWA, TMA/T(S)A, lane rental, S74 should be reported in table 3.2 and should also be reported under relevant capex sections of the street works tables 2.10a & b. b) capex associated with smart metering should not be reported in tables 3.1 but should be reported under relevant capex sections of the smart metering table 2.12 |
| <p>Instructions for Completion</p> | <p><u>Projects</u></p> <p>List all projects where the total project expenditure is or will be £0.5m or more in the categories listed.</p> <p>Indicate the LDZ/LDZs to which the project relates. If there are projects which give rise to interactions between LDZs, please explain interactions in the well-justified business plan.</p> <p>Above Ground Installations other than Pressure Reduction Stations (PRSs) are included with the LTS pipeline section. The expenditure forecast in respect to Above Ground Installations and PRSs should be recognised separately, as appropriate, with the same project name. Where a pipe-line project has storage benefit, include the project under either storage or pipe-lines (only once) dependent on which is the main driver for the investment.</p> <p>LTS projects should be separated and reported against LTS pipeline capex or LTS pipeline replacement as appropriate.</p> <p>The LTS pipelines section will provide details of pipe length, operating pressure and diameter. Where a pipeline appears in more than one section to identify the mixed aspects of a project, the same name should be used to identify it. Where a pipe-line is included in the storage section, the length and diameter of the pipe-line is captured under "Workload" in addition to other project dimensions on the table.</p> <p>Data for projects where total spend will be less than £0.5m is collected on an aggregate basis per LDZ.</p> <p>Where the total value of a multi-installation project (e.g. off take + pipe-line + two PRSs) exceeds £0.5m, list all elements, regardless of their individual values.</p> <p>Where total project expenditure will be less than £0.5m,</p> |

each GDN should separate the expenditure items by LDZ.

Project Dimensions

Provide key project data for each project.

This is to understand the scale of individual projects, to identify projects with similar characteristics for comparative analysis and to ensure that a cross section is selected for review.

Expenditure Justification (also see definition)

If a CBA has been developed or investment can be justified entirely on a CBA, no input is required under expenditure justification.

Where CBA is not available or investment cannot be justified entirely on a CBA, an approach of incremental expenditure above the CBA level shall be considered in the following categories: Customer, Growth, Mandatory and Renewal. These categories should only be used where no CBA has been developed.

Enter the forecast amount of expenditure for each project under the justification categories of Customer, Growth, Mandatory and Renewal. Expenditure can be allocated to more than one category as necessary. The balancing amount of gross expenditure will be automatically calculated and shown under the CBA category.

Cost Summary

Under the cost summary heading, costs are calculated for total gross expenditure, contribution and net expenditure based on the input phased costs in subsequent columns. No input is required in this section.

Gross Expenditure

Enter the gross expenditure in each year of the forecast in £m for each project (and aggregate of projects where total spend will be below £0.5m).

Contribution

Enter the annual contribution for each year of the forecast, if any, in £m received for each project (and aggregate of projects where total spend will be below £0.5m). Contributions should be entered as a positive number.

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| | <p><u>Net Expenditure</u></p> <p>No entry is required. The net expenditure is calculated by subtracting the contribution from gross expenditure.</p> <p>Workload</p> <p>For LTS pipelines and storage, enter the total length, in km, of mains forecast for each of the years. This includes any pre 2011/12 projects continuing into 2011/12 and beyond. Similarly for projects with phasing beyond 2021 indicate the level of spend beyond 2021.</p> |
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3.3 Reinforcement (Mains and Governors)

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| <p>Purpose and Use by Ofgem</p> | <p>This table collects forecast expenditure and asset data for general and specific reinforcement on the network below 7 barg.</p> <p>It collects sufficient data to support a meaningful comparison of unit costs between activities and companies. Reinforcement above 7 barg should be recorded in Table 3.2 "LTS".</p> <p>This table also includes expenditure and workload associated with capitalised replacement mains; any iron mains abandonment being captured in the mains replacement table 3.10 "Repex Mains".</p> <p>Forecast expenditure should be entered to the greatest possible level of accuracy, and as a minimum to the nearest £1k.</p> <p>All expenditure should be inclusive of capitalised overheads.</p> <p>Note that:</p> <ol style="list-style-type: none"> a) capex associated with NRSWA, TMA/T(S)A, lane rental, S74 be reported in table 3.3 and should be reported under relevant capex sections of the street works tables 2.10a & b. b) capex associated with smart metering should not be reported in tables 3.3 but should be reported under relevant capex sections of the smart metering table 2.12 |
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| <p>Instructions for Completion</p> | <p>All Projects</p> <p><u>Gross Expenditure</u></p> <p>Enter for each year of the forecast and for each project (and aggregate of projects where total spend will be below £0.5m), the forecast gross expenditure by reinforcement type (general or specific). This is broken down to show expenditure for mains by pipe diameter band (up to and including 180mm, and greater than 180mm) and governors by inlet pressure (IP or MP).</p> <p>Total expenditure is calculated and does not require input.</p> <p><u>Total Contribution</u></p> <p>Enter the annual contribution for each year of the forecast, in £m received for each project (and aggregate of projects where total spend will be below £0.5m). Contributions should be entered as a positive number.</p> <p><u>Net Cost</u></p> <p>By subtracting the contributions from gross expenditure, no input is required.</p> <p><u>Workload and Scope</u></p> <p>Enter the total aggregate length, in km, of mains forecast in the two diameter bands, and where applicable the forecast number of governors by inlet pressure category.</p> <p><u>Capitalised Replacement Mains</u></p> <p>For each year of the forecast, enter the forecast gross expenditure for capitalised replacement mains by diameter band (up to 180mm and above 180mm).</p> <p>Note to avoid double counting capitalised replacement mains and workload data should only be reported in rows 52 to 61 of table 3.3. Capitalised replacement mains and workload data should not be reported in rows 12 to 41 of table 3.3.</p> <p><u>Total Contribution</u></p> <p>Enter total contribution as for “all projects” above.</p> <p><u>Net Cost</u></p> <p>Net cost is calculated from gross cost and contribution, no</p> |
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| <p>input is required.</p> <p><u>Workload and Scope</u></p> <p>Enter the total aggregate length, in km, of mains forecast by the two diameter bands.</p> <p>Projects >£0.5m</p> <p>Separately identify reinforcement projects with a total individual value of £0.5m or more. Costs and workload will also be included in the aggregated details under "all projects"; the listed projects >£0.5m are therefore a subset of this.</p> <p><u>Project Title</u></p> <p>Enter the name of the project.</p> <p><u>Start Year / End Year</u></p> <p>Enter the start and end year between which expenditure is forecast.</p> <p><u>Gross Expenditure</u></p> <p>Enter gross expenditure as for "all projects" above.</p> <p><u>Total Contribution</u></p> <p>Enter total contribution as for "all projects" above.</p> <p><u>Net Cost</u></p> <p>By subtracting the contribution from gross cost. No input is required.</p> <p><u>Workload and Scope</u></p> <p>Enter the total aggregate length, in km, of mains forecast in the two diameter bands, and where applicable the forecast number of governors by inlet pressure category. Where governors are included, indicate the total maximum capacity (at lowest design inlet pressure and highest design outlet pressure).</p> |
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3.4 Governor Replacement (District and Service, below 7 barg inlet pressure)

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| <p>Purpose and Use by Ofgem</p> | <p>This table collects data relating to district and service governor replacement activities.</p> <p>Governors relating to reinforcement and connections activities will be reported under tables 3.3 "reinforcement (mains and governors)" and 3.5 "Connections" respectively.</p> <p>Data is collected for the renewal of district and service governors, split by inlet pressure tier to support a meaningful comparison of unit costs between activities and companies.</p> <p>Forecast expenditure should be entered to the greatest possible level of accuracy, and as a minimum to the nearest £1k.</p> <p>All expenditure should be inclusive of capitalised overheads.</p> <p>Note that:</p> <ul style="list-style-type: none"> a) capex associated with NRSWA, TMA/T(S)A, lane rental, S74 should be reported in table 3.4 and should be reported under relevant capex sections of the street works tables 2.10a & b. b) capex associated with smart metering should not be reported in tables 3.4 but should be reported under relevant capex sections of the smart metering table 2.12 |
| <p>Instructions for Completion</p> | <p>The data collected is similar for district governors and service governors, the difference being district governors are disaggregated by inlet pressure tier and service governors by domestic and non-domestic categories.</p> <p><u>Gross Expenditure</u></p> <p>Enter the forecast annual expenditure in £m for each year, under the relevant governor category.</p> <p><u>Contribution</u></p> <p>Enter the forecast annual contribution by governor category for each year.</p> <p><u>Net Expenditure</u></p> |

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| | <p>No entry is required. The net expenditure is calculated by taking the contribution from gross expenditure.</p> <p><u>Summary</u></p> <p>This section automatically calculates the cost summary and so does not require input.</p> <p><u>Workload</u></p> <p>Enter the number of governors forecast to be replaced under each governor category.</p> |
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3.5 Connections

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| <p>Purpose and Use by Ofgem</p> | <p>Table collects forecast expenditure and activity data for the provision of new mains and services to supply new and existing premises (Domestic / Non Domestic). Any associated network reinforcement is captured in table 3.3 "Reinforcement (Mains and Governors) however governors forming part of any new connections and not associated with network reinforcement are captured here.</p> <p>Forecast expenditure relating to the provision of a design and quotation service is identified separately from work execution activities to support increased accuracy in assessing total costs. This activity is identified as back office and expenditure is relatively "fixed" in nature compared to direct provision of new mains and services connections.</p> <p>The table collects sufficient data to support a meaningful comparison between activities and companies, as well as benchmarking companies' performance.</p> <p>Disaggregation of forecast expenditure by mains diameter, services, governor type, MOB and design & quotations activities is required in order to separately identify unit costs for existing housing, new housing and non-domestic infrastructure.</p> <p>Forecast expenditure should be entered to the greatest possible level of accuracy, and as a minimum to the nearest £1k.</p> <p>All expenditure should be inclusive of capitalised overheads.</p> |
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|------------------------------------|--|
| | <p>Note that:</p> <ul style="list-style-type: none"> a) capex associated with NRSWA, TMA/T(S)A, lane rental, S74 should be reported in table 3.5 and should be reported under relevant capex sections of the street works tables 2.10a & b. b) capex associated with smart metering should not be reported in tables 3.5 but should be reported under relevant capex sections of the smart metering table 2.12 |
| <p>Instructions for Completion</p> | <p>All Projects</p> <p><u>Gross Expenditure</u></p> <p>Input forecast gross expenditure for the years of the forecast for mains (by the two diameter bands, up to and including 180mm and above 180mm), services (including any service governors), district governors (by inlet pressure, either IP or MP) and multi-occupancy building supply infrastructure (including risers, laterals and branches) and design & quotation.</p> <p>Design and quotation includes expenditure for all activities supporting the provision of designs and quotations for new connections.</p> <p><u>Contribution</u></p> <p>Enter the annual contribution received for each governor category for each year of the forecast.</p> <p><u>Total Gross Expenditure and Net Expenditure</u></p> <p>No entry is required. The net expenditure is calculated by subtracting the contribution from gross expenditure.</p> <p><u>Workload and Scope</u></p> <p>For each year of the forecast and by activity type, input mains length (by diameter band), number of services, number of multi-occupancy building risers, number of multi-occupancy building meter points and number of district governors (by inlet pressure, IP and MP).</p> <p>In addition, enter the diversified demand in standard m³/h of the newly connected infrastructure within each category for each year of the forecast.</p> |

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| | <p>Also input the number of quotations forecasted broken down in to the five activity categories: customer "self-quotes", land enquiries/initial enquiries, standard quotes (no network analysis), standard quotes (with network analysis) and "sufficiently complex" quotations.</p> <p>Projects >£50k</p> <p>For connections projects having a total value of >£50k, enter the start and completion years of expenditure, along with gross expenditure, workload and scope for mains, services, district governors, MOB risers as for the "all projects" section. The costs, workload and scope should be included in the "all projects" section and therefore separately identified projects represent a subset of that.</p> <p>For individual projects, identify the parent mains pressure tier to which the new supply is connected, and the pressure tier of the new mains infrastructure.</p> |
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3.6 Other Capex

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| <p>Purpose and Use by Ofgem</p> | <p>This table collects data for land and buildings, telecoms, security, furniture and fittings, tools and equipment, plant and equipment (excluding wheeled plant) and other capex. The worksheet makes provision to capture both named projects over £0.5m; aggregated smaller projects and non-project related spend.</p> <p>The table also includes summaries of data for system operations, IT, xoserve, vehicles and wheeled plant, which is collected in tables 3.6a and 3.6b.</p> <p>Forecast expenditure should be entered as £m, to the greatest possible level of accuracy, and as a minimum to the nearest £1k (unless where otherwise stated).</p> |
| <p>Instructions for Completion</p> | <p>Total Expenditure</p> <p>No entry required in any column, all data is summarised totals from elsewhere in the table.</p> <p>Summary Transport & Plant (From table 3.6b)</p> <p>The only entry required in this section is the expenditure</p> |

justification for items vehicles and wheeled plant. All other data is summarised from table 3.6b.

Expenditure Justification (also see definition)

If a CBA has been developed or investment can be justified entirely on a CBA, no input is required under expenditure justification.

Where CBA is not available or investment cannot be justified entirely on a CBA, an approach of incremental expenditure above the CBA level shall be considered in the following categories: Customer, Growth, Mandatory and Renewal. These categories should only be used where no CBA has been developed.

Enter the forecast amount of expenditure for each project under the justification categories of Customer, Growth, Mandatory and Renewal. Expenditure can be allocated to more than one category as necessary. The balancing amount of gross expenditure will be automatically calculated and shown under the CBA category.

Aggregated Expenditure (Projects <£0.5m)

A list of aggregated expenditure categories has been provided.

Gross Expenditure (Aggregated Expenditure)

Enter the annual expenditure in £m for each aggregate category of expenditure (including projects below £0.5m). Include capitalised overheads in these costs.

Contributions (Aggregated Expenditure)

Enter the annual contribution, if any, in £m received for each aggregate category of expenditure (including projects below £0.5m).

Net Expenditure (Aggregated Expenditure)

No entry is required. The net expenditure is calculated by taking the contribution from gross expenditure.

Named Projects > £0.5m

List all projects where the total project expenditure will be £0.5m or more. For each project the **total** project planned expenditure should be included which will include any expenditure prior to 2012 and any expenditure planned

after 2021, where relevant. When expenditure in any project is in more than one category enter the same project name on each row and enter the expenditure on that row associated with the category selected in the drop down list.

If there are fewer than three projects above £0.5m to enter in table 3.6, please list the three highest spend projects in table 3.6 anyway, but remove any projects < £0.5m that are so included, from the aggregated section to ensure that items of expenditure are only included once, either in the project line or the aggregated section but not both. Please ensure that a name is added for each project.

Expenditure Justification (also see definition)

Enter the amount of expenditure justification for each project for the justification categories of Customer, Growth, Mandatory and Renewal where necessary (see above). The balancing amount of Gross expenditure will be automatically calculated and shown under CBA justification.

Gross Expenditure (Named Projects > £0.5m)

Enter the annual expenditure in £m for each Project for each year. Costs for named projects should be entered to the nearest £100k. Include capitalised overheads in these costs.

Contributions (Named Projects > £0.5m)

Enter the annual contribution, if any, in £m received for each project.

Net Expenditure (Named Projects > £0.5m)

No entry is required. The net expenditure is calculated by taking the contribution from gross expenditure.

3.6a IT, System Operations & Xoserve Other Capex

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| Purpose and Use by Ofgem | <p>Collects data for System Operations, IT, and Xoserve.</p> <p>The worksheet makes provision to capture both named projects over £0.5m; aggregated smaller projects and non-project related spend.</p> |
| Instructions for Completion | <p>Forecast expenditure should be entered to the greatest possible level of accuracy, and as a minimum to the nearest £1k.</p> <p>Total Expenditure</p> <p>No entry required in any column all data is summarised totals from elsewhere in the table.</p> <p>(i) System Operations</p> <p>List all projects where the total project expenditure will be £0.5m or more. For each project the total project planned expenditure should be included, which will include any expenditure prior to 2012 and any expenditure planned after 2021, where relevant. Within each Project the expenditure should be split into the following sub categories;</p> <ul style="list-style-type: none"> • Non System Expenditure includes documentation & training • IT • Telemetry <p>Certain named projects have been pre-populated by way of further guidance as to what expenditure constitutes Systems Operation capex.</p> <p>All data for projects less than £0.5m is to be collected on an aggregate basis in the final section - Aggregated Expenditure (Projects <£0.5m). For these projects, only enter the expenditure in the years 2012-2021.</p> <p><u>Expenditure Justification (also see definition)</u></p> <p>If a CBA has been developed or investment can be justified entirely on a CBA, no input is required under expenditure justification.</p> <p>Where CBA is not available or investment cannot be justified entirely on a CBA, an approach of incremental expenditure above the CBA level shall be considered in the following categories: Customer, Growth, Mandatory and Renewal. These categories should only be used where no</p> |

CBA has been developed.

Enter the forecast amount of expenditure for each project under the justification categories of Customer, Growth, Mandatory and Renewal. Expenditure can be allocated to more than one category as necessary. The balancing amount of gross expenditure will be automatically calculated and shown under the CBA category. This data to be entered at whole project level.

Expenditure Type

Split the amount of gross expenditure between the types Design and Implementation, defined below and enter the amount for design. The amount of implementation costs is automatically calculated as the gross expenditure less the design costs.

- Design: this is intended to be the costs associated with planning, designing testing systems. This element is that which would be incurred irrespective of the size of the network.
- Implementation: this is intended to be the costs associated with IT workstations and training. These costs are expected to vary depending on the size of network and number of staff involved with the process.

Gross Expenditure

Enter the annual expenditure in £m for each Project, split between the identified sub categories, for each year. Costs in this category should be entered to the nearest £100k. Include capitalised overheads in these costs.

Contributions

Enter the annual contribution, if any, split between the identified sub categories, in £m received for each project.

Net Expenditure

No entry is required. The net expenditure is calculated by taking the contribution from gross expenditure.

(ii) IT Projects

List all projects where the total project expenditure will be £0.5m or more. For each project the **total** project planned expenditure should be included which will include any expenditure prior to 2012 and any expenditure planned after 2021. Within each Project the expenditure should be

split into the following sub categories;

- Non System Expenditure
includes documentation & training
- IT Infrastructure
includes Hardware & Communications equipment
such as PCs, e-mail, servers & LANs.
- IT Systems
includes application systems such as work
management systems, asset management systems,
financial systems

All data for projects less than £0.5m is to be collected on an aggregate basis in the final section - Aggregated Expenditure (Projects <£0.5m). For these projects, only enter the expenditure in the years 2012-2021.

Expenditure Justification (also see definition)

Enter the amount of expenditure justification for each project for the justification categories of Customer, Growth, Mandatory and Renewal where necessary (see above). The balancing amount of Gross expenditure will be automatically calculated and shown under CBA justification. This data to be entered at whole project level.

Expenditure Type

Split the amount of gross expenditure between the types Design and Implementation, defined below and enter the amount for design. The amount of implementation costs is automatically calculated as the gross expenditure less the design costs

- Design: this is intended to be the costs associated with planning, designing testing systems. This element is that which would be incurred irrespective of the size of the network.
- Implementation: this is intended to be the costs associated with IT workstations and training. These costs are expected to vary depending on the size of network and number of staff involved with the process.

Gross Expenditure (Named Projects > £0.5m)

Enter the annual expenditure in £m for each Project, split between the identified sub categories, for each year. Include capitalised overheads in these costs.

Contributions (Named Projects > £0.5m)

Enter the annual contribution, split between the identified sub categories, if any, in £m received for each project.

Net Expenditure (Named Projects > £0.5m)

No entry is required. The net expenditure is calculated by taking the contribution from gross expenditure.

(iii) Xoserve

List all projects where the total project expenditure will be £0.5m or more. For each project the **total** project planned expenditure should be included which will include any expenditure prior to 2012 and any expenditure planned after 2021.

Within each Project the expenditure should be split into the following sub categories;

- Non System Expenditure
includes documentation & training
- IT Infrastructure
includes Hardware & Communications equipment such as PCs, e-mail, servers & LANs.
- IT Systems
includes application systems such as work management systems, asset management systems, financial systems

All data for projects less than £0.5m is to be collected on an aggregate basis in the final section - Aggregated Expenditure (Projects <£0.5m). For these projects, only enter the expenditure in the years 2012-2021.

Expenditure Justification (also see definition)

Enter the amount of expenditure justification for each project for the justification categories of Customer, Growth, Mandatory and Renewal where necessary (see above). The balancing amount of Gross expenditure will be automatically calculated and shown under CBA justification. This data to be entered at whole project level.

Expenditure Type

Split the amount of gross expenditure between the types Design and Implementation, defined below and enter the amount for design. The amount of implementation costs is automatically calculated as the gross expenditure less the design costs

| | |
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| | <ul style="list-style-type: none"> • Design: this is intended to be the costs associated with planning, designing testing systems. This element is that which would be incurred irrespective of the size of the network. • Implementation: this is intended to be the costs associated with IT workstations and training. These costs are expected to vary depending on the size of network and number of staff involved with the process. <p><u>Gross Expenditure</u></p> <p>Enter the annual expenditure in £m for each Project, split between the identified sub categories, for each year. Costs should be entered to the nearest £100k. Include capitalised overheads in these costs.</p> <p><u>Contributions</u></p> <p>Enter the annual contribution, split between the identified sub categories, split between the identified sub categories, if any, in £m received for each Project.</p> <p><u>Net Expenditure</u></p> <p>No entry is required. The net expenditure is calculated by taking the contribution from gross expenditure.</p> |
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3.6b Transport & Plant

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| Purpose and Use by Ofgem | Collects data for vehicles and wheeled plant. The worksheet makes provision to capture data on both capex and opex expenditure in these areas in order to make comparable assessment for companies operating different procurement models for these assets |
| Instructions for Completion | <p>All data should be entered for the following types of asset;</p> <ul style="list-style-type: none"> • Cars • Car Derived Vans • LGVs includes vehicles up to 3.5 tonnes GVW excluding car derived vans • HGVs includes vehicles >3.5 tonnes GVW • Wheeled Plant includes mobile compressors, cranes, excavators and dumpers <p>It is expected that costs for transport and plant will cover</p> |

both price control and non-price control activities. The table makes provision to capture the total transport and plant costs and separately those costs directly associated with the price control.

All costs in this category should be entered as £m to the nearest £1,000.

For each year 2012-2021 the following data should be entered for the following headings;

Capital Expenditure - Total Costs

Enter the total annual capex expenditure in £m.

Operating Expenditure (running costs) – Total Costs

Enter the total annual opex expenditure in £m. This should include all costs for servicing, tax, insurance, fuel and lease costs where appropriate.

Capital Expenditure – Price Control Activities

Enter the total annual capex expenditure in £m associated with price control activities.

Operating Expenditure (running costs) – Price Control Activities

Enter the total annual opex expenditure in £m associated with price control activities. This should include all costs servicing, tax, insurance, fuel and lease costs where appropriate

Capital Expenditure – Non-Price Control Activities

No entry required, the figure is automatically calculated by taking the total costs less the price control activity costs.

Operating Expenditure (running costs) – Non-Price Control Activities

No entry required, the figure is automatically calculated by taking the total costs less the price control activity costs.

Percentage of fleet leased

Enter the percentage of the fleet which is leased.

Percentage of fleet owned

| | |
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| | <p>No entry required, the figure is automatically calculated as a balance of the leased percentage.</p> <p><u>Number of new & replacement Vehicles</u></p> <p>Enter the total number of vehicles which is planned to be purchased during the year. Include both additional to the fleet or replacement of existing vehicles or wheeled plant.</p> <p><u>Number of vehicles in fleet</u></p> <p>Enter the planned total number of vehicles or wheeled plant in the fleet at the end of the financial year.</p> <p><u>Planned Life of New Vehicles</u></p> <p>Enter the planned life of the vehicles to be purchased during the year in number of years.</p> <p><u>Total Annual mileage</u></p> <p>For each category of vehicle enter the expected annual miles for the whole fleet. The entry should be made in the number of '000 miles.</p> <p><u>Total Annual running time</u></p> <p>For the whole wheeled plant fleet, enter the expected total hours of operation.</p> |
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3.7 Capitalised Overheads

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| Purpose and Use by Ofgem | <p>This table is to capture the forecast breakdown of capitalised overheads between various cost and capex/repex categories initially captured in opex and then recharged via the accounting systems to capex or repex.</p> <p>This is required to understand the breakdown of opex transfers.</p> |
| Instructions for Completion | <p>Categories of Opex Transfer</p> <p>For each year of the forecast, provide a breakdown of the total transfer from the opex account to capex or repex into the categories of:</p> <p>Capitalised Labour; Capitalised pension costs; Transport Operating Costs;</p> |

| | |
|--|--|
| | <p>Last Mile Logistics; Tools and Equipment / Other Non-Staff Related Costs or Other Capitalised costs</p> <p>Capitalised labour should not include any direct capex and repep wages. Capitalised labour should recognise;</p> <p>(a) ERO costs (NI, superannuation, training, holidays, sickness etc)</p> <p>(b) All other Staff Costs in supporting repep and capex activities (for example supervisory, managerial, planning and support)</p> <p>A description must be entered for any sums entered into the 'Other Capitalised Costs' line , with accompanying explanation.</p> <p>The Total should also balance with the total transfer from the Opex account</p> <p><u>Recharge from Opex; Direct / Indirect</u></p> <p>For each year, please provide a breakdown of the total transfer from: (a) direct opex; and (b) indirect opex (support services) to repep and capex.</p> <p>The Total transfer should equal the total transfer from the Opex account as per 'Categories of Opex Transfer', above.</p> <p><u>Summary Overheads from asset categories</u></p> <p>For each year of the forecast, please provide a breakdown of the total transfer from the Opex in respect to overheads to capex / repep into the categories of:</p> <ul style="list-style-type: none"> -LTS Capex -Mains Capex -Governors Capex -Connections Capex -Other Capex -Repep Mains -Repep Services |
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3.8 Spare (intentionally blank)

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| Purpose and Use by | This is a spare (empty) tab. No information should be |
|--------------------|---|

| | |
|-----------------------------|----------------------|
| Ofgem | entered in this tab. |
| Instructions for Completion | |

3.9 Replacement Expenditure Summary

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| Purpose and Use by Ofgem | <p>This sheet is a summary of the information contained in the repex sheets 3.10-3.11 (excl. 3.9b). In addition it collects high level forecasts for the five year period post-RIIO-GD1.</p> <p>All information contained into this summary sheet, and consequently in tabs 3.10-3.11 (excl. 3.9b), are completed following the baseline scenario, according to which the HSEs' driven mains replacement programme going forward will exclude any large diameter mains. It is yet to be confirmed where the break point for large diameter mains will be, but additional information will be provided prior to the business plans completion.</p> <p>Note that:</p> <ul style="list-style-type: none"> a) repex associated with NRSWA, TMA/T(S)A, lane rental, S74 should be reported in tables 3.9 and should be reported under relevant repex sections of the street works tables 2.10a & b. b) capex associated with smart metering should not be reported in tables 3.9 but should be reported under relevant repex sections of the smart metering table 2.12 |
| Instructions for Completion | <p>No input is required for the period between 2011 up to, and including, 2021.</p> <p>For the period between 2012 up to, and including, 2026 enter the forecasted gross expenditure and contribution in £m, to the nearest £1k, for the "installed mains", and "services and risers" sections.</p> <p>In addition, enter the forecasted length in km for the pipes to be installed and abandoned, as well as the forecasted number of services jobs.</p> |

3.9b Repex Option 1

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| Purpose and Use by | This sheet is a high level summary of Repex Option 1. This |
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| Ofgem | <p>is a stand-alone sheet that is not linked to any other tab.</p> <p>GDNs to complete the requested information on forecast expenditures, workload, etc under any additional scenario agreed with the HSE/Ofgem following completion of the repex review and to provide a high level forecast of the impact that his option will have on other areas of their business plans in opex and capex.</p> |
| Instructions for Completion | <p><u>Replacement Expenditure Summary</u></p> <p>Enter the forecast gross expenditures and contribution in £m, to the nearest £1k, for the “installed mains”, and “services and risers” sections.</p> <p>In addition, enter the forecast length in km for the pipes to be installed and abandoned, as well as the forecast number of services jobs.</p> <p><u>Capex Summary</u></p> <p>Enter the forecast gross expenditures and contribution in £m, to the nearest £1k. In addition, enter the forecast length in km, or number of jobs where applicable, for all the capex related activities eg pipelines, governors, reinforcement.</p> <p><u>Opex Summary</u></p> <p>Enter the forecast gross expenditures and contribution in £m, to the nearest £1k for all opex related activities eg maintenance, repairs etc.</p> <p>In addition, for the “emergency external” and “repairs” categories enter the number of PREs and repairs respectively.</p> |

3.10 Repex Mains

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| Purpose and Use by Ofgem | <p>This sheet collects details of forecast costs related to the replacement of mains pipe-lines for each year up to the end of RIIO-GD1. Data is required to be input for the LTS replacement section only; all other data is auto-populated from tables 3.10a, 3.10b and 3.10c so requires no input.</p> <p>It collects sufficient data to support a meaningful comparison of unit costs, work volumes (for both lay and abandon) and techniques employed between companies and over time.</p> |
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| | <p>Mains data is collected by installed pipe sizes in 8 ranges (from less than 75mm to more than 630mm) and for decommissioned pipes (workload only) from < 3" to greater than 24".</p> <p>Note that:</p> <ul style="list-style-type: none"> a) repex associated with NRSWA, TMA/T(S)A, lane rental, S74 should be reported in tables 3.10 and should be reported under relevant repex sections of the street works tables 2.10a & b. b) capex associated with smart metering should not be reported in tables 3.10 but should be reported under relevant repex sections of the smart metering table 2.12 |
| Instructions for Completion | <p><u>LTS Pipelines and Installations</u></p> <p>*This area should only be completed for the last two years of GDPCR1.</p> <p>Note from the beginning of RIIO-GD1 and onwards all LTS repex projects will be categorised under LTS capex.*</p> <p>Enter forecast data for LTS Repex projects for all where the total project expenditure is or will be £0.5m or more.</p> <p>All data for projects with forecast expenditures of less than £0.5m should be entered on an aggregate basis.</p> <p>Where costs and workload are not aligned in the reporting year, please provide a status report explaining the workload and costs associated with the project.</p> <p><u>Abandoned Mains</u></p> <p><u>HSE Enforcement Policy</u></p> <p>Enter forecast lengths to be abandoned under the HSE's Enforcement Policy for the Replacement of Iron Gas Mains (enter only iron mains included on the HSE approved/forecast programme).</p> <p><u>Other Policy and Condition Mains</u></p> <p>Enter forecast lengths abandoned under other policy or</p> |

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| | <p>through condition.(i.e. in addition to the HSE iron mains programme)</p> <p><u>Non-Rechargeable Diversions</u></p> <p>Enter forecast lengths abandoned for diverted mains that are not re-chargeable.</p> <p><u>Rechargeable Diversions</u></p> <p>Enter forecast lengths abandoned for diverted mains that are re-chargeable.</p> <p><u>Reinforcement</u></p> <p>Where replacement pipelines are planned to be upsized to provide additional capacity, the costs and workload should be reported in table 3.3 "Reinforcement". The abandonment of iron mains falling within the scope of the HSE enforcement policy only must be recorded in this table under the Reinforcement heading. Do not record the abandonment of any mains not included in the scope of the iron mains HSE enforcement policy.</p> |
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3.10a, 3.10b, 3.10c Tier 1, Tier 2 and Tier 3 Mains Replacement respectively

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| <p>Purpose and Use by Ofgem</p> | <p>These tables collect information relating to mains replacement and abandonment under tiers 1, 2 and 3 of the HSE mains risk management policy. ***Note: this table captures data for iron mains replacement only; mains risk managed by other techniques must be fully explained and quantified in the well-justified business plan***.</p> <p>The three tables collect similar information within the respective tiers and the following guidance applies across the three tables.</p> <p>Note that:</p> <ul style="list-style-type: none"> a) repex associated with NRSWA, TMA/T(S)A, lane rental, S74 should be reported in tables 3.10a-c and should be reported under relevant repex sections of the street works tables 2.10a & b. b) capex associated with smart metering should not be reported in tables 3.1 but should be reported under relevant repex sections of the smart metering table 2.12 |
| <p>Instructions for</p> | <p><u>Gross Expenditure</u></p> |

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| Completion | <p>Enter the annual forecast expenditure in £m for each activity category and for each year. Expenditure must be entered by diameter band. Include here the cost of mains connections and de-commissioning. Costs should be entered to the greatest possible level of accuracy, and as a minimum to the nearest £1k. Please include capitalised overheads in these costs.</p> <p><u>Workload</u></p> <p>Enter as appropriate, the forecast length in km of the pipes to be installed for each activity area and for each year.</p> <p><u>Unit Cost</u></p> <p>No entry is required. The unit cost is calculated from gross expenditure and workload.</p> <p><u>Contribution</u></p> <p>Enter the annual expected contribution, if any, in £m received for each activity in each investment area for each year.</p> <p><u>Net Expenditure</u></p> <p>No entry is required. The net expenditure is calculated by taking the contribution from gross expenditure.</p> <p><u>LP Workload</u></p> <p>Enter the forecast LP workload by diameter band for each mains category and for each year.</p> <p><u>MP Workload</u></p> <p>Enter the forecast MP workload by diameter band for each mains category and for each year.</p> <p>For installed mains, the sum of the LP and MP workload should match the respective total workload for each category of mains replacement such as the HSE – mandated replacement programme.</p> <p>For mains abandoned, the sum of the LP and MP workload should match the sum of total abandoned mains, including reinforcement, but excluding rechargeable diversions.</p> <p><u>Replacement Mains</u></p> |
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| | <p><u>HSE Enforcement Policy</u></p> <p>Enter forecast expenditure, workload etc. for replacement mains required under the HSE's Enforcement Policy for the Replacement of Iron Gas Mains.</p> <p><u>Other Policy and Condition Mains</u></p> <p>Enter forecast expenditure, workload etc. for replacement mains required under other policy or through condition (i.e. in addition to the HSE iron mains programme), including replacement of Medium Pressure Ductile Iron (MPDI).</p> <p><u>Non-Rechargeable Diversions</u></p> <p>Enter forecast expenditure, workload etc. for diverted mains that are not re-chargeable.</p> <p><u>Total replacement mains</u></p> <p>No entry required. Sums costs and workloads of all replacement mains except re-chargeable diversions</p> <p><u>Rechargeable Diversions</u></p> <p>Enter forecast expenditure, workload etc. for diverted mains that are re-chargeable.</p> <p><u>Length of main laid by installation technique</u></p> <p>For each of the years enter the length in km of mains installed under the four different techniques: open cut, live insertion, dead insertion, or other technique.</p> <p>If any length is recorded under the "other technique" category the GDN will need to provide further details of this technique in its well-justified business plan.</p> <p>The sum of the recorded lengths should reconcile to the sum of "Total Replacement Mains" (excl. Rechargeable Diversions) workload as reported in line 64.</p> |
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3.10d Distribution Mains Risk (formerly 3.10d)

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| Purpose and Use by Ofgem | <p>Mains risk data is required to verify the measurement of safety risk and risk management strategy associated with distribution mains.</p> <p>Completion of mains risk data in this table is not required, instead mains risk data must be provided separately by way of an MRPS extract of 1st April 2012.</p> |
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| | In addition, the local authority associated with each pipe object must be shown to enable an assessment to be made of the property density in the proximity. |
| Instructions for Completion | Completion of this table is not required – see above |

3.10e, Tier 1, Tier 2 and Tier 3 mains replacement split by steel and non-steel

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| Purpose and use by Ofgem | <p>This is a stand-alone table that supplements tables 3.10a, 3.10b and 3.10c, enabling the separation and full visibility of costs, workloads and abandonment associated with steel mains. Tables 3.10a, 3.10b and 3.10c include data relating to steel mains replacement within the “other policy and condition” category.</p> <p>The totals in table 3.10 do not use data from this table, because it is calculated from tables 3.10a, 3.10b and 3.10c.</p> |
| Instructions for Completion | <p><u>Data is required to be input for other policy and condition - steel mains only. Remaining costs, workload and abandonment associated with other materials are calculated by subtracting the values imported from tables 3.10a, 3.10b and 3.10c with the values input for steel.</u></p> <p><u>Gross Expenditure</u></p> <p>Enter the annual forecast expenditure in £m for other policy and condition – steel mains, by diameter band and for each year. Include here the cost of mains connections and de-commissioning. Costs should be entered to the greatest possible level of accuracy, and as a minimum to the nearest £1k. Please include capitalised overheads in these costs.</p> <p><u>Workload</u></p> <p>Enter as appropriate, the forecast length in km for other policy and condition – steel mains, by diameter band and for each year.</p> <p><u>Unit Cost</u></p> <p>No entry is required. The unit cost is calculated from gross expenditure and workload.</p> <p><u>Contribution</u></p> |

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| | <p>Enter the annual expected contribution, if any, in £m received for each activity for other policy and condition – steel mains, by diameter band and for each year.</p> <p><u>Net Expenditure</u></p> <p>No entry is required. The net expenditure is calculated by taking the contribution from gross expenditure.</p> <p><u>LP Workload</u></p> <p>Enter the forecast LP workload by diameter band for for other policy and condition – steel mains and for each year.</p> <p><u>MP Workload</u></p> <p>Enter the forecast MP workload by diameter band for for other policy and condition – steel mains and for each year.</p> <p>Abandoned mains</p> <p>Enter workload data to show the abandoned length of other policy and condition steel mains for tiers 1 to 3.</p> <p>Enter the forecast LP and MP lengths of abandonment, in km, for other policy and condition – steel mains only.</p> |
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3.11 Services Repex

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| Purpose and Use by Ofgem | <p>This table collects details on services and risers forecast expenditure and workload. Data is captured by diameter tier to provide full visibility of the cost and workload associated with the three tiers and to provide sufficient granularity to support regression analysis.</p> <p>Costs should be entered to the greatest possible level of accuracy, and as a minimum to the nearest £1k.</p> <p>Note that:</p> <ul style="list-style-type: none"> a) repex associated with NRSWA, TMA/T(S)A, lane rental, S74 should be reported in tables 3.11 and should be reported under relevant repex sections of the street works tables 2.10a & b. b) capex associated with smart metering should not be reported in tables 3.11 but should be reported under relevant repex sections of the smart metering table 2.12 |
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| Instructions for Completion | <p><u>3.11</u></p> <p>This table is auto populated and does not require any input</p> <p><u>3.11 (a) and (b)</u></p> <p>3.11(a) captures services associated with HSE mandated mains replacement, and 3.11 (b) captures services associated with mains in tiers 2 and 3 subjected to CBA (ie below the threshold risk value in tier 2 and all tier 3 mains). Both categories require similar information and the following guidance applies to both tables.</p> <p>Include the forecast cost of replacing service connections, risers and restoring supplies; exclude the cost of any meter work carried out on behalf of others.</p> <p>Note that table 3.11a requires tier 1 and above threshold tier 2 replacement services to be separately identified in rows 36 – 58).</p> <p><u>Gross Expenditure</u></p> <p>Enter the forecast annual expenditure in £m for each activity category. All expenditure should be inclusive of capitalised overheads.</p> <p>Include the cost of replacing service connections and restoring supplies, including safety check, purge and relight. Exclude the cost of any meter work carried out on behalf of others.</p> <p><u>Contribution</u></p> <p>Enter the forecast contribution, if any, in £m received for each activity in each investment area, and for each year.</p> <p><u>Workload</u></p> <p>Enter as appropriate, the forecast number of services jobs for each year.</p> <p><u>Unit Cost</u></p> <p>No entry is required. The unit cost is calculated from gross expenditure and the number of services.</p> <p><u>Net Expenditure</u></p> |

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| | <p>No entry is required. The net expenditure is calculated by taking the contribution from gross expenditure.</p> <p><u>Replacement Services – Domestic</u></p> <p>Enter forecast expenditure, contribution and workload for domestic services relaid and those tested and transferred to a new main for each forecast year.</p> <p><u>Replacement Services – Non-Domestic</u></p> <p>Enter forecast expenditure, contribution and workload for non-domestic services relaid and those tested and transferred to a new main for each forecast year.</p> <p>Services to buildings with ground floor, basement and/or first floor premises only should be entered here (including risers and laterals).</p> <p>All services, risers and laterals (including ground floor/basement/first floor) to buildings with premises above first floor should be entered under Multi-Occupancy Buildings.</p> <p><u>Replacement Services – Non Domestic</u></p> <p>Enter forecast total expenditure, contributions and workload for non-domestic services.</p> <p>Premises installed with a U16 or larger meter are assumed to exceed supply and consumption of 73,200 kWh should fall within this category.</p> <p><u>Multiple Occupancy Buildings</u></p> <p>Forecast costs and workload for multiple occupancy buildings are analysed by three categories:</p> <p>Risers <20m length. To capture the cost of riser, lateral & service replacement to premises within buildings with up to 6 floors above the ground floor;</p> <p>Risers 20 - 40m length. To capture the cost of riser, lateral & service replacement to premises within buildings with up to 12 floors above the ground floor;</p> <p>Risers >40m length. To capture the cost riser, lateral & service replacement to premises within buildings with more than 12 floors above the ground floor</p> |
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Multiple Occupancy Buildings Planned Replacement

For each category and each year:

Enter riser forecast gross expenditure and contributions

Enter riser forecast workload in metres and number of multi occupancy buildings

Enter forecast service connections (including laterals) gross expenditure and contributions

Enter the forecast service workload (number of supply points)

Enter forecast costs etc. on a building basis, e.g. all premises within a 12 floor building will be entered in the (20-40m length) category.

Proactive work occurs where a riser pipe system is selected for replacement, or (in the future) with a potential riser replacement programme

3.11(c)

This table collects data relating to the replacement of services not associated with mains replacement.

Replacement services - domestic

Enter the gross expenditure, contribution and workload for relaid services associated with bulk relay schemes, relays associated with service alterations and repositioned meters, and services relaid after escape.

Expenditure and workload for domestic service relays associated with repx smart metering should be entered in table 3.11c.

Replacement services – non-domestic

Enter data as for domestic services above

Multiple occupancy buildings – replacement on failure

Enter the gross expenditure, contribution, total length of riser and number of multi-occupancy buildings for each forecast year.

This data should be entered for the three riser length categories <20m, 20m-40m and >40m.

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3.12 LTS Asset Data

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| Purpose and Use by Ofgem | <p>This sheet collects non-financial data on forecasted movements in total length of pipe-lines (by diameter and operating pressure) during the period. Also includes sundry other LTS population data.</p> <p>Collect this data to understand forecasted changes in the pipe-line assets and the changes that investment will make to the pressure tiers over the period.</p> |
| Instructions for Completion | <p>Table is to be prepared for each LDZ within the DNS ownership.</p> <p>The sheet collects asset data by size and pressure tier and tracks installation and removal. For abandoned or removed assets enter a <u>negative</u> figure.</p> <p>All forecasted figures should be provided for the final two years of the GDPCR1 (2011/12-2012/13) and for the eight years of RIIO- GD1 (2013/14-2020/21).</p> <p><u>Diameter Band</u></p> <p>Enter the forecast new or abandoned LTS pipe-lines by diameter band in each year.</p> <p>Note: if an LTS pipe-line is down-rated to operate below 7 barg, this should be shown as a new asset in the mains data table.</p> <p><u>Maximum Design Operating Pressure</u></p> <p>Enter the forecast new or abandoned LTS pipelines by pressure band in each year</p> <p>Note; if a pipe-line is down-rated (or up-rated) from one LTS tier to another, this should be clearly shown as a + and - entry in the same year in the relevant rows.</p> <p><u>Other data</u></p> <p>Enter the forecast number of NTS offtakes, LTS PRSs and AGIs installed or abandoned in each year.</p> |

3.13 Capacity and Storage Asset Data

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| Purpose and Use by Ofgem | <p>Sheet collects non-financial data on movements in the amount of storage capacity (by storage type) during the period.</p> <p>Collect this data to understand the forecasted changes in the volume of any contracted seasonal storage and the (contracted or planned) capacity of supplies into the LTS over the period.</p> |
| Instructions for Completion | <p>Information is to be provided for each LDZ within the DNs ownership.</p> <p>For abandoned or removed assets enter a <u>negative figure</u>.</p> <p>All forecasted figures should be provided for the final two years of the GDPCR1 (2011/12-2012/13) and for the eight years of RIIO- GD1 (2013/14-2020/21).</p> <p><u>Storage</u></p> <p><u>High pressure vessels (HPVs):</u> Enter the forecasted usable capacity of HPVs (mcm) at the beginning and at the end of each year over the period. Enter the forecasted capacity abandoned and installed and the number of HPVs in each year.</p> <p><u>Other storage:</u> Enter the forecasted usable capacity of other storage (mcm) e.g. salt cavities, mined cavities, LNG etc at the beginning and at the end of each year over the period. Enter the forecasted capacity abandoned and installed, contracted to third parties and the number of other storage sites in each year.</p> <p><u>Low pressure Gasholders:</u> Enter the forecasted usable capacity of low pressure Gasholders (mcm) at the beginning and at the end of each year over the period. Enter the forecasted low pressure Gasholders, abandoned, mothballed and re-commissioned in each year over the period. Abandoned and mothballed gas holders should be entered as negative values and re-commissioned gasholders should be positive values. Enter the forecasted number of low pressure Gasholders in each year.</p> <p><u>Mothballed storage:</u> Enter the forecasted capacity of mothballed storage (mcm) at the beginning and at the end of each year over the period. Enter the forecasted capacity abandoned, mothballed and re-commissioned in each year</p> |

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| | <p>over the period. Abandoned and mothballed storage capacity should be entered as negative values and re-commissioned capacity should be positive values. Enter the forecasted number of mothballed Gasholders in each year.</p> <p><u>Linepack LTS:</u> Enter the forecasted daily volume of LTS linepack (mcm/d) at the beginning and at the end of each year over the period. For LTS linepack installed, show diminishing value of this in succeeding years, where appropriate, as a negative in 'lost'.</p> <p><u>Contracted NTS Linepack:</u> For 'Contracted NTS line pack', the treatment of contracted NTS linepack has changed. Initially the diurnal storage that a GDN could take from the NTS was agreed between the two parties both as a maximum volume and as a daily profile. In the current arrangement diurnal storage taken from the NTS is referred to as flexibility gas and is formalised in a contract with NG. The forecasted maximum total daily volumes of storage from the NTS should be entered for each year of both regimes e.g. agreed volumes in the past and flexibility volumes for the years in which the new regime has applied.</p> <p><u>Offtake Capacity</u></p> <p><u>All offtakes Max Design Capacity:</u> Enter the forecasted changes to maximum installed design capacity for all NTS offtakes and other direct feeds (mcm), over the period. Enter the forecasted capacity installed and abandoned in each year.</p> <p><u>Flat Capacity:</u> Enter the Flat Capacity daily volume as an aggregate for all NTS offtakes for each year over the period.</p> |
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3.14 Network Asset Data

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| Purpose and Use by Ofgem | <p>Sheet collects non-financial data on forecasted movements in network assets during the period. Also collects details of the forecasted target population of the mains replacement programme and the forecasted number of risers.</p> <p>Collect data to understand the profile of pipe-lines and other assets and the changes that investment will make to that profile.</p> |
| Instructions for Completion | <p><u>Distribution Mains Population</u></p> <p>Enter the forecasted asset population figures in km at the start of the RIIO-GD1 (2013) period and at the end of the</p> |

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| | <p>RIIO-GD1 (2021) period, by diameter band, for all pipe materials.</p> <p>Enter also the population forecasted to operate at the different pressure tiers i.e. Low Pressure, Medium Pressure and Intermediate Pressure, for all pipe materials, in km, at the start of RIIO-GD1 period (2013) and at the end of the RIIO-GD1 period (2021).</p> <p>The sum of the population by diameter band and pressure tier should be equal.</p> <p><u>Governors</u></p> <p>For each installation type enter the forecasted number to be installed as new and replacement, also enter any to be removed. Provide population figures at the start and at the end of the RIIO-GD1 period.</p> <p><u>Services</u></p> <p>Enter the total number of services (excluding multi-occupancy buildings) by material type at the start and at the end of the RIIO-GD1 period. Also enter the number of services with scope of 30/30 replacing and their average length both at the start and at the end of the RIIO-GD1 period.</p> <p><u>Multi-Occupancy Buildings (MOBs)</u></p> <p>Enter the total forecasted data at the start and at the end of the RIIO-GD1 period for the:</p> <ul style="list-style-type: none"> • Total length (km) • Number of MOBs • Number of supply points <p>Exclude meter points within buildings with ground floor, basement and first floor premises only.</p> <p><u>Average Planned Maintenance (hours per unit p.a.)</u></p> <p>Provide forecasted population figures, average planned maintenance hours (hour per unit p.a.) and failure rates, annually over the RIIO-GD1 period.</p> |
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3.15 Additional Data

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| Purpose and Use by Ofgem | This table collects additional data to understand network condition and expenditure requirements. |
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| | Collect this data to understand the forecasted trend in PREs and the overall system condition. |
| Instructions for Completion | <p><u>Public Reported Escapes (PREs)</u></p> <p>Enter the annual forecasted number of PREs (the number of unique address public reported escapes received by the GDN for which a FCO will be called out).</p> <p><u>Reports: Emergencies - Network</u></p> <p>Enter the annual forecasted number of jobs to be closed off with a status:</p> <ul style="list-style-type: none"> • mains condition report (escape) • service condition report (escape) • interference (damage) • other – enter the annual forecasted number of jobs to be closed off with a status: "No Gas" Service Governor Failure, Water Ingress or other Network Problem <p><u>Reports: Emergencies - Other</u></p> <p>Internal Escape (Gas): Enter the annual forecasted number of jobs to be closed off with a status:</p> <ul style="list-style-type: none"> • of a gas related "Internal Escape" <p>Internal Escape (CO): Enter the annual forecasted number of jobs to be closed off with a status of</p> <ul style="list-style-type: none"> • a CO related "Faulty Appliance" or appliance unsafe or emitting CO <p>Other: Enter the annual forecasted number of jobs to be closed off with a status:</p> <ul style="list-style-type: none"> • "Meter Problem" e.g. Meter Regulator Lock-up, ETM Problem • "Other Problem" e.g. Bird Trapped, Boiler Not Working, Incorrect Callout • "No Trace" e.g. No gas or CO found <p>PREs = forecasted total number of Emergencies - Network reports + forecasted total number of Emergencies - Other reports</p> <p>Repairs</p> <ul style="list-style-type: none"> • Enter the annual forecasted number of mains condition repairs by diameter. • Enter the annual forecasted total number of service |

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| | <p>condition repairs.</p> <ul style="list-style-type: none"> • Enter the annual forecasted number of reports and repairs following mains interference damage. • Enter the annual forecasted number of reports and repairs following service interference damage. • Enter the annual forecasted number of repairs to installation pipework or repair /isolation of individual appliances due to gas related issues (SLC6 requirement) excluding those effected by isolation at ECV. • Enter the annual forecasted number of repairs or isolation of individual appliances due to CO related issues (SLC6 requirement) excluding those affected by isolation at ECV. <p>Repair hours</p> <p>Enter the annual forecasted average number of repair hours to occur by repair category.</p> <p><u>Property data:</u></p> <p>Enter the details of the properties (whose associated costs have been captured in table 2.4e Property Costs) under this category. Properties should be split according to the heading shown in the table; leased vs. owned, and office vs. Depot. Provide the total floorspace in sq meters (building footprint) for each property at the beginning and at the end of the price control period.</p> |
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3.16 Capacity and Demand Data

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| Purpose and Use by Ofgem | <p>Collects planning data by exit zone for the RIIO-GD1 period based on the 1 in 20 planning scenario.</p> <p>Collect this data to understand the basis on which capacity-based investment is judged to be required by the GDN.</p> |
| Instructions for Completion | <p><u>Name</u> Enter the name of the offtake. Include proposed offtakes from the year in which they will be constructed.</p> <p><u>NTS Exit Zone</u> Enter the exit zone number. The completed returns should show the offtakes listed by exit zone, alphabetically within each zone.</p> |

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| | <p><u>Demand</u> Enter the demand under 1 in 20 conditions for each offtake.</p> <p><u>Flow Flat Required</u> Enter the Flat capacity daily volume for each offtake under 1 in 20 conditions.</p> <p><u>Flow Flex Required</u> Enter the Flex capacity daily volume for each offtake under 1 in 20 conditions.</p> <p><u>Peak Rate</u> Enter the peak rate taken through each of the offtakes.</p> <p><u>Min Inlet @SOD</u> Enter the Min inlet pressure at Start of Day (barg). This is the inlet pressure required to pack the linepack system to the full stock position.</p> <p><u>Min Inlet @ SOD contracted by NTS</u> Enter the pressure contracted by NTS to be available at Start of Day (barg)</p> <p><u>Min Inlet @EOD</u> Enter the Min inlet pressure at End of Day (barg). This is the end of the Storage day, i.e. when linepack systems are expected to be at minimum stock values.</p> <p><u>Min Inlet @ EOD contracted by NTS</u> Enter the pressure contracted by NTS to be available at End of Day (barg).</p> <p><u>Total volume of storage needed</u> Enter the total volume of storage needed for each zone</p> <p>Enter the total for each zone against the first named offtake only.</p> <p><u>Total volume of storage available</u> Enter the total volume of storage available for each zone (excluding use of NTS flex). This should include available LP holder volume, available Linepack, HP bullets, and other storage volumes. Enter the total for each zone against the first named offtake only.</p> <p><u>Volume of interruption</u> Volume of interruption. Enter the total volume of interruption for each zone against the first named offtake only.</p> |
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| | <p><u>Number of Interruptible loads</u> Identify the number of loads interrupted to correspond with the volume entered in 20.12.</p> <p><u>No. of NSLs</u> Enter the Number of Network Sensitive Loads by offtake zone. Enter the number in the first named offtake for each zone.</p> <p>Assumed Planning CV Enter the assumed planning CV by LDZ</p> |
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3.16a Capacity Output Data

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| Purpose and Use by Ofgem | <p>Collects capacity outputs data.</p> <p>Collects this data as basis of assessment of delivery of capacity outputs by the GDN. Forecast values of output measures are collected at the beginning middle and end of the period.</p> |
| Instructions for Completion | <p>Instructions below are a guide. Companies will use common assumptions as developed through the capacity working group.</p> <p>Installation Utilisation Data:</p> <p><u>Installation name</u> Enter the name of the NTS offtake or pressure reduction installation.</p> <p><u>Installation type</u> Offtake or PRI.</p> <p><u>NTS Exit Zone</u> Enter the exit zone number.</p> <p><u>Inlet Pressure</u> Minimum inlet pressure of installation.</p> <p><u>Inlet Pressure Assumptions</u> Assumptions used to determine inlet pressure.</p> <p><u>Outlet Pressure</u> Maximum outlet pressure of installation.</p> <p><u>Outlet Pressure Assumptions</u> Assumptions used to determine outlet pressure.</p> <p><u>Maximum Capacity of Site</u> Maximum offtake capacity from installation.</p> |

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| | <p><u>Expected Maximum Flow</u> Expected hourly maximum flow in year for installation.</p> <p><u>Expected maximum hourly flow for the year in % Utilisation</u> Expected maximum flow/Maximum capacity of site.</p> <p><u>Flow Assumptions</u> Assumption to determine Maximum hourly flow.</p> <p><u>Comments</u> Brief comment on other relevant issues.</p> <p>Baseline Capacity Data</p> <p><u>Local Distribution Zone</u> Name of LDZ.</p> <p><u>Supply point SOQ</u> Total daily supply point offtake quantity in LDZ.</p> <p><u>DM SHO</u> Total hourly supply point offtake quantity for daily metered customers in LDZ.</p> <p>Peak day demand</p> <p>LDZ demand on 1 in 20 days.</p> |
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3.17 MEAV

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| Purpose and Use by Ofgem | This sheet is uses information from sheets 3.12, 3.13 and 3.14 necessary for computing the MEAV. |
| Instructions for Completion | No input is required |

4.1 Safety & Reliability Output

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| Purpose and Use by Ofgem | Collects information to support the Safety & Reliability Output |
| Instructions for | <u>Reports: GSMR Gas in Buildings (GIB) events</u> |

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| Completion | <p>Enter the annual forecasted number of GIB events reportable under RIDDOR, ie GIB \geq 20% LEL or $>$10kg of gas has been released in to a building from spun/cast iron fractures or DI corrosion of mains of:</p> <ul style="list-style-type: none"> • \leq3" dia • 4-5" dia • 6-7" dia • 8" dia • 9" dia • 10-12" dia • $>$12-17" dia • 18-24" dia • $>$24" dia <p>Enter the annual forecasted number of other RIDDOR reportable GIB events from:</p> <ul style="list-style-type: none"> • Non-iron mains (steel, PE, etc.) • Non-pipe specific components (eg joints, clamps, encapsulations) • Service pipes • Third party interference <p><u>Reports : Network GIBs</u></p> <p>Enter the annual forecasted number of events where any gas concentration is detected within a building (regardless of location) and the escape of gas is from spun/cast iron fractures or DI corrosion of mains of:</p> <ul style="list-style-type: none"> • \leq3" dia • 4-5" dia • 6-7" dia • 8" dia • 9" dia • 10-12" dia • $>$12-17" dia • 18-24" dia • $>$24" dia <p>Enter the annual forecasted number of events where any gas concentration is detected within a building and the escape of gas is from:</p> <ul style="list-style-type: none"> • Non-iron mains (steel, PE, etc.) • Non-pipe specific components (eg joints, clamps, encapsulations) • Service pipes |
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- Third party interference

Note: this table captures total instances of gas detected in a building including those that are RIDDOR reportable.

Reports: Installation pipework/appliances GIBs

Enter the annual forecasted number of events where any gas or CO concentration is detected within a building and the presence of gas or CO is due to:

- Escape of gas from meters, customers' installation pipework and appliances
- Build up of CO in buildings from faulty customers' appliances or inadequate ventilation

Reports: Cast/spun iron fractures and ductile iron corrosion failures

Enter the annual forecasted number of spun/cast iron fractures or DI corrosion of mains of:

- <=3" dia
- 4-5" dia
- 6-7" dia
- 8" dia
- 9" dia
- 10-12" dia
- >12-17" dia
- 18-24" dia
- >24" dia

Reports: Network incidents

Enter the annual forecasted number of incidents where gas from a network in a building and subsequent ignition causes death, RIDDOR reportable injury or significant structural damage (> £10,000 estimated repair cost) arising from:

- Iron mains <=3" dia
- Iron mains 4-5" dia
- Iron mains 6-7" dia
- Iron mains 8" dia
- Iron mains 9" dia
- Iron mains 10-12" dia
- Iron mains >12-17" dia
- Iron mains 18-24" dia
- Iron mains >24" dia
- Service pipes

Reports: Public reported escapes - emergency response

Enter the annual forecast number of:

- Number of Uncontrolled Escapes attended \leq 1hr
- % Number of Uncontrolled Escapes attended \leq 1 hr
- Number of Uncontrolled Escapes attended $>$ 1 hr
- % Number of Uncontrolled Escapes attended $>$ 1 hr

- Number of Controlled Escapes attended \leq 2hr
- % Number of Controlled Escapes attended \leq 2 hr
- Number of Controlled Escapes attended $>$ 2 hr
- % Number of Controlled Escapes attended $>$ 2 hr

Repair – Annual network risk

Enter for each year the forecast total outstanding escape risk associated with deferral of escapes. The risk should be calculated as follows:

- Accumulative total of all escape risk multiplied by the number of days

The escape risk should be consistent with the definition in the GDN's HSE approved safety case.

Reports: Time taken to prevent an escape of gas

Enter the annual forecast number of:

- Escapes of gas prevented \leq 12 hours
- % Escapes of gas prevented \leq 12 hours
- Escapes of gas prevented $>$ 12 hours
- % Escapes of gas prevented $>$ 12 hours

Reports: Loss of supply - number and duration of interruptions

Enter the annual forecast number by cause of:

- Number of planned non-contractual interruptions
- Duration (minutes) of planned non-contractual interruptions
- Number of unplanned non-contractual interruptions
- Duration (minutes) of unplanned non-contractual interruptions
- Total number of interruptions in the network
- Total interruptions duration (minutes) in the network

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| | See Appendix 3 for definitions of planned and unplanned non-contractual interruptions |
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4.2 Innovation

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| Purpose and Use by Ofgem | <p>The purpose of this table is to inform us on GDN expenditure associated with innovation.</p> <p>This table collects information on innovation projects that will be undertaken by the GDN.</p> |
| Instructions for Completion | <p>For each project that is identified as innovation enter the annual forecasted expenditure by cost activity over the RIIO-GD1 period and the 5 years that follow.</p> <p>Projects need to deliver outputs and business functions which are materially different to those previously undertaken in order to justify being included on the 'innovation' tab.</p> <p>Some innovation projects may, in exceptional circumstances, be considered for removal from benchmarking assessments.</p> <p>Improved delivery of business as usual functions will not be considered innovation for exclusion from benchmarking assessments</p> <p>For definition of innovation, see Appendix 3.</p> |

4.3 Asset Health RIIO-GD1

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| Purpose and Use by Ofgem | To collect secondary deliverables information on current and forecast asset health, criticality, and risk indices to assess performance against business plans and reported expenditure. |
| Instructions for Completion | <p><u>Asset health and criticality</u></p> <p>GDNs to provide the number of assets by asset category heading falling within the asset health categories (HI1, HI2, HI3, HI4, HI5) and criticality (C1, C2, C3, C4) for the current year of reporting and for the start and end of the distribution price control period. The definitions of these categories are contained in these worksheets. The total of assets reported against each asset category should</p> |

reconcile with the asset register. For the forecast asset health distribution, the GDNs should forecast for the entire asset base (i.e. they should take account of both the level of replacements and additions).

HI / CI matrix

GDNs to provide risk indices based on the different combinations of asset health and criticality. Definitions should be [confirmed](#) between the companies and Ofgem by end-April 2011.

Risk index tables

The risk index tables are to be populated according to the risk matrix.

Asset health and criticality, as well as risk index tables are to be provided [by the GDNs](#) for the following [points in time](#):

1. Year of reporting ([current year](#))
2. Start of [the](#) control period
3. End of [the](#) control period with intervention (investment)
4. End of [the](#) control period without intervention (investment)

Appendix 3 - Definitions

1.1. This appendix provides definitions of key terms included in these Instruction and Guidance and in the Templates. Where no definition is given for specific gas-related items, those in the Gas Act 1986 (as amended), standard conditions, standard special conditions and special licence conditions of the gas transporter's licence applicable to the GDNs should be applied, similarly for standard accounting terms, IFRS/IAS and/or UK GAAP and Companies Act 2006 (or 1985 where still relevant) ("CA85") definitions should be applied.

1.2. In the circumstance where no definition is given the licensee should include in explanatory notes details of the treatment it has applied and inform Ofgem 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 business plan data template.

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| 1 in 20 peak demand | The level of aggregate demand of firm gas customers which is expected, based on historical weather data derived from at least the previous 50 years and other relevant factors, is likely to be exceeded (whether on one or more days) only in 1 year out of 20 years |
| abandoned mains | Gas mains purged of gas and permanently decommissioned. This may be as part of the mains replacement programme or for other reasons such as mains diversions. |
| accounting standards | The term encompasses Financial Reporting Standards ("FRS"), Statements of Standard Accounting Practice ("SSAP") and Urgent Issues Task Force ("UITF") statements, International Financial Reporting Standards (IFRS) and International Accounting Standards (together "IAS") and the International Financial Reporting Interpretations Committee ("IFRIC") interpretations. |
| accruals and prepayments | For the purpose of determining what amounts should be excluded as non cash item are only those items that are not incurred as part of the ordinary level of business activities, the latter being normal trade accruals and prepayments, and holiday pay provisions. |
| actioned repairs | The number of reports which result in a physical permanent repair taking place. The number of repairs should be counted using the following examples (see also repairs): INCLUDES: |

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| | <p>ECV repair – recorded as service repair permanent repairs only multiple joint repairs – one repair recorded per joint (can have same report).</p> <p>EXCLUDES: internal reports no escapes/no trace found any repair not linked to a PRE (maintenance)</p> |
| active member | A member of the pension scheme who is currently employed and so accruing benefits under that scheme. |
| affiliate | Has the meaning given in Standard Condition 1 of the gas transporter's licence applicable to the GDNs. |
| | SEE ALSO: related party, related undertaking. |
| agency costs | Costs associated with agency staff. |
| agency staff | <p>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>EXCLUDES professional services.</p> |
| AGI | Above Ground Installation - a defined site which does not include pressure reduction equipment, for example a block valve installation. |
| apprentices/trainees | Apprentices are employees engaged under an approved apprenticeship scheme. Trainees are employed under a formal training programme |
| asset management (inc. network policy) | <p>This covers the activity of managing the Network's assets. The costs collated under Asset Management should be costs incurred in the following areas within the Network:</p> <p>Network Planning Network Integrity (including gas quality monitoring) Network Capacity LTS Investment/Analysis Network/Engineering Policy/Procedures (covering all policies of the Network eg HSE policy, records transfer and brought in services & materials) Network Development/Analysis Management of redundant sites & remediation programmes</p> |
| atypical costs | The total costs (less credits and receipts) of resources employed in response to an atypical event. |

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| | INCLUDES | direct and indirect resources utilised to assist in dealing with the atypical event. |
| | EXCLUDES | depreciation of capitalised costs relating to 'atypical events'; late payment interest related to fines and penalties; and any general apportionment of indirect costs. |
| atypical event | | A specific event or incident that is not expected to recur regularly under normal circumstances due either to its size or nature. |
| | INCLUDES | severe weather events; and restructuring. |
| | EXCLUDES | cost overruns or cost arising from delays in completing a project or programme. |
| audit, finance and regulation | | Performing the statutory, regulatory and internal management cost and performance reporting requirements and customary financial and regulatory compliance activities for the network. |
| | | Includes: <ul style="list-style-type: none"> • Process of payments and receipts. • Time sheet evaluation where not part of the payroll process. • Financial & risk management - e.g. credit & exposure management. • Financial planning, forecasting & strategy. • Financial accounting. • Management accounting. • Investment accounting. • Treasury management. • Transportation income accounting. • Pricing. • Statutory & regulatory reporting. • Tax compliance & management. • Internal audit & management of the relationship with external audit function. • External audit fees. • Cost of regulatory department. |
| | | Excludes: <ul style="list-style-type: none"> • Insurance costs (include under Insurance). |

- Any of the IT systems associated with audit, finance and regulation (include under IT & Telecoms).

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| the "Authority" | Has the meaning given in standard condition 1 of the gas transporter's licence applicable to the GDNs. |
| average system pressure | The average operating pressure of the GDNs' system. This can be calculated and used in their leakage models. |
| bad and doubtful debt | A debt that may be uncollectible in whole or in part. |
| bad debt provision | A provision against a debt that may be uncollectible in whole or in part. |
| capex allowance | The assumption for capital expenditure requirements included in the Gas Distribution Price Control Review: Final Proposals (December 2007) to calculate allowed revenue. |
| capital contribution | Has the same meaning as customer contribution. |
| capital expenditure ("capex") | <p>Any expenditure which, for the purpose of the regulatory accounts, has been included in the value of the fixed assets of the gas distribution business provided that:</p> <p>(a) the expenditure conforms with at least one of the following: the expenditure relates to the purchase, development or construction of a new asset; the expenditure will increase the capacity or functionality of the distribution assets; the expenditure will significantly reduce the ongoing maintenance of the assets; and/or the expenditure will extend the service life of distribution assets beyond that expected when the assets were originally installed; and</p> <p>(b) the expenditure is determined in accordance with applicable accounting standards.</p> <p>EXCLUDES Replacement expenditure capitalised interest; and revaluation amounts.</p> |
| capitalised labour | Labour costs included within capex/repex rather than opex. |
| capitalised pension cost | A category of capitalised overheads that is transferred from the opex account to capex/repex. |

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| captive insurer | <p>An insurance entity that is a related party.</p> <p>SEE ALSO: Related party, affiliate, insurance captive.</p> |
| cash atypicals | <p>Costs which are not typical cash costs and which are not incurred as part of the ordinary level of business.</p> <p>INCLUDES cash payments incurred in response to an atypical event (not part of the ordinary level of business activities); costs resulting from Severe Weather Events; costs resulting from restructuring, including redundancy costs; and fines and penalties (including for late payments) from tax authorities (e.g. VAT, PAYE compliance, National Insurance and corporation tax penalties).</p> <p>EXCLUDES all accruals and prepayments; all provisions (as defined by CA1985 and accounting standards) whether incurred as part of ordinary level of business activities or otherwise; cash payments for the utilisation of a provision; typical cash costs; fines and penalties paid under TMA or NRSWA; and early retirement costs, except as a result of redundancy (i.e. early retirement costs for staff where the post is retained as typical and not atypical).</p> <p>SEE ALSO: Atypical costs, atypical event</p> |
| cash typical costs | <p>All costs incurred and paid in cash or normally paid in cash, subject to short timing differences, as part of the ordinary level of business.</p> <p>INCLUDES All accruals and prepayments that are incurred as part of ordinary level of business activities, these include holiday pay provisions, normal trade accruals and prepayments, and which are expected to be paid within the entities standard terms of business; assets acquired under a finance lease; and cash payments for the utilisation of a provision.</p> |

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| <p>EXCLUDES</p> | <p>All provisions (as defined by Companies Act 2006 (or where still applicable, Companies Act 1985) and accounting standards) whether incurred as part of ordinary level of business activities or otherwise; the cost or transfer value of assets acquired from a related party which have been previously used in or by the distribution business; all accruals and prepayments that relate to atypical events; and atypical cash costs.</p> |
| <p>CEO and Group Management, Legal & Company Secretary, Community Awareness activity</p> | <p>Combines and encompasses the separately defined activities of:</p> <ul style="list-style-type: none"> • Non-executive & group directors' labour costs (where they are not carrying out specific departmental duties) and Board meeting costs. • Management charges from affiliates of a non-specific nature. • Provision of corporate communications/community awareness. • Provision of Legal Services. • Provision of Company Secretary Services. <p>Also included here are costs in relation to:</p> <ul style="list-style-type: none"> • Shareholders/Investor Relations and the management of rating agencies. • Community Awareness - promoting the Company's awareness within its local community. <p>Includes:</p> <ul style="list-style-type: none"> • The labour and all on-costs of the CEO & of non-exec directors of the Company. • The charges for senior group mgt & group directors not directly attributable to a specific activity. • The costs of hosting and attending board meetings. • Annual (or any other) general meetings of shareholders of the Company or of any controlling undertaking. • Where a board member provides a service to the Company under any of the other activities (e.g. finance director of Company is also board member), the labour costs for that board member attending board meetings should be allocated here and the remainder of his or her labour should be allocated to his or her usual activity. • Management charges from a parent or related |

undertaking not for a specific purpose or defined activity.

- Legal services provided by own employees & by external firms, providing guidance and legal advice, in the areas of energy and regulation, commercial, dispute resolution, information assurance, employment and compliance.
- Corporate communications.
- Any branch advertising, including notification of telephone contact numbers to the public domain.
- Customer satisfaction and similar surveys.
- External entertaining.
- Branding or rebranding of vehicles or buildings & brand advertising.
- General promotional activities.
- Public relations.
- Investor relations.
- Sponsorship & donations.
- Corporate image making.
- Provision of shareholder information.

Also included here are costs in relation to:

- Shareholders/Investor Relations and the management of rating agencies.
- Community Awareness - promoting the Company's awareness within its local community.

Excludes:

- Insurance management.
- Legal advice relating to way leaves/servitudes/easements.
- Group costs relating to specific activities e.g. HR, Finance, Audit, Regulation, Taxation, HSE, Insurance, etc (include under the specific cost category).

consented activity

Activities carried out (and costs and revenues attributed or allocated to such activities) that would be de minimis were it not that the Authority had specifically consented to it being treated as outside the de minimis cap.

contractor

A third party that has entered into contractual relations with the GDN or related party thereof to supply goods and/or services.

EXCLUDES

staff employed on a temporary basis or via a recruitment agency by the licensee or an affiliate of the licensee; third parties providing professional services; and related parties.

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| contractor costs | <p>The charges invoiced by contractors.</p> <p>EXCLUDES charges for materials provided by the contractor where the cost of such materials has been separately identified by the contractor (where materials are identified separately and costed they should be included in Materials).</p> |
| contributions | <p>Payments to the GDN or related party for works undertaken that are not covered by Use of System Charges.</p> <p>INCLUDES capital contributions or customer contributions de minimis contributions</p> |
| contribution rate (or employer contribution rate) | <p>Employer contributions to a pension scheme that are not pension deficit payments, expressed as a percentage of pensionable salaries. Excludes any salary sacrifice payments.</p> |
| current cash service cost | <p>Employer cash contributions to a pension scheme that are not pension deficit payments or charges.</p> |
| customer contribution | <p>Financial contribution received from a customer in respect of the provision of a new connection to the GDN's network.</p> <p>INCLUDES contribution(s) made to a related party undertaking connection to the GDN's network; and refundable contribution(s) (which will be reversed when refund actually made to the customer).</p> <p>EXCLUDES de minimis contributions.</p> <p>SEE ALSO: capital contribution.</p> |
| customer management | <p>Customer management can be split into two main areas: Customer Services: Costs of call centres (including NGG charge for emergency service) Customer services departments, who handle enquiries/complaints, monitor standards etc. Commercial/Contract Management: Covering costs of commercial/contract department, who manage all types of contracts for the whole of the business.</p> |

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| | EXCLUDES | Costs incurred, at the discretion of the GDN, in excess of the minimum scheme costs required to meet the customer's specific needs. |
| de minimis activity | | Activities undertaken by the licensee which are not within the definitions of the gas transportation, metering, meter reading or LNG storage businesses and for which the Authority has not given specific consent and which are subject to the limitation provided for in Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing) of the gas transporter's licence applicable to the GDNs and the National Transmission System (NTS). |
| de minimis contributions | | Financial contributions received from a customer or third party in respect of the provision of capital expenditure for the de minimis business undertaken by the licensee or an affiliate of the licensee and not disclosed with de minimis turnover/income. |
| de minimis costs | | Expenditure incurred in the provision of de minimis activity. |
| de minimis revenues | | Revenues received from the provision of de minimis activity. |
| deferred members | | Members of a pension scheme that are no longer Active Members, but are not yet in receipt of a pension. SEE ALSO: Active Members |
| deferred revenue expenditure (DRE) | | In the corporation tax and capital allowance context means allowed revenue expenditure which has been accounted for by posting the expense somewhere on the balance sheet (whether to fixed or current assets) rather than by writing it off immediately to the profit and loss account /income account as it is incurred. The expenditure is then usually written off to the profit and loss account/income account over a period of time, by being charged as an expense or depreciated; and from 1 April 2005 is tax deductible in line with capital expenditure when charged to the profit and loss account/income account. |
| Defined Benefit Pension Scheme | | A pension scheme where the benefits that accrue to members are normally based on a set formula taking into account the final salary and accrual of service in the scheme. It is also known as a final salary pension scheme. |

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| Defined Contribution Pension Scheme | A pension scheme where the benefits that accrue to members are based on the level of cash contributions made to an individual account and the returns on those funds are used to provide a cash amount to purchase an annuity on retirement. |
| depreciation | The measure of the amount of benefits of a fixed asset consumed during the period. |
| DI | Ductile Iron – a metallic material used for gas pipes |
| direct activity | This includes the following activities: Work Management (i.e. Asset Management, Operations Management, Customer Management, and System Control); Work Execution (i.e. Emergency, Repairs and Maintenance); Independent Undertaking; and Other Direct Activities. |
| direct labour | That part of the GDN's own workforce and that of a material related party service provider that can clearly identify which system assets and/or operational premises their effort is being expended upon, evidenced by time sheets / time writing that records the amount of time spent. For the avoidance of doubt and to ensure consistency and comparability across GDNs, the costs associated with direct labour should only be in relation to those field staff that are actually physically performing work on the network, i.e. specific, identifiable physical, system assets. |
| design and quotation | The preparation of quotations to customers, including UIPs, for new connections to the below 7 barg gas network. INCLUDES Correspondence with enquirers, up to the point of quotation acceptance (and in the case of Utility Infrastructure Provider (UIP) activities to the point of receipt of completion/certification file) Preparation of drawings and technical specifications Site inspections to support design work Network analysis and specific reinforcement design Verification of third party design submissions EXCLUDES Work scheduling Site visits and client meetings relating to construction NRSWA / TMA administration and fees Design work for general reinforcement or any other activities not directly related to new connections |

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| | Invoicing / billing |
| district governor | Pressure reduction equipment installed in a gas pipeline system to reduce the operating pressure of gas to a lower operating pressure. |
| early retirement deficit costs ("ERDC") | Early retirement programmes which have been financed by the employer making additional contributions to their pension scheme(s) to offset the associated increase in liabilities arising as a result of such programmes. |
| easements | An interest in land owned by another that entitles its holder to a specific limited use of that land. Short term rights to specific limited use of land are referred to as wayleaves. The term encompasses the Scottish equivalent, servitude. SEE ALSO: servitude wayleave |
| emergency | Direct activity costs of providing service to respond to the number of calls leading to jobs that are closed off with a status: <ul style="list-style-type: none"> • Service Escape • LP Mains Escape • MP Mains Escape • IP Mains Escape • HP Mains Escape • Internal Escape (of Gas and CO) for each year • Other <ul style="list-style-type: none"> ○ Meter Problem e.g. Meter Regulator Lock-up, ETM Problem ○ Other Problem e.g. Bird Trapped, Boiler Not Working, Incorrect Callout ○ Faulty Appliance e.g. Appliance unsafe or emitting CO ○ No Trace e.g. No gas or CO found <p>INCLUDES:</p> <ul style="list-style-type: none"> • Water Ingress • No Gas Service Governor Failure or other Network Problem • All waiting time for FCOs • All activity specific TMA costs <p>EXCLUDES:</p> <ul style="list-style-type: none"> • Meter repairs (Excluded Services) • Consultancy services (Work Management) • Emergency Advertising - TV Ads (Indirect-CEO) • Emergency Call Centre Costs - Public Reports |

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|--------------------------------|--|
| | <ul style="list-style-type: none"> • Leakage control surveys (Maintenance – Other) • Maintenance - Mains & Services (Maintenance – Other) • Tools & consumables (Other Direct) |
| employee contribution rate | Employee contributions to a pension scheme, expressed as a percentage of pensionable salaries. Includes any payments made by means of salary sacrifice. |
| EOD | End of day |
| exceptional items maintenance | Exceptional items are those not of a routine, or repetitive nature, that are not expected to recur more than once in 8 years, with a value >£0.5m. |
| ex gratia compensation payment | Discretionary compensation payment to customers not covered by the guaranteed standards of performance compensation scheme. |
| | <p>INCLUDES Payments to customers who have experienced dissatisfaction.</p> <p>EXCLUDES Payments to customers who have experienced a financial loss (include under Finance and Regulation); and any payments in respect of employees.</p> |
| excluded services | Any activities or engagements undertaken by the licensee or any affiliate or related undertaking of the licensee as part of the transportation business but which are not remunerated through formula revenues. Includes services that have been determined by the Authority to be Excluded Services in line with the principles outlined in Special Condition E18 (Supplementary provisions of the revenue restrictions in respect of the Distribution Network) of the gas transporter's licence applicable to the GDNs. Also includes the provision of meter work services by the GDN to the licensee's metering business. |
| existing housing | Workload and costs associated with connecting existing housing properties to the gas distribution network, including one off domestic and network extensions (or infills). |
| expenditure justification | Each item of LTS & Other Capex is required to be designated with one of the justification categories listed below. <ul style="list-style-type: none"> • Cost Benefit Analysis (CBA) It is expected that every investment project shall |

wherever possible be based upon a CBA (economic justification). In the case of already approved projects this would normally be expressed in a project approval paper presented to the company board (or delegated authority). In the case of planned projects it is expected that an outline CBA will have been carried out which supported the expenditure being included into the business plan.

If a CBA has been developed or investment can be justified entirely on a CBA, no input is required under expenditure justification.

Where CBA is not available or investment cannot be justified entirely on a CBA, an approach of incremental expenditure above the CBA level shall be considered in the following categories: Customer, Growth, Mandatory and/or Renewal. These categories should only be used where no CBA has been developed.

- **Customer**
This category shall be used where the investment is being justified to increase the service or benefit to customers (e.g. Increased security of supply). The business plan will be expected to identify the specific benefits intended to be delivered together with how these benefits will be measured following implementation of the project.
- **Growth**
This category shall be used where the investment is intended to increase the capacity of the network assets to deliver a higher level of output. The business plan shall be expected to clearly state what the objectives of the revised outputs are (e.g. increased network capacity) and capture the reasons for such increases.
- **Mandatory**
This category shall be used where the investment is enforced upon the network by regulation, legislation or Health & Safety. The business plan shall be expected to clearly state what new requirements are to be imposed on the networks' operations, when and how they are to be addressed (e.g. IT changes to comply with Traffic Management Act). The business plan is also expected to

document what steps have been taken to minimise the costs of complying with the new requirements.

- Renewal

This category shall be used where the investment is enforced upon the network by network assets coming to the end of their economic life (e.g. district governor replacement). The business plan shall be expected to clearly state the rationale for the requirement to replace the asset(s) and what steps have been taken to undertake the replacement in the most cost effective approach.

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| financial year | A period of 12 months beginning on 1 April of any year and ending on 31 March of the following calendar year. |
| full-time equivalent (FTE) | 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. |
| gas in building events (GIBs) | <p>(a) GSMR Gas in building events: GIB events reportable under RIDDOR, ie the GIB concentration is 20% LEL (or greater) or the volume of gas released in a building is greater than 10kg. The RRP requires data relating only to fractures or corrosion from a spun/cast iron main or corrosion of a ductile iron main. Excluded are GIB events from non-iron materials (PE, steel, etc), non-pipe specific components (eg joints, clamps, encapsulations, internal appliances, etc), services, or other failure causes such as third party interference.</p> <p>(b) Other RIDDOR reportable GIB events: GIB events reportable under RIDDOR, excluding those reported in (a) above and those from internal pipework and appliances, but including GIB events from non-iron materials (PE, steel, etc), non-pipe specific components (eg joints, clamps, encapsulations, etc), services, or other failure causes such as third party interference.</p> <p>(c) Network GIBs (any %) GIB events of any gas concentration relating to fractures or corrosion from a spun/cast iron main or corrosion of a ductile iron main.</p> <p>(d) Other GIB events (any %) GIB events of any gas concentration excluding those in (c) above and escapes from internal pipework and appliances, but including GIB events from non-iron materials (PE, steel,</p> |

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| | etc), non-pipe specific components (eg joints, clamps, encapsulations, etc), services, or other failure causes such as third party interference. |
| | (e) Installation pipework/appliances GIBs Escapes of any gas concentration sourced from internal pipework or appliances. |
| GDN | Gas distribution network - has the same meaning as that given to the term "Distribution Network" in Special Condition E1 of the Gas transporter's licence applicable to the GDNs from 1 April 08. |
| GDPCR1 | First Gas distribution price control review applicable between 2008-2013 |
| general reinforcement | Reinforcement for load growth associated with individual premises expected to consume 73,200kWh per annum or less, and for general load growth where this cannot be associated with specific requests for a new or an increased load or an interruptible to firm load transfer. |
| graduate trainees | Graduates employed under a formal training programme. |
| gross expenditure | Total expenditure including all contributions (net expenditure + contributions). |
| high pressure vessels | Equipment used for the storage of gas at high pressures above 7 barg. |
| human resources and non-operational training | <p>The activity of personnel management for all staff, from recruitment to retirement, and the provision of non-operational training of office based staff.</p> <p>HR:</p> <ul style="list-style-type: none"> • This would include provisions of the HR function i.e. the full range of professional activity for an individual's career path from recruitment to retirement and from related professional advice to directly resolving grievances for staff. <p>Non-Operational Training:</p> <ul style="list-style-type: none"> • Facilitating and operating training courses of a non-technical nature for office-based staff. <p>Includes:</p> <p>HR:</p> <ul style="list-style-type: none"> • Costs of payroll and pensions management and operation. |

- Facilitating staff performance, development and reviews.
- Industrial and employee relations including HR strategy, policies and procedures.
- Monitoring equal employment opportunities.
- HR advice to management, succession planning and also retentions and rewards.

Non-Operational Training:

- Staff who organise and provide non-operational training and maintain employees training records.
- Cost of running the non-operational training costs e.g. course fees.
- Leadership development training.

Excludes:

- Time of employees attending training (include as labour costs under the relevant activity for non-operational).
- HSE costs (include under Closely Associated Indirect costs).
- IT systems associated with HR & Payroll (include under IT & Telecoms).
- IT & Property management costs associated with Non-Ops Training (include under IT & Property costs respectively).

HSE

Health and Safety Executive

HSE programme mains

Gas distribution iron mains to be or have been decommissioned under the Enforcement Policy initiated by the Health and Safety Executive for the decommissioning of iron gas mains within 30 m of buildings.

IGT

Independent Gas Transporter

IFRS/IAS

See "accounting standards"

IP/LP growth

Intermediate to low pressure governor installed to facilitate growth on the network.

IP/LP renewal

Intermediate to low pressure governor installed to replace existing piece of equipment due to either a capacity constraint or obsolescence.

Independent Network

Has the same meaning as given to the term "independent system" in Standard Condition A1 of the Gas Transporter Licence.

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| indirect activities | <p>The separately defined activities of:</p> <ul style="list-style-type: none"> • Research and development • Stores and procurement / logistics • IT and telecoms • Property management • Human resources and non-operational training • Training & apprentices • Audit, finance and regulation • Insurance • CEO and group management / legal and company secretary / community awareness |
| inflation | <p>The general rate of increase in prices. The inflation measure used by Ofgem in price control calculations is the Retail Price Index (RPI)</p> |
| innovation | <p>Innovation can be specifically identified where projects deliver outputs and business functions which are materially different to those previously delivered.</p> <p>Some innovation projects may, in exceptional circumstances, be considered for removal from benchmarking assessments. Improved delivery of business as usual functions will not be considered innovation for exclusion from benchmarking assessments</p> |
| insurance | <p>Support and expertise to develop the business risk profile, managing the claims process and provision of information and understanding to the business in relation to insurable and uninsurable risks.</p> <p>INCLUDES: Insurance premiums Insurance premium tax Insurance contract negotiating and monitoring Insurance claim processing Insurance risk management Payments relating to uninsured claims Costs of in house insurance team Brokers fees</p> |
| internal reports | <p>See reports.</p> |
| IP | <p>Intermediate Pressure is network comprising the highest pressure mains of the distribution system operating from 2 to 7 barg.</p> |

IT & Telecoms

Provision of IS Services for the day to day service delivery. Includes:

- The purchase, development, installation and maintenance of non-operational computer and telecommunications systems and applications.
- Provision of IT services for the day to day service delivery and includes the cost of Help Desk, data centres, IT application development, maintenance and support; establishing and maintaining IS infrastructure projects (IT Network Provision, Network Maintenance, Servers support/services).
- Voice and data telecoms (e.g. WAN, landline rental and call charges, ISDN data and costs/rental of mobiles except where costs are charged directly to user departments).
- Developing new software for non-operational IT assets including the costs of maintaining an internal software development resource or contracting external software developers. This will include any cost of software licences to use the product where that costs covers more than one year.
- Installing new or upgrading software where the benefits are expected to last beyond one year. This does not include upgrading of software that is included within the costs of annual maintenance contracts for the software.
- Maintenance and all the operating costs of the IT infrastructure and management costs and Applications costs. This includes any annual fee for the maintenance of software licences, whether or not they include the right for standard upgrades or 'patches' to the software as they become available.
- IT applications maintenance and running costs.
- IT new applications software and upgrade costs.
- Voice and data telecoms (e.g. WAN, landline rental and call charges, ISDN data. includes costs/rental of mobiles except where costs are charged directly to user departments).

Excludes:

- IT equipment which is used exclusively in the real time management of network assets but which does not form part of those network assets.
- Any of the property costs associated with IT & Telecoms (include under Property Management), except where the cost of specific IT environmental control systems can be distinguished from other property costs.

innovation funding incentive ("IFI")

Has the meaning and purposes attributed to the innovation funding incentive scheme in Special Condition E11 of the gas transporter's licence applicable to the GDNs.

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| inspection | <p>The visual checking of the external condition of network assets.</p> <p>INCLUDES helicopter and foot patrols; all asset surveys of whatsoever nature and purpose, including asset condition surveys; inspection of tools (including lifting tackle inspections and PAT testing); and reading gauges.</p> <p>EXCLUDES use of diagnostic testing equipment; supervisory input to plan workloads and manage staff (include under operations management); data review except the initial recording on site (include under asset management); inspection of non-system assets (include under Property Mgt); any of the costs associated with the indirect activities as defined in this appendix; and any of the costs associated with maintenance.</p> |
| insurance captive | See captive insurer |
| labour (excluding employer pension costs) | <p>Costs including any form of payment, consideration or other benefit, paid or due to or in respect of employees, including the costs of temporary or agency staff.</p> <p>INCLUDES gross salaries and wages of all employees, including payments resulting from bonus and profit-related payment schemes; employer's National Insurance contributions; salary sacrifice payments; sick pay; sickness benefits; private health insurance; (non pension related) retirement awards; death in service benefits; paid leave; standby costs; subsistence; medical insurance costs; childcare assistance; and welfare costs.</p> <p>EXCLUDES professional services; contractors; car allowances.</p> |

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| land enquiry | A request on the availability of a gas supply for an individual development |
| lateral | A horizontal pipe, connected to a riser that conveys gas along one floor level within a building and includes any branches supplying individual or groups of premises. |
| LDC | Load Duration Curve |
| LDZ | Local Distribution Zone |
| leakage factor (%) | Leakage expressed as a percentage of throughput. |
| leakage volume (GWh) | Quantity of leakage from the gas distribution network as measured in GWh. |
| licence fees | Payments by the licensee to the Authority determined in accordance with standard condition 3 of the gas transporter's licence applicable to the GDNs. |
| licensee | Has the meaning given in standard special condition A3 (Definitions and Interpretation) in the gas transporter's licence applicable to the GDNs. |
| linepack | Linepack is the volume of gas held within the Local Transmission System by virtue of its pressure, principally to meet diurnal storage needs of the network. |
| LNG | Liquid Natural Gas cooled to minus 160 deg C such that it becomes a liquid. As required the liquid can be re-gasified for entry onto gas networks. |
| LNG IU | Costs of providing LNG to Independent Undertakings. |
| low pressure gas holders (mcm) | Column, spiral guided vessels or MAN (waterless) holders associated with the storage of natural gas at low pressures less than 75 mbarg. Volume measured in millions of cubic metres (mcm) |
| LP | Low Pressure is network comprising the lowest pressure mains of the distribution system operating at less than 75 mbarg. |
| LTS | Local Transmission System is the pipe-line system operating at >7 barg that transports gas from NTS offtakes to distribution systems. Some large users may take their gas direct from the LTS. |
| LTS NTS offtake | Capital expenditure associated with construction of a new connection and offtake site directly from the National Transmission System as well as modifications/upgrades to |

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| | existing off takes. |
| LTS pipe-line | Local Transmission pipe-line. Project requiring only LTS pipe-line construction. |
| LTS pipe-lines and installations | Local Transmission pipe-line with associated installations including pig traps and above ground installations. |
| LTS PRS | Local Transmission System pressure reduction station. |
| LTS storage project | New asset constructed on the Local Transmission System primarily to provide diurnal storage for a GDN. |
| mains (distribution) | A pipe used to distribute gas at a pressure ≤ 7 barg to more than two supply meter installations (or with the potential to supply more than two supply meter installations) but not including a riser. |
| maintenance | <p>Maintenance is the "hands on" examination of plant and equipment within the Network.</p> <p>These activities are split into three activities: routine, non-routine and exceptional items maintenance (see separate definitions).</p> |
| Major incidents | For regulatory reporting purposes is defined as a major incident when there is a loss of supply to greater than 250 customers following a single incident. |
| materials | <p>The physical components that go into the make-up of a tangible asset or are used for maintenance or other duties for the activities undertaken by the licensee and related parties.</p> <p>INCLUDES</p> <ul style="list-style-type: none"> tangible items that become part of the network assets; small tools, equipment and consumables utilised to allow work on the network and to undertake other activities; purchase, rent or lease of vehicles (only where they are "non-operational new assets & replacement"); fuel for the operational fleet (include under the Vehicles and Transport activity) materials provided by a contractor where the costs have been separately identified; and postage and stationery. <p>EXCLUDES</p> <ul style="list-style-type: none"> company cars; procurement management; and |

storage of the materials unless the purchase price includes the cost of storage by the supplier

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| max des cap mcm/h | Maximum design capacity (mcm/h) |
| max des outlet press barg | Maximum design outlet pressure (barg) |
| MEAV | <p>The Modern Equivalent Asset Value is the cost of creating an equivalent new network and essentially captures a weighted average of the GDNs asset volume. The MEAV for the GDNs is calculated from reported assets in the business plan data templates and the new build unit cost for the following assets:</p> <ul style="list-style-type: none"> LTS assets, NTS offtakes PRs AGIs Capacity and storage assets, Distribution mains Governors Number of services Multiple occupancy buildings (MOBs) |
| metering activity | Is the activity of providing "metering services", which has the meaning defined in standard special condition A3 (Definitions and Interpretation) of the gas transporter's licence applicable to the GDNs. |
| MOP | Maximum operating pressure |
| MP | Medium Pressure is the network of the distribution system operating from 75 mbarg to 2 barg. |
| MPDI | Medium Pressure Ductile Iron |
| MP/LP growth | Medium to low pressure regulator installed to facilitate growth on the network. |
| MP/LP renewal | Medium to low pressure regulator installed to replace existing piece of equipment due to either a capacity constraint or obsolescence. |
| multi-occupancy buildings | Block of low rise or high rise flats containing multiple dwellings. |

net debt

Net debt is the net borrowing of a business at a given date.

Net debt includes:

Cash at bank

Bank overdrafts

Short term investments

External borrowings (adjusted to reflect the ultimate liability in sterling resulting from any cross currency swaps relating to that debt instrument and excluding the impact of fair value adjustments and accrued interest).

Inter-company borrowings

Short term loans to related parties (except where they have demonstrated the characteristics of being long term in nature, for example by repeated renewal)

Long term loans to related parties only where they can be justified as for the benefit of the regulated business and are not in the nature of a distribution

Inter-company debtors/creditors/working capital: where these can clearly be identified as such, they are excluded. However, if they cannot, because the licensee does not clear these balances on a regular basis, they will be treated as effective intercompany loans and included in net debt.

Net debt excludes:

Year end balances of fair value adjustments on derivatives in regulatory accounts (except cross currency swaps)

Unamortised issue costs

Fixed asset investments where not readily converted to cash

Preference shares

Long term loans to related parties except where they can be demonstrated as for the benefit of the regulated business and are not in the nature of a distribution

Short term loans to related parties except where they have characteristics of long term loans

net interest

Net interest includes actual net interest (payable less receivable) for the price controlled business extracted from regulatory accounts, used on an accruals basis and total interest on index-linked debt based on the charge to the income statement in regulatory accounts.

Interest includes:

Actual net interest (payable less receivable) for the price controlled business extracted from regulatory accounts, used on an accruals basis

Interest on index-linked debt based on the charge to the income statement in regulatory accounts (i.e. on an accruals basis)

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| | <p>Interest excludes:</p> <ul style="list-style-type: none"> Any interest that would otherwise be included, but which does not qualify for corporation tax relief Movements relating to pension fund liabilities reported in the regulatory accounts within net interest Fair value adjustments (e.g. losses on derivatives) Dividends on preference shares The cost of retiring long term debt early (including exceptional debt redemption costs) Debt issuance expenses (including amortisation charges relating to discounts on debt issuance that had previously benefitted from a deduction against taxable profits) The cost of maintaining committed undrawn liquidity backup lines (i.e. commitment fees) |
| net staff cost | Staff costs net of capitalised costs and staff costs associated with replex. |
| network extensions | <p>Extensions of the gas distribution network to premises lacking mains gas. Also referred to as infills.</p> <p>Non-gas communities that are both further than 23 metres away from an existing relevant main and among the 20 per cent most deprived areas as determined by the current Index of Multiple Deprivation are eligible to receive a discount off of their connection charge as described in GDPCR final proposals⁴.</p> |
| network rates | Has the same meaning as that given to "Distribution Network prescribed rates" in Special Condition E3 of the Gas transporter's licence applicable to the GDNs. |
| new connections | The costs incurred to connect new demand customers and to the gas distribution system. |
| new housing | Workload and costs associated with connecting new build properties to the gas distribution network. |
| new infrastructure costs | In respect only of IT & Telecoms activity, see definition under IT & Telecoms activity. |
| no escape/no trace | See reports |
| non-domestic | Means workload and costs associated with connecting industrial and commercial and all large loads consuming greater than 75,000 therms per annum except for in the context of table 3.11, where it shall be taken to mean: |

⁴ GDPCR final proposals, 3 December 2007, Ref. No. 285/07

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| | <p>Workload and costs associated with services laid to premises at which a supply is taken at a rate which is reasonably expected to exceed 73,200 Kilowatt Hours a year. For the purposes of field data collection, premises installed with a U16 or larger meter are assumed to exceed supply and consumption of 73,200 kWh should fall within this category.</p> |
| non-domestic meterwork ass. replacement | <p>Work downstream of the new meter position to re-connect consumer pipe-work at non-domestic premises. Excludes any meter work carried out on behalf of others.</p> |
| non-LTS storage project | <p>Investment in additional GDN storage connected downstream of the LTS network.</p> |
| non-operational premises | <p>Are premises used by people (e.g. stores, depots and offices) and which are not operational premises.</p> <p>INCLUDES stores; depots; and offices.</p> |
| non-operational training | <p>Training for activities or skills neither specifically required for working on or with the operational assets of the business nor working in a manner to promote and maintain the health and safety of employees, contractors, customers and the public.</p> |
| non price controlled activities | <p>Activities that the revenues earned by GDNs are not subject to price control. These include:</p> <ul style="list-style-type: none"> • De minimis activities • Excluded services • Metering Activities • Consented Activities <p>See also separate definitions</p> |
| non-rechargeable diversions | <p>Mains diversions that are not rechargeable to a third party. This may be due to the nature of the wayleave/easement that is in place (e.g. lift and shift agreements) or because the GDN wishes to move the main for its own purposes (e.g. soil, erosion, landslip).</p> |
| non-routine maintenance | <p>Non Routine Maintenance activities are those which are irregular in both timing and costs, and have a material effect on cost from year to year. Typically the requirement to carry out these activities should arise between 2 – 8 years, i.e. activities are known, but not likely to happen on</p> |

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| | <p>an annual basis.</p> <p>Examples of such activities are:</p> <ul style="list-style-type: none"> repainting of PRS after 6 yearly painting survey repainting of District Governors after 6 yearly painting survey OLI runs Holder painting Holder handrails maintenance of above ground exposed crossings river crossings/sub-sea surveys river/ditch cross repairs maintenance work required as a result of pressure surveys consequential follow-up surveys. winter trigger surveys inspections of above ground exposed inspections water bath heaters DSEAR, site signage pipeline marker remedial asbestos surveys vibration migration crop claims and land drainage. |
| normal pension charges | Employer contributions or normal accruals to a pension scheme for ongoing service that are not pension deficit payments or charges. |
| normal pension payments | <p>Employer contributions to a pension scheme that are not pension deficit payments.</p> <p>INCLUDES payments to defined benefit schemes; payments to defined contribution schemes; funding Funded Unapproved Retirement Benefit Schemes ("FURBS) determined in accordance with tax legislation.</p> <p>EXCLUDES Salary sacrifice payments.</p> |
| NTS | The National Transmission System is high-pressure system consisting of terminals, compressor stations, pipe-line systems and offtakes. The NTS is designed to operate at pressures up to 85 barg. NTS pipe-lines transport gas from terminals to NTS offtakes. |
| offtake | An offtake is the installation defining the boundary between NTS and LTS or a very large consumer. The offtake installation includes equipment for metering, pressure regulation and more. |
| Ofgem | The Office of Gas and Electricity Markets. |

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| Ofgem licence | Gas transporter licence granted by Ofgem to GDNs under section 7 Gas Act 1986 |
| ongoing DB contributions | The current employers' cash service cost of funding defined benefit pension obligations. |
| ongoing DC contributions | The current employers' cash service cost of funding defined contribution pension obligations. |
| operating expenditure ("opex") | The operating costs of the GDN excluding capital expenditure (capex), costs under the mains replacement programme, depreciation, amortisation, profit on sale of assets, release of deferred contributions and charges/releases of provisions. |
| operational IT & Telecoms | IT equipment which is used exclusively in the real time management of network assets, but which does not form part of those network assets. |
| operational premises | Premises which contain network assets and are not maintained for accommodating people e.g. Substations, Boiler Stations, Holder Stations, Compressor Stations, Governor Houses etc |
| Operational training | <p>Includes operational training and graduate trainees and apprentices.</p> <p>Includes training Workforce Renewal new recruit, Operational Upskilling and Operational Refresher Training.</p> <p>Operational Upskilling - covers all training (whether classroom based or on-the-job) where employee's skill level is increased in order to undertake activities requiring a higher skill level or to undertake activities requiring a different skill set (e.g. multi-skilling or redeployment) or the undertake activities via more efficient / effective processes. (Does not cover, e.g., routine operational refreshers, and safety briefings, non-operational training courses e.g. MS Excel, training for CPD purposes once qualified e.g. accountant).</p> <p>Apprentices are engaged under approved apprentice's schemes. Trainees are employed under a formal training</p> |

programme.

Includes:

- Classroom training.
- On the job training.
- Trainer and course material/running costs (classroom training).
- Training admin.
- Recruitment and external advertising costs for trainees/apprentices.
- Salaries of apprentices and trainees in full time continuous training up to the point they become fully engaged in operational activities.
- Costs of staff that organise and provide operational training and maintain employees training records.

Excludes:

- HSE costs (include under Health, Safety & Environment).
- IT & Property management costs associated with Ops Training and Training Centres (include under IT & Property costs respectively).

operations management (including operations support)

This should only cover the cost of the day to day planning and supervision of the operatives and contractors working within the work execution processes. For example:

First line managers (non-field staff)

Depot Manager etc.

Also includes the costs of the Safety, Health and Environment section (compliance).

Operations Support:

Covering support costs in depots (which include TMA/NRSWA activities)

Plant protection

Digitisation

Dispatch

Data quality

Work scheduling

Updating records (including DR4)

Excludes: Staff that carry out the operational activity (including E&I).

opex allowance

The assumption for operating expenditure requirements included in the Gas Distribution Price Control Review.

opex activities

Opex activities are:

- Work management
- Emergency – networks
- Emergency - other

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| | <ul style="list-style-type: none"> • Repairs • Maintenance • Independent undertaking • Other direct activities • R&D • It & telecoms • Property management • Training & apprentices • Insurance • HR • Finance, audit and regulation • Procurement, stores & logistics • CEO |
| other cost recoveries | In relation to atypical costs only, means any form of remuneration or cost recovery or reimbursement received by the licensee, other than 'insurance proceeds received' resulting from an 'atypical event'. |
| other direct activities (ODA) | <ul style="list-style-type: none"> • Other operational activities not covered elsewhere <p>INCLUDES</p> <ul style="list-style-type: none"> • Odorant • Major incidents net cost (see definition) • Xoserve • Compensation payments • Tools & consumables • Reinstatement (inspections) • Easement/wayleave costs LTS and non-LTS • Procurement of interruptions/NTS flat |
| other non-domestic service work | Any other work carried out on non domestic services not captured elsewhere. |
| other policy and condition mains | The replacement of distribution mains and services not captured under the HSE policy workload. This includes non standard materials and mains selected to be replaced on a condition basis in accordance with policy. |
| other storage (mcm) | Volume of storage from GDN assets excluding LTS linepack and NTS flex. |
| overstay penalties | Penalties payable to Local Authorities as a result of overrunning of works in accordance either with the New Roads and Street Works Act 1991 or with the Traffic Management Act 2004 (and its Scottish equivalent). |
| own property | In respect of insurance only refers to all assets owned by the licensee. |
| own use factor (%) | Own use volume expressed as a percentage of throughput. |

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| own use volume (GWh) | Quantity of gas used for operational purposes as measured in GWh. |
| PE | Polyethylene (PE) is a form of plastic used for manufacturing gas distribution mains and services. |
| pension allowance | The assumption for pensions charges (normal and deficit) requirements included in the Gas Distribution Price Control Review final proposals. |
| (actual) pension contributions | The actual cash contributions attributable to the distribution business and paid into the relevant pension scheme. Where relevant, this will include statutory contributions to the Pension Protection Fund. SEE ALSO: Normal pension charges, Normal pension payments. |
| pension deficit/surplus | A shortfall / excess of a pension scheme's assets compared with liabilities as determined in accordance with the pension scheme rules and the pension scheme actuaries applying rules determined by the Board of Actuaries. |
| pension deficit charges | The costs paid or accrued, directly or indirectly, by the licensee to reduce the pension deficit. EXCLUDES normal pension charges; and normal pension payments. |
| pension deficit payments | The cash payments made, directly or indirectly, by the licensee to reduce the pension deficit. |
| Pension Protection Fund (PPF) | The Pension Protection Fund was established to pay compensation to members of eligible defined benefit pension schemes, when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension scheme to cover Pension Protection Fund levels of compensation. |
| pension scheme administration costs | The administrative costs for the operation of a pension scheme (excluding interest and taxation) including salaries and on costs of pension scheme administrators and all other associated costs of administering the pension scheme, whether borne by the scheme directly or the employer(s) and not recovered from the scheme. INCLUDES: actuarial consultancy fees; pensioners payroll; third party administration fees; pensions administration system licence and support costs; legal advisers fees; |

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| | <p>recruitment costs; pension secretariat; policy and strategy; administration consultancy; auditors fees; custodian fees; communication consultancy fees; general office costs (printing/IT support/publications etc); investment consultancy fees; investment management fees; tracing agency fees; member communication costs; trustee remuneration; and trustee training costs.</p> |
| | <p>EXCLUDES: Cost incurred by the licensee in administering the collection and payment of contributions; Costs of actuaries engaged by the licensee as advisors to the licensee</p> |
| pensionable salaries | <p>For each pension scheme, the current salaries of the active members which are considered when assessing the future pension benefits under that scheme, and which are multiplied by the contribution rate to calculation the current cash service cost.</p> |
| pensioners | <p>Individuals in receipt of a pension from the pension scheme.</p> |
| permit scheme costs | <p>Those costs incurred to comply with obligations under any order or regulations made pursuant to Part 3 of the Traffic Management Act 2004 which impose a permit scheme, otherwise referred to as lane rentals in the business plan data template.</p> <p>References to the Traffic Management Act 2004 are to be interpreted as, in relation to Scotland, the Transport (Scotland) Bill as enacted.</p> |
| Planned non-contractual interruptions | <p>Are non-contractual interruptions resulting from the GDNs activities and include all non-contractual interruptions resulting from the planned activities (customer/shipper initiated service alterations, customer or local authority initiated mains diversions and DN initiated)</p> |
| planned replacement | <p>Replacement made in accordance with a previously made plan rather than in reaction to particular event such as an emergency.</p> |

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| plant and equipment | Other operational capital expenditure on plant and equipment including all expenditure associated with gas leakage management. |
| PON | Pipe Object Number |
| PPF levy | 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 2004. |
| price control basis | The basis and/or methodology applied to the treatment of specified costs or types of expenditure in arriving at defined price control allowances, e.g. for GDPCR as determined in accordance with the Gas Distribution Price Control Review Final Proposals (December 2007) document. |
| procurement | <p>Responsible for the procurement of goods & services in the support of the business operations, through the management of procurement contracts with suppliers.</p> <p><u>Procurement</u> Responsible for the procurement of goods & services (identifying strategic needs for materials and services) in the support of the business operations, through the management of procurement contracts with suppliers.</p> <p>Includes:</p> <ul style="list-style-type: none"> • The cost of carrying out market analysis. • Identifying potential suppliers, undertaking background review, negotiating contracts, purchase order fulfilment & monitoring supplier performance. • Setting up and maintaining vendor accounts within the accounting system, and maintaining e-procurement channels. • Setting procurement guidelines and monitor adherence to the guidelines. |
| professional services & subscriptions | <p>Consultancy services employed by the licensee or related party.</p> <p>INCLUDES non-engineering services provided on a consultancy basis subscriptions to trade bodies including the Energy Networks Association (ENA); and typically items such as legal services, audit fees, taxation services.</p> <p>EXCLUDES direct employee costs or agency fees (include under "Labour (excluding employer pension costs)"; contracted services of individuals provided through a personal service company (include</p> |

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| | <p>under "Labour (excluding employer pension costs)"; and engineers whether employed on a consultancy basis or not (include under 'Labour (excluding employer pension costs)' or Contractors, depending on the legal status of their engagement; and analytical engineering work (include under 'Labour (excluding employer pension costs)' or Contractors, depending on the legal status of their engagement.</p> |
| profits of an insurance captive | To be reported in accordance with the rules for accounting for insurance companies (and before tax). |
| property (total floorspace) | Building footprint (square metre) whether in use or not and there is an associate cost (eg rent/lease, depreciation, business rates and/or utility cost). |
| property management | <p>The activity of managing, providing and maintaining non-operational premises i.e. premises used by people such as stores, offices and depots. This should include costs such as rent, rates (business), and utilities costs including electricity, gas and water, maintenance/repair costs of premises and also should include the provision of the facilities / property services such as reception, security, access, catering, mailroom, cleaning and booking conferences. The costs of property surveyors should also be included here.</p> <p>Includes:</p> <ul style="list-style-type: none"> • Stores, depots, offices (including training centre buildings & grounds). • Rent paid on non-operational premises. • Rates and taxes payable on non-operational premises. • Utilities including electricity, gas and water (supply and sewerage). • Inspection and maintenance costs of non-operational premises. • Facilities management costs including security and reception. • Training centre buildings & grounds. <p>Excludes:</p> <ul style="list-style-type: none"> • Any costs relating to operational property (i.e. premises which contain network assets and are not maintained for accommodating people e.g. Substations, Boiler Stations, Holder Stations, Compressor Stations, Governor House etc (include under operational property). • Any IT systems associated with property management (include under IT & Telecoms). |

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| | <ul style="list-style-type: none"> • Depreciation and profit/loss on Fixed Assets (exclude on controllable costs but include on Property Memo Table 2.4f). • Relocation costs to or from non-operational premises. • Network rates. |
| protection (protection apparatus) | A group of one or more protection relays and/or logic elements designated to perform a specified protection function. |
| PRS | Pressure reduction station – installed on gas networks to reduce and control gas pressures. On the gas distribution mains system they are usually referred to as “district governors”. |
| Public Reported Escape (PRE) | The number of unique address public reported escapes received by the GDN for which a FCO will be called out. |
| purge and relight after domestic service work | Re-commissioning of a customer's gas supply service and appliances following interruption. |
| quality of service | Measures of performance used to monitor the quality of service provided to customers. The measures include customer interruptions, short interruptions to supply, speed and quality of telephone response and guaranteed and overall standards. |
| quotations (no network analysis) | The provision of connections quotations using standard tables, not requiring the use of network analysis tools at the quotation stage or after acceptance |
| quotations (with network analysis) | The provision of quotations requiring the use of network analysis tools, being outside the scope of standard tables, OR require a network analysis check following acceptance of quotations generated from standard tables |
| RAV | See Regulatory asset value |
| R&D | Research and development. |
| R&D subject to IFI | Means the amount of expenditure spent or accrued by the licensee in respect of eligible IFI projects. |
| RAV additions | Expenditure added to the RAV in the year. |
| rechargeable diversions | Mains diversion projects qualifying for a customer contribution. |

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| regulatory accounts | Has the meaning given in standard special condition A30 of the gas transporter's licence applicable to the GDNs. |
| regulatory asset value("RAV") | The value ascribed by Ofgem to the capital employed in the licensee's regulated distribution or (as the case may be) transmission business (the 'regulated asset base'). The RAV is calculated by summing an estimate of the initial market value of each licensee's regulated asset base at privatisation and all subsequent allowed additions to it at historical cost, and deducting annual depreciation amounts calculated in accordance with established regulatory methods. These vary between classes of licensee. A deduction is also made in certain cases to reflect the value realised from the disposal of assets comprised in the regulatory asset base. The RAV is indexed to RPI in order to allow for the effects of inflation on the licensee's capital stock. The revenues licensees are allowed to earn under their price controls include allowances for the regulatory depreciation and also for the return investors are estimated to require providing the capital. |
| regulatory depreciation expense | The annual expense for the depreciation of assets in the RAV, determined in accordance with the Gas Distribution Price Control Review Final Proposals (December 2007). |
| reinforcement expenditure | The costs incurred to provide additional general network capacity as a result of changes in demand on the system. INCLUDES Customer-specific reinforcement; and general reinforcement. |
| reinstatement | The cost of making good the highway, verge or footpath to a permanent standard after excavation including labour costs, contractor costs, materials purchased, cost of waste disposal and any taxes or levies imposed on waste disposal. |
| relaid services | Customer's gas service pipe relaid as part of site work. |
| related party | Means: <ul style="list-style-type: none"> • any "related undertaking" or "affiliate" as defined in the distribution licence; • xoserve Limited; and • Fulcrum Connections. |
| related party margin | The profit or loss recorded on a transaction with a related party 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. |

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| related party transaction | A transaction that occurs where one party provides goods, works, supplies or services to related party. |
| related undertaking | Has the meaning given in standard condition 1 of the gas transporter's licence applicable to the GDNs. SEE ALSO: affiliate, related party |
| remedial work | Work undertaken in order to remedy defects identified by either inspection or maintenance. Remedial works excludes minor repairs carried out at the same time as the maintenance visit. |
| renew risers to multi-occupancy buildings | Replacement of steel riser pipes in existing multiple occupancy dwellings as part of the mains replacement programme. |
| renew service connections | Replacement of service connections as part of the mains replacement programme. |
| repairs | The repair of mains and service public reported escapes. (see also "actioned repairs") INCLUDES: Materials Anaerobic Sealant Repair Find and Fix Costs Iron Fittings Pipe Costs Plastic Fittings Specialist Materials Repair Income Waste disposal costs for the repair activity Reinstatement for the repair activity Reprogrammed repairs re-checks Repair NRSWA Costs Repair TMA Costs EXCLUDES: Reinstatement – inspections (Other Direct) No trace rechecks (Emergency) Leakage control surveys (maintenance other) Maintenance - Mains & Services (Maintenance Other) Tools & consumables (Other Direct) GSMR Cut offs (Maintenance Other) Consultancy services (Work Management) |
| replacement expenditure (repex) | Repex is expenditure on replacing component mains and |

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| | services, where the replacement does not lead to an increase in the capacity or extends the life of the network. |
| replacement on failure | The abandoning of an existing asset and commissioning of a new pipe-line following physical failure of the asset in-situ. |
| replacement services - domestic | Workload and costs associated with service replacement activity to domestic consumers. |
| replacement services - non-domestic | Workload and costs associated with service replacement activity to non-domestic consumers. |
| reports | <p>Reports fall into two categories:</p> <ul style="list-style-type: none"> • Reports Emergencies – Network: This category includes the number of jobs that are closed off with a status <ul style="list-style-type: none"> ○ Mains condition report (escape) ○ Service condition report (escape) ○ Interference (damage) ○ "No Gas" Service Governor Failure, Water Ingress or other Network Problem • Reports Emergencies – Other: This category includes the number of jobs that are closed off with a status: <ul style="list-style-type: none"> ○ Internal Escape - Internal Escape of gas or CO related "Faulty Appliance" e.g. Appliance unsafe or emitting CO ○ Other - "Meter Problem" e.g. Meter Regulator Lock-up, ETM Problem; "Other Problem" e.g. Bird Trapped, Boiler Not Working, Incorrect Callout; "No Trace" e.g. No gas or CO found |
| reposition domestic meter | Services that are replaced for condition or economy in the course of the work. |
| research & development (R&D) | <p>The activity has the meaning attributed to it in the relevant accounting standards. It includes payments to external or related parties for specific research projects.</p> <p>EXCLUDES any of the IT systems associated with R&D (include under IT & Telecoms).</p> |
| restructuring | <p>The act of re-organising a business for the purpose of making the organisation more efficient.</p> <p>INCLUDES redundancy costs (inc. ERDCs)</p> <p>EXCLUDES early retirement costs (inc. ERDCs)</p> |

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| RIGs | Regulatory Instructions and Guidance |
| RIIO-GD1 | First Gas Distribution Price Control Review based on the Revenue=Incentives+Innovation+Outputs model |
| riser | A vertical network pipe that carries gas between floors within a building to meters. |
| routine maintenance | <p>Routine Maintenance can be described as those activities that are recurring and largely predictable in both costs and timing. There should be an immaterial year on year movement in the cost of routine maintenance. These costs include property cost associated with operational assets.</p> <p>Examples of such activities to be classed as routine are:</p> <ul style="list-style-type: none"> • site overhauls • distribution mains & services • pig trap maintenance • repair governor equipment • hedge maintenance/inspection on easement • drainage profile checks • repairing fencing • CP remedial work • fire water systems • pressure system remedial • operational site drainage • compressor work • asset modification (e.g. check/top up water levels, holder stock, filter changes, helium bottle change, ad hoc holder work) • cladding repairs • alarm testing/resetting • calibration • valve maintenance • all surveys (eg CP, TDI and high rise buildings surveys), excluding winter trigger survey and consequential follow-up surveys. • pipeline patrols • CEME fee • test points • instrument maintenance • gas quality maintenance • alts & diverts <p>As can be seen from the above examples, routine maintenance should be the maintenance costs the Network incurs in carrying out their general site visits.</p> |
| RPI | Retail Price Index – has the meaning given in standard condition 1 of the gas transporter's licence applicable to the GDNs. |

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| | SEE ALSO: inflation |
| salary sacrifice scheme | A scheme which allow employers to pay additional pension contributions on behalf of the employee in return or as substitution for a reduction (or sacrifice) in salary; and as a consequence there is a saving to the employee in taxation and for both employee and employer in National Insurance contributions. |
| SCADA | Supervisory control and data acquisition. A generic name for control systems that operate over a large area such as system control systems of a GDN. |
| self quotation | A quotation produced by the customer (rather than the GDN) using standard costs |
| service IP/LP governors (connections) | The installation of an intermediate pressure to low pressure service governor as part of the connections workload. |
| service MP/LP governors (connections) | The installation of a medium pressure to low pressure service governor as part of the connections workload. |
| service relay domestic meterwork | Work downstream of the new meter position to re-connect consumer pipe-work. Exclude any meter work carried out on behalf of others. |
| service test and transfer to new or other main | The disconnection of an existing PE service from an existing distribution main and reconnection onto a replacement or alternative distribution main. This activity includes the pressure testing and physical transfer of the service. |
| servitude | Term used in Scotland for a permanent right of access (in England and Wales this is termed an easement). SEE ALSO: easement, wayleave. |
| share based payments | The cost of share based payments provided to staff, determined in accordance with UK GAAP. |
| shrinkage | Gas lost from the distribution system due to leakage, theft and gas used for operational purposes. |
| shrinkage factor (%) | Shrinkage expressed as a percentage of throughput. |
| SI | Spun Iron |
| SOD | Start of day |
| software licences | The Licence fees incurred in respect of the use of IT application software. |

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| specific reinforcement | <p>The costs to be recorded relate to assets installed for the purpose of providing additional network capacity necessary in order to meet the specific requirements of customers for new or augmented demand connections. Where the minimum scheme to meet the customer's specific requirements is implemented, the full cost of reinforcement assets should be included under this heading, even when, due to the use of standard plant and equipment ratings, the minimum scheme provides extra capacity. Where a scheme in excess of the minimum scheme is implemented, at the discretion of the GDN, any costs in excess of the minimum scheme costs should not be included under this heading</p> <p>EXCLUDES Costs incurred, at the discretion of the GDN, in excess of the minimum scheme costs required to meet the customer's specific needs.</p> |
| standby costs | <p>Are the costs incurred when employees are on standby to be called upon if required in the event of a specified occurrence in accordance with their terms of employment.</p> |
| statutory accounts | <p>Has the meaning given in standard condition A1 (Definitions and Interpretation) of the gas transporter's licence applicable to the GDNs.</p> |
| statutory depreciation | <p>The charge in the statutory and/or regulatory accounts computed by applying the licensees own accounting policies for depreciation.</p> |
| stores and logistics | <p>Stores/Logistics includes the management of the acquisition, warehousing costs and the transporting cost of the goods to the final location, taking account of the stock management policies. Also include monitoring stock levels and then making procurement decisions.</p> <p>EXCLUDES any of the IT systems associated with Stores and procurement (include under IT & Telecoms); and any property management and maintenance costs of depots / stores locations (included under Property Mgt).</p> |
| "sufficiently complex" quotations | <p>The provision of a larger and more complex bespoke design and quotation, typically >2 barg pressure, or having known obstacles on the proposed route, or the total project cost >£250k</p> |
| system control | <p>System control process is to ensure the safe flow of gas through the network, ensuring the supply is sufficient to</p> |

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| | <p>meet the demand of gas on a daily basis. The costs shown here should represent: The cost of running the control room (eg, staff costs of resource working within the control room). Along with: Salary costs Travel & subsistence Training costs for the delivery of system control migration. Any other non salary costs associated with these resources. Also include Mast Rentals Should also include any residual SOMSA charges from NGG.</p> |
| tele-control network | In respect only of IT & Telecoms activity, see definition under IT & Telecoms activity. |
| theft (%) | Theft volume from the distribution network expressed as a percentage of throughput. |
| theft volume (GWh) | Quantity of gas stolen from the distribution network as measured in GWh. |
| Traffic Management Act (TMA) | <p>'Refers to the Traffic Management Act 2004. An Act to make provision for and in connection with the designation of traffic officers and their duties; to make provision in relation to the management of road networks; to make new provision for regulating the carrying out of works and other activities in the street; to amend Part 3 of the New Roads and Street Works Act 1991 and Part 9 and 14 of the Highways Act 1980; to make new provision in relation to the civil enforcement of traffic contraventions; to amend section 55 of the Road Traffic Regulation Act 1984; and for connected purposes'.</p> <p>Any reference to the Traffic Management Act in this document or in the cost reporting pack should be taken as including a reference to the Transport (Scotland) Act 2005.</p> |
| training | <p>Includes both operational and non operational training, technical and behavioural.</p> <p>Includes costs of staff who organise and provide training to the DN, for both Operational and Non Operational training, and who also maintain the individual employees training records.</p> <p>Also included is the actual cost of running the training course, eg course fees.</p> <p>The above would also apply for both graduate trainees and apprentices. For trainees/apprentices, the external</p> |

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| | advertising cost should be included here. |
| | The salary cost of the person attending the training course is not included here. |
| | Also includes leadership development training |
| UK GAAP | UK generally accepted accounting principles |
| ultimate controller | Has the meaning given in standard condition A1 (Definitions and Interpretation) of the gas transporter's licence applicable to the GDNs. |
| Unplanned non-contractual interruptions | Are non-contractual interruptions resulting from unplanned activities and include all non-contractual interruptions resulting from the unplanned activities (inadequate network capacity, 1 in 20 peak demand condition exceeded, leakage from service pipe, mechanical and non mechanical pipe/plant failure, NTS (upstream) failure, third party action and other upstream events.) |
| wayleave | Access to property granted by a landowner for up to one year for a consideration. SEE ALSO: easements. |
| wayleaves administration activity | The activity of obtaining, managing and administering wayleaves, substation rents, easements and servitudes. INCLUDES negotiating new wayleaves; managing wayleave terminations; administration of existing wayleaves including the preparation of payments; negotiating conversion from temporary wayleave arrangements to permanent easement / servitude; AGI rents; and the actual cost of the wayleave payment. EXCLUDES the actual cost of the easement / servitude payments (include under either load-related new connections & reinforcement or Non-load non-fault new and replacement assets); and any of the IT systems associated with the Wayleaves administration activity (include under IT & Telecoms). |

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| work execution | Includes the activities of Emergency, Repairs and Maintenance, which are separately defined. |
| work management | Work Management can be split into four sub categories. These categories are:- Asset Management Customer Management Operations Management (including operations support) System Control |
| xoserve | A transporter agency which provides a single, uniform interface between the IT systems of relevant GTs and shippers. |

Any words or expressions used in the Utilities Act 2000 or the Gas Act 1986 or the Energy Act 2004 shall, unless the contrary intention appears, have the same meanings when used in the Rules and the business plan data template.

Except where the context otherwise requires, any reference in this appendix or in the template 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 transporter's licence applicable to the GDNs, 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 transporter's licence applicable to the GDNs 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 transporter's licence applicable to the GDNs.