ofgem E-Serve Promoting choice and value for all gas and electricity customers

Offshore transmission revenue and incentive reporting – regulatory instructions and guidance

Section 1: Revenue and incentive reporting

Document Type: Regulatory instructions and guidance

Ref: [XX]/13

Date of Publication: 22 February 2013

Target Audience: Offshore transmission owners (OFTOs), potential bidders for offshore transmission assets, consumers and consumer representatives and other interested parties

Overview:

These regulatory instructions and guidance (RIGs) are provided to OFTOs to enable them to complete the reporting templates that they are required to submit under their transmission licence. There are two sections to the RIGs, this being the first. It should be read in conjunction with the second section regarding cost reporting which is available alongside this document.

Contact name and details: Dan Rock, Senior Manager, Financial Analysis

Tel: 020 7901 1815

Email: daniel.rock@ofgem.gov.uk

Team: Offshore Transmission

Context

Ofgem, in collaboration with the Department of Energy and Climate Change (DECC), has established a new regulatory regime for offshore transmission networks to ensure that new offshore renewable generation projects are connected to the GB electricity grid economically and efficiently.

This regulatory regime has resulted in the creation of offshore transmission owners and will create more in the future. One of the licence obligations these licensees have is to submit cost, revenue and incentive reporting to the Gas and Electricity Markets Authority (the Authority). This document provides licensees with detailed instructions for what to report and offers guidance on how to complete the reporting templates.

Associated Documents

- Offshore transmission cost reporting – regulatory instructions and guidance – Section 2: Cost Reporting
- OFTO cost reporting pack
- OFTO revenue and incentive reporting pack

These are available from the Ofgem website www.ofgem.gov.uk.

Table of Contents

Executive summary 1
1. Introduction 2
2. Specified information 3
3. Reporting arrangements..... 5
4. Additional guidance for reporting on templates..... 8
Appendices 10
Appendix 1 – Audited revenue return 11
Appendix 2 - Forecast revenue return 22
Appendix 3 - Availability incentive reporting 23
Appendix 4 - Incremental capacity incentive reporting 29
Appendix 5 - Glossary..... 31
Appendix 6 - Feedback Questionnaire 32

Executive summary

This document is the revenue reporting regulatory instructions and guidance established under Amended Standard Condition E12 – D1 (Offshore Regulatory Reporting) of the offshore transmission licence. This document covers provision of information relating to revenues and incentive performance.
The information described in this document is required for a number of reasons:

1. Compliance assurance
This information allows Ofgem[1] to monitor effectively the revenue of the consolidated transmission business and to confirm that the revenues charged are in line with the tender revenue stream (TRS) as adjusted for incentives

2. Monitoring incentives
In order to ensure that the incentives are working as intended and that they are properly balanced we need to obtain and review reliable data about performance against incentives and the associated revenue impact

3. Licence compliance
Condition E12 – D1 (Offshore Regulatory Reporting) of the licence requires that this data to be collected and provided to Ofgem

The regulatory instructions and guidance (RIGs) provide a framework that enables offshore transmission owners (OFTOs) to collect the data and report it to Ofgem in a consistent format. The RIGs inform OFTOs about the information we plan to collect, guide them on how to provide this information and enable them to put the systems in place to collect the data to the detail we require.

These RIGs may be modified in accordance with the change control procedures detailed in Amended Standard Condition E12 – D1 (Offshore Regulatory Reporting). For the avoidance of doubt licensees must not change the structure of the RIGs – this includes adding or removing rows or columns even if there is no data in them.

This document covers two separate reporting requirements under E12 – D1 (Offshore Regulatory Reporting):

1. Revenue Reporting
Covering the provision of audited and forecast revenue as stipulated by paragraph 7 of condition E12 – D1 (Offshore Regulatory Reporting). In essence this aims to provide Ofgem with the audit trail of all allowed revenue generated by the licensee in each relevant year; and

2. Incentives Reporting
Providing information on incentives schemes, specifically the availability incentive and the incremental capacity incentive (Amended Standard Condition E12 – J4 (Restriction of transmission revenue: Annual revenue adjustments)).

[1] Ofgem is the office of The Gas and Electricity Markets Authority ('the Authority'). The terms 'Ofgem' and the 'Authority' are used interchangeably in this document.

1. Introduction

1.1. Amended Standard Condition E12 – D1 establishes the revenue reporting regulatory instructions and guidance ("RIGs"). The RIGs are split into two sections: Section 1 is for revenue and incentive reporting, Section 2 is for cost reporting. This document is Section 1 and covers:

i. Revenue reporting

ii. Incentives reporting

1.2. The RIGs contain the specified information to be reported in the templates provided in Appendices 1-4. The specified information is identified in Chapter 2.

1.3. Chapter 3 covers reporting arrangements and the provision of revenue returns to the Authority with Chapter 4 providing details on completing the revenue templates.

1.4. For the avoidance of doubt this document is subordinate to the licence conditions. This document will not change, alter, or amend, any definition or obligation contained within the licence. In the event of any inconsistency between the licence conditions and this document the licence conditions will take precedence.

1.5. The revenue reporting RIGs may be modified, from time to time, in accordance with the change process set out in paragraphs 12 to 16 of Amended Standard Condition E12 – D1. Ofgem recognises that any significant changes to the scope or form of the information that it requests from the licensees could not only increase the regulatory burden upon licensees but may also increase the perception of regulatory risk. Ofgem will take all reasonable steps to minimise the number of changes to the scope and form of the information it requests in relation to this document, consistent with Ofgem carrying out its functions under the Electricity Act 1989.

1.6. If any of the guidance contained in this document is at any time not sufficiently clear to a licensee then that licensee should contact Ofgem for further guidance and to discuss potential changes to the reporting templates which may be required. In the first instance queries should be directed to:

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

2. Specified information

2.1. The specified information for revenue reporting is as described below.

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

2.2.1. the term: 'Allowed Transmission Owner Revenue' and all subsequent terms used in its calculation as described by the Amended Standard Conditions E12 – J1 to J4; and

2.2.2. Excluded Services information as defined in Amended Standard Licence Condition E12 – J10.

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

$$OFTO_t = BR_t + PT_t + PA_t - K_t$$

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

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

$$BR_t = (TRS_t + MRA_t + PTRA_t) \text{ X } PR_t \text{ X } RIT_t$$

with all subsequent terms defined in that condition.

2.5. **Pass Through Items (PT_t):** PT_t refers to Pass Through items and is defined in accordance with paragraph 2 of Amended Standard Condition E12 – J3. It is derived from the following formula:

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

with all subsequent terms defined in that condition.

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

$$PA_t = TSAI_t + TSAP_t + ICA_t$$

with each subsequent term defined in that condition.

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

$$K_t = (AR_{t-1} - OFTO_{t-1}) \times [1 + (I_t + PI_t)/100]$$

With all subsequent terms defined in that paragraph.

2.8. The specified information for the incentive reporting is:

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

- Reduction in capacity (MWhr)
- Number of events impacting the incentive calculations
- The other availability incentive inputs shown in the associated reporting templates

All outages need to be reported, even if an exclusion is being sought. If there have been no outages then this need not be stated and the input cells left blank.

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

- kW of additional capacity available
- Additional capacity made available

For licences granted after 1st January 2012 the Composite Circuit Rating (CCR) is stated in kVA. The RIGs currently show CCR in terms of kW, consistent with licences granted prior to 1st January 2012. We plan to consult on updating the CCR term for the licences granted prior to 1st January 2012 but as it has not yet been consulted upon, it is not included in this update of the RIGs.

If any of the OFTOs with licence grant after 1st January 2012 have any incremental capacity then they should get in touch with:

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

3. Reporting arrangements

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

Provision of an allowed revenue model

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

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

Audit requirements

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

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

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

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

Documents to submit

3.7. The below table sets out the revenue and incentive reporting requirements under condition E12 – D1. The references in the final column 'Documents to submit' are references to appendices to this document. Electronic copies of the worksheets shown in these appendices should be submitted. Blank copies of these worksheets are provided along with this document. Given that all the reporting is contained in the same Excel workbook we expect licensees will find it easier to submit the whole workbook to cover off all the reporting due on 31 July with separate reporting for 1 April. Reporting in this way is encouraged.

Reporting	Return	Licence reference	Documents to submit
Revenue	Audited	E12 - D1 para. 7	Appendix 1
	Forecast	E12 - D1 para. 7	Appendix 2
Incentives	Availability	E12 - D1 para. 7	Appendix 3
	Incremental capacity	E12 - D1 para. 7	Appendix 4

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

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

Submission dates

3.9. Submission dates are as follows:

Reporting	Return	Licence reference	Submission date
Revenue	Audited	E12 - D1 para. 7	31 July
	Forecast	E12 - D1 para. 7	1 April
Incentives	Availability	E12 - D1 para. 7	31 July
	Incremental capacity	E12 - D1 para. 7	31 July

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

Submission process

3.11. The documents listed under point 3.7 above should all be emailed to offshore.reporting@ofgem.gov.uk and daniel.rock@ofgem.gov.uk. Hard copies should also be sent to:

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

4. Additional guidance for reporting on templates

Introduction

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

Information relating to Appendix 1 – Audited Revenue Return

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

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

For this section each term should be stated as follows:

For £m amounts to 3 decimal places

For percentages to 2 decimal places

For MW amounts to 1 decimal place

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

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

Information relating to Appendix 2 – Forecast Revenue Return

4.4. The forecast return provides a high level summary of the allowed revenues of the associated Offshore Transmission Owner activities. In the issued version of the templates the input cells for the forecast year contain look-ups to extract the data from the calculations. If the licensee prefers they can enter their forecast directly into tab 7. For this section each term should be stated as follows:

For £m amounts to 3 decimal places

4.5. Note that the forecast return is due for submission on 1 April of each year. The forecast in question is the early impression of the results for the year just ended.

Information relating to Appendices 3 and 4 – Availability incentive reporting and incremental capacity incentive reporting

4.6. For these sections each term should be stated as follows:

For £m amounts to 3 decimal places

For percentages to 2 decimal places

For MW amounts to 1 decimal place

Information relating to appendix 3 in respect of seeking adjustments to the reported system incentive performance

4.7. The licence permits the licensee to seek from the Authority an adjustment to the calculation of the reported system availability incentive following an exceptional event. In order for an application for an adjustment to be considered the Authority must be notified within 14 days of the exceptional event in question. The licensee is also required to submit details of the reduction in system availability.

4.8. In the first instance the details of the reduction in system availability should be presented by means of a completed version of appendix 3 accompanied with such further information as the licensee feels is necessary. Note that the Authority may subsequently request further details of the reduction in availability.

4.9. Hence where a licensee is requesting an adjustment they should submit a completed version of appendix 3 within 14 days of the exceptional event. This reporting is in addition to the regular quarterly reporting and does not change the due dates for the quarterly reporting.

Appendices

Index

Appendix	Name of Appendix	Page Number
1	Audited revenue return	11
2	Forecast revenue return	22
3	Availability incentive reporting	23
4	Incremental capacity incentive reporting	29
5	Glossary	31
6	Feedback questionnaire	32

Appendix 1 – Audited revenue return

Please note that the data presented in these templates is illustrative only and does not refer to any actual OFTO.

Sign off

ofgem

ofgem E-Serve

OFFSHORE TRANSMISSION - REVENUE reporting

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

Sign off

Declaration

The below declaration is to be signed off by a director of the licensee.

Amended Standard Condition E12 - D1 of the Offshore Transmission Licence paragraph 3 requires (amongst other things) that the licensee establish and maintain such systems and processes as necessary to ensure that 'the information collected and reported to the Authority is in all material respects accurate and complete and is fairly presented' and prepared in accordance with the regulatory instructions and guidance.

I, [Name of director], confirm that [Offshore transmission operator 1] is compliant with Amended Standard Condition E12 - D1 of its licence

I also confirm that I am aware that section 59 of the Electricity Act 1989 provides that a person commits an offence if, in giving any information or .... for the purpose of any provision of this Part [1] ... he makes any statement which he knows to be false in a material particular, or recklessly makes any statement which is false in a material particular.

I also confirm that I am aware that Section 108 of the Electricity Act 1989 makes it possible for a director/officer to be guilty of an offence committed by a body corporate where it is committed with the 'consent....of that person'.

Name:	[Name of director]
Position:	
Date:	

Reviewed	Section	Prepared by	Reviewed by
×	1. Inputs	Name of preparer	Name of reviewer
×	2a. Components of allowed revenue	Name of preparer	Name of reviewer
×	2b. Base revenue	Name of preparer	Name of reviewer
×	2c. Pass through	Name of preparer	Name of reviewer
×	2d. Availability performance	Name of preparer	Name of reviewer
×	2e. Correction factor	Name of preparer	Name of reviewer
×	2f. Summary of all components of allowed revenue	Name of preparer	Name of reviewer
×	3a. Excluded and de minimis revenue	Name of preparer	Name of reviewer
×	3b. Total revenue (including excluded services)	Name of preparer	Name of reviewer
×	3c. Reconciliation between OFTO's Regulated Revenue and Allowed Revenue (ARt)	Name of preparer	Name of reviewer
×	4a. Monthly performance incentive calculations	Name of preparer	Reviewed by:
×	4b. Annual performance incentive calculations	Name of preparer	Name of reviewer
×	5a. Planned outages	Name of preparer	Name of reviewer
×	5b. Unplanned outages	Name of preparer	Name of reviewer
×	5c. Outages the OFTO has requested be exlcuded from availability incentive calculation	Name of preparer	Name of reviewer
×	6. Basis for TRSt	Name of preparer	Name of reviewer
×	7. Summary of forecast allowed revenue	Name of preparer	Name of reviewer
×	8. Transmission System Availability Payment	Name of preparer	Name of reviewer

Universal data

ofgem

ofgem E-Serve

OFFSHORE TRANSMISSION - REVENUE reporting pack

Project: **Demo sands**

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

Year: **2012-13**

Index

Universal data

Prepared by:

Name of preparer

Reviewed by:

Name of reviewer

Reviewed

Company number:	
Company name:	[Offshore transmission operator 1]
Company short name:	OFTO1
Project:	Demo sands
Reporting year: (enter 2011 for 2010/11)	2013
Version (number):	
Submitted date:	
Date to which last statutory accounts were made up:	31 December 2012

1. Inputs

OFFSHORE TRANSMISSION - REVENUE reporting pack

Project: **Demo sands**

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

Year: **2012-13**

Index

1. Inputs

Prepared by:
Name of preparer

Reviewed by:
Name of reviewer
Reviewed

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Actual Revenue from NETSO (£m)	AR_t																						
Retail Price Index Number																							
Retail Price Inflation rate (%)	RPI_t																						
RPI_t = (Indext/Index t-1)-1																							
Licence Fee cost adj. term (£m)	LF_t																						
Rates for networks Business cost adj. term (£m)	RB_t																						
Crown Estate Licence cost adj term (£m)	CEL_t																						
Decommissioning Cost adj. term (£m)	DC_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income Adjusting event adj. Term (£m)	IAT_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marine and Coastal Act 2009 adj. term (£m)	MCA_t																						
Tender Cost Adj. term (£m)	TCA_t																						
Temporary Physical Disconnection term (£m)	TPD_t																						
Incremental Capacity Utilisation term (kW)	ICU_t																						
Additional Capacity Adjustment term (£m)	ACA_t																						
Average specified Interest rate (%)	I_t	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Tender Revenue Stream term (£m, real)	TRSt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Market Rate revenue Adj. term (£m, real)	MRAt		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Post Tender Revenue Adj. term (£m, real)	PTRAt		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proportion of Revenue term	PR_t	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.10

Defined terms from Annex A to Condition E12 - J4

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

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

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

3a. Excluded and de minimis revenue

ofgem

ofgem E-Serve

OFFSHORE TRANSMISSION - REVENUE reporting pack

Project: **Demo sands**

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

Year: **2012-13**

Index

3a. Excluded and de minimis revenue

Prepared by:

Name of preparer

Excluded Services

Reviewed by:

Name of reviewer

Reviewed

Please provide a list of all excluded services

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

De Minimis Activities

Please provide a list of De Minimis Activities for all items

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

3b. Total revenue (including excluded services)

ofgem

ofgem E-Serve

OFFSHORE TRANSMISSION - REVENUE reporting pack

Project: **Demo sands**

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

Year: **2012-13**

Index

3b. Total revenue (including excluded services)

Prepared by:
Name of preparer

Reviewed by:
Name of reviewer

☐ Reviewed

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

Commentary

1
2
3
4
5
6
7

3c. Reconciliation between OFTO's Regulated Revenue and Allowed Revenue (AR_t)

ofgem

ofgem E-Serve

OFFSHORE TRANSMISSION - REVENUE reporting pack

Project: **Demo sands**

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

Year: **2012-13**

Index

3c. Reconciliation between OFTO's Regulated Revenue and Allowed Revenue (ARt)

Prepared by:
Name of preparer

Reviewed by:
Name of reviewer

☐ Reviewed

	£m	£m
Actual Revenue from NETSO (£m)		
Other revenue Items		
De-Minimis Turnover		-
Other reconciling items (including all other revenue from transmission services) (please list)		
1		
2		
3		
4		
5		
6		
7		
Total		-
Turnover as per Profit and Loss		
Check that reconciliation works		✓

Commentary

1
2
3
4
5
6
7

2a. Components of allowed revenue

ofgem
ofgem E-Serve

OFFSHORE TRANSMISSION - REVENUE reporting pack

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

Index

2a. Components of allowed revenue

Prepared by:
Name of preparer

Reviewed by:
Name of reviewer
Reviewed

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Base Revenue transmission (£m)	BR_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pass Through term (£m)	PT_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Performance Adjustment term (£m)	PA_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction term factor for revenue year to year (£m)	K_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Offshore Transmission Owner allowed revenue (£m)	$OFTO_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
$OFTO_t = BR_t + PT_t + PA_t - K_t$																							
Actual Revenue received from NETSO (£m)	AR_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Over/(Under) Recovery (£m)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

2b. Base revenue

OFFSHORE TRANSMISSION - REVENUE reporting pack

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

Index

2b. Base revenue

Prepared by:
Name of preparer

Reviewed by:
Name of reviewer
Reviewed

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Base Revenue term (£m)	BR_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
$BR_t = (TRSt + MRAt + PTRAt) \times PR_t \times RIT_t$																							
Tender Revenue Stream term (£m, real)	TRSt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Market Rate Revenue adj. term (£m, real)	MRAt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Post Tender Revenue adj. term (£m, real)	PTRAt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proportion of Revenue term	PR_t	0.900	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.100	
Retail Inflation term	RIT_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
$RIT_t = (1 + RPI_t) \times RIT_{t-1}$																							
Retail Price Inflation rate (%)	RPI_t	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

2c. Pass Through

OFFSHORE TRANSMISSION - REVENUE reporting pack

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

Index

2c. Pass through

Prepared by:
Name of preparer

Reviewed by:
Name of reviewer

Reviewed

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Restriction of transmission - Pass Through term (£m)	PT_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

Licence Fee cost adj. term (£m)	LF_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rates for networks Business cost adj. term (£m)	RB_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Crown Estate Licence cost adj term (£m)	CEL_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decommissioning Cost adj. term (£m)	DC_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Income Adjusting event adj. Term (£m)	IAT_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Marine and Coastal Act 2009 adj. term (£m)	MCA_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Tender Cost Adj. term (£m)	TCA_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Temporary Physical Disconnection term (£m)	TPD_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

2d. Availability performance

ofgem

ofgem E-Serve

OFFSHORE TRANSMISSION - REVENUE reporting pack

Project: **Demo sands**

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

Year: **2012-13**

Index

2d. Availability performance

Prepared by:

Name of preparer

Reviewed by:

Name of reviewer

Reviewed

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
		Jul-Mar	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Jun**	
Performance Adjustment term (£m)	PA_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PAt = TSAIt + TSAPt + ICAt																							
Transmission System Availability Incentive (£m)	$TSAI_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TSAIt = ((BRt-1/PRt-1) x PRt-6 x TSACy) - (BRt-1 x TSAFt)																							
Base Revenue transmission (£m)	BR_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proportion of Revenue	PR_t	0.900	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.100	-
Proportion of Revenue (t- 6)	PR_{t-6}	-	-	-	-	-	-	0.900	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
BR_t =(TRSt + MRAt + PTRAt) x PR_t x RIT_t																							
Months		**JUL-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-JUN**	
Transmission System Availability Failure (%)	$TSAF_y$	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Transmission System Availability Credit (%)	$TSAC_y$	0.00%	0.00%	0.00%	0.00%	0.00%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	
Transmission System Availability Payment (£m)	TSAPt																						-
TSAP=Sumif(range=y, criteria=22 to 26, sum function=(BR21/PR21)xTSACy xPRt-5)																							
Incremental capacity incentive adj. term (£m)	ICA_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
*ICAt = ICUAt + (ACAt * RITt)*																							
Capacity utilisation adjustment term (£m)	$ICUA_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
ICUAIt = MAX(0, ICRDt x ICUt)																							
Incremental capacity utilisation driver (£/MW)	$ICRD_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
ICRDt = BRt / CCRt x RCFt																							
Risk Compensation Factor	*RCF*	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	
Composit Circuit Rating (MW)	*CCR*	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	
Incremental Capacity Utilisation term (MW)	ICU_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Additional Capacity Adjustment term (£m)	ACA_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

2e. Correction factor

OFFSHORE TRANSMISSION - REVENUE reporting pack

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

Index

2e. Correction factor

Prepared by:
Name of preparer

Reviewed by:
Name of reviewer
Reviewed

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Correction term (£m)	K_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
$K_t = (AR_{t-1} - OFTO_{t-1}) \times (1 + (I_t + PI_t) / 100)$																							
Regulated transmission revenue (£m)	AR_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Allowed transmission owner revenue (£m)	$OFTO_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest rate (%)	I_t	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	
IF ARt>1.04xOFTOt then apply Penalty Interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Penalty Interest rate (%)	PI_t	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	

Appendix 2 - Forecast revenue return

7. Summary of forecast allowed revenue

OFFSHORE TRANSMISSION - REVENUE reporting pack

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

Index

7. Summary of forecast allowed revenue

Prepared by: Name of preparer

Reviewed by: Name of reviewer

Reviewed

		Actual 2012	Forecast 2013
Allowed Offshore Transmission Owner Revenue term (£m)	**$OFTO_t$**	-	-
$OFTO_t = BR_t + PT_t + PA_t - K_t$			
Base Revenue term (£m)	**BR_t**	-	-
$BR_t = (TRS + PTRA) \times PR_t \times RIT_t$			
Tender Revenue Stream term (£m, real)	TRS	-	-
Market Rate Adj. term (£m, real)	MRA	-	-
Post Tender Revenue Adj. term (£m, real)	PTRA	-	-
Proportion of Revenue term	PR_t	1.000	1.000
Retail Inflation Term	RIT_t	1.000	1.000
$RIT_t = (1 + RPI_t) \times RIT_{t-1}$			
Retail Price Inflation rate (%)	*RPI_t*	0.00%	0.00%
Pass Through term (£m)	**PT_t**	-	-
$PT_t = LF_t + RB_t + CEL_t + DC_t + IATt + MCAt + TCAt + TPDt$			
Licence Fee cost adj. term (£m)	LF_t	-	-
Rates for networks Business cost adj. term (£m)	RB_t	-	-
Crown Estate Licence cost adj term (£m)	CEL_t	-	-
Decommissioning Cost adj. term (£m)	DC_t	-	-
Income Adjusting event adj. Term (£m)	IAT_t	-	-
Marine and Coastal Act 2009 adj. term (£m)	MCA_t	-	-
Tender Cost Adj. term (£m)	TCA_t	-	-
Temporary Physical Disconnection term (£m)	TPD_t	-	-

		Actual 2012	Forecast 2013
Performance Adj. (£m)	**PA_t**	-	**0.000**
PAt = TSAIt + TSAPt + ICAt			
Transmission system availability incentive (£m)	$TSAI_t$	-	-
TSAIt = BRt x (TSACt - TSAFt)			
Transmission System Availability Failure (%)	*$TSAF_y$*	0.00%	0.00%
Transmission System Availability Credit (%)	*$TSAC_y$*	0.00%	0.00%
Transmission System Availability Payment (£m)	$TSAP_t$	-	-
TSAP=Sumif(range=y, criteria=22 to 26, sum function=(BR21/PR21)xTSACy xPRt-5)			
Incremental Capacity incentive Adj. term (£m)	ICA_t	-	-
ICAt = ICUAt - ACAt			
Incremental Capacity Utilisation Adjustment term (£m)	*$ICUA_t$*	-	-
ICUAIt = MAX(0,ICRDt x (RITt x ICUt)			
Incremental Capacity Revenue utilisation Driver (£/MW)	*$ICRD_t$*	-	-
ICRDt = RCF x BRt /CCR			
Risk Compensation Factor	*RCF*	0.31	0.31
Composite Circuit Rating	*CCR*	200.00	200.00
Incremental Capacity Utilisation term (MW)	*ICU_t*	-	-
Additional Capacity Adjustment term (£m)	*ACA_t*	-	-
Correction factor on year to year revenue (£m)	**K_t**	-	-
$K_t = (AR_{t-1} - OFTO_{t-1}) \times (1 + (I_t + (PI_t \times APt) / 100)$			
Regulated transmission revenue (£m)	AR_t	-	-
Allowed transmission owner revenue (£m)	$OFTO_t$	-	-
Interest rate (%)	I_t	0.50%	0.50%
IF ARt>1.04xOFTOt then apply Penalty Interest	APt	-	-
Penalty Interest rate (%)	PI_t	4.00%	4.00%
(Over/Under) Recovery (£m)		-	-

Appendix 3 - Availability incentive reporting

5a. Planned outages

ofgem

ofgem E-Serve

OFFSHORE TRANSMISSION - REVENUE reporting pack

Project: **Demo sands**

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

Year: **2012-13**

Index

5a. Planned outages

Prepared by:

Reviewed by:

Name of reviewer

Reviewed

Name of preparer		Date & time outage starts	Date & Time outage ends	Total reduction in capacity (MWhr)	Cable availability (as % of maximum)	Equipment on which fault occurred	Exclusion Requested	Description of Fault	Exclusion Approved by Authority
	1				n/a				
	2				n/a				
	3				n/a				
	4				n/a				
	5				n/a				
	6				n/a				
	7				n/a				
	8				n/a				
	9				n/a				
	10				n/a				
	11				n/a				
	12				n/a				
	13				n/a				
	14				n/a				
	15				n/a				
	16				n/a				
	17				n/a				
	18				n/a				
	19				n/a				
	20				n/a				
	21				n/a				
	22				n/a				
	23				n/a				
	24				n/a				

5b. Unplanned outages

ofgem

ofgem E-Serve

OFFSHORE TRANSMISSION - REVENUE reporting pack

Project: **Demo sands**

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

Year: **2012-13**

Index

5b. Unplanned outages

Prepared by:

Name of preparer

Reviewed by:

Name of reviewer

Reviewed

	Date & time of outage starts	Date & Time outage ends	Total reduction in capacity (MWhr)	Cable availability (as % of maximum)	Equipment on which fault occurred	Exclusion Requested	Description of Fault	Exclusion Approved by Authority
1				n/a				
2				n/a				
3				n/a				
4				n/a				
5				n/a				
6				n/a				
7				n/a				
8				n/a				
9				n/a				
10				n/a				
11				n/a				
12				n/a				
13				n/a				
14				n/a				
15				n/a				
16				n/a				
17				n/a				
18				n/a				
19				n/a				
20				n/a				
21				n/a				
22				n/a				
23				n/a				
24				n/a				

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

ofgem

ofgem E-Serve

OFFSHORE TRANSMISSION - REVENUE reporting pack

Project: **Demo sands**

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

Year: **2012-13**

Index

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

Prepared by:

Name of preparer

Reviewed by:

Name of reviewer

Reviewed

	Date & time of outage starts	Date & Time outage ends	Total reduction in capacity (MWhr)	Cable availability (as % of maximum)	Outage Type (Planned/ Unplanned)	Equipment on which fault occurred	Exclusion Requested	Description of Fault	Exclusion Approved by Authority
1				n/a					
2				n/a					
3				n/a					
4				n/a					
5				n/a					
6				n/a					
7				n/a					
8				n/a					
9				n/a					
10				n/a					
11				n/a					
12				n/a					
13				n/a					
14				n/a					
15				n/a					
16				n/a					
17				n/a					
18				n/a					
19				n/a					
20				n/a					
21				n/a					
22				n/a					
23				n/a					
24				n/a					

4a. Monthly performance incentive calculations

ofgem

ofgem E-Serve

OFFSHORE TRANSMISSION - REVENUE reporting pack

Project: **Demo sands**

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

Year: **2012-13**

Index

4a. Monthly performance incentive calculations

Prepared by:

Reviewed by:

Name of reviewer

Reviewed

Name of preparer	Year (y) (Incentive year)	Month	Maximum operational days in month	Planned maintenance (MWhrs)	Unplanned Outage (MWhrs)	Reported System Incentive Performance (MWhr)	Transmission System Incentive Rate	Transmission System Incentive Target	Maximum Transmission System Availability (MWhr)	Monthly Value of TSICOL	Adjusted Performance Availability Permits Earned	Availability Penalties Earned	Availability Credits Earned
						RSIP	TSIR	TSIT	MTSA	MVCOL	APAPE	APE	ACE
	2	1	31			206,832	120.0%	98.0%	206,832	8,273	4,964	-	4,964
	2	2	28.25			188,484	120.0%	98.0%	188,484	7,539	4,524	-	4,524
	2	3	31			206,832	80.0%	98.0%	206,832	8,273	3,309	-	3,309
	2	4	30			200,160	80.0%	98.0%	200,160	8,006	3,203	-	3,203
	2	5	31			206,832	80.0%	98.0%	206,832	8,273	3,309	-	3,309
	2	6	30			200,160	80.0%	98.0%	200,160	8,006	3,203	-	3,203
	2	7	31			206,832	80.0%	98.0%	206,832	8,273	3,309	-	3,309
	2	8	31			206,832	80.0%	98.0%	206,832	8,273	3,309	-	3,309
	2	9	30			200,160	120.0%	98.0%	200,160	8,006	4,804	-	4,804
	2	10	31			206,832	120.0%	98.0%	206,832	8,273	4,964	-	4,964
	2	11	30			200,160	120.0%	98.0%	200,160	8,006	4,804	-	4,804
	2	12	31			206,832	120.0%	98.0%	206,832	8,273	4,964	-	4,964
	3	1	31			206,832	120.0%	98.0%	206,832	8,273	4,964	-	4,964
	3	2	28.25			188,484	120.0%	98.0%	188,484	7,539	4,524	-	4,524
	3	3	31			206,832	80.0%	98.0%	206,832	8,273	3,309	-	3,309
	3	4	30			200,160	80.0%	98.0%	200,160	8,006	3,203	-	3,203
	3	5	31			206,832	80.0%	98.0%	206,832	8,273	3,309	-	3,309
	3	6	30			200,160	80.0%	98.0%	200,160	8,006	3,203	-	3,203
	3	7	31			206,832	80.0%	98.0%	206,832	8,273	3,309	-	3,309
	3	8	31			206,832	80.0%	98.0%	206,832	8,273	3,309	-	3,309
	3	9	30			200,160	120.0%	98.0%	200,160	8,006	4,804	-	4,804
	3	10	31			206,832	120.0%	98.0%	206,832	8,273	4,964	-	4,964
	3	11	30			200,160	120.0%	98.0%	200,160	8,006	4,804	-	4,804
	3	12	31			206,832	120.0%	98.0%	206,832	8,273	4,964	-	4,964

4b. Annual performance incentive calculations

OFFSHORE TRANSMISSION - REVENUE reporting pack

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

Index

4b. Annual performance incentive calculations

Prepared by:

Name of preparer	Year	Annual Value of TSICOL	Transmission System Performance Penalty	Transmission System Performance Credit	Total Performance Availability Permits Earned	5 Year Penalty Balance	5 Year Penalty Limit	5 Year Credit Mechanism	Performance Penalty Revenue Offset	Transmission System Availability Penalty Factor	Performance Availability Payout Credit	Transmission System Availability Credit Factor
		$AVCOL_y$	$TSPP_y$	$TSPC_y$	TPAPEy	5YPBy	5YPLy	5YCMy	PPROy	$TSAF_y$	PAPCy	$TSAC_y$
Reviewed by:		**SUMIF(MVOLyt, i=1 to i=12)**	**SUMIF(APEy,i=1 to i=12)**	**SUMIF(ACEy,i=1 to i=12)**	**TPAPEy-1 + TSPPy + TSPCy - 5YPLy - PPROy-1 - PAPCy-1**	**5YPBy-1 + TSPPy-5 + TSPCy-1 - PPROy-1 - 5YPLy-1 - PAPCy-1**	**IF(AND((TSPPy-5+AVCOLy-5)<0,(5YPBy<0),5YPBy,0)**	**5YCMy-1 + TSPCy-5 + TSPPy + PPROy-1 - 5YPLy-1 - PAPCy-1**	**IF(TPAPEy<0,IF(TPAPEy<-AVCOLy,-AVCOLy,TPAPEy),0)**	**-PPROy / AVCOLy x TSIF**	**IF(5YCMy>0,5YCMy,0)**	**PAPCy / AVCOLy-5 x TSIF**
Name of reviewer	-3											
Reviewed	-2											
	-1											
	0											
	1											
	2	97,478	-	48,666	48,666	-		-	-	0.0%	-	
	3	97,478	-	48,666	97,331	48,666		-	-	0.0%	-	
	4	97,478	-	48,666	145,997	97,331		-	-	0.0%	-	
	5	97,478	-	48,666	194,662	145,997		-	-	0.0%	-	
	6	97,478	-	48,666	243,328	194,662		-	-	0.0%	-	
	7	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	8	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	9	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	10	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	11	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	12	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	13	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	14	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	15	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	16	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	17	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	18	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	19	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	20	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	21	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	22	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%

2d. Availability performance

ofgem

ofgem E-Serve

OFFSHORE TRANSMISSION - REVENUE reporting pack

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

Index

2d. Availability performance

Prepared by:
Name of preparer

Reviewed by:
Name of reviewer

Reviewed

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
		Jul-Mar	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Mar**	**Apr-Jun**	
Performance Adjustment term (£m)	PA_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PAt = TSAIt + TSAPt + ICAt																							
Transmission System Availability Incentive (£m)	$TSAI_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TSAIt = ((BRt-1/PRt-1) x PRt-6 x TSACy) - (BRt-1 x TSAFt)																							
Base Revenue transmission (£m)	BR_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proportion of Revenue	PR_t	0.900	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.100	-
Proportion of Revenue (t-6)	PR_{t-6}	-	-	-	-	-	-	0.900	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
BR_t =(TRSt + MRAt + PTRAt) x PR_t x RIT_t																							
Months		**JUL-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-DEC**	**JAN-JUN**	
Transmission System Availability Failure (%)	$TSAF_y$	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Transmission System Availability Credit (%)	$TSAC_y$	0.00%	0.00%	0.00%	0.00%	0.00%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	
Transmission System Availability Payment (£m)	TSAPt																						-
TSAP=Sumif(range=y, criteria=22 to 26, sum function=(BR21/PR21)xTSACy xPRt-5)																							
Incremental capacity incentive adj. term (£m)	ICA_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
*ICAt = ICUAt + (ACAt * RITt)*																							
Capacity utilisation adjustment term (£m)	$ICUA_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
ICUAIt = MAX(0, ICRDt x ICUt)																							
Incremental capacity utilisation driver (£/MW)	$ICRD_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
ICRDt = BRt / CCRt x RCFt																							
Risk Compensation Factor	*RCF*	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	
Composit Circuit Rating (MW)	*CCR*	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	
Incremental Capacity Utilisation term (MW)	ICU_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Additional Capacity Adjustment term (£m)	ACA_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Appendix 4 - Incremental capacity incentive reporting

1. Inputs

ofgem

ofgem E-Serve

OFFSHORE TRANSMISSION - REVENUE reporting pack

Project: **Demo sands**

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

Year: **2012-13**

Index

1. Inputs

Prepared by:

Name of preparer

Reviewed by:

Name of reviewer

Reviewed

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Actual Revenue from NETSO (£m)	AR_t																						
Retail Price Index Number																							
Retail Price Inflation rate (%)	RPI_t																						
RPI_t = (Indext/Index t-1)-1																							
Licence Fee cost adj. term (£m)	LF_t																						
Rates for networks Business cost adj. term (£m)	RB_t																						
Crown Estate Licence cost adj term (£m)	CEL_t																						
Decommissioning Cost adj. term (£m)	DC_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income Adjusting event adj. Term (£m)	IAT_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marine and Coastal Act 2009 adj. term (£m)	MCA_t																						
Tender Cost Adj. term (£m)	TCA_t																						
Temporary Physical Disconnection term (£m)	TPD_t																						
Incremental Capacity Utilisation term (MW)	ICU_t																						
Additional Capacity Adjustment term (£m)	ACA_t																						
Average specified Interest rate (%)	I_t	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Tender Revenue Stream term (£m, real)	TRSt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Market Rate revenue Adj. term (£m, real)	MRAt		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Post Tender Revenue Adj. term (£m, real)	PTRAt		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proportion of Revenue term	PR_t	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.10	

Defined terms from Annex A to Condition E12 - J4

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

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

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

2d. Availability performance

OFFSHORE TRANSMISSION - REVENUE reporting pack

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

Index

2d. Availability performance

Prepared by:
Name of preparer

Reviewed by:
Name of reviewer
Reviewed

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
		Jul-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Jun	
Performance Adjustment term (£m)	PA_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PAt = TSAIt + TSAPt + ICAt																							
Transmission System Availability Incentive (£m)	$TSAI_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TSAIt = ((BRt-1/PRt-1) x PRt-6 x TSACy) - (BRt-1 x TSAFt)																							
Base Revenue transmission (£m)	BR_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proportion of Revenue	PR_t	0.900	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.100	-
Proportion of Revenue (t-6)	PR_{t-6}	-	-	-	-	-	-	0.900	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
$BR_t = (TRSt + MRAt + PTRAt) \times PR_t \times RIT_t$																							
Months		JUL-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-JUN	
Transmission System Availability Failure (%)	$TSAF_y$	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Transmission System Availability Credit (%)	$TSAC_y$	0.00%	0.00%	0.00%	0.00%	0.00%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	
Transmission System Availability Payment (£m)	TSAPt																						-
TSAP=Sumif(range=y, criteria=22 to 26, sum function=(BR21/PR21)xTSACy xPRt-5)																							
Incremental capacity incentive adj. term (£m)	ICA_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
*ICAt = ICUAt + (ACAt * RITt)*																							
Capacity utilisation adjustment term (£m)	$ICUA_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
ICUAIt = MAX(0, ICRDt x ICUt)																							
Incremental capacity utilisation driver (£/MW)	$ICRD_t$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
ICRDt = BRt / CCRt x RCFt																							
Risk Compensation Factor	RCF	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	
Composit Circuit Rating (MW)	CCR	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	
Incremental Capacity Utilisation term (MW)	ICU_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Additional Capacity Adjustment term (£m)	ACA_t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Appendix 5 - Glossary

A

Authority

The Gas and Electricity Markets Authority

O

Ofgem

Office of Gas and Electricity Markets

OFTO

Offshore transmission owner

R

RIGs

Regulatory instructions and guidance

T

TRS

Tender revenue stream

Appendix 6 - Feedback Questionnaire

1.1. Ofgem considers that consultation is at the heart of good policy development. We are keen to consider any comments or complaints about the manner in which this consultation has been conducted. In any case we would be keen to get your answers to the following questions:

- Does the report adequately reflect your views? If not, why not?
- Does the report offer a clear explanation as to why not all the views offered had been taken forward?
- Did the report offer a clear explanation and justification for the decision? If not, how could this information have been better presented?
- Do you have any comments about the overall tone and content of the report?
- Was the report easy to read and understand, could it have been better written?
- Please add any further comments?

1.2. Please send your comments to:

Andrew MacFaul
Consultation Co-ordinator
Ofgem
9 Millbank
London
SW1P 3GE
andrew.macfaul@ofgem.gov.uk