

## Electricity Distribution Price Control Cost and Revenue Reporting - Regulatory Instructions and Guidance: Version 3.1

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### Overview:

This document provides instructions and guidance to Electricity Distribution Network Operators to enable them to complete the reporting requirements associated with the fifth price control arrangements (DPCR5) which runs from 1 April 2010 to 31 March 2015.

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## Context

This document contains the Electricity Distribution Price Control Cost and Revenue Reporting Regulatory Instructions and Guidance (RIGs).

The purpose of this document is to provide a framework to allow Ofgem to collect accurate and consistent cost and revenue information from the Electricity Distribution Network Operators (DNOs). A number of licence conditions require the DNOs to provide us with this information. The key licence conditions for the purposes of this document are standard conditions 15A (Connection Policy and Connection Performance), 44B (Distribution Losses Reporting Requirement), 44C, (Low Carbon Networks Fund Reporting), 45A (Incentive Scheme for Transmission Connection Point Charges), 46 (Incentive schemes for innovation funding and Distributed Generation), 47 (Reporting of Price Control Revenue Information) and 48 (Reporting of Price Control Cost Information) in the electricity distribution licence.

This version of the guidance will apply for reporting for the year ending 31 March 2014. Revised versions of the guidance may apply for subsequent years.

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## Summary

The fifth Electricity Distribution Price Control Review<sup>1</sup> (DPCR5) sets the maximum amount of revenue that Distribution Network Operators (DNOs) can recover from customers over the five-year period from 1 April 2010 and places a number of incentives and obligations on the DNOs. We collect data annually to allow us to monitor DNO performance against their incentives, monitor compliance with their price control obligations and to allow analysis between price controls and at the subsequent price control review. Annual data collection also allows Ofgem to identify issues of performance ahead of the next price control review and provide us with a more robust understanding of the DNO business.

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

Since we introduced the annual regulatory reporting arrangements in 2005 there have been significant improvements in the quality of data DNOs have provided to us annually and as part of their Forecast Business Plan Questionnaire (FBPQ) submissions. These improvements allowed us to carry out more robust cost comparisons and cost assessments at DPCR5. However, there are still inconsistencies in the data provided to us by DNOs, and we will be looking for further improvements in the lead up to the next price control review, RIIO-ED1.

From the initial publication of the RIGs in April 2010, and the first submission in the new format in October 2010, there has been a considered effort to correct many inconsistencies in those documents. Through joint Ofgem and DNO working groups the RIGs workbooks and associated documents have been significantly refined in order to provide a more robust collection and explanation of the data required from Ofgem.

Our electricity distribution annual report brings together and summarises a number of key indicators of performance in areas such as customer service, connections, the environment and providing network reliability in a cost effective manner. This provides stakeholders with a complete view of performance against each of the price control incentives and allowances. We intend to widen the scope of this report in the future to include the new incentives and obligations introduced in DPCR5.

There are a number of conditions in the electricity distribution licences that require the DNOs to provide the information set out in the RIGs. These licence conditions also provided the procedure by which we amended the RIGs during the working groups. We intend to keep the RIGs reporting obligations under review and may seek to refine them further where gaps, duplication or more robust methods of collection are identified.

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<sup>1</sup> Electricity Distribution Price Control Review Final Proposals, December 2009. Ref: 114/09

## 1. Introduction

### Background

1.1. As part of DPCR5 we introduced a number of incentives and obligations on the DNOs. These include a requirement on the DNOs to commit to deliver a predetermined set of network investment outputs; new standards of performance in providing connections, a requirement to report on the company's business carbon footprint and new incentives related to customer satisfaction with the DNOs' performance.

1.2. We collect data to allow us to monitor DNO performance against these additional incentives and obligations and to ensure compliance against the overall price control. The Regulatory Instructions and Guidance (RIGs) provide a framework that enables Ofgem to collect data from DNOs in a consistent format. The RIGs inform DNOs about the information we plan to collect, guide them on how to provide this information and enable the DNOs to put the systems in place to collect the data to the detail we require.

1.3. To provide robust and consistent data the DNOs will report costs and volumes for the licensee's distribution business and of the affiliate or related undertaking of the licensee that either directly or indirectly provides goods and/or services to the licensee or forms part of the distribution business, either separately or consolidated. Where possible we have structured worksheets to show both the costs and volumes together. This will facilitate effective monitoring by both Ofgem and the DNOs of unit cost analysis as it will be shown directly on the worksheet. This should reduce the burden on DNOs to provide information at the time of a price control review and improve the robustness and consistency of the data submitted. We have structured the RIGs in the following way:

- Cost and volumes reporting pack - this includes DNO cost data as well as the network asset data and performance information. This workbook includes: DNO costs associated with pensions, tax and other financial commitments; data associated with the type, scale and performance of the physical network.
- Memorandum and Disaggregated reporting pack - This includes additional cost data useful to Ofgem in the form of memorandum tables, containing data on a different basis to that collected in the main worksheets, and disaggregated data to provide us with a better understanding of the costs reported.
- Network asset data and performance reporting – This pack covers reporting on the new network investment output measures that we have introduced as part of DPCR5 and also covers data on quality of service.

- Connections reporting – this includes data associated with connections data from the DNOs, to allow for the collection and provision of accurate and consistent connections data from the DNOs.
- Customer service reporting - this includes performance against the new broad measure of community satisfaction that we have introduced as part of DPCR5 and against the telephony standards. We have also included guidance for the guaranteed standards of performance to ensure that all DNO reporting obligations are in one place.

## Legal framework

1.4. There are a number of different licence obligations that require the DNOs to provide Ofgem with information. For the cost and revenue reporting RIG the following legal framework applies:

- Standard licence condition (SLC) 15A (Connection Policy and Connection Performance places obligations for connections reporting as set out in chapter 7,
- SLC 44B (Distribution Losses Reporting Requirement) places obligations on reporting actions taken to reduce losses as set out in chapter 4,
- SLC 44C, (Low Carbon Networks Fund Reporting) places obligations on reporting against the low carbon networks fund as set out in chapter 2,
- SLC 45A (Incentive Scheme for Transmission Connection Point Charges) sets out the reporting obligations for transmission connection point charges as set out in chapter 2,
- SLC 46 (Incentive schemes for innovation funding and Distributed Generation) sets out the reporting obligations for distributed generation and innovation funding as set out in chapter 2,
- SLC46A (Business Carbon Footprint Reporting) places obligations for reporting on the business carbon footprint as set out in chapter 5.
- SLC 47 (Reporting of Price Control Revenue Information) sets out the reporting obligations for revenue reporting as set out in chapter 5, and
- SLC 48 (Reporting of Price Control Cost Information) sets out the reporting obligations for cost reporting as set out in chapter 2.

1.5. The RIGs include definitions along with related instructions and guidance for preparing the annual information submissions. For the avoidance of doubt, these RIGs are subordinate to the licence conditions. Consequently, the RIGs will not change any definitions or obligations contained within the Electricity Distribution Licences applicable each of the DNOs and, in the event of any dispute, the licence conditions will always take precedence.

## Timescales for reporting under the RIGs

### Reporting year

1.6. The relevant reporting year for the provision of information required under SLCs 15A, 44B, 44C, 45A, 46 and 47 and 48 runs from 1 April to 31 March of the following calendar year.

### Submission dates

1.7. DNOs must provide the information required under SLCs 15A, 44B, 44C, 45A, 46 and 48 as soon as reasonably practicable and in any event, not later than 31 July following the end of the relevant reporting year to which such information relates. This is the latest date that DNOs can submit the information unless the Authority has previously consented otherwise in writing.

1.8. The submission must be accompanied by a letter signed by a director on behalf of the licensee confirming that the data has been provided in accordance with the RIGs.

1.9. SLC 47 requires licensees to make the following returns to Ofgem in relation to each Regulatory Year:

- in the case of information specified in Template A ('the detailed return') of the Revenue Reporting RIGs, by no later than 31 July in the next Regulatory Year following the Regulatory Year under report, and
- in the case of information specified in Template B ('the forecast return') of the Revenue Reporting RIGs, by no later than 31 October of the relevant Regulatory Year in respect of the licensee's estimates of those specified items made after 31 July of that year.

### Resubmissions

1.10. Ofgem's agreement is required before any resubmission of information set out in a report produced in accordance with these RIGs can be made and in any such instance the report concerned must be resubmitted in full. The resubmission must only be accompanied by a letter signed by a director where significant changes have been made and Ofgem or the licensee decide such a letter is required.

1.11. In addition for each resubmission a separate explanation must be provided listing each and every cell that has been amended and sufficient commentary to explain the reasons.



1.12. The detailed return required under SLC 47 must only be resubmitted where a restatement is necessary in the opinion of the appropriate auditor (in accordance with SLC 47.15).

### **Review**

1.13. Once the DNOs have submitted the cost information to the Authority, Ofgem or a person nominated by the Authority ('a reviewer') will undertake a detailed review of the information. Such a review may include a review visit to each DNO for discussion of the information submitted. Such visits will be agreed with the licensees in advance.

1.14. Where a reviewer has been nominated, then in accordance with SLC 48.10, the reviewer will enter into an agreement with the licensee to maintain confidentiality on reasonable terms.

### **Appointing an examiner**

1.15. In accordance with SLC 46.8 the licensee must permit a person nominated by the Authority to examine the systems, processes and procedures for measuring the specified information, the specified information collected by the licensee and the extent to which the systems, process and procedures and the specified information complies with the RIGs.

### **Audit requirements in relation to revenue reporting**

1.16. In accordance with SLC 47.8 to 47.12, Ofgem will issue Agreed Upon Audit Procedures (AUP) for use by an appropriate auditor.

1.17. SLC47 requires the licensee to ensure that the submission of Template A is accompanied by a report addressed to the Authority from the auditor stating that he has completed the AUPs in accordance with relevant auditing standards and giving his findings. SLC 47 also requires the licensee to cooperate with the auditor in this respect.

1.18. The Authority must be noted as an interested party in the letter of engagement/contract between the licensee and the auditor which should normally provide for the auditor to send an additional copy of his report direct to Ofgem for the attention of the Costs and Outputs team.

1.19. It is acceptable for copies of the auditor's report to be sent to Ofgem in electronic form only (scanned as a pdf file) providing that the electronic copy submitted is a scan of the original, signed report.

1.20. There is no formal audit requirement in respect of Template B (the forecast return) but the licensee is expected to take reasonable care and use a systematic

approach in estimating values to be reported and to keep a record of the approach which has been used.

## The RIGs workbooks

1.21. Below is a summary of the workbooks:

- Cost and Volumes reporting workbook – for reporting on costs specified in chapter 2,3 and 4
- Memo and disaggregated cost reporting workbook – for completing the memo tables and reporting on disaggregated costs as specified in chapter 5
- Revenue reporting workbook - for reporting on revenues specified in chapter 6
- Financial issues reporting workbook – for reporting on financial issues specified in chapter 7
- Connections reporting workbook (including data for the Connections Industry Review (CIR)) – for reporting on connections and guidance specified in the Connections Reporting RIGs.

## Completing the RIGs workbooks

### Linked workbooks

1.22. Some of the workbooks in these RIGs have been designed to link to other workbooks (e.g. the Memo and Disaggregated workbook links to the Cost and Volumes workbook and vice versa). The DNO must save the workbooks on their own systems and re-establish the links for the workbooks to operate correctly.

1.23. The links between workbooks in the RIGs must be retained by the DNO in the version submitted to Ofgem. Ofgem will save the submitted versions and again re-establish the links. Where these links have been broken by the DNO, the submission will not be considered compliant with the requirements of these RIGs.

1.24. All other links to the DNO's own systems must be broken before submission to Ofgem. Failure to do so will also be considered non-compliant with the RIGs.

### Template

1.25. Within the RIGs workbooks all the cells that DNOs are required to complete are coloured yellow. Cells with pre inputted values and checking cells are coloured orange and cells which have auto calculations or are totals are coloured green. Cells which are linked to other sheets are coloured blue.

1.26. Values must be entered in the column corresponding to the Regulatory Year under report. For example, values reported in respect of Regulatory Year 2011-12 must be entered in the column headed "2012".

1.27. Instructions for the electronic submission of the workbooks will be circulated to the licensee regulation managers in advance of each submission deadline. However, if there is any doubt about the method of submission, the licensee must contact the Costs and Outputs team at Ofgem.

### **Accuracy of reporting**

1.28. In the RIGs worksheets the numbers will be displayed to two decimal places. However, the DNOs are required to provide this data to the highest level of accuracy available to them with the minimum being two decimal places; unless otherwise indicated in the guidance.

1.29. For the revenue reporting workbook only where a reportable value is zero or not applicable to the licensee then a zero must be input rather than the cell being left blank.

1.30. For the cost reporting workbooks where a reportable value is zero or not applicable to the licensee, the cell can either be left as a blank or input as a zero. All the links to DNO's own workbooks must be removed prior to submission. All the links within and between RIGs workbooks must be retained in the submitted version (see above).

### **Provision of historic data**

1.31. For each worksheet contained within the workbooks, the provision for the reporting of historic data is set out. The required level is for the 2009-10 reporting year unless otherwise specified on the worksheet, or within the Guidance.

### **Provision of forecast data**

1.32. Unless specified otherwise in the RIGs, (such as Network Outputs) the submission for 2011-12 should focus on data for the 2009-10, 2010-11 and 2011-12 years only, we will issue a separate request for forecast information for the remainder of DPCR5 and the entire RIIO-ED1.

1.33. This requirement does not apply to the revenue reporting workbook. Instructions for those workbooks should be followed from the Guidance provided.

### **Provision of Indirect Allocation Methodology**

1.34. The Licensee must provide their methodology for allocating indirects annually with any changes from the previous year highlighted.

## Commentaries

1.35. 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 must be provided in the cost commentary document. The licensee will also give an indication of their assessment of the robustness of those assumptions. In such instances, the licensee should explain the reasons why it has been unable to capture the data on the same basis as the cost reporting definitions and identify any steps that it will take to ensure that the data is captured in accordance with the relevant definitions in future years.

1.36. Where a modification of the RIGs results in a requirement to provide:

- (a) Data for a new cost category or activity, or
- (b) An existing cost category or activity to a greater level of detail,

and in either case such information has not previously been collected by the licensee (under the provisions of these RIGs or otherwise), the licensee must provide estimates in respect of that category or activity, for the year in which the modification is made and for any preceding year, derived from such other information available to the licensee as may be appropriate for that purpose. In this case the licensee must set out the basis and methodology for deriving the estimated amounts in detail in the commentary.

1.37. The cost commentary provides the opportunity for DNOs to explain why costs have been incurred and the annual movements in cost levels. It will be used in conjunction with the data tables, to understand the structures and operations of each DNO, to inform RIIO-ED1 and to monitor DNOs' performance against Ofgem's assumptions for costs included in the DPCR5 Final Proposals document.

## Glossary

1.38. The glossary of terms provides a definitive list of definitions for all RIGs documents but excludes terms defined in the licence conditions. Where a term is defined in a RIGs document, it can also be found in the glossary of terms.

1.39. For the avoidance of doubt the glossary of terms are subordinate to the licence conditions. Therefore, if a term is defined in both the licence and the glossary, the licence takes precedence.

## 2. Instructions for completing the Costs Worksheets

### Introduction

2.1. The purpose of the instructions and guidance in this chapter is to provide a framework for the collection and provision of accurate and consistent cost data from the DNOs.

2.2. This chapter deals with the network investment and operating expenditure cost reporting information that will be used to monitor performance in the DPCR5 and future periods, and inform forthcoming price control reviews.

2.3. All costs are to be entered on a Cash Basis (see Glossary) and exclusive of atypical items except where specifically instructed to report data. Cash means exclusive of all provisions and all accruals and prepayments that are not incurred as part of the ordinary level of business.

### Cost type definitions

2.4. The costs reported are differentiated into Cost Types. The following lists the costs types used in the Costs Reporting part of the Cost and Revenue Reporting RIGs. Definitions of each of the Cost Types are to be found in the Glossary to this document.

- Labour
- Pensions
- Contractors
- Materials
- Wayleaves (including Easements/Servitudes)
- Road Charges
- Rent
- Subscriptions
- Related Party Margins
- Customer Contributions
- Cost Recoveries

2.5. All numbers must be entered as positive, except for the following items:

- Income
- Customer Contributions
- Cost Recoveries
- Profits reported in the Non Activity Based Costs worksheets

2.6. The income must be that which is shown in the Profit and Loss Account (Income Statement), and itself would represent the income on a WIP basis. Any values not

shown on a WIP basis must be highlighted in the commentary showing the financial impact of the divergence from that policy.

2.7. The Costs and Volumes reporting document has been split into two separate excel workbooks to ensure stability on DNO's computer systems. The workbooks are:

- Cost and Volumes Tables
- Memo and Disaggregated Tables

## **Worksheets - Admin**

### **Cover – Network Cost and Volume Data**

2.8. This sheet is used for the DNO to enter key data including the DNO name, the reporting year and the names of related parties. The names of the related parties are linked to the relevant worksheets in the cost and volumes workbook.

2.9. DNOs should maintain the same naming convention for related parties across reporting periods where possible and ensure that the related parties are entered in the same cells across reporting periods to avoid confusion comparing different packs.

### **Navigation**

2.10. This worksheet details what tables are contained within the workbook, and provides hyperlinks to all the tabs

## **Worksheets C1 to C3 – Total Costs and Checks**

- C1 – Summary – Cost Matrix
- C2 – Check Sheet
- C3 – Year on Year Comparison

### **Worksheet C1 – Summary – Cost Matrix**

2.11. This worksheet allows Ofgem to monitor the total DNO expenditure by high level activity and cost type and provides visibility of what costs and incomes are being included in the RAV calculation in table C4.

### **Total Gross Costs**

2.12. In rows 11-75 of the table, Total Gross costs should be disaggregated by activity types detailed in row 7 and shown against the following cost types, defined in the glossary;

- Labour (split by DNO own and each relevant Related Party)
- Pensions (split by DNO own and each relevant Related Party)
- Contractors
- Materials
- Wayleaves (including Easements/Servitudes)
- Road Charges
- Rent
- Subscriptions
- Related Party Margins (split by each relevant Related Party)

2.13. All costs relating to connection work to which a regulated or unregulated margin has been applied, should be entered without any margin included.

### **Customer Contributions and Cost Recoveries**

2.14. Entries against Customer Contributions (Row 79) should relate only to income received from customers. Regarding connection projects, contributions relating to indirect cost incurred on a connection project should be included under the relevant type of connection project, rather than under the particular indirect cost category. All margins charged on connection projects should be included in the amount input as Contributions

2.15. Customer contributions and cost recoveries are to be entered as negative values.

### **Total Net Costs**

2.16. Within table C1, the Total Net Costs is calculated by subtracting customer contributions and Cost recoveries from Total Gross costs.

2.17. The Total Net Costs from the above calculation are shown against each activity in row 82. In row 85-101 DNOs are to split this Total by those relating to DNO's own costs and each Related Party's costs.

### **Allocation of Income relating to non-op capex and Business support costs**

2.18. In the case of Connection projects which are included within "Network investment Costs (RAV)" ("Connection projects; DPCR4", "Element of connection that is subject to the apportionment rules - DUoS funded" and "Element of connection that is subject to the apportionment rules - Customer funded" - columns B:D); up until row 103, any customer contributions to costs that fall completely outside of RAV (ie: contributions to Non Op Capex and Business Support Costs) will be grouped with

customer contributions to costs that fall within RAV. Therefore, in row 106, an adjustment must be made to remove these Non Op Capex and Business Support Cost contributions from the calculated Total Net Costs figure that will ultimately feed into the "Equalised Incentive Expenditure" in table C4.

2.19. An additional adjustment is made in row 107 for income that relates to Closely Associated Indirects. Whilst this adjustment is not required in order to calculate RAV values, it allows for a more appropriate comparison between expenditure and baseline DPCR5 Price Control allowances for both Network Investment and Closely Associated Indirects.

2.20. The contributions to Business Support Indirect Costs and Non-Operational Capex that have been included in customer contributions listed under Connections within the Price Control should be identified by a positive adjustment in cells B106:D106. This will move these contributions out of the "Equalised Incentive Expenditure" calculation in the RAV calculation in table C4.

2.21. The contributions to Closely Associated Indirects that have been included in customer contributions detailed under Connections within the Price Control should be identified by a positive adjustment in cells B107:D107. This will move these contributions out of "Network Investment".

2.22. A balancing negative adjustment against the relevant Non op capex and Business Support Cost categories in cells AJ106:AQ106 must be made to reallocate these contributions to the appropriate columns for the "Fast Pot" calculation in table C4.

2.23. A balancing negative adjustment against the Closely Associated Indirects in X107:AF107 must be made to reallocate these contributions to the appropriate columns for comparison to the allowance for Closely Associated Indirects.

### **Indirect Activity Allocations to Connections outside of RAV**

2.24. In the case of Connection projects which are considered "Non Price Control" (Element of connection that is Sole Use funded, Connection projects UMC; DPCR5 and connection Projects; DG - columns AU:AW); up until row 103, any customer contributions to costs that fall within the RAV (ie: contributions to Closely Associated Indirects) or Outside the RAV but inside the Price Control (ie: Business Support costs and Non Op Capex) will be grouped with customer contributions to costs that fall completely outside of RAV. Therefore, in rows 109:114, an adjustment must be made to remove the indirect costs relating to these non- RAV contributions from the Total Net Cost figures that will ultimately feed into the "Equalised Incentive Expenditure" (in the case of Closely associated Indirects) or "Fast Pot" (In the case of Business Support costs and Non Op Capex) in table C4.

2.25. These indirect costs that relate to Connection projects outside of RAV (and have their contributions included in cells AU79:AW79) should be identified by a negative adjustment in cells X109:AF114 , AJ109:AO114 and AQ109:AQ114 (split by



cost category). This will move these costs out of the "Equalised Incentive Expenditure" calculation in the RAV calculation in table C4.

2.26. A balancing positive adjustment against the relevant connection types in columns AU:AW should be made.

### **Indirect Activity Allocations to Non Distribution (exc Connections)**

2.27. In the same manner as with "Indirect Activity Allocations to Connections outside of RAV", indirect costs that relate to further activity outside of the price control (ie: Stand Alone Funding (not RAV), Non Price Control and Non Activity Based costs) are to be identified in rows 117-122 through a minus adjustment in columns X:AQ and corresponding balancing positive adjustments against columns AS, AY and BB.

### **Memo: Indirect Activity Allocation to Network Investment Costs (RAV) - Connections (Excluding where 3rd Party carries out DUoS funded work)**

2.28. For rows 130-135, DNOs are to input a negative adjustment against the Indirect cost columns to demonstrate, for memorandum purposes, the amount of the Total Gross Costs that relate to Connection projects within Network Investment Costs (RAV) where the DNO carried out the work that was DUoS funded(in columns B:D).

### **Memo: Indirect Activity Allocation to Network Investment Costs (RAV) - Connections (Where 3rd Party carries out DUoS funded work)**

2.29. For rows 139-144, DNOs are to input a negative adjustment against the Indirect cost columns to demonstrate, for memorandum purposes, the amount of the Total Gross Costs that relate to Connection projects within Network Investment Costs (RAV) where an ICP carried out the work that was DUoS funded(in columns B:D).

### **Memo: Statutory Non Op Depreciation**

2.30. The Statutory Non Op Depreciation applied by activity type and split between the DNO's own costs and each Related Party (See Glossary for definition).

2.31. The check cells at the bottom of each activity column ensures the totals included in the table equals those reported in the more detailed costs tables elsewhere in the Cost and Volumes workbook and the Memo and Disaggregated workbook.

2.32. For additional guidance on how or where to report particular costs associated with any of these categories; refer to the Glossary for the definitions of all the Activities and Cost Type splits.

**Memo : LCN Direct Benefit**

2.33. LCN Direct benefits comprise expenditure included in the DNO's Full Business Plan Questionnaire (FBPQ) for DPCR5 that has been saved through undertaking the LCN Fund Project in the Regulatory Year.

2.34. Enter the forecast investment (as forecast in DNO FBPQ's) avoided through the undertaking work that has been listed in the LCN Fund.

2.35. LCN direct benefits are to be reported as separate spend in the year money was due to be spent on planned investment. This ensures that direct benefits are not treated as underspend and included in the IQI adjustment. It also enables us to track the transfer of money for direct benefits.

**Worksheet C2 – Check Sheet**

2.36. This worksheet collects together the results of all the checks included within the workbook to provide an easy reference to determine whether there are any clear errors in the pack.

2.37. The DNO is not required to input any data on this worksheet.

**Worksheet C3 – Year on Year Comparison**

2.38. This table aids our understanding of how DNO costs can vary over time and provides us with the information we need to make reasonable assumptions for cost levels in the future.

2.39. For the year of reporting each DNO should identify reclassifications of prior years' costs to comply with the latest years' "Rules" by individual prior year and show the revised prior year costs on the same basis as the current year's figures have been calculated.

2.40. Each DNO should identify the causes in movements in costs from the prior year to the current year's costs.

2.41. This worksheet will be used by Ofgem to complement the explanations for cost movements and changes to prior years' reported costs in the Commentary

2.42. The current and prior year numbers to be compared will be after reallocations for RAV purposes in the C1 Cost Matrix.

2.43. Input under "Cost reclassifications and amendments to comply with latest years' 'Rules'" for each prior year any movements arising from changes to the

definitions of an activity or other changes in the Rules or where the DNO has changed their interpretation of the Rules or for errors. These rows should, in most cases, sum to zero as they are only movements between activities.

2.44. This section will also allow for amendments to costs where the licensee has discovered after the previous years' submissions that costs should have been located in a different year. In such cases the row will not sum to zero and Ofgem will require these to be clearly identified from the description.

2.45. Input under "Explained movements in costs in current year from the prior year" amounts in the relevant activity columns costs for each explanation in annual movements in the Cost Commentary.

2.46. The rows for changes in costs should not simply state the asset category (e.g. for trouble call) but should also indicate whether the increase in costs relate to changes in the quantity of work or the unit costs of undertaking those costs. Where unit costs have changed we would expect to see commentary explaining, in the DNO's view, why those changes have occurred.

2.47. Where explanations are for minor amounts these need not be dealt with individually in the Cost Commentary.

2.48. Where the aggregate of the amounts/explanations are greater than or less than  $\pm 10\%$  of the prior years' costs for each activity, and  $\pm \text{£}200\text{k}$ , they need to be explained.

## **Worksheets C4 to C5 – Financial Issues**

2.49. The worksheets in this section of the Cost Reporting Workbook collates data provided by the DNO for the specific purposes of determining the RAV Additions for the year, collecting data by tax pool, comparing actual expenditure with allowances and collecting total cost data. The following lists the worksheets included in this section of the RIGs.

- C4 - RAV Additions
- C5 – Summary - Tax Pool Data and Segmental Reporting

### **Worksheet C4 - RAV Additions**

2.50. The tables in this worksheet calculate the RAV additions for the DPCR5 period.

2.51. This worksheet populates automatically from data contained elsewhere in the workbook, except for "Ofgem post submission manual adjustments", which will be populated following discussion between Ofgem and the DNO.

### **Worksheet C5 – Summary – Tax Pool Data and Segmental Reporting**

2.52. The tables in this worksheet collate data in a format required by the Financial Issues Team at Ofgem to calculate expenditure for the separate tax pools for pensions analysis and for comparison to the segmental reporting provided by the DNOs' Regulatory Accounts.

2.53. This worksheet populates automatically from data contained elsewhere in the workbook.

## **Worksheet C6 – Contractors**

### **Worksheet C6 – Contractor Adjustment Memo**

2.54. This worksheet collects additional data relating to the Contractors data provided in table C1 each year.

2.55. The purpose of collecting this information is to better understand the nature of the contracts let by the DNOs over time and understand the level of indirect cost and material costs that are likely to be embedded within them. The table compares the data across DNOs with the intention of allowing Ofgem to develop a contractor normalisation factor on both direct and indirect costs to make DNO costs more comparable.

2.56. The input table at the top of the worksheet (cells B10:V12) which requires DNOs to disaggregate their contractor expenditure across the following categories:

- Contractors - Direct Only
- Contractors – Materials
- Contractors - Direct including embedded Indirect services

2.57. All allocations or estimations of any of these costs, including materials, should be fully explained in the commentary.

2.58. More information on the Indirect activities for which costs can be embedded within each contractor type can be found in the glossary entry for each contractor type. DNOs should adhere to this guidance when populating the table and must explain what assumptions and work has gone into arriving at the numbers in the table.

2.59. Cells B44 and B45 present indicative values for the percentage of Contractor costs that are correctly identified as direct cost within the DNO regulatory reporting. These adjustment figures are not to be considered as binding for the purposes of RIIO-ED1 cost assessment purposes.

2.60. The categories for this worksheet are defined in the Glossary and include:

- Contractors
- Contractors – Type 1
- Contractors – Type 2
- Contractors – Type 3
- Contractors – Type 4
- Contractors – Direct including embedded Indirect services

2.61. In addition to an explanation of any analysis or assumptions that have gone into providing the data for this table, DNO commentaries for this table should include details of the contractors that the DNO has used during the reporting year in question, the work they undertake and the arrangements they work under.

### **Worksheet C8 – Related Party Analysis**

2.62. The purpose of the table is to show the size of services provided to the DNO, other group companies and external parties by each related party. It will enable Ofgem to identify potential related cross subsidy issues with related party charging.

2.63. The table will be used to help identify recharges that flow through more than one related party before reaching the DNO and provide the percentage of external revenue so that margins can be identified and removed, where appropriate, for comparison to the DPCR5 allowances and to calculate RAV. If External Income accounts for more than 75% of the Related Party income then the margin will be allowable, if not it will be removed.

2.64. Additionally, the table identifies the impact that recharges to Related Parties that don't directly trade with the DNO have on the DNO's RAV.

2.65. If external data is not provided, then the RAV RP margin adjustment will automatically exclude the entire margin for that related party.

2.66. The table allows DNOs to report data for up to fifteen related parties that transact with the DNO. Where the DNO transacts with more than fifteen related parties the tables in the worksheet must be completed for those related parties that have the highest turnover from the DNO. Other related parties must be reported in the commentary to this worksheet with the details required in this worksheet.

2.67. Within the associated commentary, DNOs must provide a detailed explanation of the margins included in recharges from group affiliates and Related Undertakings that do not directly trade with the DNO to each of the listed Related Parties. Where it is felt that excessive margins are being passed to DUoS customers through this process, an appropriate RAV adjustment will be made.

- Ensure that an affiliated captive insurer is separately disclosed.

- Input in the block F to K the turnover data for the related party as charged to each DNO in the group, other related parties and external customers. Input as positive numbers.
- Input in the block F to K the margin – a positive reflects that the Related Party is making a profit, while a negative indicates a loss.

2.68. The Related Party Margin impacting on the DNO directly in column N to R (for 2011 reporting year, equivalent columns for latter years) will be automatically populated from the relevant year's C1 schedule for the current year from those activities which fall within the Price control i.e.

- Network Investment (as defined in the Glossary)
- Network Operating Costs
- Non-Operational Capex
- Closely Associated Indirects
- Business Support Indirects

2.69. As the split of margin for items recharged to excluded services is not analysed on C1, the DNO is required input these in columns T to V. If the related party is making a profit enter this as a positive number and if a loss enter this as a negative number.

2.70. Columns Y to AC will calculate the relevant margins after recharges to excluded services and the split between those which are allowed and disallowed. The disallowed data is linked to the C4 RAV sheet.

2.71. The categories for this worksheet are defined in the Glossary and include:

- Related Party Margin charged to Related Party by additional DNO Affiliates or Related Undertakings that do not directly trade/ transact with the DNO directly
- External Parties
- Related Party Margin: where it is reported in this DNO
- NI & NOCs
- Related Party Margin within Price Control
- Related Party Margin remaining within the price control
- Related Party Margins within Price Control Total Allowed

## **Worksheet C10 – Network Investment**

### **Worksheet C10 – Summary – Network Investment by Category**

2.72. This worksheet summarises the Network Investment expenditure to enable Ofgem to monitor overall spend in these areas.

2.73. The Network Investment summary of expenditure has been divided into these high level categories:

- Connections Projects
- Core
- Non Core ex-ante
- Non Core (re-opener/logging up)
- Stand Alone Funding (RAV)

2.74. This table populates automatically from other tables within the workbook.

### **Worksheets C11 to C15 – Core**

- C11 – Core by Cost Type
- C12 – Reinforcement and DSM Payments
- C13 – Summary – Asset Replacement, Refurbishment and Civil Works
- C14 – Operational IT & Telecoms
- C15 – Quality of Service

### **Worksheet C11 - Core by Category**

2.75. This sheet summaries all Core activities by category at a Total Directs Level.

2.76. These categories are:

- Diversions
- Reinforcement
- ESQCR
- Asset Replacement
- Refurbishment
- Civil Works
- Operational IT & Telecoms
- Legal and Safety
- Quality of Service
- High Value Projects

2.77. This sheet also collects data on expenditure associated with Health Index asset categories in the table titled "Spend on Health Index asset categories".

2.78. DNOs should complete this table, inputting the total direct costs on the Health Index categories disaggregated by voltage level in the following activity areas:

- Asset Replacement
- Refurbishment

- Other investment

2.79. For the purposes of this table, the relevant asset categories are those which form part of the Health Index section of a DNOs Agreed Network Outputs.

2.80. The '*Spend on other investment associated with HI Categories*' rows should be the sum of expenditure in the relevant asset categories which relates to the "Asset register movements for other investment" as reported in the Network Outputs HI Tracking sheet.

### **Worksheet C12 – Reinforcement and DSM Payments**

2.81. This worksheet provides the cost data for General Reinforcement, Fault Level Reinforcement and Demand Side Management (DSM payments).

2.82. For General Reinforcement and Fault Level Reinforcement the costs are reported by voltage level and category, cost associated with any high value projects and by cost type.

2.83. DSM payments are only reported by voltage level.

2.84. The DSM table is for the input of DSM payments the DNO has made by way of limiting peak load on the system to avoid the need to reinforce the network.

2.85. Input costs of demand side management payments for general reinforcement avoidance by voltage level (LV, HV, EHV and 132kV).

2.86. When a DSM payment avoids reinforcement at more than one voltage level, the costs should be split across the relevant voltage levels.

2.87. Key terms for this worksheet are defined in the Glossary and include:

- LV
- HV
- General reinforcement (EHV & 132kV N-1)
- General reinforcement (EHV & 132kV N-2)
- General reinforcement (EHV & 132kV Other)

### **Worksheet C13 – Summary – Asset Replacement, Refurbishment and Civil Works**



2.88. This worksheet provides Ofgem with a summary disaggregated by cost type for Asset Replacement, Refurbishment and Civil Works. The tables within this worksheet will populate automatically from data contained elsewhere within the workbook.

### **Worksheet C14 – Operational IT & Telecoms**

2.89. This worksheet provides Ofgem with a summary of Operational IT and Telecoms expenditure excluding expenditure associated with BT 21st Century.

2.90. Costs are reported by category and cost type.

2.91. Key terms for this worksheet are defined in the Glossary and include:

- Substation RTU, Marshalling kiosk and receivers
- Communications for switching & monitoring
- Control centre hardware and software

### **Worksheet C15 – Quality of Service**

2.92. This table is for the reporting of direct expenditure related to investment in Quality of Service schemes, Remote Location Generation Capital Costs, and Worst Served Customer schemes.

2.93. The costs related to Quality of Service and Remote Location Generation Capital Costs are to be reported by total directs at the top, and in the cost type split table.

2.94. The costs related to Worst Served Customer schemes are to be reported by total directs in the WSC table, and in the cost type split table.

2.95. The IQt (Total Quality of Service Incentive Term) table, and associated other adjustment tables (Severe Weather, Normal Weather, Highlands and Islands, Customer Service, DPCR4 performance, Broad Community Satisfaction Measure Performance, and Telephony Response Performance) need to be filled out as per Special Condition CRC8 of the distribution licence (Adjustment of licensee's revenues to reflect quality of service performance). The terms are defined in the Special Conditions of the distribution licence CRC 8.

### **Worksheet C16 – Non-Core Ex Ante by Cost Type**

#### **Worksheet C16 – Summary – Non-Core Ex Ante by Cost Type**

2.96. The summary table will populate automatically from data contained elsewhere within the workbook.

2.97. The top table summarises expenditure by category of spend. These are:

- BT 21st Century (BT21CN)
- Flood Mitigation
- Environmental Reporting

2.98. The bottom table is the total expenditure for these categories by cost type.

### **Worksheets C17 to C21 – Non Core (Reopener/Logging Up)**

2.99. The costs of non-core activities which will be funded through "Reopener" or "Logging Up" mechanisms are captured within the following worksheets:

- C17 – Summary – Non Core Reopener/Logging Up by Cost Type
- C18 – High Impact Low Probability (HILP)
- C19 – Critical National Infrastructure (CNI)

#### **Worksheet C17 – Summary – Non core Reopener/Logging up by Cost Type**

2.100. The summary table will populate automatically from data contained elsewhere within the workbook.

2.101. The top table summarises expenditure by category of spend. These are:

- High Impact Low Probability
- Critical National Infrastructure (CNI)
- Black Start

2.102. The bottom table is the total expenditure for these areas by cost type.

2.103. Black start is reported separately in CV18 Black Start worksheet.

#### **Worksheet C18 – High Impact Low Probability (HILP)**

2.104. This worksheet provides Ofgem with the costs and other data relating to schemes designed to enhance security on electricity networks, particularly Central Business Districts (CBD) of major cities.

2.105. There are two reporting tables within this worksheet. The first is for the scheme name and category, with total costs reported by year.

2.106. The second is to split the total costs by cost type. These costs will be 'logged up' and added to the RAV in accordance with other costs. There will be a true up as part of RIIO-ED1.

**Worksheet C19 – Critical National Infrastructure (CNI)**

2.107. This worksheet provides Ofgem with the names of schemes along with the expenditure and data which will be used in conjunction with the Centre for Protection of National Infrastructure (CPNI) review of key DNO sites for physical security provisions.

2.108. There are two separate reporting tables within this worksheet. The first is for the scheme name and category, with total costs reported by year.

2.109. The second table is to split the total costs by cost type. These will then be 'logged up' and added to the RAV in accordance with other costs. There will be a true up as part of RIIO-ED1.

**Worksheets C20 to C23 – Stand Alone Funding – Not RAV**

2.110. These worksheets collect data on costs associated with the Innovation Funding Incentive (IFI) and Low Carbon Networks Fund (LCNF) which are not funded through the main distribution RAV or base demand revenue during DPCR5.

2.111. The worksheets within this sections are:

- C20 – Summary – Stand Alone Funding – Not RAV by Cost Type
- C21 – IFI
- C22 – LCN Fund First Tier
- C23 – LCN Fund Second Tier

**Worksheet C20 – Summary – Stand Alone Funding – Not RAV by Cost Type**

2.112. The summary table will populate automatically from data contained elsewhere within the workbook.

2.113. The top table summarises expenditure by category of spend. These are:

- IFI
- LCN Fund Tier 1
- LCN Fund Tier 2

2.114. The bottom table is the total expenditure for these areas by cost type.

**Worksheet C21 – IFI**

2.115. This data is collected in order to monitor the operation of the IFI scheme, which was introduced in DPCR4.

2.116. Eligible IFI Expenditure is to be reported by cost type.

2.117. Indirects should be recorded directly to IFI rather than to gross indirects and reallocated.

2.118. IFI Carry Forward and Eligible IFI Internal Expenditure are to be reported in the same table.

### **Worksheet C22 – LCN Fund Tier 1**

2.119. This table will report the amounts spent under the Low Carbon Networks (LCN) Fund First Tier Funding Mechanism.

2.120. Costs reported in this table must be incurred in accordance with the most recent version of the LCN Fund Governance Document, as published by Ofgem. In the description below, capitalised terms are defined in the LCN Fund Governance Document.

2.121. No expenditure should have been incurred (and therefore reported) prior to 1 April 2010.

2.122. This worksheet requires the same data broken down by different categories. The first requires detailed cost data to be reported by cost type. The second breaks the costs down as either Set-Up Expenditure, or against each (named) project.

2.123. This is the total amount spent by the DNO under the First Tier Funding Mechanism. However, it should be noted that this is not equal to the total Allowable First Tier Expenditure, since the LCN Fund First Tier Expenditure includes the DNO contribution, Unrecoverable First Tier Project Expenditure and Revenue allowed for within the DPCR5 settlement.

2.124. The LCN Fund First Tier Expenditure is required to monitor the total amount spent by the DNO in order to align with the regulatory accounts. Allowable First Tier Expenditure is required to monitor the amounts being claimed through the LCN Fund First Tier Funding Mechanism.

2.125. The Allowable First Tier Expenditure is calculated as the total of Allowable Set-up Expenditure and Allowable First Tier Project Expenditure, and as per Charge Restriction Condition (CRC) 13, must not exceed the licensee's First Tier LCN Allowance as set out in Appendix 1 of CRC 13. This is verified by a check line in the table.

2.126. Similarly, according to CRC 13, the Allowable Set-up Expenditure must not exceed 20 per cent of the licensee's First Tier LCN Allowance as set out in Appendix 1 of CRC 13. This is verified by a check line in the table.

2.127. Costs must be reported against each LCN First Tier Project. The project name must be entered, with the data described in the figure below:

Data Item	Description
Total LCN Project Costs	Total costs of the project, including the total funding from External Funders, Project Partners and other funding sources.
Total funding from External Funders, Project Partners and other funding sources	The total funding from External Funders, Project Partners and other funding sources for this project, irrespective of whether it qualifies as eligible.
Eligible First Tier Project Expenditure	As defined in the LCN Fund Governance Document
Unrecoverable First Tier Project Expenditure	As defined in the LCN Fund Governance Document
External First Tier Funding	As defined in the LCN Fund Governance Document
Eligible First Tier DNO Expenditure	Calculated from the elements above, according to the LCN Fund Governance Document
Revenue allowed for within DPCR5 settlement	As defined in the LCN Fund Governance Document
Allowable First Tier Project Expenditure	Calculated from the elements above, according to the LCN Fund Governance Document

### Worksheet C23 – LCN Fund Second Tier

2.128. This table collects expenditure from the LCN Fund Project Bank Account for any LCN Fund Second Tier project that is being implemented. The expenditure is recorded by cost type.

2.129. As LCN Fund Second Tier does not form any part of DPCR5 allowances and requires separate detailed project reporting, this table will only serve to balance this worksheet to the Regulatory Accounts.

2.130. This table should only show the expenditure for the regulatory year, and not the outstanding funds required for the project.

2.131. No expenditure should have been incurred (and therefore reported) prior to 1 April 2010.

2.132. A detailed explanation of what items that have been allocated into Customer Contributions and Cost Recoveries should be included within the commentary provided for this worksheet.

## Worksheets C24 to C26 – Network Operating Costs

- C24 – Summary – Network Operating Costs by Cost Type
- C25 – Atypicals – Severe Weather 1-in-20
- C26 – Network Operating Costs - Other

### Worksheet C24 – Summary – Network Operating Costs by Cost Type

2.133. The summary table will populate automatically from data contained elsewhere within the workbook.

2.134. The top table summarises expenditure by category of spend. These categories are:

- Trouble Call
- Severe Weather 1-in-20 events
- Inspections and Maintenance
- Tree Cutting
- Dismantlement
- Remote Location Generation Operating Costs
- Substation Electricity Costs

2.135. The bottom table is the total expenditure for these areas by cost type.

### Worksheet C25 – Atypicals – Severe Weather 1-in-20

2.136. The purpose of this table is to record the costs associated with severe weather 1-in-20 year events.

2.137. The costs related to Power System Voltage Equipment / Unplanned Incident are reported by the total direct costs by the following voltage disaggregation:

- LV Network and LV Services
- HV Network
- EHV Network
- 132kV Network

2.138. Costs that are recorded in C25 are not to be recorded in CV15.

2.139. The volumes in this worksheet will populate automatically from V10a Severe Weather 1-in-20, at the disaggregated voltage level.

2.140. Refer to the Glossary for definitions of the categories and terms presented in the atypical 1-in-20 events table.

**Worksheet C26 – Network Operating Costs – Other**

2.141. This table records costs associated with dismantlement, remote location generation operating costs, and substation electricity. The total costs for each of these activities are to be split by cost type.

2.142. Key terms for this table, which are defined in the Glossary include:

- Dismantlement
- Remote Location Generation Operating Costs: Fuel
- Remote Location Generation Operating Costs: O&M
- Substation Electricity

2.143. For the Substation Electricity table DNOs must insert the amount paid to suppliers for electricity usage at the substations on the DNO's network, the units consumed, and the cost per unit.

**Worksheets C27 to C32 – Summary - Non Price Control Costs (excluding customer funded connections)**

2.144. The worksheets contained within this section are:

- C27 – Summary – Non Price Control Costs – by Cost Type
- C28 – Excluded Services
- C29 – Legacy Metering
- C30 – Out of Area Networks
- C31 – De Minimis
- C32 – Other (Consented) Activities

**Worksheet C27 – Summary – Non Price Control Costs – by Cost Type**

2.145. This summary table includes all the Non Price Control costs and will populate automatically from data contained in the following tabs:

- Worksheet C28 – Excluded Services
- Worksheet C29 – Legacy Metering
- Worksheet C29 – Legacy Metering
- Worksheet C30 – Out of Area Networks
- Worksheet C31 – De Minimis
- Worksheet C32 – Other (Consented) Activities

**Worksheet C28 – Excluded Services (excluding Connections)**

2.146. Expenditure for this table must be reported for each Excluded Services under special licence condition CRC15 by cost type category, with the exception of

Connection services under ES1, as these are captured within the Connections reporting RIGs. These conditions are as follows:

- ES2: Diversion Works Under an Obligation
- ES3: Works Required by Alteration to Premises
- ES4: Top-Up, Standby and Enhanced System Security
- ES5: Revenue Protection Services
- ES6: Metering Services (Other than legacy meter equipment provision)
- ES7: Miscellaneous

2.147. For a complete definition of each Excluded Service licence condition, please refer to the Glossary or relevant section of the Licence.

2.148. For segmental reporting purposes the reporting of these costs by cost type have been split between:

- ES2 to ES5
- ES6
- ES7

2.149. The next step is to show the Indirect Allocations for each of the same categories as listed above. This indirect allocation should be reconcilable to the total amount charged within the year to cover the indirect costs of performing the services detailed in Excluded Services ES2 – ES7.

2.150. The summary tables will populate from the data contained within this worksheet.

2.151. There are two RAV adjustments at the bottom of this sheet which the DNO needs to complete in order for these items to be taken into account on the RAV Additions table, C4.

2.152. The first adjustment is for ES4 Excluded Services Revenues, where ES4 costs have not been shown on worksheet C28. A figure should only be entered in this row when the DNO has been unable to separate ES4 costs from the cost figures included in its Costs Matrix reporting for inclusion on Worksheet C28. This may be the case if the DNO bases its ES4 charges to customers on a methodological assessment (which might include an apportionment of costs for assets procured in earlier periods). In that scenario, inputting an ES4 revenue figure ensures that the DNO is not remunerated twice for ES4 costs, through excluded services charges and RAV additions.

2.153. The second adjustment is ES7 miscellaneous Excluded Services Revenue. This is the difference between the actual and forecast revenue for ES7.



2.154. DNOs must populate the ES7 Miscellaneous line with the same values reported in the Revenue RIGs.

2.155. DNOs must populate the ES7 Forecast Excluded Services Revenue line with the values reported in the FBPQ submission.

### **Worksheet C29 – Legacy Metering**

2.156. This worksheet collects expenditure for Legacy Metering.

2.157. Key terms for this table are defined in the Glossary and include:

- Basic Meter Asset Provision
- Data Services (MPAS and data transfer)

2.158. On the first table expenditure for each category should be entered at the total directs level.

2.159. The next table shows costs entered by cost type. This expenditure must be reported for Basic Meter Asset Provision and Data Services (MPAS and data transfer) for each cost type category.

2.160. The Indirect Allocations for Basic Meter Asset Provision and Data Services (MPAS and data transfer) is reported on the next table. This indirect allocation should be reconcilable to the total amount charged within the year to cover the indirect costs of providing Legacy metering services.

2.161. The final table shows the total expenditure for Legacy Metering including Indirect Allocations.

### **Worksheet C30 – Out of Area Networks**

2.162. This worksheet shows expenditure for Out of Area Networks.

2.163. Key terms for this table are defined in the Glossary and include:

- Out of Area Networks– Network Investment
- Out of Area Networks –Network Operating Costs
- Out of Area Networks – Use of System

2.164. For the first table expenditure for each category should be entered at the total directs level across the categories below:

- Out of Area Networks– Network Investment

- Out of Area Networks – Network Operating Costs
- Out of Area Networks – Use of System

2.165. The next table shows costs entered by cost type. This expenditure must equal the total amount entered against the 3 categories above.

2.166. The Indirect Allocations for both categories are reported on the next table. This indirect allocation should be reconcilable to the total amount charged within the year to cover the DNO indirect costs that relate to the provision of Out of Area networks

2.167. The final table shows the total expenditure for Out of Area Networks including Indirect Allocations.

### **Worksheet C31 – De Minimis**

2.168. This worksheet details expenditure for De Minimis activities.

2.169. The first table within this worksheet is for expenditure reported by category. The category cells are coloured yellow and to be overwritten by the DNO. Costs should be entered at the total directs level.

2.170. The next tables show costs entered by cost type. This expenditure must include all items entered in the category fields above by the DNO for each cost type category.

2.171. The indirect allocations for all categories are reported within the next table.

2.172. The final table shows the total expenditure for De Minimis activity including Indirect Allocations.

### **Worksheet C32 – Other (Consented) Activities**

2.173. This worksheet collects costs for those activities identified by the DNO and approved by Ofgem for inclusion within this table.

2.174. The first table within this worksheet is for expenditure reported by category. The category cells are coloured yellow and to be overwritten by the DNO. Costs should be entered at the total directs level.

2.175. The next tables show costs entered by cost type. This expenditure must include all items entered in the category fields above by the DNO for each cost type category.

2.176. The indirect allocations for all categories are reported within the next table.

2.177. The final table shows the total expenditure for Other Consented Activities including Indirect Allocations.

### **Worksheets C33 to C35 – Other Costs**

2.178. Management charges from affiliates of a general non-specific nature. The worksheets in this section of the workbook collect costs that are not included within the definitions of the activities elsewhere in the workbook. The worksheets included in this section are:

- C33 – Atypicals
- C34 – Non Activity Based Costs
- C35 – Non-Op Capex Review

### **Worksheet C33 – Atypicals**

2.179. This worksheet collects data on atypical events excluding severe weather atypicals for each cost type category. This should include atypical events which are within the price control (both inside and outside of the RAV) and those which are outside the price control.

2.180. Key terms for this table are defined in the Glossary and include:

- Severance
- Early Retirement Deficiency Contributions (ERDCs)
- Non Severance Related Restructuring/Merger
- Rebranding
- Other (to be overwritten by DNO)

2.181. There are numerous tables within this worksheet where atypical expenditure is reported, these include:

### **2.182. TABLE A: Summary of provisions (excluding deferred tax)**

2.183. Data is to reported under the relevant activity for each provision for the opening balance at 1 April in the year under review, charge to P&L account, release to P&L account, utilised (i.e. cash payment) and closing balance at 31 March.

2.184. Data is to be provided for all provisions whether or not they are incurred as part of ordinary level of business activities. Holiday pay provisions are normal trade accruals and prepayments and should not be reported on this worksheet. Provisions reported are to exclude those for deferred tax.

2.185. The amounts reported within the rows for "Utilised" are to be further analysed in the section labelled "Cash payments on utilisation of provisions (+ve)" into (a)

source by payer (i.e. DNO or related parties) and (b) cost row type reported within Total Cost Matrix.

**2.186. TABLE B: Summary of accruals and prepayments (non ordinary level of business)**

2.187. Movements on atypical accruals and prepayments data are to be provided for visibility of these items.

2.188. Data is to reported under the relevant activity for each atypical accrual or prepayment for the opening balance at 1 April in the year under review, charge to P&L account, release to P&L account, utilised (i.e. cash payment) and closing balance at 31 March.

2.189. Data is to be provided for all accruals and prepayments that are not incurred as part of ordinary level of business activity; these exclude holiday pay provisions, normal trade accruals and prepayments. Normally only atypical or abnormal accrual and prepayments will be input.

2.190. The amounts reported within the rows for "Utilised" are to be further analysed in the section labelled "Cash payments on utilisation of provisions (+ve)" into (a) source by payer (i.e. DNO or related parties) and (b) cost row type reported within Total Cost Matrix.

2.191. Where there is a reversal of a material over-accrual or prepayment the amount to be reported as atypical should be the excess amount over the annualised normal level of such costs, where this is subjective please discuss with Ofgem before finalising your reporting treatment

**2.192. TABLE C: Cash Atypicals - atypicals - disallowed for RAV addition (EXCLUDING amounts recorded in provisions and accruals and prepayments utilisation above).**

2.193. There are four prescribed atypical events and four additional rows in which a description should be inserted by overwriting the description where the row is used.

2.194. Populate this table with the atypical elements of costs under the relevant activity heading for each event source by payer either DNO or related parties.

2.195. For each event the amounts reported are to be further analysed by cost row type reported within Total Cost Matrix.

2.196. The figures should exclude any amounts reported under provisions or atypical accruals and prepayments in Tables A and B.

**2.197. TABLE D: Cash Atypicals - atypicals - allowed - subject to activity type - for RAV addition (EXCLUDING amounts recorded in provisions and accruals and prepayments utilisation above)**

2.198. Atypical events are those events as defined in the Glossary

2.199. Those events disallowed for RAV additions are specified in the table along with additional rows in which a description should be inserted by overwriting the description where the row is used.

2.200. Those events allowable for RAV additions are specified in the table along with additional rows in which a description should be inserted by overwriting the description where the row is used.

2.201. Populate this table with the atypical elements of costs under the relevant activity heading for each event into (a) source by payer (i.e. DNO or related parties) and (b) cost row type reported within Total Cost Matrix.

2.202. The figures should exclude any amounts reported under provisions or atypical accruals and prepayments in Tables A and B.

2.203. Tables then sum automatically total cash atypicals disallowed for RAV addition and those cash atypicals allowed. A check is in place to ensure that the total costs analysed by source (ie DNO or related parties) agree to the total cost row type.

**2.204. TABLE E: TOTAL Utilisation of Provisions & Atypical Accruals and Cash Atypical Events allocation by cost**

2.205. This table summarises total atypicals reported in tables A to D and provides a check to cost matrix table C1. This table is automatically populated and requires no input.

**2.206. TABLE F: Source of TOTAL Utilisation & Atypical Events by entity**

2.207. The total amounts for related parties in tables A to D should be further analysed in Table F by individual related party. The amount paid by the DNO will be automatically populated.

**2.208. TABLE G: Analysis of related party margins included in Table F amounts**

2.209. The total amount in table E identified as "Related Party Margin Charged" should be further analysed in Table G by individual related party.

**2.210. TABLE H: Disallowed Related Party Margins**

2.211. This table is automatically populated and requires no input.

### **Worksheet C34 – Non Activity Based Costs**

2.212. This worksheet collects data on Non Activity Based Costs and should be reported by each category listed within the sheet.

2.213. Key terms for this table are defined in the Glossary and include:

- Pass Through Costs
- Other
- Bad Debt Expense
- Profit/Loss on sale of Fixed Assets and Scrap
- Transmission Connection Point Charges
- GS Payments paid in year and residual from previous year

2.214. In cells F68:K74 the worksheet collates details of payments made by the DNO in relation to guaranteed standards breaches and other compensation or goodwill payments. These values are populated automatically from the GS Payments paid in year and residual from previous year tables which are located in cells F96:K176 and are to be populated by the DNO. The relevant headings of these tables are defined in the Glossary:

- GS Compensation Payments (SI 698 of 2010)
- Ex-Gratia Compensation Payments (SI 698 of 2010)
- Connections Guaranteed Standards of Performance Compensation Payments (SI 2088 of 2010)
- Ex-Gratia Compensation Payments (SI 2088 of 2010)
- Distributed Generation Standards Direction issued under paragraph 15A.16 of Standard Condition 15A
- Ex-Gratia Compensation Payments (Distributed Generation Standards Direction issued under paragraph 15A.16 of Standard Condition 15A)
- Any Other Ex-Gratia/Goodwill Compensation Payments.

2.215. For each guaranteed standards or ex-gratia payment made, a table has been prepared in the worksheet, they are collectively known as the reconciliation tables. These tables are used to ensure payments that are made in the following year related to failings made in the previous year, are included in the previous year's values.

2.216. Pre-2010 Transmission Connection Point Charges refers to the total charge for Transmission Connection Point Charges where the relevant assets were installed before 1 April 2010.

2.217. Post-2010 Unincentivised Transmission Connection Point Charges refers to the total charge for Transmission Connection Point Charges where the assets were installed on or after 1 April 2010 but that do not qualify as New Transmission Capacity Charges.

2.218. All Non Activity Based costs except for pensions deficit repair payments should be classified as Subscriptions; this should include only actual costs and not depreciation.

2.219. All Income must be entered as a negative number.

### **Worksheet C35 – Non-Op Capex**

2.220. This worksheet provides the prime data entry point for all Non-Operational Capex by cost type and category.

2.221. Key terms for this table are defined in the Glossary and include:

- Vehicles
- Small Tools, Equipment, Plant & Machinery
- Non-Operational Property (inc. Office Equipment)
- IT & Telecoms

2.222. The DNO must enter expenditure by category and then by cost type.

### **Worksheet C36 – Indirects**

2.223. It is generally the case that indirect activities normally do not involve physical contact with system assets, whereas direct activities do. However, some of these can be considered closely associated with network investment and operational activities involving physical contact with system assets and are grouped together as Closely Associated Indirects. The remainder of the indirect costs are grouped together as "Business Support" activities.

2.224. Key terms for this table are defined in the Glossary:

- Closely Associated Indirects includes the following activities:
- Network design and engineering
- Project management
- Engineering management and clerical support (EMCS)
- System mapping
- Control centre
- Call centre
- Stores
- Health and safety
- Operational training

- Vehicles and transport

Business Support includes the following activities:

- Network policy
- Human resources (HR) and non-operational training
- Finance and regulation
- CEO etc
- IT and Telecoms
- Property management

2.225. Refer to the Glossary for definitions and clarifications of what costs are included in each of these indirect activities.

2.226. This summary table will populate automatically from data contained elsewhere within the workbooks.

2.227. These costs are shown at both Gross Total and Net Total after reallocations for RAV purposes.

## **Worksheet C37 – Finance and Regulation**

2.228. The worksheet collects disaggregated data on the Finance and Regulation activity to provide Ofgem with a better understanding of the costs and to help identify where inconsistency of reporting may be occurring.

2.229. The key terms used in this worksheet are sub activities of Finance and Regulation are defined in the Glossary and include:

- Finance (excluding taxation and audit)
- Taxation (compliance and planning - internal & external)
- Audit (external and internal)
- Connections policy and agreement management
- Regulation
- Subscriptions to trade associations
- Procurement
- Fines & Penalties (other than in Streetworks)
- Insurance - Premiums
- Insurance - Management
- Insurance - Claims management
- Settlements data management
- Third Party payouts by DNO
- Finance and Regulation - Other
- Insurance - Claims paid out to DNO
- Finance and Regulation - Other Income



2.230. The Insurance Premiums row will be automatically populated from the – information contained within the Insurance sections of this worksheet.

2.231. Once the total costs of each sub-activity have been entered, the check cells must ensure that the total costs reconcile with the costs included for Finance and Regulation in the Cost Matrix worksheet.

2.232. The second part of this worksheet includes a range of commonly purchased insurance policy types. Input the annual premium costs of the policies listed where appropriate, adding any other insurance type(s) to the list if not adequately covered by the existing set.

2.233. In the last section of this worksheet, the Insurance Policy Payouts (to the DNO) are payments which the DNO receives.

2.234. Once the total costs of each sub-activity have been entered the check cells will ensure that the total gross costs reconcile with the Finance and Regulation costs in the Cost Matrix worksheet.

## 3. Instructions for Completing the Cost and Volumes Worksheets

### Introduction

3.1. The purpose of this chapter is to collect accurate and consistent cost data from the DNOs as well as to provide instructions and guidance for network asset volumes data reporting.

3.2. In this chapter, we have merged costs and volumes reporting worksheets together for a number of areas. Bringing together the volume, cost and unit cost data (where applicable) onto a single worksheet. The information that is reported will be used to monitor performance in the DPCR5 and future periods, and also to inform the forthcoming price control reviews.

3.3. All costs are to be entered on a Cash Basis (see Glossary) and exclusive of atypical items except where specifically instructed to report data. Cash means exclusive of all provisions and all accruals and prepayments that are not incurred as part of the ordinary level of business.

3.4. The worksheets included within this chapter are:

### Worksheets

- CV1 – Diversions
- CV2 – ESQCR
- CV3 – Asset Replacement
- CV4 – Asset Replacement Memo
- CV5 – Refurbishment
- CV6 – Civil Works Activity
- CV7 – Undergrounding in Designated Areas
- CV8 – Legal and Safety
- CV9 – High Value Projects
- CV10 – BT21st Century
- CV11 – Flood Mitigation
- CV12 – Environmental Investment
- CV13 – Inspections & Maintenance
- CV14 – Tree Cutting
- CV15 – MTP All Incidents (inc Trouble Call)
- CV16 – Worst Served Customers
- CV17 – Connections Summary
- CV18 – Black Start

### Worksheet CV1 – Diversions

3.5. This table is for the input of volumes and cost data for Diversions and Conversions of wayleaves to easements, easements, injurious affection.

3.6. The total activity volumes and direct costs are to be reported by the applicable voltage and categorisation listed within the worksheet. These categories are defined in the Glossary and include:

- Diversions - Conversion of wayleaves to easements, easements, injurious affection
- Diversions – Wayleave Terminations
- Diversions – Highways

3.7. The volumes related to this worksheet must only be recorded once either the claim is settled or the diversion completed. The volumes in the table relate to:

- Claims associated with conversion of wayleaves to easements, easements, injurious affection; and
- Quantity of diversions completed.

3.8. Where a diversion requires work at more than one voltage level, then the diversion must be recorded against the higher voltage.

3.9. A diversion includes all work and equipment utilised in the scheme, this could include multiple cables and equipment types. This should be reported as one diversion scheme for the purposes of this worksheet against the highest voltage involved in that scheme.

3.10. The number of claims settled data must be entered for each category for the Activity Volumes table. While the Total Direct costs that corresponds to this activity should be entered in the adjacent table.

3.11. The first category within the table is for the input of costs relating to the conversion of Wayleaves to Easements (servitudes), payment of Easements and Injurious Affection claims and is reported by voltage level.

3.12. The second category is Diversions – Wayleave Terminations and is to be reported by voltage level. The volumes must only be recorded once the diversion is completed.

3.13. The final category is Diversions – Highways and the costs are to be reported by voltage level. The volumes must only be recorded once the diversion is completed.

3.14. The total costs for all categories of diversions in aggregate should be split by cost type at the bottom of the worksheet.

## **Worksheet CV2 – ESQCR**

3.15. This worksheet collects total activity volumes and direct costs for ESQCR by Category for safety clearance volumes and costs by voltage level.

3.16. This worksheet requires costs and volumes to be reported in accordance with the following terms (see Glossary for definitions):

- ESQCR 43-8 Safety Clearance
- ESQCR Sites
- ESQCR Sites Resolved
- Shrouding (Permanent)
- ESQCR – Diversions
- ESQCR – Reconductoring
- ESQCR – Rebuild
- ESQCR – Undergrounding
- ESQCR – Other
- ESQCR - Derogation
- ESQCR As part of other planned work
- ESQCR Sites to be resolved

3.17. The Unit Cost tables to the right of the worksheet are formula driven from the volumes and cost data entered, and will calculate the unit cost data for each activity.

3.18. The direct costs for all categories of ESQCR in aggregate should also be split by cost type.

3.19. The bottom table captures data for overall population of sites to be resolved at the end of the reporting year. This data is recorded by number of sites by voltage level.

### **Worksheet CV3 – Asset Replacement**

3.20. This table is for the input of volume and cost data for condition based replacement of assets.

3.21. The total additions for each class of asset and direct costs are to be reported by the applicable voltage and categorisation listed within the worksheet. The number of units of each asset must be entered into the respective Volumes cells.

3.22. The costs in the Cost table associated with these will populate automatically from the detailed cost type split information from the other tables on this worksheet.

3.23. The Unit Cost tables at the top right of the worksheet are formula driven from the volume and cost data entered. They will calculate the annual unit cost and the multi-year average unit cost.

3.24. The next table in this worksheet is for the reporting of the total number of Disposals for each asset category that is listed.

3.25. As a Memo item enter costs and volumes associated with the Rising and Lateral Mains Re-opener. These should not exceed those costs and volumes entered in the corresponding cells in the main table.

3.26. The costs for each asset category need to be reported by cost type split in the bottom tables.

3.27. All asset categories listed within this worksheet are defined in the Glossary.

#### **Worksheet CV4 – Asset Replacement Memo**

3.28. This worksheet is concerned with certain asset categories and associated unit costs, which can vary significantly within the category depending upon factors such as their rating or size. The table also seeks to collect additional information on specified asset categories where timing issues may cause fluctuations in annual and multi-year unit costs. This table captures greater detail for these categories enabling an increased understanding of unit cost variability which may be masked by the average unit costs calculated in table CV3.

3.29. All categories listed within this worksheet are defined in the Glossary.

#### *Asset Additions tables*

3.30. The total additions for each class of asset and direct costs are to be reported by the applicable voltage and categorisation listed within the worksheet. The number of units of each asset must be entered into the respective activity Volumes cells. The costs associated with these must be entered into the respective Direct Costs cells in the adjacent table.

3.31. The Unit Cost tables at the top right of the worksheet are formula driven from the volume and cost data entered. They will calculate the annual unit cost and the multi-year average unit cost.

3.32. This table is not linked to the CV3 "Asset Replacement" worksheet, therefore any asset additions in this table must also appear in the relevant asset register sheet.

#### *Supplemental High Unit Cost Asset Data*

3.33. There are two groups of tables within this section.

3.34. The **Supplemental High Cost Asset Data (Asset Categories)** group collects cost data on specified asset categories in addition to that provided in the table CV3 – *Asset Replacement*. The purpose of this table is to eliminate fluctuations in unit cost analysis caused by the fact that, in CV3, direct costs associated with replacement of an asset are reported in the year in which those costs are incurred, which may be in a year prior to that in which the associated volume is reported.

3.35. The cells in the volumes table are linked from the worksheet CV3. The DNO should complete the *Total Direct Costs* table, entering values only in respect of those assets for which a 'volume' has been reported. The values entered should be the sum of all Asset Replacement costs associated with the Asset Replacement volumes reported

3.36. For example, if a DNO has reported that it has replaced three assets in the *33kV Transformer (GM)* category in 2011/12, then it should complete an entry in the 2011/12 column in the *Total Direct Costs* table, providing all Asset Replacement expenditure on those three assets, whether the expenditure was incurred in 2011/12 or in a prior year. All costs should be reported in the price base of the regulatory year in hand.

3.37. The adjustment factor for any adjustment to be made to costs incurred in prior years should be calculated by dividing the arithmetic average of the retail price index CHAW – All Items<sup>2</sup> for each month of the year (April – March) in which the costs are reported in this CV4 table by the arithmetic average of the same index for each month of the year in which the costs were incurred.

3.38. The **Supplemental High Cost Asset Data (Specific Assets)** group collects data on individual assets installed by the DNO in specified asset categories. The purpose of this table is to collect additional data on high-cost assets, typically where low volumes of asset replacement have been forecast for the DPCR5 period. In the year in which the installation of an asset within one of these categories is reported as a 'volume' in CV3, the DNO will also complete an entry in this table.

3.39. In the left-hand portion of the table, the DNO will enter details of the type of asset installed, the name of the project with which the installation is associated, the relevant voltage level, the unit denomination (e.g. 'each', 'km') and, where relevant, the volume of assets installed (i.e. in respect of Cable replacement works)

3.40. In the right-hand portion of the table, the DNO will enter the asset replacement costs associated with that particular asset incurred in each year

3.41. DNOs must complete an entry in this table in respect of the following assets:

- 132kV Sub Cable
- 132kV Transformer
- 132kV UG Cable (Gas)

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<sup>2</sup> As published by the Office for National Statistics

- 132kV UG Cable (Non-Pressurised)
- 132kV UG Cable (Oil)
- 132 kV CB (ID & OD)
- 66 kV Transformer
- EHV Sub Cable
- 33 kV Transformer (GM)

3.42. We recognise that, at the time DNOs submit these completed tables, the final costs associated with an asset may not be known. Therefore, DNOs should report their current view of costs at the time of submission. If necessary, the final costs associated with those assets can be restated in the following year's submission.

### **Worksheet CV5 – Refurbishment**

3.43. This table is for the input of volume and cost data for Refurbishment works that forms part of the total Asset Replacement category.

3.44. All categories listed within this worksheet are defined in the Glossary.

3.45. The total volume of assets refurbished for each class of asset and direct costs are to be reported by the applicable voltage and categorisation listed within the worksheet. The number of units of activity for each asset must be entered into the respective Activity Volumes cells. The costs associated with these must be entered into the respective Total Direct Costs cells in the adjacent table.

3.46. The Unit Cost tables at the top right of the worksheet are formula driven from the volume and cost data entered. They will calculate the annual unit cost and the multi-year average unit cost.

### **Worksheet CV6 – Civil Works**

3.47. This worksheet is for the input of volumes and costs data for civils work that forms part of the total Asset Replacement category.

3.48. There are three separate reporting tables within this worksheet; two for Civil Works Driven by Condition of Civil Items and the other for Civil Works Driven by Plant Asset Replacement. The first table for Civil Works Driven by Condition of Civil Items is a breakdown of works carried out at HV Indoor and Outdoor substations, recording all individual works carried out even if they have occurred at the same substation. The second table for Civil Works Driven by Condition of Civil Items records the number of unique substations where civil works have taken place during the reporting year, broken down by voltage level (HV, EHV and 132kV).

3.49. The total activity volumes and direct costs are to be reported by the applicable voltage and categorisation of civil works and substation listed within the worksheet.

The costs associated with each category of civil works and substation must also be entered into the respective Total Direct Costs cells.

3.50. The Unit Cost tables at the top right of the worksheet are formula driven from the volume and cost data entered. They will calculate the annual unit cost and the multi-year average unit cost.

3.51. The total costs should be split by cost type at the bottom of the worksheet.

3.52. Key terms for this table are defined in the Glossary and include:

- Building
- Cable Bridge
- Cable Tunnel
- Civil Works
- Civil Works Other
- Door
- Enclosures and Surrounds
- Plinths and Groundworks
- LV Street Furniture
- Roof
- Substation
- Substation Indoor
- Substation Outdoor

### **Worksheet CV7 – Undergrounding in Designated Areas**

3.53. This worksheet shows the activity volumes and expenditure associated with Undergrounding in Designated Areas.

3.54. Key terms for this table are:

- Designated area
- Undergrounding within Designated Areas
- Km removed during year
- Km in designated areas at end of year
- UG cables (km) installed during year

3.55. The Activity Volume table is for the volume related to this activity in each regulatory year.

3.56. The Cost table is for the costs of the kilometres of overhead lines removed and the installation of underground cables by voltage level.

3.57. The total costs should be split by cost type at the bottom of the worksheet.



3.58. If the total length of overhead lines located within designated areas in a DNO's network increases, for example due to the expansion of an existing or creation of a new designated area, the DNO must provide an explanation as to why this has occurred.

### **Worksheet CV8 – Legal and Safety**

3.59. This worksheet is for the input of volume and cost data for Legal and Safety.

3.60. The categories for this worksheet are defined in the Glossary and include:

- Site security
- Asbestos management – substations
- Asbestos management – meter positions
- Safety climbing fixtures
- Substation fire protection
- Earthing upgrades
- High Value Projects
- Metal theft remedial works

3.61. The total activity volumes and direct costs are to be reported by the applicable categorisation listed within the worksheet. The volumes correspond to the number of sites for all categories except High Value projects which is reported by number of schemes.

3.62. The costs associated with these Legal and Safety works must be entered into the respective Total Direct Costs cells.

3.63. The table allows for the DNO to add up to five further categories of Legal and Safety work. A full explanation of any additional categories added by the DNO must be included in the Commentary.

3.64. Costs and volumes reported under the High Value Projects category in this worksheet must solely be related to Legal and Safety activities.

3.65. The Unit Cost tables in this worksheet are formula driven from the volume and cost data entered. They will calculate the annual unit cost and the multi-year average unit cost.

3.66. The total costs should be split by cost type at the bottom of the worksheet.

### **Worksheet CV9 – High Value Projects**

3.67. This worksheet is for the input of volume and cost data on High Value Projects.

3.68. The table "Expenditure Breakdown (by project)" table captures HVP volume and expenditure data by project. This includes information including the scheme name, project/scheme ID and investment driver. The corresponding total direct costs should be reported in the adjacent table.

3.69. The investment driver must be picked from the drop down menu in the Detailed Activity table.

3.70. The "Expenditure Breakdown (by driver)" table populates automatically from data contained above.

3.71. The total costs should then be split by each cost type category.

3.72. When reporting a project as a High Value project the costs and volumes associated should not be entered within any other category (for example Asset Replacement or Civil Works) within this workbook.

3.73. The "Activity Breakdown (by project)" table at the bottom of the worksheet collects the activity breakdown by project. This includes the same data as the first table, however adding in additional detail; asset category, and planned and actual additions and disposals. DNOs can add additional rows to this table if required.

3.74. Asset Category and Investment Driver must be picked from the drop down list in each of those columns. Planned asset additions and disposals for the entire project should be populated in the respective columns.

3.75. The total additions and/or disposals for that project should also be entered in the corresponding tables adjacent to the activity breakdown

### **Worksheet CV10 – BT21st Century**

3.76. This worksheet is for the input of volume and cost data for work carried out relating to BT's 21st century project.

3.77. The tables in this worksheet report the volumes and costs of providing replacement protection communication circuits and the costs of operational measures associated with BT 21st Century.

3.78. The categories for this worksheet are defined in the Glossary and include:

- Protection communication circuits – replacement
- Operational Measures
- High Value Projects

3.79. The total activity volume and direct costs are to be reported by the applicable categorisation listed within the worksheet. The volumes correspond to the number of circuits (cct) for all categories except High Value Projects which are reported by number of schemes. High Value Projects in this worksheet relate solely to work undertaken with regards to those under the BT21st century.

3.80. The costs associated with these works must be entered into the respective Total Direct Costs cells. High value projects will populate automatically from data contained elsewhere within the workbooks.

3.81. The Unit Cost tables in the worksheet are formula driven from the volume and cost data entered. They will calculate the annual unit cost and the multi-year average unit cost.

3.82. The total costs should be split by cost type at the bottom of the worksheet.

### **Worksheet CV11 – Flood Mitigation**

3.83. This worksheet is for the input of volume and cost data for Flood mitigation expenditure. It contains a summary of the volume data reported on the V7 Flood Mitigation worksheet.

3.84. Volumes and costs will be reported for Flood Mitigation schemes and Flooding Site Surveys. Costs will be further disaggregated by cost type.

3.85. The categories for this worksheet are defined in the Glossary and include:

- Flooding risk
- Flood mitigation schemes
- Flooding site surveys
- 1 in 100 event
- 1 in 200 event
- 1 in 1000 event
- Non site specific costs

3.86. DNOs should input the costs and volumes associated with flood mitigation schemes and flooding site surveys in the relevant tables. The total activity volumes and direct costs are to be reported by the applicable flooding risk event levels listed within the worksheet. The volumes correspond to the number of substations.

3.87. The Unit Cost tables at the top right of the worksheet are formula driven from the volume and cost data entered. They will calculate the annual unit cost and the multi-year average unit cost.

3.88. The total costs should be split by cost type at the bottom of the worksheet.

3.89. The information provided in this table and V7 Flood Mitigation (site) will be shared with DECC.

### **Worksheet CV12 – Environmental Reporting**

3.90. This worksheet is for the input of volume and cost data for Environmental information.

3.91. This worksheet collects the data corresponding to complying with environmental legislation or guidelines for each of the following categories:

- Visual amenity
- Fluid used to top up cables
- Fluid recovered
- Oil Pollution Mitigation Scheme – Cables
- Oil Pollution Mitigation Scheme - Operational Sites
- Oil Pollution Mitigation Scheme - Non Operational Sites
- SF6 Bank
- SF6 Emitted
- SF6 Emitted Mitigation Schemes
- SF6 Emitted as a Percentage of Mass Installed
- Noise Pollution
- Contaminated Land Clean Up
- Loss reduction schemes
- Environmental Civil Sanctions
- Environmental Management System (EMS) Certified Activities

3.92. These categories are defined in the Glossary.

3.93. Environmental Civil Sanctions includes:

- Environmental Reportable incidents
- Environmental Prosecutions
- Environmental Warnings
- Environmental Cautions
- Environmental Compliance Notice
- Environmental Restoration Notice
- Environmental Fixed Monetary Penalty
- Environmental Enforcement Undertaking
- Environmental Variable Monetary Penalty
- Environmental Stop Notice

3.94. This table excludes Undergrounding in Designated Areas which are reported on a separate table.

3.95. The total activity volumes and direct costs are to be reported by the applicable categorisation listed within the worksheet. The relevant units for the volumes vary according to the specific category.

3.96. The costs associated with this activity must be entered into the respective Total Direct Costs cells.

3.97. Costs for all Environmental reporting need to be split by each cost type category.

3.98. It is not intended that the reporting requirements should be any more onerous than would be required by current reporting or management practices. It is therefore expected that DNOs will use existing information systems to report these measures (including those introduced to support the Operating Code on the Management of Fluid Filled Cable Systems).

3.99. To support the reporting of these indicators, DNOs must include in their commentary:

- discussion of any emerging trends in the environmental data and areas of trade-off in performance
- further details of any reportable incidents or prosecutions
- details of any Environmental Management System (EMS) accredited under ISO or other recognised accreditation scheme
- Ofgem continues to take an interest in Schedule 9 matters and DNOs are also encouraged to send Ofgem copies of their Schedule 9 statements, for instance, after a review or update

3.100. General Environmental Management is the percentage of all DNO activities covered by a certified Environmental Management System (EMS scheme)<sup>3</sup>

3.101. At the bottom of this worksheet is a table to capture cable oil volumes. The table gives clarity on the leakage volumes in relation to the related fluid in service for the cable systems. This table is a Memo item.

### **Worksheet CV13 – Inspections and Maintenance (I&M)**

3.102. This worksheet is for the input of volume and cost data related to Inspections and Maintenance.

3.103. The worksheet reports the volumes and costs associated with inspections, and repair and maintenance by asset type. Then the total direct costs are split by cost type.

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<sup>3</sup> It is not a mandatory requirement for DNOs to have a certified or accredited EMS.

3.104. The total activity volumes and direct costs are to be reported by the applicable category, activity and voltage level listed within the worksheet. The volumes correspond with each volume type listed for the applicable row. The total direct costs for each activity must be entered into their respective cells in the adjacent table. The table at the top of the sheet (rows 5 to 81) is for recording activities by the number of incidences of each activity. For example if 100 inspections of Overhead Pole Lines were carried out at 85 different sites in the year, the activity volume recorded in this table would be 100. The bottom table (rows 119 to 149) is for recording the number of unique sites where inspections were carried out. Using the previous example, the activity volume recorded in this table would therefore be 85.

3.105. All categories within this worksheet are defined in the Glossary.

3.106. The Unit Cost tables in this worksheet are formula driven from the volume and cost data entered. They will calculate the annual unit cost and the multi-year average unit cost.

3.107. As a Memo item enter costs and volumes associated with the Rising and Lateral Mains Re-opener. These should not exceed those costs and volumes entered in the corresponding cells in the main table.

3.108. The Individual Assets Inspected table is for DNOs to report the quantity of individual assets or sites that have been inspected, irrespective of the number of times that the same asset has been inspected. For example if an asset has been inspected four times during the reporting year, a count of four inspections would be included in rows 6-80 however a count of one individual asset or site inspected would be recorded in the Individual Assets Inspected table. This will provide Ofgem with a view of the volume of assets and sites where inspections have taken place during the year and therefore an indication of the scope of the DNOs' inspections work.

### **Worksheet CV14 – Tree Cutting**

3.109. This worksheet is for the input of volumes and cost data related to Tree Cutting.

3.110. These are the volumes and costs of physically felling or trimming vegetation from network assets to comply with the requirements of ENATS 43-8 (horizontal and vertical clearances) and ETR 132 (network resilience) of the ESQCR 2006.

3.111. The key terms for this worksheet are:

- ENATS 43-8
- ETR 132
- Spans Cut
- Spans Inspected (Tree Cutting)
- ETR 132 - Stand alone

- ETR 132 - In addition to 43-8 clearance work
- ETR 132 - As Part of OHL Replacement
- Span length
- Cut Cycle
- Km of network cleared
- Network Parameters
- Tree Cutting Policy
- Tree Cutting Cycle

3.112. The total activity volumes and direct costs are to be reported by the applicable categorisation listed within the each table.

3.113. The costs associated with this expenditure must be entered into the respective Total Direct Costs cells.

3.114. The Unit Cost tables at the top right of the worksheet are formula driven from the volume and cost data entered. They will calculate the annual unit cost and the multi-year average unit cost.

3.115. Costs for all Tree Cutting expenditure then needs split by each cost type category.

3.116. The Network Parameters and ENATS 43-8 Tree Cutting Policy table collects volume data. The total volumes data should be reported by the applicable voltage category and categorisation listed within the table.

3.117. The Progress against ETR 132 table summarises the total Overhead Network Length that has been cleared to meet the standard during the year. The table also requires DNOs to record how much of their total network is compliant with the standard at the reporting date, in km and as a percentage of their total network length.

3.118. It should be noted that DNOs are not required to bring their entire network up to a standard that is compliant with ETR 132. DNOs are only required to bring strategic overhead lines up to this standard. The Regulatory Impact Assessment undertaken by the Department of Trade and Industry assumed that 20% of each DNOs HV & EHV overhead line networks would be classed as strategic. The DNOs total network compliance should therefore be considered against the level of strategic overhead lines on their network.

### **Worksheet CV15 - MTP All Incidents (inc Troublecall)**

3.119. This worksheet is for the input of volume and cost data for MTP All Incidents (including Troublecall).

3.120. The total activity volumes and direct costs are to be reported by the applicable occurrence type, and voltage, and Power System Voltage Equipment

categories listed within the worksheet. The volumes correspond with each volume type listed in the applicable row. The total direct costs for each activity must be entered into their respective cells in the adjacent table.

3.121. The costs and volumes reported in this worksheet should exclude all data (costs and volumes) related to Incidents which occur as part of a Severe Weather 1-in-20 events. The aggregated costs for these events are reported separately in C25 and the disaggregated volumes are to be reported in V10a (which automatically populates the volume data on C25).

3.122. For each of the following activity tables, enter volume and cost data, as directed above:

- Unplanned Incidents on Power System Voltage Equipment - (Non Damage Incidents only)
- Unplanned Incidents on Power System Voltage Equipment - (Damage Incidents Requiring Asset Repair)
- Unplanned Incidents on Power System Voltage Equipment - (Damage Incidents Requiring Asset Replacement).

3.123. The following key terms are defined in the glossary:

- Non Damage Incidents
- Damage Incidents
- Unplanned Incident (unplanned incident on distribution system)

3.124. The volume data from the above mentioned activity tables will automatically aggregate the Unplanned Incidents on Power System Voltage Equipment – Total table (cells F6:L33) from the input tables below.

3.125. The operating cost data for each activity must be entered into the applicable category:

- Switching Only
- Asset Repair Costs Only
- Operating Costs Only (excluding Betterment).

3.126. As part of the reporting in this worksheet, DNOs must populate the Memo Entry Only – Asset Replacement Costs table. The costs in this table are memo entries only to show the costs associated with damage incidents that require the installation of new assets (i.e. betterment). The costs in this memo table must be reported into the corresponding cost and volume and volume worksheets (e.g. CV3 – Asset Replacement, CV4 – Asset\_Repl\_(Memo), V1 – Total Asset Movement, etc).

3.127. The following examples are provided to assist DNOs reporting in this area:



- Non Damage Incidents
  - These Incidents are ones which require only switching to resolve them, such as:
    - Customers' supplies have been interrupted due to a bird, branch, or animal hitting a line but where no further work is required to restore supply due to the re-closure of circuit breakers, or the replacement of fuses.
  - The costs and volumes related to these incidents should be reported in rows 38 – 41 in CV15.
- Damage Incidents Requiring Asset Repair
  - These Incidents require only the minimum work necessary to restore the faulted piece of equipment back to pre-fault availability and result in the restoration of supply, such as:
    - A high voltage underground cable Incident would include location, excavation, and replacement of the minimum length to effect a repair, jointing, and reinstatement, as repair costs.
  - The costs and volumes related to these incidents should be reported in rows 46 – 72 in CV15.
- Damage Incidents Requiring Asset Replacement
  - These are Incidents which if at the time of occurring, there is a justified long term economic benefit for additional replacement (e.g. assessment of fault history, condition, etc.), above the minimum required to restore supply and it is more efficient to undertake this additional work at that time, then the Incident will involve both asset repair and asset replacement costs, such as:
    - A high voltage underground cable Incident on a poorly performing circuit and which has experienced a number of faults in the vicinity, then in this instance a section of cable greater than the minimum would be laid to ensure a permanent resolution. The costs of the initial repair (location, excavation, etc.) would be allocated to operating costs and the additional replacement costs would be reported as memo asset replacement costs in CV15.
  - The volumes related to these incidents should be reported in rows 79 – 105 in CV15. The non betterment costs should be recorded in columns N to S rows 79 to 105. The additional replacement costs should be reported as memo costs in columns V – AA for rows 79 – 105 in CV15.

3.128. For the avoidance of doubt Appendix 2 "Additional Guidance to differentiate Asset Replacement and Trouble Call" of this document has been prepared to assist

DNOs in distinguishing between the allocation of costs related to Damage Incidents and their resolution (minimum repair to effect restoration of supply or Betterment).

3.129. For each of the following activity tables enter both volume and cost data as applicable (the volume for these tables are also separately reported to Ofgem as Non QoS Occurrences):

- Power System Voltage Equipment/No Unplanned Incident
- Other Occurrences (Not affecting power system voltage equipment)

3.130. Throughout the tab the Unit Cost tables are formula driven from the volume and cost data entered. They will calculate the annual unit cost and the multi-year average unit cost, for the subject matter of the relevant table.

3.131. Costs should then be split by cost type at the bottom of the worksheet.

### **Worksheet CV16 – Worst Served Customers**

3.132. This tab is no longer in use, cost information for any schemes undertaken should be recorded in the cost tab C15 – Quality of Service, in the Worst Served Customer schemes table, any volume information should be recorded in the memo tab CM 18 – Worst Served Customers.

### **Worksheet CV17 – Connections Summary**

3.133. This worksheet is for the input of cost and volume data in relation to Connections.

3.134. The annual volume of exit points provided by the DNO as well as POCs to ICPs and IDNOs through the different categories of connection projects is to be entered in the volume table along with the number of exit points that have been adopted from ICPs.

3.135. The annual costs for each of the volume categories are to be entered in the cost table.

3.136. The figures should relate to all exit points or POCs provided within the year and all costs incurred within the year. For the avoidance of doubt, cost incurred in-year on incomplete projects should be included in the table as well as completed exit points associated with connection projects which have not actually financially closed within the year.

### **Worksheet CV18 – Black Start**

3.137. This worksheet provides Ofgem with expenditure and activity on Black Start and emergency batteries. It will be reviewed in light of the recommendations of the Electricity Task Group to the Energy Emergency Executive Committee (E3C).

3.138. There are four types of table within this worksheet. These are:

- activity volume
- total direct costs
- annual unit costs, and
- multi-year average unit costs for the DPCR5 period.

3.139. Only the first two of these require DNO inputs. The latter two are populated automatically using the activity and cost data.

3.140. Activity volumes are split between black start resilience at substations and the securing of existing telecommunications infrastructure. Additionally, DNOs are required to provide data on the outstanding population of both substation and telecommunications sites where the target level of resilience has not yet been achieved.

3.141. Direct cost data is split between black start resilience at substations, the securing of existing telecommunications infrastructure and by cost type.

3.142. The inclusion of any additional reporting requirements in Version 2 of these RIGs in relation to black start does not, for the purposes of paragraph 18.26 of CRC 18 of the Electricity Distribution licence, constitute a change to any of the definitions appearing at paragraph 18.25 of that condition.

## 4. Instructions for completing the Volumes worksheets

### Introduction

4.1. The purpose of the Asset Register is to collect total asset population volume data, and the number of additions and disposals for each asset type. The information provided will be used in conjunction with the cost data to provide information regarding the unit cost for assets, and will inform and enable modelling for RIIO-ED1.

4.2. The Asset Register is a collection of worksheets which show the total number of network assets for each year and the number of network assets added and removed from the network each year. The asset register is not linked to any of the Activity worksheets. For each work driver (eg asset replacement, general reinforcement, etc.), a worksheet has been added to allow each asset addition or disposal to be recorded against the driver.

4.3. The Asset Register consists of the following worksheets:

- V1 – Total Asset Movement
- V2 – Asset Register Connection projects
- V3 – Asset Register General Reinforcement
- V4 – Asset Register Other
- V5 – Asset Register Age Profile

4.4. Definitions for the key terms used within the Asset Register worksheets can be found within the glossary.

4.5. Additions and disposals in each category must be input as positive numbers. The closing balance for each asset category, the total number of additions in each asset category and the total number of disposals in each asset category must be recorded according to the units specified in each worksheet.

### Worksheet V1 – Total Asset Movement

4.6. DNOs are required to input the closing balance for each asset category, the total number of additions in each asset category and the total number of disposals in each asset category as defined within the glossary, for the current reporting year.

4.7. The closing balance for previous years is calculated from the current closing balance minus the total additions plus the total disposals for the current reporting year. If necessary, it also allows for the cleansing of data by DNOs (downward adjustments should be entered as a negative number).

4.8. The closing balance for future years is calculated by adding the next year's total additions and deducting next year's total disposals from the current years closing balance and if necessary allows for data cleansing.

4.9. This worksheet also includes a section for total population data of certain asset types for which disaggregation of additions and removals by investment driver is not required. These asset categories are contained within the 'Other Assets' table at the bottom of the spreadsheet.

4.10. The total count for the following assets within the Other assets section of V 1 must be populated and include:

- LV Fuses (GM) (TM)
- Switching Points with Remote Control/Automation Facility
- GM Indoor Substation
- GM Outdoor Substation
- GM Third Party Substation
- Total GM 33kV Substations
- Total GM 66kV Substations
- Total GM 132kV Substations
- Decommissioned 33kV - Pressurised
- Decommissioned 66kV - Pressurised
- Decommissioned 132kV - Pressurised

4.11. The LV Fuses (PM) count is auto-populated from the PMT count in the top table.

4.12. This worksheet also includes a table for "Shared Infrastructure for Telecoms", with the number of shared poles or towers to be input.

### **Worksheet V2 – Connection Projects**

4.13. This worksheet records asset additions and disposals due to Connection projects; DPCR4 and Connection projects; DPCR5. The number of units of additions and/or disposals in each asset category, as defined within the glossary, must be recorded for the current reporting year.

4.14. The data for this worksheet should comprise of volumes related to work generated under Connection projects; DPCR4 and Connection projects; DPCR5. For this includes pre- 2005 Distributed Generation.

### **Worksheet V3 – General Reinforcement**

4.15. This worksheet records asset additions and disposals due to general reinforcement of the network. The number of units of additions and/or disposals in each asset category, as defined within the glossary, must be recorded for the current reporting year.

4.16. The data for this worksheet should comprise of volumes related to work generated under General Reinforcement and Fault Levels.

#### **Worksheet V4 – Other Movements**

4.17. This data in this worksheet records asset addition and disposal volumes associated with the following activities:

- Quality of Service
- High Value Projects
- Severe Weather Atypical 1-20 Year Events
- Excluded Services (excluding ES1: Connection services)
- Diversion (non fully rechargeable)
- ESQCR
- Connection projects; DG
- Consequential Asset Replacement
- Undergrounding in Designated Areas
- Legal & Safety
- Inspection & Maintenance
- Trouble Call
- Trouble Call (Asset Repair)
- Worst Served Customers
- Environmental Investment
- Dismantlement of redundant assets
- Assets adopted from ICPs

#### **Worksheet V5 – Age Profile**

4.18. DNOs must input the existing asset quantities (by asset category as specified in the worksheet and the glossary) in the Regulatory Year in which they were added to the network.

4.19. DNOs must input the average asset lives for the assets and the standard deviation of asset lives in the asset replacement profile section. Average asset lives are defined as the “expected average age at replacement as experienced by DNO for the asset population (this is the mean value of the asset age replacement profile of the particular asset)”.

4.20. Assets must only appear in this table once they are energised on the network. Assets which have been re-energised must appear in the year in which the asset was originally installed.

4.21. Assets under construction must not be included in the age profile.

4.22. Strategic spares must not be included in this table until installed and energised on the system.

4.23. Assets disconnected and de-energised during the year but which are available for re-commissioning (eg pressure assisted cables) must not be entered in the age profile.

4.24. Asset data must be disclosed by operating, and not by construction, voltage. Where asset data is available only at construction voltage then this must be stated in the commentary.

### **Worksheets V6 to V11 – Activity**

4.25. The purpose of the Activity worksheets are to collect volume data on the number and type of activities and schemes undertaken by DNOs. The information provided will be used in conjunction with the cost data and Asset Register data to provide detailed information regarding the unit cost for assets, and will inform and enable modelling for RIIO-ED1.

4.26. There are six Activity worksheets:

- V6 – Fault Level Reinforcement
- V7 – Flood Mitigation (site)
- V8 – Streetworks
- V9 – MTP one-off EEs only
- V10 – MTP Severe Weather EEs only
- V11 – MTP excluding all EEs

4.27. Definitions for the key terms used within the Activities worksheets can be found within the glossary.

4.28. Additions and disposals in each category must be input as positive numbers. The closing balance for each asset category, the total number of additions in each asset category and the total number of disposals in each asset category must be recorded according to the units specified in each worksheet.

### **Worksheet V6 – Fault Level Reinforcement**

4.29. This worksheet collects data associated with Fault Level Reinforcement.

4.30. DNOs must input the volumes of Switchboards/substation busbars by voltage.

4.31. DNOs must input the number of fault level schemes by voltage against switchboards, transformers and other schemes.

4.32. This data must be categorised according to:

- In Commission at End of Reporting Year

- Fault Level Status at Year End
- Fault Level Risk Mitigation
- Fault Level Reinforcement Schemes
  - For Fault Level Issues on Switchboard/substation busbars
  - For Fault Level Issues Excluding Switchboard/substation busbars

### **Worksheet V7 – Flood Mitigation**

4.33. This worksheet collects volumes and levels of expenditure on work to mitigate the risk of flooding. In the first table, DNOs must provide a site-by-site breakdown as dictated by the table for each site that has a flood risk that is to be mitigated against within DPCR5. In the second table, DNOs must provide a site-by-site breakdown as dictated by the table for each site that has a flood risk that is not scheduled to be mitigated against within DPCR5.

4.34. The information provided in this table and CV11 Flood Mitigation will be shared with DECC.

4.35. The probability of flooding, as identified as part of the ENA Substation Resilience to Flooding Task Group, is to be measured as a “return period” in years to the nearest whole number, i.e. the longest period in years that will pass without the site flooding. For example, if there is a risk of a substation flooding once in 20 years, this must be categorised as a flood risk of 1/20 (to be measured to the nearest whole number). Where this level of analysis is not available and/or the risk has been identified from the EA/SEPA indicative flood maps, enter 1/100 for the 1/100 years contour, 1/200 for the 1/200 years contour or 1/1000 for the 1/1000 years contour. (These categories must be mutually exclusive, e.g. substations at 1/100 years risk must not also be categorised as 1/200 years or 1/1000 years risk – put the substation in the highest level of risk faced).

### **Worksheet V8 – Streetworks**

4.36. See Worksheet CM15 – Streetworks.

### **Worksheets V9 to V11 Medium Term Performance (MTP)**

4.37. This section sets out instructions and guidance for the reporting of information that Ofgem requires for monitoring the medium-term performance of distribution networks. Ofgem intends to collect information on the incidents and causes on electric lines and electrical plant. At future price control reviews Ofgem will want to understand the impact of future expenditure (both capital and operational) on MTP.

### **Worksheet V9 –MTP one-off EEs only**



4.38. This worksheet, MTP one-off EEs only, contains volume levels of incidents that occur as part of one-off exceptional events for which exemptions have been requested and which meet the criteria set out in CRC8 of the distribution licence.

4.39. The volume of incidents should be reported for the number of Unplanned Incidents on Power System Voltage Equipment due to one-off exceptional events.

4.40. All categories listed within this worksheet are defined in the Glossary.

#### **Worksheet V10 – MTP Severe Weather EEs only**

4.41. This worksheet, MTP Severe Weather EEs only, contains volume levels for only those incidents that occur as part of severe weather exceptional events for which exemptions have been requested and which meet the criteria set out in CRC8 of the distribution licence.

4.42. The volume of incidents should be reported for the number of Unplanned Incidents on Power System Voltage Equipment due to Severe Weather exceptional events. All categories listed within this worksheet are defined in the Glossary.

#### **Worksheet V10a – MTP Severe Weather 1-in-20 only**

4.43. This worksheet, MTP Severe Weather 1-in-20 only, contains volume levels for only those incidents which occur as part of severe weather 1-in-20 events for which exemptions have been requested as set out in CRC8 of the distribution licence, and which meet the 1-in-20 thresholds.

4.44. The volume of incidents should be reported for the number of Unplanned Incidents on Power System Voltage Equipment due to Severe Weather 1-in-20 events.

4.45. All categories listed within this worksheet are defined in the Glossary.

#### **Worksheet V11 – MTP excluding all EEs**

4.46. This worksheet shows the remaining MTP incidents that remain after deducting MTP one-off EEs, MTP severe weather EEs, and MTP severe weather 1-in-20.

4.47. The volume of incidents should be reported for the number of Unplanned Incidents on Power System Voltage Equipment.

4.48. All categories listed within this worksheet are defined in the Glossary.

## Worksheets V12 to V15A – Environmental

V12 – Business Carbon Footprint

V13 – TCP

V14 – Registered Power Zone (RPZ)

V15A – Losses

4.49. The purpose of these tables is to provide a framework for the collection and provision of accurate and consistent information on environmental measures. The data is required in order to monitor activity and performance under the different measures, as well as monitoring key drivers of that performance.

4.50. These tables include both measures introduced in DPCR4 and the new measures introduced in DPCR5. Some incentives, such as business carbon footprint require specific information to be provided and manipulated in a very specific manner – and we have provided detailed guidance where this is the case.

4.51. The following terms are used in this chapter, and are defined in the Glossary:

- Business Carbon Footprint (BCF)
- Biomass & energy crops (not CHP)
- Business energy usage
- Business transport
- Charged DG
- DG Voltage Level
- Distributed Generation (DG)
- Environmental Agency (EA)
- Fugitive Emissions
- Grid Supply Point (GSP)
- Hydro
- Landfill gas, sewage gas, biogas (not CHP)
- Large CHP ( $\geq 50\text{MW}$ )
- Medium CHP ( $\geq 5\text{MW}$ ,  $< 50\text{MW}$ )
- Micro CHP (domestic)
- Mini CHP ( $< 1\text{MW}$ )
- No. of GSPs reinforced – total
- No. of new GSPs – total
- No. of GSPs refurbished
- No. of GSPs reinforced - licensee requirement
- No. of new GSPs - licensee requirement
- Offshore wind
- Onshore wind
- Other Generation
- Photovoltaic
- Post-2005 DG
- Pre-2005 DG
- Registered Power Zone (RPZ)
- SF6
- SF6 Leakage

- Small CHP ( $\geq 1\text{MW}$ ,  $< 5\text{MW}$ )
- Tariff group
- tCO<sub>2</sub>e
- Tidal stream & wave power
- Transmission Connection Points
- Waste incineration (not CHP)

4.52. Not in use [Numbering left in to allow for cross referencing with version 3]

4.53. Not in use

4.54. Not in use

4.55. Not in use

### **Worksheet V12 – Business Carbon Footprint**

4.56. This provides a quantification of DNOs' Business Carbon Footprint (in tonnes of CO<sub>2</sub> equivalent) in order for us to assess the carbon footprint across all the DNOs, and in order that we can compile a league table showing year on year percentage change.

4.57. The performance league table will be based on the subtotal of the BCF not including losses.

4.58. Losses are not included in the league table since they are already covered under the Distribution Losses Reporting Requirement. However we have included losses in the total BCF in Worksheet V14 in order to provide an annual estimate of total BCF that will align with other environmental reports produced by the company. This will enable us to present the total BCF across all DNOs, but will not be used in the performance league table.

4.59. The associated commentary must contain the methodology used, including detailed emission tables for each of the sections below, and further information on the methodology adopted.

4.60. It is not expected that DNOs must enter historic data, prior to the data they reported to Ofgem for 2009.

4.61. As stated below, a DNO can select the 12 month period that it intends to use as its confirmed reporting year. This confirmed reporting year must have prior approval from Ofgem. We expect the confirmed reporting year to align with the statutory or regulatory accounts.

### **General principles of the reporting methodology**

4.62. The reporting methodology must be compliant with the principles of the Greenhouse Gas Protocol<sup>4</sup> ("GHG Protocol"). In summary<sup>5</sup>, the BCF reporting must be:

- Relevant: the inventory must reflect the substance and economic reality of the company's business relationships, not merely its legal form
- Complete: all relevant emission sources must be included (although in practice lack of data or cost of gathering could be a limiting factor)
- Consistent: accounting approaches, inventory boundary and calculation methodology must be applied consistently over time
- Transparent: information on the processes, procedures, assumptions and limitations of the BCF reporting must be disclosed in a clear, factual, neutral and understandable manner, enabling internal and external verifiers to attest to its credibility
- Accurate: GHG measurements, estimates, or calculations must be systemically neither over nor under the actual emissions value, as far as can be judged, and that uncertainties be reduced as far as practicable

### **Reporting boundaries**

4.63. DNOs must report on all Scope 1 and Scope 2 emissions (and a subset of Scope 3 emissions, as detailed below) on an "operational control" basis, i.e. report all emissions from operations on which the DNO has full authority to introduce and implement its operating policy.

4.64. DNOs must also report on a subset of Scope 3 emissions (business travel and external contractors), to ensure that the reporting captures all of the emissions arising from the development and operation of the licensee's Distribution System, regardless of the legal entity carrying out each activity. According to this, we consider it valuable to focus on contractors emissions relating to the operational transport fleet and mobile power plants.

4.65. DNOs that form part of a larger corporate group must provide a brief introduction outlining the structure of the group. The commentary must detail which organisations' are considered to be within the reporting boundary for the purpose of this exercise.

4.66. Apportionment of emissions across a corporate group to the DNO business units must be made clear in the commentary.

### **Contractors**

4.67. The exclusion of any contractors must be justified and any thresholds used for exclusion must be stated in the commentary.

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<sup>4</sup> <http://www.ghgprotocol.org/>

<sup>5</sup> For further details, please refer to "GHG Protocol – A corporate Accounting and Reporting Standard", available at: <http://www.ghgprotocol.org/files/ghg-protocol-revised.pdf>

4.68. The commentary must also include an indication of what proportion of contractors have been excluded. This figure could be calculated based on contract value.

4.69. As far as possible, DNOs must try to ensure that data provided from different contractors is based on consistent assumptions.

### **Detailed reporting requirements**

4.70. DNOs are given flexibility to set their own standards for:

- Reporting year. We expect this generally to align with the statutory or regulatory accounts;
- The use of estimates rather than direct measurement<sup>6</sup>, and any exclusion from the reporting based on (lack of) materiality considerations<sup>7</sup>. Any assumptions used to make estimates must be included in the commentary. It is anticipated that data will need to be estimated under two scenarios:
- When the type of emissions is not measured.
- When there is measurement data, but an estimate is required as the data is not at the same level of granularity as required by the summary BCF worksheet.

4.71. As a general principle, DNOs must focus more on the first type of estimation.

4.72. The commentary must include data tables for each area of emissions (ideally at the same level of granularity as the Defra conversion factors ) containing the following information:

- the DNO in question
- the level of emissions (in tCO<sub>2</sub>e)
- the data source and collection process<sup>8</sup>
- the relevant physical units e.g. miles
- the emission conversion factor used
- the source of the emission conversion factor (this shall be Defra unless there is a compelling case for using another conversion factor)
- the Scope of the emissions i.e. Scope 1, 2 or 3
- whether the emissions have been measured or estimated
- any tools used in the calculation
- Whether the emissions stem from contractors

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<sup>6</sup> In accordance with the principles of the GHG protocol and ISO14001, we expect a process of continual improvement, so that estimates are progressively replaced by direct measurement. More attention must be given to those estimates of emissions, which are likely to be significant.

<sup>7</sup> In cases where emissions have not been estimated, it is important that this is transparently documented and justified in the methodology.

<sup>8</sup> Collection processes requiring a more detailed explanation must be elaborated upon elsewhere in the commentary.

4.73. The commentary must also include details of any auditing a DNO has performed to verify their emissions data.

### **Apportionment across Distribution Service Areas**

4.74. When the emissions data is not available for individual Distribution Service Areas then the apportionment factor used must be transparent. The basis for calculating the apportionment factor must also be included in the commentary.

4.75. We expect that the basis for calculating the apportionment factor will vary according to the area of emissions. The table below gives the preferred basis for determining the apportionment factor. Other methodologies can be used, but they must be justified.

Table 4.1: Apportionment factor determination

<b>Area of emissions</b>	<b>Basis for apportionment factor</b>
Building usage	Head count
Operational Transport	Network length or km <sup>2</sup> of the DSA.
Business transport	Head count, or like operational transport
Substations usage	Number of substations
Diesel mobile generation	CML or CI or number of interventions

### **Guidance on completing the worksheet**

#### *Buildings energy usage*

4.76. Emission for electricity usage in buildings must be converted according to the factor for the "Grid Rolling Average".

4.77. Natural Gas, Diesel and other fuels are all categorised as fuel combustion and must be converted to tCO<sub>2</sub>e on either a Gross Calorific Value (Gross CV) or Net Calorific Value (Net CV) basis. We expect that this element of the chosen approach is clearly stated in the commentary and that this is consistently applied over time.

4.78. Electricity usage in substations must be captured under "Buildings energy usage". All substation consumption must be treated as energy supplied rather than losses. It is recognised that not all substations will be metered; rather, it is expected that licensees will in time register all substation as unmetered supplies and develop a common method for estimating consumption. Each licensee must include in its methodology (included in the commentary) the basis on which energy supplied has been assessed. Estimation could be based on a bottom-up approach, whereby the substation energy usage is split into estimates of its constituent parts, such as heating and lighting etc.

#### *Transport*

4.79. Defra guidelines provide for a range of emission conversion factors for transport means, with the aim to provide the best possible estimate of emissions from the vehicle portfolio owned and/or operated by the company. The reporting must, as far as reasonably practicable, use the full range of emission conversion factors available (as applicable to the range of means of transport actually used by the company).

4.80. Defra allows for transport to be entered in terms of both mileage and fuel consumption. Reporting must be based upon mileage, using conversion factors at the greatest level of disaggregation that is reasonably practicable. Reporting can be based on fuel consumption only where detailed and reliable data is available, e.g. through fuel cards.

4.81. In cases where emission factors for specific transport means are not available (we are aware of this issue for helicopters, but there may be some other instances) the equivalent tonnes of carbon dioxide (tCO<sub>2</sub>e) must be estimated and summed to the closest means of transport (e.g. "air" for helicopters). The methodology and assumptions used for estimating/measuring these emissions must be included in the commentary.

4.82. Operational Transport is the transportation (often a fleet of vehicles) used in the day to day operation of the business – i.e. in the inspection and maintenance of the network.

4.83. Business Transport is that undertaken by staff travelling to locations that are other than their normal place of work or moving between sites for purposes such as meetings.

#### *Fugitive emissions*

4.84. This category caters for GHG emissions from a range of gases that may be relevant to the DNO business. We anticipate that this will mainly include SF<sub>6</sub> emissions, but other gases may be included (e.g. HFC from air conditioning). SF<sub>6</sub> emissions must be reported in accordance with ENA-ER S38, using Defra conversion factors.

4.85. The commentary must identify which fugitive emissions have not been calculated or estimated.

#### *Fuel combustion (non-building)*

4.86. This is to cover for non-building fuel usage, such as mobile plants and the stand-by diesel mobile generators that are deployed from time to time in response to planned outages or faults. Defra emissions factors must be used. All mobile plant and generation used by the licensee, related and affiliate undertakings, contactors and sub-contractors must be included in so far as it is reasonably practicable. The

methodology must describe the degree of estimation, and decisions to exclude any sources of emissions, applied.

#### *Losses*

4.87. This is to consider DNOs' responsibility towards losses as a Scope 2 emission, using the Defra conversion factor "Grid Rolling Average" for electricity losses. Substation electricity usage must be excluded from the reported emissions for network losses, so that it is not double-counted.

4.88. The BCF losses are reported on a different basis to the losses reporting required in Worksheet V15A. In Worksheet V15A reporting is based on the activities a DNO has taken to reduce losses in the preceding Regulatory year, whilst in the BCF table the losses must be estimated for the current year.

4.89. As explained above, an estimate of losses is required because it is important for Ofgem to have an indication of the overall BCF for a company and across all DNOs; however the BCF losses estimate is not included in the BCF performance assessment as reported in the league table.

### **Worksheet V13 – Transmission Connection Points**

4.90. The purpose of this table is to collect information relating to the demand and supply capacity at the GSPs substations and to identify new and expanded capacity, in order to monitor and inform the Transmission Connection Point Charges incentive scheme.

4.91. All assumptions must be included in the commentary.

4.92. It is acceptable to use fractions to indicate a shared GSP; where the fraction must indicate what proportion of the Transmission Connection Point Charges for that GSP the licensee pays for. However, an explanation of how the apportionment has been calculated must be included in the commentary.

4.93. Data elements are defined in the glossary, with additional explanation for the Number of substations within (demand/capacity) % bands set out below.

#### **Number of substations within (demand/capacity) % bands:**

4.94. For both Peak demand / n-1capacity and Maintenance period demand / n-2 capacity - >300MW demand groups only, the number of GSP substations within each utilisation percentage band must be reported, where:

- peak demand is the maximum demand of the demand group at the substation,



- maintenance period demand is as defined in the Security and Quality of Supply Standard, and
- for n-2 capacity - >300MW demand groups only, the second circuit outage condition as set out in the SQSS – only applicable for substations where the peak group demand is greater than 300MW.

### Worksheet V14 – Registered Power Zone (RPZ)

4.95. This table collects all the information about Registered Power Zones (RPZ).

4.96. Each individual RPZ should be listed by name, along with the starting year and the RPZ DG capacity connected (or forecast to be connected) in the relevant year where:

- **RPZ starting year is the** reporting year in which the RPZ was first registered
- **RPZ DG capacity is the** sum of Post-2005 DG capacity (in MW) of all the Post-2005 DG whose connection point is contained in a RPZ.

### Worksheet V15A – Losses

4.97. On 16 November 2012 the Authority decided not to proceed with the DPCR5 Distribution Losses Incentive Mechanism in the form that was originally agreed at the time of DPCR5 Final Proposals,<sup>9</sup> due to concerns regarding data and the effectiveness of the incentive. The original DPCR5 losses incentive mechanism has been deactivated in full, and the text of DPCR5 Final Proposals that established the mechanism replaced by a decision document that accompanies the 16 November 2012 decision.<sup>10</sup> The Distribution Losses Reporting Regime (the requirements of which were set out in previous versions of SLC44B and previous versions of the RIGs) is therefore replaced with a new Distribution Losses Reporting Requirement (DLRR).<sup>11</sup>

4.98. The DLRR places an obligation on all DNOs to record and report Specified Information, to an appropriate degree of accuracy, so as to enable the Authority to monitor and publish the actions taken by licensees to reduce distribution losses on their networks. The following instructions describe what the Specified Information is and how it must be reported.

Guidance on reporting Specified Information Category 1

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[http://www.ofgem.gov.uk/Networks/ElecDist/Policy/losses-incentive-mechanism/Documents1/1A\\_Decision\\_Losses\\_DPCR5\\_161112.pdf](http://www.ofgem.gov.uk/Networks/ElecDist/Policy/losses-incentive-mechanism/Documents1/1A_Decision_Losses_DPCR5_161112.pdf)

<sup>10</sup> <http://www.ofgem.gov.uk/Networks/ElecDist/PriceCtrls/DPCR4/Documents1/8944-26504.pdf>

<sup>11</sup> [http://www.ofgem.gov.uk/Networks/ElecDist/Policy/losses-incentive-mechanism/Documents1/4D\\_Decision\\_Losses\\_Reporting\\_DPCR5\\_161112.pdf](http://www.ofgem.gov.uk/Networks/ElecDist/Policy/losses-incentive-mechanism/Documents1/4D_Decision_Losses_Reporting_DPCR5_161112.pdf)

4.99. This information comprises a description of the actions taken/to be taken by a licensee to reduce distribution losses on its network. The actions may be physical (such as replacing an existing transformer with one that provides for lower losses) or non-physical (such as encouraging a new distributed generator to connect in a location which would result in lower losses than if they had connected elsewhere, or instigating a programme to manage theft).

4.100. Each action should be reported individually along with the Specified Information required in Category 2 (described below). It is expected that an individual action will represent one single asset or project or the engagement with one organisation. However, where assets are replaced as part of a broader strategy or where the cost benefit analysis for one investment decision underpins a number of assets, locations or issues, licensees should ensure that each line of the RIGs tables relates to a single class or type of asset, location or issue. This may require breaking down the strategy or decision into different components. Where strategies or decisions are broken down, this should be recorded in the commentary section under Specified Information Category 2.

*Guidance on reporting Specified Information Category 2*

4.101. This information comprises analysis and commentary of the action/s taken by the licensee to reduce distribution losses on its network. The licensee is required to provide the following information and analysis:

- The number of assets, locations or issues represented by the action.
- An estimate (in GWh) of the losses that have been reduced by the action taken. Where the action is associated with events or circumstances that also affect distribution losses, either positively or negatively, the estimate should reflect the distinct impact of the action taken. For example, in relation to the replacement of one transformer with another that provides for lower losses, the estimate will be the difference (in GWh) between the energy lost through use of the first transformer and the energy lost through use of the second. The identification and eradication of an instance of theft would also result in a reduction in losses by the stolen amount. Where a distributed generator is encouraged to connect in a different location due to losses considerations, the estimate will be the effect on losses (in GWh) between connecting in one location versus another. Where the reporting item relates to a number of assets, locations or issues the same principle will apply ie that the estimated losses should be the difference in losses for all of the identified assets only.
- The overall cost to the licensee of the action taken.
- The period over which the action will take place (eg start, duration)

- Where a standard alternative exists, the cost of that alternative. This may, for example, be the cost of installing only a standard transformer rather than one which specifically provides for lower losses (the cost of which would have been set out in line with the above requirement). It is recognised that it may be difficult to identify alternative costs for non-physical actions: in these cases, DNOs may record zero, and provide further information in the "other information" column.
- Whether the action took place on the LV, HV, EHV or 132kV portion/s of the Distribution System.

4.102. In the RIGs tables alongside each action the licensee is required to provide the following commentary:

- Whether the information line is related to any other line. For example because a decision or strategy has been broken down for the purposes of reporting.
- Explanation of the rationale for the action taken (as opposed to the objective, which is to reduce losses). This explanation is expected to include information such as whether the action was the result of an equipment fault, whether it was part of a broader strategy or whether it was driven by some other event and what that event was. There may however be other reasons which the licensee may record as appropriate. In addition licensees should record whether an asset that is being replaced has reached the end of its operational life or whether the replacement is specifically to reduce losses. Licensees should also detail when the decision to proceed with the action was taken, particularly if the decision was made following, and as a result of, the establishment of the DLRR.
- Any other commentary that the licensee feels is appropriate to assist with understanding of the action taken. It is expected that in the majority of cases there will have been a positive cost benefit analysis undertaken prior to a decision to proceed with an action. Licensees should highlight in this column any case where such an assessment was not undertaken or cases where the result was negative but a decision to proceed with the action was taken based on any other motivation.

4.103. Audit requirements in relation to Losses reporting (V15A)

- SLC44B enable the authority to set out requirements as to the scope and conduct of any audit in relation to the licensee's collection, recording and reporting of the Specified Information, which is scheduled in Appendix 1 of SLC44B.
- Ofgem may request an audit of any of the systems, documentation, equipment and activities that DNOs have in place to collect and report information relevant to the DLRR, and evaluate their effectiveness in providing the required

information and any supporting commentary. This audit procedure could be requested at any time relating to the DPCR5 period.

#### *Timescales and reporting*

All of the Specified Information required in respect of the Distribution Losses Reporting Requirement must be collected during the Regulatory Years beginning 1 April 2013 and 1 April 2014. Specified Information pertaining to the Regulatory Year beginning on 1 April 2013 must be reported on or before 31 July 2014. Specified Information pertaining to the Regulatory Year beginning on 1 April 2014 must be reported on or before 31 July 2015.

## **Worksheet V18 – Quality of Service**

### **V18 – QoS Activity**

4.104. This worksheet is a placeholder at present, DNOs are not required to report for 2010. Required reporting for future years in this worksheet will be developed by Ofgem through the Quality of Service Working Group.

## 5. Instructions for completing the Memo and Disaggregated Cost Workbook

### Introduction

5.1. The purpose of the instructions and guidance in this chapter is to provide a framework for the collection and provision of accurate and consistent cost and other data from the DNOs.

5.2. This chapter deals with additional cost data useful to Ofgem in the form of memorandum tables, containing data on a different basis to that collected in the main worksheets, and disaggregated data to allow us a better understanding of the costs reported.

5.3. All costs are to be entered on a Cash Basis (see Glossary) and exclusive of atypical items except where specifically instructed to report data. Cash means exclusive of all provisions and all accruals and prepayments that are not incurred as part of the ordinary level of business.

5.4. All numbers must be entered as positive, except for the following items:

- Income
- Customer Contributions
- Cost Recoveries
- Profits reported in the Non Activity Based Costs worksheets

**5.5. The income must be that which is shown in the Profit and Loss Account (Income Statement), and itself would represent the income on a WIP basis. Any values not shown on a WIP basis must be highlighted in the commentary showing the financial impact of the divergence from that policy.**

### Worksheets - Admin

#### Cover – Memo and Disaggregated Workbook

5.6. This sheet is used for key DNO data including the DNO name, the reporting year and the names of related parties.

#### Navigation

5.7. This worksheet details what tables are contained within the workbook, and provides hyperlinks to all the tabs.

## Check Sheet

5.8. This worksheet collects together the results of all the checks included within the pack to provide an easy reference to determine whether there are any clear errors in the pack. The DNO is not required to input any data on this worksheet.

## Worksheets CM1 to CM8 Disaggregated Cost Data Workbooks

5.9. The following workbooks provide disaggregated cost data to allow a better understanding of the costs incurred by the DNOs. The worksheets consist of:

- CM1 – Network Design and Engineering
- CM2 – Engineering Management & Clerical Support (EMCS)
- CM3 – Control Centre
- CM4 – Operational Training including Workforce Renewal
- CM5 – Operational Training non-cost
- CM6 – Property Management
- CM7 – Finance and Regulation
- CM8 – CEO etc

### Worksheet CM1 – Network Design and Engineering

5.10. This worksheet provides a disaggregation of Network Design and Engineering expenditure to allow Ofgem a better understanding of the costs incurred. The worksheet splits these costs by the following categories:

- Strategic planning of the distribution network
- General and Fault level reinforcement
- Connection projects; DPCR4 and Connection projects; DPCR5
- Connection projects; DG
- Other Network Investment

5.11. These categories are defined within the Glossary.

5.12. Once the total costs of each sub-activity have been entered the check cells will ensure that the total gross costs reconcile with the Network Design and Engineering costs in the Cost Matrix worksheet.

### Worksheet CM2 - Engineering Management and Clerical Support

5.13. This worksheet provides a further disaggregation of Engineering Management and Clerical Support (EMCS) costs to allow Ofgem a better understanding of the costs incurred. The tables split the EMCS costs into the following categories which are defined in the Glossary:

- Identification and Implementation of Improvement Initiatives

- Strategic Network Business Plan Development and Implementation
- Work Planning, Budgeting, Allocation and Control
- Health & Safety
- Streetworks Admin
- Wayleaves Payments
- Wayleaves and Easements/Servitudes: Admin Costs
- Clerical Support

5.14. Any contributions made by customers in regards to Streetworks Admin Costs should be entered here. All income should be entered as a negative number.

5.15. Once the total costs of each sub-activity have been entered the check cells will ensure that the total gross costs reconcile with the costs included for EMCS in the Cost Matrix worksheet.

### **Worksheet CM3 – Control Centre**

5.16. This worksheet provides a disaggregation of Control Centre expenditure to allow Ofgem a better understanding of the costs incurred. The worksheet splits these costs by:

- Outage Planning and Management
- Real Time Control and Monitoring
- Dispatch
- Major Incidents & Emergency Planning.

5.17. These categories are defined within the Glossary

5.18. Once the total costs of each sub-activity have been entered the check cells will ensure that the total gross costs reconcile with the Control Centre costs in the Cost Matrix worksheet.

### **Worksheet CM4 - Operational Training (Costs)**

5.19. This worksheet is the prime data input for Operational Training costs. The table includes the net costs defined as Workforce Renewal (WFR) and other Operational Training costs.

5.20. The purpose of this worksheet is to collect data on operational training (including workforce renewal) to enable the DNOs to demonstrate that they are using their workforce renewal allowance appropriately and ensure the DNOs do not gain undue benefits by deferring expenditure in this area. The workforce renewal element of operational training has been treated on a 'use-it-or-lose-it' basis in DPCR5.

5.21. The tables in this worksheet require costs to be split between the class of staff undertaking the training and between the types of training being provided.

5.22. The classes of staff are split between:

- Craftsperson
- Engineers
- Non-Engineering Roles

5.23. The types of training are split between:

- New Recruits
- Upskilling
- Operational Refreshers

5.24. Operational refresher costs are considered non-WFR costs and must be reported according to the three levels of skills.

5.25. Any open learning course costs should be reported as part of classroom training. Any materials costs etc should be reported within Training and Course Material costs

5.26. DNOs must identify each skill level cost according to whether the training is conducted within a classroom setting or "on the job", as well as training centre and training administration costs.

5.27. Trainer and course material costs associated with classroom training must be reported separately for each of the three categories of operational training.

5.28. Recruitment costs must be reported separately for each of the three categories.

5.29. the check cells will ensure that the total net costs reconcile with those reported in the Cost Matrix worksheet.

### **Worksheet CM5 - Operational training (Non Costs)**

5.30. This table reports non-cost statistics of employees undertaking WFR and non-WFR operational training, as well as numbers of employees leaving the DNO. The data will be used to assist Ofgem to monitor the need, extent and efficiency of training provided.

5.31. The total number of training days attended by all employees should be entered. Individual employees should be counted multiple times if they attend numerous training courses/programmes.

5.32. To achieve this we require data relating to the training required, as indicated by the leaver's data, the number of training days and the number of attendees for training.



5.33. For the three skill levels reported in the operational training sheet, record the number of employees as head count (HC) undertaking operational training who are:

- New recruits recruited in the year
- New recruits recruited in previous years but still undergoing initial training programme
- Up-skilling
- Up-skilling Continuation of upskilling training from prior reporting period
- Undertaking operational refresher training

5.34. For the three skill levels, record the number of FTEs associated with:

- New Recruits (Number of FTEs recruited in the year)
- Up-skilling (Number of FTEs that have completed there up-skilling within the year)
- Leavers - due to retirement
- Leavers - due to reasons other than retirement

### **Worksheet CM6 - Property Management**

5.35. This worksheet provides a further disaggregation of Property Management costs to allow Ofgem a better understanding of the costs incurred.

5.36. Property Management excludes the costs of Operational Training Centres. Those costs are included in the Operational Training activity.

5.37. The Property Management costs are split between the following categories:

- Buildings
- Grounds
- Repairs and maintenance
- Front of house (including security, reception, porters)
- Catering
- Cleaning
- Property Management - Other (including postage, reprographics)

5.38. Once the total costs of each sub-activity have been entered the check cells will ensure that the total gross costs reconcile with the Property Management costs in the Cost Matrix worksheet.

### **Worksheet CM7 - Finance and Regulation**

5.39. See Worksheet C37 – Finance and Regulation

**Worksheet CM8 - CEO etc**

5.40. This is the prime cost data for CEO etc and related costs. The costs are disaggregated to allow Ofgem a better understanding of the costs and to help identify where inconsistency of reporting may be happening.

5.41. The key terms used in this worksheet are sub-activities of CEO etc, and are included within that definition in the Glossary. The sub-activities are:

- Non-executive & group directors labour costs & board meeting costs,
- Management charges from affiliates of a general non-specific nature,
- Provision of corporate communications/community awareness,
- Provision of Legal Services,
- Provision of company secretarial services, and
- CEO etc - Other.

5.42. Once the total costs of each sub-activity have been entered the check cells will ensure that the total gross costs reconcile with the costs included for CEO etc in the Cost Matrix worksheet.

**Worksheets CM9 to CM22 - MEMO Tables**

5.43. These worksheets provide alternative analysis of costs reported elsewhere within the RIGs for specific analysis and to allow a better understanding of these costs by Ofgem. The worksheets included in this section of the workbook are:

- CM9 – Distributed Generation
- CM10 – Information Technology
- CM11 – Contractor Type Analysis
- CM12 – Materials provided by Contractors
- CM13 – Indirects within Contractors
- CM14 - Non-Operational Property Analysis
- CM15 - Streetworks by Category
- CM16 - Streetworks by Cost Type
- CM17 – Full Time Equivalent by Category
- CM18 - Worst Served Customers
- CM19 - Electronic/Electric Vehicle Charging Point
- CM20 - Undergrounding in Designated Areas
- CM21 - Metal Theft and Vandalism
- CM22 - Smart Meters

**Worksheet CM9 – Distributed Generation**

5.44. These tables support and inform the DG scheme and also provide information relevant to use of system charges for DG.

5.45. The accompanying commentary must include ranges of uncertainty for all forecasts of number of projects and MW.

**DG network unavailability (MWh):**

5.46. This is the sum, for all Charged DG, of the products resulting from the multiplication of the network interruption duration, experienced during the reporting year, by the Charged DG capacity for each installation experiencing the interruption.

5.47. It only refers to that DG eligible for network unavailability payments – and therefore where the generator has agreed to the standard condition.

**Network interruption duration:**

5.48. This is, for a Charged DG in the relevant year and connected at HV or above, the total duration of all occurrences on the DNO's Distribution System, within the reporting year, each of which involves a physical break in the circuit between the DG and the rest of the system or any other open circuit condition, which prevents that DG from exporting power for a consecutive period of three minutes or longer. It excludes:

- 50 per cent of the total duration of cases where DNO takes pre-arranged outages of its equipment for which the statutory notification has been given to the DG,
- cases where the relevant agents for DG had specific exemption agreements with the DNO in the connection and use of system agreement(s), (relevant agents being parties such as the generator owner, relevant suppliers, meter registrant or independent distribution network operator who enters into the connection and use of system agreement(s) with the DNO on behalf of the generator), and
- cases where the network interruption was caused primarily by severe weather or other events as more fully described in Appendices 2 and 3 respectively of CRC 8.
- The start time of a network interruption is the earlier of the time at which:
  - the first report, whether from DG, DNO's own alarm system, employee or agent, is received of a loss of connection or other abnormality which prevents a circuit or other item of equipment from carrying output from DG or being able to withstand "through fault current", or
  - the relevant circuit is automatically, deliberately or otherwise disconnected.

5.49. The completion of a network interruption is the time when the connection is restored from the network to the DG so that the DG is able to generate at its agreed capacity.

**Baseline network interruption duration:**

5.50. This is the total network interruption duration in a reporting year for a Charged DG, above which the network unavailability rebate will apply.

**Pre-2005 DG (MW):**

5.51. This is the highest active electrical power that could be generated (or the relevant incremental change of this amount in cases of the expansion of existing DG plant) by Pre-2005 DG that is still energised in the reporting year, with a generator capacity of 5MW(/MVA) or above, according to the connection and use of system agreement(s) in force on 31 March of the relevant year or notification in cases of generation covered by Engineering Recommendation G83/1.

**Pre-2005 DG – No. of projects:**

5.52. This is the number of separate DG plant classified as Pre-2005 DG that are still energised in the reporting year, with a generator capacity of 5MW(/MVA) or above.

**Pre-2005 charged DG – MW:**

5.53. This is the highest active electrical power that could be generated (or the relevant incremental change of this amount in cases of the expansion of existing DG plant) by Pre-2005 DG, according to the connection and use of system agreement(s) in force on 31 March of that relevant year or notification in cases of generation covered by Engineering Recommendation G83/1 and that is subject to use of system charges in the reporting year.

**Pre-2005 charged DG - No of projects:**

5.54. This is the number of separate DG plant classified as Pre-2005 DG that are still energised as the reporting year, with a generator capacity of 5MW(/MVA) or above that are subject to use of system charges in the reporting year.

**Post-2005 DG:**

5.55. Post-2005 DG is reported by technology type, DG voltage level, no of projects and MW connected.

**Technology type:**

5.56. This is classified according to the table below:

**Table 5.1: Technology type**

Type	Description
1	Onshore wind
2	Offshore wind
3	Tidal stream & wave power
4	Biomass & energy crops (not CHP)

5	Hydro
6	Landfill gas, sewage gas, biogas (not CHP)
7	Waste incineration (not CHP)
8	Photovoltaic
9	Micro CHP (domestic)
10	Mini CHP (<1MW)
11	Small CHP (>=1MW, <5MW)
12	Medium CHP (>=5MW, <50MW)
13	Large CHP (>=50MW)
14	Other generation

**Voltage level:**

5.57. This is the voltage level at the point of metering the DG, and is classified as LV, HV, EHV or 132kV.

**No. of Projects:**

5.58. This is the number of separate DG plant.

**MW connected:**

5.59. This is the highest active electrical power that could be generated (or the relevant incremental change of this amount in cases of the expansion of existing DG plant) by a DG for the reporting year, according to the connection and use of system agreement(s) in force on 31 March of that relevant year or notification in cases of generation covered by Engineering Recommendation G83/1.

**Worksheet CM10 - Information Technology Systems Overview**

5.60. This worksheet provides a disaggregated view of new IT and Telecoms operational and non-operational asset expenditure and IT maintenance and running costs.

5.61. The table will be used to identify the total IT that supports the activities within a DNO before any accounting treatments or apportionments are applied. All direct 'Information Technology' costs must be entered on this table on a 'cash typical cost' basis.

5.62. Ensure that the total of the IT maintenance and running costs equals the total of the costs for the IT & Telecoms Activity in table C1.

5.63. Ensure that the total of the New Assets Operational costs equal the total of the costs for the Operational IT & Telecoms Activity in table C1.

5.64. Ensure that the total of the New Assets Non-Operational costs equal the total costs for the IT & Telecoms Activity in table C35 - Non-Operational Capex.

5.65. These costs are to be reported by:

- Infrastructure & Management Costs
- IT Applications Costs

5.66. They are further broken down into the categories of:

- New Assets Operational
- New Assets Non-Operational
- IT Maintenance and Running Costs

5.67. The key terms for this worksheet are defined in the Glossary, and include:

- Telecoms - Telecontrol
- Telecoms - Network
- Telecoms - Management
- IT Servers Support/ Services
- IT Lan Support/Services
- IT Environmental Control Systems
- IT Clients Support/ services
- IT Management

### **Worksheets CM11 to CM13 – Contractors**

5.68. See table C6.

#### **Worksheet CM11 - Contractor Type Analysis**

5.69. See worksheet C6.

#### **Worksheet CM12 – Materials provided by Contractors**

5.70. See worksheet C6.

#### **Worksheet CM13 – Indirects within Contractors**

5.71. See worksheet C6..

#### **Worksheet CM14 - Property Analysis**

5.72. This worksheet collects details of the costs of each of the prime buildings used by the DNO and related parties.

5.73. The first column should include all properties where annual costs to the DNO are less than £500,000. These do not need to be identified separately, but rather a sum total of the cumulative expenditure from all the properties should be entered.

5.74. Non-operational properties are to be individually identified by name and address, as well as the legal title (freehold, leasehold, etc) and space details (gross and usable office space). For each property enter total costs of annual lease/rent costs, labour/pension costs and other costs as stated. Only enter property details for buildings where annual costs to the DNO are £500,000 or more.

5.75. Within each of the first two cost categories indicate whether the various services listed are included or not. If the property management costs are shared by more than one DNO indicate this in the "allocation of property costs" part of the table.

5.76. If needed, add in additional columns to list more buildings.

### **Worksheet CM15 - Streetworks**

5.77. These are costs and volumes associated with complying with traffic management legislation designed to tackle congestion and disruption to the road network during DNO Streetworks activities. These costs and volumes are to be reported in terms of whether the activity is driven by:

- Connection project which has no element subject to the apportionment rules
- Connection project which has an element subject to the apportionment rules
- Network Investment
- Network Operating Costs associated with planned and capital work
- Network Operating Costs associated with unplanned fault work

5.78. For the purposes of this table Network Investment includes:

- Core Network Investment
- Non-Core (ex ante)
- Non-Core (reopener/logging up)
- Stand Alone Funding (RAV)
- Stand Alone Funding (not RAV)
- High Value Projects

5.79. Costs charged initially to the DNOs must be reported separately from those incurred by contractors working for the DNO.

5.80. The table will automatically calculate the Permitting Reopener Costs from the input data.

5.81. Related party costs should be reported as if incurred by the DNO.

5.82. Costs and volumes recovered from the contractors must also be separately reported.

5.83. The table at the bottom should be used to report total Streetworks costs by cost type.

5.84. All income should be entered as a negative number.

### **Worksheet CM16 - Streetworks by Cost Type**

5.85. See worksheet CM15 – Streetworks.

### **Worksheet CM17 – Full Time Equivalent by Category**

5.86. This worksheet collects the number of FTEs (Full Time Equivalent) by category. Enter the number of FTEs for DNO Own and also for Related Parties.

5.87. For Indirect FTEs, this worksheet should be consistent with headcount before reallocation to non-distribution activities.

5.88. The labour and pension costs will populate automatically from data contained in the Cost Matrix. This will then calculate the unit cost for labour only, and then the unit cost for labour and pensions.

5.89. Refer to the Glossary for the definition of any category listed within this section.

### **Worksheet CM18 – Worst Served Customers**

5.90. This worksheet collects data on the number of worst served customers, and the activity volumes and expenditure incurred due to schemes commissioned under the Worst Served Customers mechanism.

5.91. A number of tables in this worksheet populate automatically from the reference data tables (Projects with expenditure in DPCR5, and Project details) provided on the schemes undertaken. The following tables automatically populate from the:



- Customer information
- Performance assessment
- Revenue Recovery
- Customers interrupted in reference period
- Customers interrupted post scheme completion
- Costs per worst served customer benefiting from scheme.

5.92. Certain tables in this worksheet need to be populated by the DNO, these are:

- Unplanned number of customers interrupted
- Projects with expenditure in DPCR5
- Project details
- Number of HV+ incidents within the reference period
- Number of HV+ incidents post scheme completion
- Costs (£k).

5.93. In the “Unplanned number of customers interrupted” table, the DNO is to populate this table with the number of customers who have experienced unplanned interruptions over a three year period. The reporting criteria for this table is by the number of high voltage interruptions in any one year starting at zero and rising in single increments to five or more, and the total number of high voltage interruptions in a three year period (starting at 10 interruptions and rising to 20 or more). The reference period begins three years before the current regulatory year. The purpose of this table is to inform Ofgem of the number of customers satisfying and not satisfying the definition of worst served customers in a DNOs area, based on the current threshold for worst served customers (15 or more HV interruptions in a three year period, with at least three interruptions in each year).

5.94. For the “Project details” table, the DNO is to populate this with the information as requested, such as the number of worst served customers on the substation, number of customers expected to benefit from the scheme, etc. The data provided in this table is used to populate the rest of the worksheet.

5.95. For the “Number of HV+ incidents within the reference period” table, this table should be populated with the number of incidents that defined the customers as worst served.

5.96. For the “Number of HV+ incidents post scheme completion” table, the DNO should insert the data about incidents affecting the substations/customers after the work has been completed.

5.97. For the “Costs (£k)” table, the DNO should insert the expenditure on each project in the regulatory year.

5.98. Key terms for completing this table are defined in the Glossary and include:

- Circuit Reference Number

- Feeder Name/Ref
- Number of Customers expected to Benefit
- Number of HV+ incidents post scheme completion
- Number of Worst Served Customers on feeder
- Number of Worst Served Customers on Substation
- Primary Name
- Scheme id (project number)
- Secondary Substation (name)/Customer Details
- Secondary Substation Ref/customer ref
- Start of reference period
- Type of scheme (brief description of work done)
- Worst Served Customers
- Year Project completed
- Year of request for revenue recovery.

5.99. Where no activity has been undertaken as part of this mechanism, then the DNO should leave these cells blank.

### **Worksheet CM19 – Electronic/Electric Vehicle Charging Point**

5.100. This worksheet collects the costs associated with the rollout of Electronic/Electric Vehicle Charging Points across the DNO's network. This data provides Ofgem with an understanding of the extent to which costs are impacted by the rollout and allows comparisons to be made between the DNOs.

### **Worksheet CM20 – Undergrounding in Designated Areas**

5.101. This worksheet shows activity volumes and expenditure logged up under the Undergrounding in Areas of Outstanding Natural Beauty and National Parks scheme

5.102. Key terms for this table are defined in the Glossary and include:

- Designated Area
- Cost by voltage
- OHL Removed in DPCR5 under DPCR4 allowance
- OHL removed
- Overhead lines inside Designated Areas
- UG cable installed
- Undergrounding inside of Designated Areas
- Undergrounding outside of Designated Areas

5.103. The DNO is to list the length of overhead lines within each of the Designated Areas within their network.

5.104. The order used by the DNO to list the length of lines within Designated Areas will, via formula, be retained in the lines below which collect the in-year activity by designated area.

5.105. Where no activity has been undertaken in a particular Designated Area, these cells should remain blank.

### **Worksheet CM21 – Metal Theft and Vandalism**

5.106. This worksheet collects activity volumes and expenditure associated with the prevention and repair of damage caused by metal theft and vandalism. The worksheet also contains data on the impact of metal theft and vandalism in terms of: claims and compensation due; and CI and CML caused.

5.107. Key terms for this table are defined in the glossary and include:

- Metal Theft – Remedial Work
- Fault level risk mitigation

### **Worksheet CM22 – Smart Meters**

5.108. This worksheet is designed to collect volumes and costs of work arising from the smart meter roll out across each DNO's network. This data will provide Ofgem with an understanding of the extent to which DNOs' costs will be impacted by the roll out and will allow some comparisons to be made between DNOs.

5.109. Ofgem is aware that during the smart meter roll out, increased meter operator activity is likely to identify issues with DNO apparatus at domestic meter positions sooner than may otherwise have been the case, and that this will subsequently bring forward work to address these issues. This may also have an impact on the unit cost of carrying out this work.

5.110. At this stage however, Ofgem does not think it is feasible to disaggregate the 'business as usual' costs brought forward, from those costs arising only as a result of the smart meter roll out. The table therefore currently captures all costs arising from the smart meter roll out. In line with the other Memo tables, the categories listed in this worksheet correspond with categories for which data is reported elsewhere in the Costs and Volumes worksheets. There are also additional rows in the reporting table for DNOs to capture additional costs associated with the smart meter roll out, if they wish, for example work on service terminations or alterations.

5.111. Ofgem recognises that further work will be needed to develop this table in order to more accurately represent the costs of individual smart metering elements.

## 6. Instructions for completing revenue reporting

### Introduction

6.1. The purpose of the instructions and guidance in this chapter is to facilitate the collection of information on a common basis, and to an appropriate degree of accuracy, by each Electricity Distribution Network Operator (DNO) to enable Ofgem to effectively monitor compliance with the Charge Restriction Conditions of the distribution licence (CRCs).

6.2. This chapter sets out instructions and guidance for the collection and reporting of **Price Control Revenue Information** as scheduled at Appendix 1 of SLC 47. This includes items relating to **Use of System Charges** and other matters.

6.3. The charge restriction conditions comprise the special conditions contained in Part 4 of the electricity distribution licence. Their main purpose is to restrict the total amount of revenue which each *DNO* can recover from charges for the use of its distribution system and they reflect the price control review final proposals for the DPCR5 period (1 April 2010 to 31 March 2015).

6.4. The total amount of revenue that a *DNO* can recover from charges subject to the main charge restriction conditions is termed **Combined Allowed Distribution Network Revenue** ('ART'). It is calculated as the sum of the following sub-categories of allowed revenue:

- **Base Demand Revenue** ('BRt'),
- **Allowed Pass-Through items** ('PTt'),
- **Non-generation Incentive adjustments** ('IPTt'),
- **Low carbon networks revenue** ('LCNt'), and
- **Distributed generation incentive revenue** ('IGt'), and
- Connection Activities adjustments.

6.5. Any difference between ART for a particular **Regulatory Year** and actual revenue (**Regulated Combined Distribution Network Revenue**, termed 'RDt') is carried forward to the calculation of ART for the next following **Regulatory Year**.

6.6. In addition, *DNOs* can derive revenue from the following categories of activity/service:

- **Legacy Metering Equipment** provision
- **Data Services** associated with meter point administration
- **Excluded Services:**
  - **ES1 - Connection services**
  - **ES2 - Diversionary works under an obligation**
  - **ES3 - Works required by any alteration of premises**
  - **ES4 - Top-up, standby and enhanced system security**

- **ES5 - Revenue protection services**
- **ES6 - Metering services**
- **ES7 - Miscellaneous**
- Out of area networks:
  - **Demand Use of System Charges**
  - Other charges
- **De Minimis Business.**

6.7. All of these categories of revenue (except **De Minimis Business**) are referred to in the special conditions and further information is provided as appropriate below.

6.8. In order to calculate allowed amounts of revenue and to monitor compliance with the charge restriction conditions Ofgem needs the following data/information:

- The price control formulae and fixed values set out in the charge restriction conditions,
- Values for **RPI** inflation and the **Bank of England's Official Bank Rate** of interest,
- Out turn values from *DNOs* pertaining to the variable terms in the price control formulae in the special conditions, and
- Supporting information in accordance with the schedule given at Appendix 1 of SLC 47.

6.9. The revenue reporting requirements contained in these RIGs relate to the second, third and fourth of these categories.

6.10. The **forecast return** provides an early indication of expected revenue allowances, incentive performances and over/under recovery positions both to Ofgem and *DNO* managers.

6.11. Some information from revenue returns (and forecast returns) may also be published for use by external stakeholders including electricity suppliers, where the basis for such publication has been agreed between Ofgem and *DNOs*.

## **Reporting Templates and the approved Excel reporting workbook**

6.12. Templates A (**detailed return**) and B (**forecast return**) are illustrated as screenshots at the end of this chapter.

6.13. These templates have been incorporated into an Excel workbook which performs all required calculations automatically and which will facilitate efficient delivery and management of the required information. A copy of this workbook will be provided by Ofgem to each *DNO* in time for each reporting requirement. Fixed licence values will be pre-completed as appropriate to each *DNO* and the *DNO* is required to input its out-turn (variable) values in the yellow input cells on worksheets

R5 to R8 for the relevant **Regulatory Year**. Detailed instructions for these input values are given below.

6.14. Worksheets R5 to R8 of the workbook provided by Ofgem constitute the **detailed return** template referred to at SLC 47 A6(a) and must be submitted electronically within the Excel workbook to Ofgem by 31 July following the end of the **Regulatory Year** under report.

6.15. Worksheet R19 of the workbook provided by Ofgem constitutes the **forecast return** template referred to at SLC 47 A6(b) and must be submitted electronically to Ofgem by 31 October during the **Regulatory Year** under report. To facilitate completion of the **forecast return**, the information cells on worksheet R19 are set to auto-populate if the input cells on worksheets R5 to R8 are completed. However, the information cells on worksheet R19 are unlocked and can be over-written if the *DNO* prefers to complete the **forecast return** manually.

#### 6.16. **Accompanying information**

6.17. The reporting workbook does not include any commentary sections. Any additional information which the licensee considers should be provided to explain or describe information included in the workbook must be included in a covering email or letter, submitted electronically to Ofgem before or at the same time as the submission of the workbook.

6.18. However, where a licensee becomes aware of any query or concern regarding revenue reporting requirements, whether of specific or general relevance, the matter must be referred to Ofgem at the earliest opportunity.

## **Instructions and guidance for reporting Price Control Revenue Information**

### **General**

6.19. The following sections contain instructions and guidance for completing the four Template A input sheets (R5 to R8) in the reporting workbook.

6.20. In respect of **Regulatory Year** 2010-11 some values need to be reported which relate to **Regulatory Year** 2009-10 and these must be entered against the relevant descriptors in the column headed "2010" in accordance with the instructions below.

6.21. Licensees must only make entries in yellow input cells and other cells (except data cells on worksheet R19 - see paragraph 6.15) will be locked to prevent inadvertent changes to values and formulae.

6.22. All amounts relating to revenue and expenditure must be entered on an accruals (as opposed to cash) basis unless otherwise stated.

6.23. Terms within this section of tables for which a definition can be found in the Glossary are:

- Agreed Upon Procedures
- De Minimis
- Distribution System
- Eligible IFI Expenditure
- Eligible LCN Fund Project
- New Transmission Capacity Charges
- Out of area networks
- Registered Power Zone

## R5 - Input Page

6.24. This worksheet collects the principal out-turn values needed to calculate the licensee's Combined Allowed Distribution Network Revenue. It also obtains the licensee's Regulated Combined Distribution Network Revenue figure for comparison to that number. In addition it collects information on revenue from Excluded Services, out of area networks and De Minimis Business and provides for input of RPI and interest rate values.

### Regulatory Year under report

6.25. The **Regulatory Year** will normally be entered by Ofgem before the workbook is issued to the licensee, in which case the cell will have been coloured orange and locked.

6.26. If the year has not been entered by Ofgem, then it must be entered by the licensee as, for example "2010-11".

### Basic information

#### RPI

6.27. The value for the **Regulatory Year** under report will normally be entered by Ofgem before the workbook is issued to the licensee, in which case the cell will have been coloured orange and locked.

6.28. If the value has not been pre-entered by Ofgem then it must be ascertained by the licensee in accordance with the definition given in CRC 2. For this purpose **Retail Prices Index** numbers must be obtained from the Office for National Statistics website referring to the 'All Items (CHAW)' index.

Average Specified Rate (It)

6.29. The value for the **Regulatory Year** under report will normally be entered by Ofgem before the workbook is issued to the licensee, in which case the cell will have been coloured orange and locked.

6.30. If the value has not been pre-entered by Ofgem then it must be ascertained by the licensee in accordance with the definition given in CRC2. For this purpose data for the Official Bank Rate must be obtained from the Bank of England website and the **Average Specified Rate** must be calculated using daily values from 1 April to 31 March of the **Regulatory Year** under report. The Bank of England Data leaves out Saturdays and Sundays and these must not be reinserted for the purpose of calculating the average of the daily rates.

Pass-Through ItemsOfgem Licence fee payments (LPt)

6.31. This figure must be the total amount of licence fee payments made by the licensee to the Authority during the **Regulatory Year** under report in accordance with SLC 5.2. This will normally be the sum of two payments made by 30 June and 31 January in the **Regulatory Year** under report. In any case, however, the figure reported must be the total of actual payments made during the **Regulatory Year** – i.e. this item is to be reported on a cash basis.

Business rates payments (RPt)

6.32. This figure must be the amount payable by the licensee in respect of business rates for the **Regulatory Year** under report.

Miscellaneous pass-through items (MPct)

6.33. This figure must be the amount referred to in any direction given to the licensee by the Authority in accordance with CRC4.13. If no such direction has been given in respect of the **Regulatory Year** under report, a zero should be entered.

Uncertain costs (UNct)

6.34. The figure to be entered is the amount of any adjustment notified to the licensee by the Authority in accordance with CRC 18 in respect of the **Regulatory Year** under report. If no such adjustment has been notified, a zero should be entered.

High cost distribution areas (HBt)



6.35. This term is only relevant to Scottish Hydro Electric Power Distribution plc as at 1 April 2010. The amount to be entered is the 'Assistance Amount' as defined in Statutory Instrument 2005 No. 528 - The Energy Act 2004 (Assistance for Areas with High Distribution Costs) Order 2005. All other licensees should enter a zero in this cell.

Non-incentivised Transmission Connection Point Charges (TPt)

6.36. This figure must be the amount payable by the licensee in respect of those Transmission Connection Point Charges for the **Regulatory Year** under report that does not qualify as New Transmission Capacity Charges.

6.37. For the purposes of this input value, non-incentivised Transmission Connection Point Charges includes:

- all charges payable by the licensee to a transmission licensee relating to the number or nature of connections between the licensee's distribution system and the transmission licensee's system,
- all charges payable by the licensee to a transmission licensee for use of the transmission system or for remote transmission asset rental,
- all charges payable by the licensee to another distribution licensee for the transportation of units to an entry point on the licensee's system, for onward distribution to premises connected to the licensee's system ('wheeled unit' charges), but
- not including any capacity charges payable to a transmission licensee in the **Regulatory Year** under report which qualify as 'New Transmission Capacity Charges'.

Shetland balancing (Scottish Hydro Electric Power Distribution plc only)

Annual cost of contracts with third party generators (TPCt)

6.38. This figure must be the cost of contracts with unrelated third party generators for supplying demand customers in Shetland in respect of the **Regulatory Year** under report as notified to the licensee.

Costs of fuel for Lerwick power station (LPSFt)

6.39. This figure must be the cost of fuel purchased for use by Lerwick power station in respect of the **Regulatory Year** under report as notified to the licensee.

Costs of environmental permits for generation in Shetland (EPt)

6.40. This figure must be the cost of environmental permits for generation in Shetland as notified to the licensee.

Income from suppliers for units of electricity generated in Shetland (SHt)

6.41. The figure entered must be the amount paid by electricity suppliers for units of electricity in Shetland during the **Regulatory Year** under settlement arrangements as notified to the licensee.

### **Incentive metrics**

6.42. [not used].

6.43. [not used]

6.44. [not used]

6.45. [not used]

#### *Incentive Payments - Quality of Service (IQT)*

6.46. This figure must be the value for the total quality of service incentive term for the **Regulatory Year** under report ascertained in accordance with the **provisions of CRC 8**.

#### *New Transmission Capacity Charges payable (NTCt)*

6.47. This figure must be the actual amount of **New Transmission Capacity Charges** paid by the licensee for the year under report.

#### *Eligible Innovation Funding Incentive Expenditure (IFIET)*

6.48. This figure must be the amount of Eligible IFI expenditure incurred by the licensee during the **Regulatory Year** under report.

#### *Eligible Innovation Funding Incentive Expenditure (IFIET) in 2009-10*

6.49. This figure must be the amount of **Eligible IFI Expenditure** incurred by the licensee during **Regulatory Year** 2009-10 as defined in special condition C3 of the distribution licence in the form it was in force at 31 March 2010 and as reported as the IFIET value by the licensee in its regulatory revenue return to Ofgem for that **Regulatory Year**.

#### *Low Carbon Networks Fund*

LCN Fund Allowable First Tier Expenditure (LCN1)

6.50. On the input sheet, the figure for LCN1 must be the allowable expenditure incurred by the licensee on **Eligible LCN Fund Projects** during the **Regulatory Year** under report.

6.51. Allowable expenditure reported for any **Regulatory Year** must not be more than the annual allowance set against the licensee's name at Appendix 1 to CRC13. A caution message appears on worksheet R13 LCN if the reported figure exceeds the licensee's **LCN Fund First Tier Allowance and the formula in row 17 of that worksheet limits the LCN1 value in the LCN total accordingly.**

First Tier non-recoverable deduction (LCN3)

6.52. This figure must be the amount of any first tier non-recoverable expenditure referred to in a direction given to the licensee by the Authority under CRC 13 Part D. It must be entered as a positive value.

6.53. If no direction has been received with reference to the **Regulatory Year** under report, a zero should be entered.

Second Tier and Discretionary Funding Mechanism (LCN2)

6.54. For the purposes of the LCN<sub>t</sub> formula, LCN<sub>2t</sub> is to be the amount specified for Regulatory Year t to be recovered by each DSP as determined by the Authority under CRC 13 Part C in relation to:

- (a) Second Tier Funding specified for Regulatory Year t;
- (b) any Discretionary Funding specified for Regulatory Year t;
- (c) any Halted Project Revenues specified for Regulatory Year t; and
- (d) any Returned LCN Fund Royalties specified for Regulatory Year t.

6.55. This figures for the elements of LCN<sub>2t</sub> must be the amounts specified in the direction given by the Authority under CRC 13 Part C during the **Regulatory Year** under report as being the amount to be added to the licensee's allowed revenue as an element of the **LCN2** term amount to facilitate the second tier and reward funding mechanism of the **Low Carbon Networks Fund**.

6.56. The amount will normally be a positive value. If, exceptionally, the directed amount is a negative value then it must be entered in the worksheet as a negative value.

Second Tier – Royalties.

6.57. For the duration of LCN Fund projects, the Governance document provides for reporting on projects. However, some LCN Fund projects might result in royalties earned from foreign network operators in years after the project has ended.

Consequently, licensees need to be able to report on royalties in the annual revenue return. Hence on the input sheet, rows are provided to enter the royalties received from five LCN projects.

6.58. The Gross Royalties earned should be entered in the first section.

6.59. 'Directly Attributable Costs' are deducted from the gross royalties. Directly Attributable Costs are defined in CRC 13 as follows:  
Directly Attributable Costs are those costs relating to the maintenance and management of intellectual property generated through Second Tier LCN Fund projects (whether by the licensee or another DSP) and must not have been remunerated by Use of System Charges, Metering Point Administration Services, Legacy Metering Equipment and Data Services or Excluded Services or the LCN Fund Second Tier and Discretionary Funding Mechanism.

6.60. Of the LCN Fund revenues, the amount to be returned to own customers will be specified in a direction given by the Authority. Only any Returned LCN Fund royalties specified in a direction (a negative value) form part of the LCN2 term for the year.

6.61. DNOs are required to include their proportion of royalties that have been Retained as a reconciling item in their revenue return in sheet R8 'Reconciliation of Turnover to Regulatory Accounts'.

### **Distributed Generation revenue**

#### Total Incentivised DG Capacity (Gct)

6.62. The figure entered must be the Total Incentivised DG Capacity directly or indirectly connected to the licensee's distribution system as at 31 March (the last day) of the Regulatory Year under report, as referred to at CRC 11.5.

6.63. The capacity reported must be consistent with the definitions of Total Incentivised DG Capacity and Relevant DG given in part L of CRC 11 and any instructions and guidance given in the Network Asset Data and Performance Reporting RIGs.

6.64. It should be noted that the capacity reported must:

- only relate to Relevant DG with a connection date on or after 1 April 2010 - DG with an earlier start date is catered for in the adjustment term for DG with a connection date on or before 31 March 2010 (the GLt term), and
- be reported on a cumulative basis – e.g. if there is 50 MW of Relevant DG capacity with a connection start during Regulatory Year 2010-11 and a further 30 MW of Relevant DG capacity with a connection start during Regulatory Year 2011-12, then the figure to be reported for 2011-12 will be 80 MW.

Amount of Capex transferred from the DG incentive scheme (GTj)

6.65. The figure entered must be the amount of Capex which has been excluded from the DG incentive scheme and transferred to the licensee's RAV (regulatory asset value) under CRC 11.7 and Part K of CRC 11.

6.66. An amount must only be entered where the licensee has received formal consent from the Authority for a transfer; otherwise the amount entered should be zero.

Amount of Use of System Capex for DG (GPSj)

6.67. The figure entered must be the amount of Use of System Capex for DG for the Regulatory Year under report as defined in Part L of CRC 11 with reference also to the definition of Total Capex for DG in that Part.

6.68. The figure must correspond to the figure for DG capex costs net of customer contributions in the licensee's cost reporting return for the same Regulatory Year.

RPZ DG capacity (GCZt)

6.69. The figure entered must be RPZ DG Capacity as defined in Part L of CRC 11, with reference to the definition of Registered Power Zone (RPZ) in CRC 2.

6.70. This means that all of the capacity included in the figure must:

- be connected in an area registered as an RPZ by the Authority on or before 31 March 2010,
- relate to generating units commissioned less than five years before the date of the return, and
- relate to generating units commissioned on or before 31 March 2012

Inset Electricity Distributor DG revenue (IEDAt)

6.71. As at 1 April 2010, this term is only applicable to EDF Energy Networks (LPN) plc.

6.72. The figure entered must be the amount to be included in the licensee's incentive revenue for distributed generation calculated in accordance with Part F of CRC 11.

6.73. Revenue collected by an Inset Electricity Distributor counts towards the licensee's allowed revenue (via the pass through term IEDt) so it is important that appropriate amounts feed through to Combined Allowed Distribution Network

Revenue. The licensee's Base Demand Revenue allowance already includes an amount relating to any Inset Electricity Distributor.

### **Correction factor**

#### Regulated Combined Distribution Network Revenue (RDt)

6.74. The figure entered must be the licensee's total revenue from **Use of System Charges** for the **Regulatory Year** under report as defined in CRC2.

6.75. This figure must not include any amounts received from other DNOs under the **Low Carbon Networks Second Tier Funding Mechanism**.

6.76. Revenue from any charges to other distributors for the 'wheeling' of units must be included in **Regulated Combined Distribution Network Revenue**.

**6.77. No deduction must be made from the reported value of Regulated Combined Distribution Network Revenue in respect of 'wheeling' charges paid to another distributor, since in DPCR5 these costs are included in Transmission Connection Point Charges.**

#### Inset Electricity Distributor Revenue (IEDt)

6.78. As at 1 April 2010, this term is only applicable to EDF Energy Networks (LPN) plc.

6.79. The figure entered must be the amount of revenue received by any **Inset Electricity Distributor** (as defined in CRC2) in accordance with the definition at CRC4.4.

#### Balance of revenue provision accounts

6.80. This figure must be entered as the total closing balance on any account(s) in which the licensee records differences between Use of System Charges for any Regulatory Year and Regulated Combined Distribution Network Revenue for any Regulatory Year as recognised in its price control returns, even if such accounts are not used on an ongoing basis.

#### Net movement on revenue provisions

6.81. This figure must be entered as the net amount taken to (positive) or released from (negative) any account(s) in which the licensee records differences between Use of System Charges for any Regulatory Year and Regulated Combined Distribution Network Revenue for any Regulatory Year as recognised in its price control returns. If no such accounts are used, then a nil value must be entered in the field.

6.82. Provision accounts referred to in paragraphs 6.65 and 6.66 include any accounts used in relation to the 'trend analysis' of settlement data whether referred to as under/over billing accounts or otherwise.

Regulated Demand Revenue 2009-10

6.83. This figure must be the amount of the licensee's Regulated Demand Revenue from Use of System Charges for Regulatory Year 2009-10, as defined in special condition A1 of the distribution licence which was in force at 31 March 2010 and as reported against that term in the licensee's detailed revenue return for Regulatory Year 2009-10.

6.84. This input is only required for the first detailed return submission in the DPCR5 period unless revised as a result of a restatement in accordance with the provisions of SLC 47.15.

Network Generation Revenue 2009-10

6.85. This figure must be the amount of the licensee's Network Generation Revenue from Use of System Charges for Regulatory Year 2009-10, as defined in special condition A1 of the distribution licence which was in force at 31 March 2010 and as reported against that term in the licensee's detailed revenue return for Regulatory Year 2009-10.

6.86. This input is only required for the first detailed return submission in the DPCR5 period unless revised as a result of a restatement in accordance with the provisions of SLC 47.15.

Allowed Demand Revenue 2009-10

6.87. This figure must be the amount of the licensee's Allowed Demand Revenue for Regulatory Year 2009-10 as defined in special condition A1 of the distribution licence which was in force at 31 March 2010 and as reported in the licensee's detailed revenue return for Regulatory Year 2009-10.

6.88. This input is only required for the first detailed return submission in the DPCR5 period unless revised as a result of a restatement in accordance with the provisions of SLC 47.15.

Allowed Network Generation Revenue 2009-10

6.89. This figure must be the amount of the licensee's Allowed Network Generation Revenue for Regulatory Year 2009-10 as defined in special condition A1 of the distribution licence which was in force at 31 March 2010 and as reported in the licensee's detailed revenue return for Regulatory Year 2009-10.

6.90. This input is only required for the first detailed return submission in the DPCR5 period.

### **CRC 12 Connection Activities Adjustments**

#### Adjustment for clawback direction sums unpaid after 12 months (AUMt)

6.91. This figure must be the aggregate amount of any sums remaining unpaid after 12 months in respect of any Clawback Direction issued under the provisions of Part F of CRC 12.

#### Adjustment re. failure to provide connection performance systems verification (CGSSPt)

6.92. This figure must be the amount ascertained in accordance with the formula and requirements in Appendix 2 of CRC 12, being the adjustment to Combined Allowed Distribution Network Revenue for any failure by the licensee to provide the Authority with the verification referred to in paragraph A2.1 of that licence condition.

#### Adjustment re performance standards payments in excess of exposure cap (CGSRAt)

6.93. This figure must be the amount ascertained in accordance with the formula and requirements in Appendix 3 of CRC 12, being the adjustment to Combined Allowed Distribution Network Revenue in respect of payments made under the specified performance standard requirements which are in excess of the licensee's revenue exposure cap.

### **Adjustment under the Tax Trigger mechanism**

6.94. This figure must be the amount set in a direction given by the Authority in regulatory years commencing on or after 1 April 2012.

### **Excluded services**

6.95. Services to be treated as Excluded Services are covered under CRC 15 and the specific categories of excluded service are set out at Appendix 1 to that condition.

#### Connection services (ES1)

6.96. The three figures to be input are respectively:

- Revenue from connection charges which did not include a margin of profit, either because they related to an **Excluded Market Segment** or because the licence requirements relating to the charging of a margin had not been met,



- Revenue from connection charges which included (only) a regulated margin of profit in relation to which the licensee had given the Authority a **Regulated Margin Notice, and**
- Revenue from charges which included an unregulated margin of profit in relation to which the licensee had satisfied the **Legal Requirements Test** and the **Competition Test**.

6.97. The three categories are exclusive so that the sum of the three figures must correspond to the licensee's total revenue from connection charges for the Regulatory Year under report.

6.98. Amounts collected in respect of connection charges must be:

- included, even where the licensee does not categorise the sums as revenue in its financial accounts – in such cases, a reconciling entry must be made in the row provided on the Reconciliation Inputs worksheet,
- net of any amounts repaid to customers under a Clawback Direction if applicable, and
- consistent with equivalent amounts reported under any other RIGs requirement.

*Diversions works under an obligation (ES2)*

6.99. The figure entered must be the total of revenue from charges for the relocation of electric lines or plant pursuant to a statutory obligation (other than under sections 9(1)(general duties of licence holders or 16(duty to connect on request) of the Electricity Act 1989).

6.100. Since CRC 15.9 stipulates that charges for this service are to be set on a cost recovery basis, total revenue Should be consistent with associated information in the licensee's cost reporting return. The licensee is expected to use information from its cost reporting , in conjunction with its charging methodologies, to refine its charges for subsequent periods so that they continue to be set on a cost recovery basis.

*Works required by any alteration of premises (ES3)*

6.101. The figure entered must be the total of revenue from charges for the relocation of electric lines or plant or electricity meters to accommodate the extension, redesign or redevelopment of premises.

6.102. Since CRC 15.9 stipulates that charges for this service are to be set on a cost recovery basis, total revenue must be in line with the total costs figure for this service in the licensee's cost reporting return. To the extent that there is a difference between total costs and revenues (because estimates of cost or activity levels have been used to set elements of charges) the licensee is expected to use this information to refine its charges for subsequent periods.

*Top-up, standby, and enhanced system security (ES4)*

6.103. The figure entered must be the total of revenue from charges for Top-up, standby and enhanced system security.

6.104. Charges made, and revenue received in this category should normally be referable to a written agreement with a use of system customer.

6.105. Since CRC 15.9 stipulates that charges for this service are to be set on a cost recovery basis, total revenue must be in line with the total costs figure for this service in the licensee's cost reporting return. To the extent that there is a difference between total costs and revenues (because estimates of cost or activity levels have been used to set elements of charges) the licensee is expected to use this information to refine its charges for subsequent periods.

#### Revenue protection services (ES5)

6.106. The figure entered must be the licensee's total revenue from charges for Revenue protection services.

6.107. CRC 15.9 stipulates that charges for this service are to be set on a basis which allows the licensee to recover its reasonable costs and a reasonable margin. The difference between the figure reported here and the total costs figure for this service in the licensee's cost reporting return will constitute the margin of profit on this service for the Regulatory Year under report.

6.108. Revenue reported in this figure must relate to contractual arrangements with a third party (which could be an affiliate of the licensee) for revenue protection services over and above those required of the licensee under licence conditions or the DCUSA<sup>12</sup>.

#### Metering excluded services (ES6)

6.109. No input is required as this row reports the total for metering excluded services from the Metering Inputs worksheet.

#### Miscellaneous (ES7)

6.110. The figures to be entered here are for revenue from Miscellaneous excluded services as defined in CRC 15.

6.111. A descriptor must be entered for each type of Miscellaneous excluded service under the definition. Services from which the revenue for the Regulatory Year concerned is less than £0.1m may be grouped together under a single descriptor of "Other". However, services must not be artificially disaggregated to take them below this threshold.

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<sup>12</sup> The Distribution Connection and Use of System Agreement

6.112. Monies recovered from third parties in respect of liability for damage to the licensee's Distribution System must not be reported in this category. These sums must be reported as cost recoveries in the licensee's cost reporting returns. Where appropriate, a reconciling entry must be made on worksheet R8 in respect of the aggregate value for the Regulatory Year under report.

6.113. CRC 15.9 stipulates that charges for this service are to be set on a basis which allows the licensee to recover its reasonable costs and a reasonable margin. The difference between the figure reported here and the total costs figure for this service in the licensee's cost reporting return will constitute the margin of profit on this service for the Regulatory Year under report.

Out of area networks - Use of System

6.114. This figure must be the total amount of revenue received by the licensee from Demand Use of System Charges relating to distribution networks which are owned or operated under its distribution licence but which are situated outside its Distribution Services Area.

Out of area networks - Other

6.115. This figure must be the total amount of revenue received by the licensee from all charges other than Demand Use of System Charges relating to distribution networks which are owned or operated under its distribution licence but which are situated outside its Distribution Services Area.

De Minimis Business

6.116. The figures to be entered here are for revenue from De Minimis Business activities as defined in SLC 1 and SLC 29. Revenue relating to activities referred to at SLC 29.4 (Activities not prevented by the general prohibitions) must also be reported in this section, even though they are not De Minimis Business activities per se.

6.117. A descriptor must be entered for each type of De Minimis Business activity. Activities from which the revenue for the Regulatory Year concerned is less than £0.1m may be grouped together under a single descriptor of "Other". However, activities must not be artificially disaggregated to take them below this threshold.

6.118. [not used]

6.119. [not used]

6.120. [not used]

6.121. [not used]

## **R7 - Metering Inputs**

### **Legacy Metering Equipment provision**

6.122. This worksheet gathers information for monitoring compliance with the price cap charge restrictions for Legacy Metering Equipment as set out in CRC 6. Requirements and definitions relating to Legacy Metering Equipment are also contained in standard conditions 1 and 34 of the distribution licence.

#### Total revenue for each meter type

6.123. For each meter type (including 'other types of meter' and sub-categories thereof), the total revenue for the Regulatory Year under report must be entered.

#### Maximum charge levied for each meter type

6.124. For each meter type (including 'other types of meter' and sub-categories thereof), the highest charge levied per meter at any point during the Regulatory Year under report must be entered.

#### Other types of electricity meter

6.125. For 'other types of meter', the licensee must enter two additional values to allow the price cap amount to be calculated:

- Modern Equivalent Asset Purchase Price, and
- Expected economic life

#### Modern Equivalent Asset Purchase Price (MEAPi)

6.126. The Modern Equivalent Asset Purchase Price for each 'other type of meter' must be entered. This is defined as the price of the meter type concerned as at 1 June 2003 or the nearest determinable date thereafter and values should be entered in the nominal price of that time. Indexation is applied through the PIT term in the formula for the maximum amount which may be charged for each 'other type of meter' (MAPPct).

#### Expected economic life (ELAi)

6.127. The expected economic life for each 'other type of meter' must be entered.

Descriptor (for each sub category 'i')

6.128. A descriptor must be entered for each sub category of 'other types of meter' reported by the licensee. These meter types must be sub-divisions of the types specified at CRC 6.13.

*Adjustment factor*

6.129. The value of any extant adjustment factor applicable under Part H of CRC 6 must be entered. If there is no applicable adjustment factor the value should be entered as zero.

*Metering Excluded Services*

6.130. The licensee must enter a descriptor for each type of metering excluded service which it carries out and the revenue received. This covers all type of metering activity carried out by the licensee except Legacy Metering Equipment provision. The total is automatically included against ES6 on the Input worksheet.

6.131. Although there are no charge restrictions associated with metering excluded services, this information is required because they fall within the scope of the overall price control regime.

*Revenue from Data Services*

6.132. The figure entered must be the licensees revenue from Data Services (data transfer services and metering point administration services) as defined in SLC 1.

6.133. R8 - Reconciliation Inputs

6.134. This worksheet requires the licensee to report the turnover/revenue total figure included in its Regulatory Accounts for the Regulatory Year under report. It also requires the licensee to list any reconciling adjustments necessary to bring that figure into line with its total revenue as reported in the workbook.

Connections contributions not treated as revenue

6.135. For regulatory reporting purposes, customer contributions towards connection costs are considered to be excluded services revenue and so are included in the figure for 'total revenue from excluded services'. However, DNOs may not account for these sums as revenue in the year of receipt in their financial accounts, for example where it is treated as deferred revenue.

6.136. Therefore, any difference between the amount reported as revenue under excluded services category 'ES1' and the amount of connections contributions

recognised by the DNO as revenue for the Regulatory Year under report must be entered in this pre-labelled row.

#### Other reconciling items

6.137. Any other reconciling items must be entered against an appropriate descriptor.

#### Turnover/revenue total from Regulatory Accounts

6.138. The figure entered must be the licensee's turnover/revenue total as reported in its regulatory accounts for the same Regulatory Year. An error message is shown on the worksheet if the reconciled totals do not match.

6.139. Information on calculation and output sheets

### **R9 - Base Demand Revenue**

6.140. This worksheet calculates Base Demand Revenue (BRt) in accordance with the formula at CRC 3.5.

6.141. R10 - Pass-Throughs

6.142. This worksheet calculates the value of the allowed pass-through term (PTt) as the sum of:

- a licence fee adjustment (Lft),
- a business rates adjustment (RBt),
- a deduction of the amount received in relation to assistance for areas with high distribution costs, only applicable to Scottish Hydro Electric Power Distribution plc as at 1 April 2010 (HBt),
- a deduction representing use of system revenue received by an Inset Electricity Distributor, only applicable to EDF Energy Networks (LPN) plc as at 1 April 2010),
- an adjustment for any other pass-through items (MPT) made up of miscellaneous pass-through items, where applicable and Shetland balancing costs, the latter only applicable to Scottish Hydro Electric Power Distribution plc,
- a transmission connection point charges adjustment, and
- any relevant adjustment in relation to the recovery of uncertain costs.

6.143. [not used]

6.144. [not used]

### **R12 - Incentives**

6.145. This worksheet calculates the value of the non-generation incentive term (IPt) as the sum of:

- 
- the total quality of service incentive adjustment (IQt),
- the transmission exit charges incentive adjustment (ITt), and
- the innovation funding incentive adjustment (IFIt).

## R13 - LCN

6.146. This worksheet calculates the value of the low carbon networks adjustment as the sum of:

- allowable expenditure under the **First Tier Funding Mechanism** (LCN1t),
- any deduction for **First Tier Funding Mechanism** non-recoverable amounts (LCN3t), and
- the amount to be collected in respect of the **Second Tier Funding Mechanism** (LCN2t).

6.147. A caution message is shown if the LCN Fund Allowable First Tier Expenditure figure reported exceeds the licensee's LCN Fund First Tier Allowance and the formula in row 17 limits the LCN1 value in the LCN total accordingly.

6.148. R14 - Distributed Generation

6.149. This worksheet calculates the value of the incentive revenue for Distributed Generation term (IGt) as the sum of:

- the total incentive payment in the **Regulatory Year** (GIt),
- the pass through (return on capex) term (GPt),
- the operational and maintenance costs term (GOt),
- allowed revenue in respect of DG connected prior to 31 March 2010 (GLt),
- allowed revenue in respect of DG connected to the network of an **Inset Electricity Distributor** (as at 1 April 2010, this term is only applicable to EDF Energy Networks (LPN) plc), and
- incentive revenue in relation to **Registered Power Zones**.

## R15 - Correction Factor

6.150. This worksheet calculates the correction factor (brought forward over/under recovery). A brought forward under recovery is expressed as a negative value.

6.151. The correction factor is calculated as Regulated Combined Distribution Network Revenue minus Combined Allowed Distribution Network Revenue for the

preceding year adjusted by an interest rate factor which is determined in accordance with CRC 14.

## R16 - Combined Allowed Revenue

6.152. This worksheet calculates Combined Allowed Distribution Network Revenue (ARt) as the sum of:

- **base demand revenue** (BRt),
- allowed pass-through items (PTt),
- non-generation incentive adjustments (IPt),
- low carbon networks revenue (LCNt),
- distributed generation incentive revenue (IGt),
- connection activities adjustments, and
- the correction factor (Kt)

## R17 - Metering

6.153. This worksheet calculates the maximum allowed charge for each type of legacy meter and compares it to the charge level reported by the licensee. It also provides an overall total for revenue from the provision of Legacy Metering Equipment.

## R18 - Output Summary

6.154. This worksheet displays each item comprising Combined Allowed Distribution Network Revenue with the constituent term values.

6.155. It also displays summary revenue information in relation to:

- **Legacy Metering Equipment** provision,
- **Data Services**,
- **Excluded Services**,
- out of area networks, and
- **De-Minimis Business** activities.

## Process for dealing with an event with a material impact on the consistency or accuracy of information

6.156. Paragraphs 11 to 14 of SLC 47 set out the process to be followed when a change in the processes or procedures of the licensee or the industry mean that the guidance in this section is inadequate/insufficient, having a 'significant effect' on charge restriction calculations. Paragraph 47.13 requires the licensee to request guidance from the Authority where it identifies such a situation.

6.157. Requests for guidance must be addressed to the Authority and marked for the attention of the Costs and Outputs team within the Local Grids and RPI-X@20



Directorate of Ofgem. The title of any letter or email in this respect must include the wording "Request for guidance under SLC 47.13". Requests for guidance will be handled in accordance with SLC 47.14 and a response provided as quickly as possible.

**Illustrations of electronic templates for the detailed and forecast returns -  
Detailed Return Template A**

**R5 Input Page**

**DNO Name**  
Regulatory Year ending 31 March 20xx

		Reg Yr ending 31 March:					Range Name
		2010	2011	2012	2013	2014	2015
<b>1 Basic Information</b>							
DNO Name		Regulatory Year ending 31 March 20xx					COMPNAME
Regulatory Year							Reporting_year
RPI	%	-0.39%	4.69%	5.18%	3.00%		RPI
Average Specified Rate	I <sub>1</sub> %	0.50%	0.50%	0.50%			Int_rate
<b>2 Pass Through items</b>							
Ofgem Licence fee payments	LP <sub>1</sub> £m						LP
Business rates payments	RP <sub>1</sub> £m						RP
Miscellaneous pass through	MPC <sub>1</sub> £m						MPC
Uncertain costs	UNC <sub>1</sub> £m						UNC
Assistance for high-cost distribution areas	HB <sub>1</sub> £m						HB
Transmission connection point charges	TP <sub>1</sub> £m						TP
<u>Pass Through - Shetland balancing (SHEPD only)</u>							
<b>3 Incentive Payments</b>							
<u>Incentive Payments - Losses</u>							
<i>Not activated, as per decision document ref 149/12</i>							
<u>Incentive Payments - Quality of Service</u>							
Total quality of service Incentive	IQ <sub>1</sub> £m						IQ
<u>Incentive Payments - New Transmission Capacity charges</u>							
New transmission capacity charges payable	NTC <sub>1</sub> £m						NTC
<u>Incentive Payments - IFI</u>							
IFI <sub>1</sub> £m							TFIE
IFI <sub>1</sub> in 2009-10	£m						
<b>4 Low Carbon Networks Fund</b>							
LCN Fund Allowable First Tier Expenditure	LCN <sub>1</sub> £m						LCN1_exp
LCN Fund Unrecoverable First Tier Project Expenditure (amount in Authority Direction as a positive value)	LCN <sub>3</sub> £m						LCN3_unrec
<u>LCN Fund Second Tier and Discretionary Funding Mechanism</u>							
Amounts to be recovered by each DSP as determined by the authority under CRC 13 in relation to:							
(a) LCN Second Tier - Second Tier Funding	£m						LCN2_Funding
(b) LCN Second Tier - Discretionary Funding	£m						LCN2_Discret
(c) LCN Second Tier - Halted Project Revenues	£m						LCN2_Halt
(d) LCN Second Tier - Disallowed Expenditure	£m						LCN2_Disallow
(e) LCN Second Tier - Returned LCN Fund Royalties	£m						LCN2_Ry_Cus
LCN Fund Second Tier and Discretionary Funding Mechanism total	LCN <sub>2</sub> £m						LCN2_collect
Second Tier - Net amount (paid to)/received from other DNOs (aw Authority's direction)	£m						LCN2_cash_trf
<b>LCN Fund Second Tier Royalties</b>							
Memo items							
<b>5 Incentive revenue for distributed Generation</b>							
<u>Incentive Revenue</u>							
GC (Total Incentivised Capacity of Relevant DG)	MW						GC
GT (Amount of Capex transferred from the DG incentive scheme)	£m						GT
GPS (Amount of Use of System Capex for DG)	£m						GPS
GCZ (RPZ DG Capacity)	MW						GCZ
Inset Electricity Distributor Amount IEDA <sub>1</sub> (EDFE LPN only)	£m						IEDA
<b>6 Correction Factor</b>							
<u>Regulated Combined Distribution Network Revenue</u>							
Inset Electricity Distributor Revenue (EDFE LPN only)	RD <sub>1</sub> £m						RD
Balance of Revenue Provision Accounts	IED <sub>1</sub> £m						IED
Net Movement on Revenue Provisions	£m						
Regulated demand revenue 2009-10	£m						
Network Generation Revenue 2009-10	£m						
RD <sub>1</sub> in relation to 2010-11	£m						RDT_1_2010-11
Allowed demand revenue 2009-10	£m						
Allowed network generation revenue 2009-10	£m						
AR <sub>1</sub> in relation to 2010-11	£m						ART_1_2010-11
<b>7 CRC12 Connection Activities Adjustments</b>							
<u>Adjustment for clawback direction sums unpaid after 12 months</u>							
Adjustment re failure to provide connection performance systems verification	AUM <sub>1</sub> £m						AUM
Adjustment re performance standards payments in excess of exposure cap	CGSSP <sub>1</sub> £m						CGSSP
	CGSRA <sub>1</sub> £m						CGSRA
<b>8 Tax Trigger</b>							
<u>(amount set in a direction given by the Authority in regulatory years commencing on 1 April 2012)</u>							
Amounts set out in directions dated 5 Jan 2012 & 6 Nov 2012	PIAD <sub>1</sub> £m 2010/11						
PIAD <sub>1</sub>	%						
Adjustment under the tax trigger mechanism	CTRA <sub>1</sub> £m						CTRA
<b>9 Excluded Services</b>							
<u>Connection services</u>							
Revenue from works where no margin was allowable	ES1 £m						
Revenue from works where a regulated margin was allowed	£m						
Revenue from works where an unregulated margin was allowed	£m						
Connections sub total	£m						ES_1
Diversionary works under an obligation	ES2 £m						ES_2
Works required by any alteration of premises	ES3 £m						ES_3
Top-up, standby, and enhanced system security	ES4 £m						ES_4
Revenue protection services	ES5 £m						ES_5
Metering Excluded Services (per breakdown on Sheet RR7)	ES6 £m						ES_6
Miscellaneous	ES7 £m						
Disconnections	£m						
Other	£m						
Customer request for provision of electrical plant	£m						
Miscellaneous Excluded Service 1	£m						
Miscellaneous Excluded Service 2	£m						
Miscellaneous Excluded Service 3	£m						
Miscellaneous Excluded Service 4	£m						
Miscellaneous Excluded Service 5	£m						
Miscellaneous Excluded Service 6	£m						
Miscellaneous Excluded Service 7	£m						
Miscellaneous Excluded Service 8	£m						
Total Miscellaneous	£m						ES_7
<b>Total excluded services</b>	<b>£m</b>						ES_Total
<b>10 Out of Area Networks</b>							
Out of Area Networks - Use of System	£m						Out_Area_UoS
Out of Area Networks - Other	£m						Out_Area
<b>11 De Minimis</b>							
Property Rental	£m						
Other	£m						
Activity - 1	£m						
Activity - 2	£m						
Activity - 3	£m						
Activity - 4	£m						
Activity - 5	£m						
Activity - 6	£m						
Activity - 7	£m						
Activity - 8	£m						
Activity - 9	£m						
Activity - 10	£m						
<b>Total de minimis revenue</b>	<b>£m</b>						De-minimis

<b>R7 Metering Inputs</b>								
<b>DNO Name</b>								
<b>[REPORTING YEAR]</b>								
<b>Legacy Basic Meter Asset Provision</b>								
<b>Total MAP Revenue &amp; Maximum Charge Levied per Meter Type</b>		<b>Units</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Range Name</b>
Single-phase single-rate credit meters	£m							Rev_SRCM
Maximum Charge levied per SRCM	£							Chg_SRCM
Single-rate token prepayment meters	£m							Rev_TPPM
Maximum Charge levied per TTPM	£							Chg_TPPM
Single-rate key prepayment meters	£m							Rev_KPPM
Maximum Charge levied per KPPM	£							Chg_LPPM
Single-rate smartcard prepayment meters	£m							Rev_SPPM
Maximum Charge levied per SPPM	£							Chg_SPPM
<b>sub-total of revenue</b>	<b>£m</b>		-	-	-	-	-	
<b>Other types of meter</b>								
Multi-rate single-phase credit meter	£m							Rev_MRSPCM
Maximum Charge levied per MRSPCM	£							Chg_MRSPCM
Multi-rate single-phase prepayment meters	£m							Rev_MRSPPM
Maximum Charge levied per MRSPPM	£							Chg_MRSPPM
Poly-phase single rate whole current meters	£m							Rev_PPSRWCM
Maximum Charge levied per PPSRWCM	£							Chg_PPSRWCM
Poly-phase multi rate whole current meters	£m							Rev_PPMRWCM
Maximum Charge levied per PPMRWCM	£							Chg_PPMRWCM
Non-half hourly current transformer meters	£m							Rev_NHHCTM
Maximum Charge levied per NHHCTM	£							Chg_NHHCTM
<b>Purchase price MEAP<sub>i</sub></b>								
Multi-rate single-phase credit meter	£							MEAP_MRSPCM
Multi-rate single-phase prepayment meters	£							MEAP_MRSPPM
Poly-phase single rate whole current meters	£							MEAP_PPSRWCM
Poly-phase multi rate whole current meters	£							MEAP_PPMRWCM
Non-half hourly current transformer meters	£							MEAP_NNHCTM
<b>Current expected life ELA<sub>i</sub></b>								
Multi-rate single-phase credit meter	yrs							ELA_MRSPCM
Multi-rate single-phase prepayment meters	yrs							ELA_MRSPPM
Poly-phase single rate whole current meters	yrs							ELA_PPSRWCM
Poly-phase multi rate whole current meters	yrs							ELA_PPMRWCM
Non-half hourly current transformer meters	yrs							ELA_NNHCTM
[Sub-category 1]	MEAP <sub>i</sub> Value	£						
	ELA <sub>i</sub> Value	yrs						
	Max charge	£						
	Total revenue	£m						
	MAPPC <sub>t</sub>	£						
[Sub-category 2]	MEAP <sub>i</sub> Value	£						
	ELA <sub>i</sub> Value	yrs						
	Max charge	£						
	Total revenue	£m						
	MAPPC <sub>t</sub>	£						
[Sub-category 3]	MEAP <sub>i</sub> Value	£						
	ELA <sub>i</sub> Value	yrs						
	Max charge	£						
	Total revenue	£m						
	MAPPC <sub>t</sub>	£						
<b>Sub-total of revenue - other types of meter</b>	<b>£m</b>		-	-	-	-	-	<b>Rev_OtherMeters</b>
<b>Adjustment Factor</b>	<b>£</b>							
<b>Metering Excluded Services Breakdown</b>								
Additional Appointment Charges	£m							Act_1
Supplier Warrant Assistance	£m							Act_2
Other	£m							Act_3
Basic Meter Operation	£m							Act_4
New MAP	£m							Act_5
[Descriptor 6]	£m							Act_6
[Descriptor 7]	£m							Act_7
[Descriptor 8]	£m							Act_8
<b>Sub-total</b>	<b>£m</b>		-	-	-	-	-	<b>MeterES</b>
<b>Revenue from Data Services</b>								
MPAS and Data Transfer	£m							DS



**Forecast Return Template B**

<b>R19 Forecast Return due by 31 October:</b>						
<b>0</b>	<b>0</b>	Reg Yr ending 31 March:				
	<b>Units</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>RPI</b>	%	-0.39%	4.69%	0.00%	0.00%	0.00%
<b>Average Specified Rate</b>	%	0.50%	0.00%	0.00%	0.00%	0.00%
<b>Base Demand Revenue</b>						
BR <sub>t</sub>	£m	-	-	-	-	-
<b>Allowed Pass-Through Items</b>						
Ofgem Licence fee adjustment	£m	-	-	-	-	-
Business rates adjustment	£m	-	-	-	-	-
High cost distribution areas assistance (negative term for SHEPD only)	£m	-	-	-	-	-
Inset electricity distributor adjustment	£m	-	-	-	-	-
Other pass through items (includes Shetland balancing adjustment)	£m	-	-	-	-	-
Transmission connection point charges adjustment	£m	-	-	-	-	-
Uncertain costs	£m	-	-	-	-	-
PT <sub>t</sub>	£m	-	-	-	-	-
<b>Incentive Adjustments</b>						
Distribution losses	£m	-	-	-	-	-
Quality of service	£m	-	-	-	-	-
New transmission capacity charges	£m	-	-	-	-	-
Innovation funding	£m	-	-	-	-	-
IP <sub>t</sub>	£m	-	-	-	-	-
<b>Low Carbon Networks Revenue</b>						
First tier allowable expenditure	£m	-	-	-	-	-
First tier non-recoverable deduction	£m	-	-	-	-	-
Second tier (net adjustment to facilitate projects and awards)	£m	-	-	-	-	-
LCN <sub>t</sub>	£m	-	-	-	-	-
<b>Distributed Generation Incentive Revenue</b>						
Relevant DG connected	MW	0.00	0.00	0.00	0.00	0.00
Incentive amount	£m	-	-	-	-	-
Return on passed through capex	£m	-	-	-	-	-
Operation and maintenance amount	£m	-	-	-	-	-
Previous price control period adjustment	£m	-	-	-	-	-
RPZ adjustment	£m	-	-	-	-	-
IEDA term	£m	-	-	-	-	-
IG <sub>t</sub>	£m	-	-	-	-	-
<b>Correction Factor (under recovery in previous year shown as negative value)</b>	£m	-	-	-	-	-
<b>Connection Activities Adjustments</b>						
Unpaid Clawback Sums	£m	-	-	-	-	-
Connection Performance Systems Verification	£m	-	-	-	-	-
Performance Standards Payments in Excess of Cap	£m	-	-	-	-	-
<b>Combined Allowed Distribution Network Revenue</b>						
AR <sub>t</sub>	£m	-	-	-	-	-
<b>Regulated Combined Distribution Network Revenue</b>	£m	-	-	-	-	-
<b>Over/(Under) Recovery to be carried forward</b>	£m	-	-	-	-	-
<b>Metering</b>						
<b>Total Revenue from Charges for Legacy Metering Equipment</b>	£m	-	-	-	-	-
<b>Excluded Services</b>						
ES1 Connections	£m	-	-	-	-	-
ES2 Diversionary works under an obligation	£m	-	-	-	-	-
ES3 Works required by any alteration of premises	£m	-	-	-	-	-
ES4 Top-up, standby, and enhanced system security	£m	-	-	-	-	-
ES5 Revenue protection services	£m	-	-	-	-	-
ES6 Metering Excluded Services	£m	-	-	-	-	-
ES7 Miscellaneous	£m	-	-	-	-	-
Total excluded services revenue	£m	-	-	-	-	-
<b>Outside Price Control</b>						
Out of Area Networks - Use of System	£m	-	-	-	-	-
Out of Area Networks - Other	£m	-	-	-	-	-
De Minimis Activity Revenue	£m	-	-	-	-	-

## 7. Instructions for completing financial issues reporting

### Introduction

7.1. The purpose of the instructions and guidance in this chapter is to facilitate the collection of information on a common basis, and to an appropriate degree of accuracy, by each DNO to enable Ofgem to effectively monitor outturn against the appropriate cost allowances, assess future allowances and quantify ex post adjustments as required in the Final Proposals<sup>13</sup>.

7.2. This chapter deals with the financial issues information that will be used to derive inputs to populate the price control model, along with detailed pension, debt and tax information. It also provides for the reconciliation of the cost data to the audited regulatory accounts.

7.3. The data collected will be used to compare licensees over these areas, monitor outturn against the appropriate cost allowances to facilitate calculation of tax clawback and pension true up adjustments and to provide the basis for setting allowances at the next price control period. The pension information will provide the panel data on a consistent basis across licensees for the efficiency reviews of pension costs.

### General

7.4. Forecast data is only required for financial F6, which must always be completed for two future years.

7.5. On the version control table enter the number next to the DNO name in cell C31 on the left. This will automatically populate the DNO name in all tables at cell A2 and where required bring in that DNO's historic data or allowances from a lookup table on the 'Ofgem data input' worksheet.

7.6. The 'version control' sheet must be updated each time the pack is resubmitted.

7.7. The following additional information is also required:

- Corporation Tax return (CT600) and supporting tax computations for the licensee's last statutory accounting financial year.
- Final agreed corporation tax return for all years closed by HMRC in the regulatory year and up to the date of submission of RRP
- Tax provision workings for the year under review to support Table F14 and F14a,

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<sup>13</sup><http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=346&refer=Networks/ElecDist/PriceCtrls/DPCR5>

- Reconciliation of changes to opening capital allowance pools from prior year submission(s) with documentation to support Table F14 and F14a,
- Audited Annual Pension Scheme accounts,
- Triennial actuarial valuation reports (or any that might be provided more frequently, ie S224 Pension Act 2004 updated valuations at 31 March each year to support data in tables F7, F8, F8.1 and F8.2; and
- Copy of the Certification by senior accounting officer that is prescribed in FA2009, which certifies annually that the accounting systems for the company and its subsidiaries are adequate for the purpose of accurate reporting of ‘taxes and duties’. This may be for the group in which the licensee is a subsidiary.

## Terms defined within the Financial Tables

7.8. The following terms which appear in the financial tables have been defined in the Glossary to this document.

- Accounting standards
- Contingent pension asset costs
- CT600
- Currency Swaps
- Deferred revenue expenditure
- Defined Benefit pension scheme (DB)
- Defined Contribution pension scheme (DC)
- Early Retirement Deficiency Contributions (ERDCs)
- Easements
- ESPS
- Fair value
- Free Cashflow
- Funds from Operations
- International financial reporting standards (IFRS)
- Interest Rate Swaps
- Long life assets pool
- Net Debt
- Net Interest
- Pensions
- Pension deficit repair payments
- Pension Protection Fund (PPF)
- Pension Scheme Administration Costs
- PPF levy
- Profit and Loss / Statement of comprehensive income
- Regulatory fraction
- Regulatory Tax Losses
- Salary sacrifice scheme
- Stakeholder pension & Personal Accounts
- Statement of cash flows
- Tax Clawback Calculation
- Triennial valuation (pensions)

## F1 - Profit & Loss/Statement of comprehensive income

### Purpose



7.9. This table is designed to obtain a standard format of each DNO's profit & loss/statement of comprehensive income, consistent with the regulatory accounts. It will be used to provide the data in this statement in the regulatory accounts on a consistent and comparable basis across DNOs and time; and to populate the financial model. It is the reference point for the reconciliation of certain audited amounts to costs reported elsewhere within the suite of cost, financial issues and revenue workbooks.

7.10. The segmental analysis is included to aid reconciliation between tables and the Cost And Revenue reporting RIGs, particularly as all segmental data except distribution DUoS are outside the price control cost allowances.

### **Guidance on completing the worksheet**

7.11. This table must be populated from and agree to the entity's audited Regulatory accounts for the relevant year. Whilst there are more categories than in the Profit & Loss/Statement of consolidated income in audited regulatory accounts the additional detail is required to facilitate reconciliation/agreement with other tables.

7.12. Row 6: Indicate whether accounts are prepared under UK GAAP or IFRS<sup>14</sup> accounting standards.

7.13. Row 8: Insert total revenue as shown in the regulatory accounts. The breakdown of revenue and the reconciliation to the regulatory accounts is included in table R8 of the revenue reporting tables.

7.14. Rows 8 to 52: These rows cover the licensed entity and must agree to the audited Regulatory Accounts.

7.15. Rows 28, 30 and 31 are populated from the detailed analysis of these amounts which are input in table F5 Financing Costs.

7.16. Row 32: "Other finance income/Investment income" on this table must include non-distribution related items, financial movements on pension schemes and all movements on derivative financial instruments.

7.17. Rows 58 to 193: These rows must be completed with the split of the total position (down to operating profit before finance costs and tax) into the segmental elements shown. The distribution element is calculated by deducting all other segments from the total.

7.18. Rows 193 to 215: Where the entity has reported under IFRS for the first time, this section must be completed to identify the differences between reporting under UK GAAP and IFRS. This will aid understanding of the changes and implications for

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<sup>14</sup> EU adopted IFRS (EU-IFRS)

the tax charge once all DNOs report under IFRS (currently mandated and effective for regulatory reporting year commencing 1 April 2014).

## **F2 - Balance Sheet/Statement of financial position**

### **Purpose**

7.19. This table is designed to obtain a standard form of each DNO's balance sheet/statement of financial position, consistent with the regulatory accounts.

7.20. It will be used to provide the data from regulatory accounts on a consistent and comparable basis across DNOs and time; and to populate the financial model.

7.21. It will also be used to check the level of total debt reported elsewhere, the other liabilities the DNO has and to populate the financial model.

7.22. In addition it will be used to identify differences in reporting when DNOs switch from UK GAAP to IFRS during the price control period.

### **Guidance on completing the worksheet**

7.23. This table must be populated from and agree to the audited regulatory accounts for the relevant year. 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.

7.24. Row 64: The "Hedging Reserve" on the balance sheet is only to be used by companies reporting under IFRS.

7.25. Row 71: 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"<sup>15</sup>.

7.26. Rows 76 to 90: Where the entity has reported under IFRS for the first time, and for subsequent years in DPCR5, this section must be completed to identify the differences between the two approaches.

7.27. Rows 102 to 118: These rows summarise the capex additions by segmental type and are required to facilitate the reconciliation of audited costs to the data in the RIGs.

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<sup>15</sup> <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=49&refer=Networks>

7.28. Rows 124 and 128: Enter amounts of the book values of the disposal of tangible and intangible assets. Enter the corresponding cash proceeds split for tangible assets into operational and non-operational assets. The cash proceeds must be entered as a negative value, except where the disposal is to an affiliate where market values must be entered (in accordance with the Final Proposals - Financial methodologies document 148/09 chapter paragraph 1.15) again as a negative value.

7.29. Rows 134 to 140: Enter amounts of additional customer contributions in the year by segment to agree with those in the Cost RIGs.

7.30. Rows 146 to 152: Enter amounts of interest capitalised in tangible and intangible asset additions in the year by segment.

7.31. Rows 156 to 162: Enter amount(s) of any tangible and intangible asset revaluations in the year by segment.

### **F3- Cashflow/Statement of cash flows**

#### **Purpose**

7.32. This table is designed to obtain a standard format of each DNO's cashflow position consistent with the regulatory accounts.

7.33. It will be used to provide the data in this statement in the regulatory accounts on a consistent and comparable basis across DNOs and time; and to sense check the financial model.

#### **Guidance on completing the worksheet**

7.34. This sheet is linked to movements implied by the P&L and balance sheet as far as practicable.

7.35. Inputs are required to replicate the cashflow in the regulatory accounts.

7.36. Rows 60 to 64: Input reconciling items between opening debt and the closing debt implied by the decrease/increase in net cash.

### **F4- Net Debt**

#### **Purpose**

7.37. This table collects details of all borrowing, guarantees and financial derivatives, interest rates on debt, repayment dates and cash and short term investments.

7.38. This information is used to compare gearing levels to the regulatory modelling data; and to enable the calculation of the tax benefit of excess gearing. It is also used to provide details of future refinancing requirements where DNOs have loans falling due for repayment.

7.39. The table provides information on derivative financial instruments to facilitate understanding of existing debt structures.

7.40. The table is designed to enable different types of borrowing and lending to be identified and any derivative products relating to the debt to be linked to it.

### **Guidance on completing the worksheet**

7.41. Where debt is of a short term nature (and can therefore be replaced several times in a year) the year end balance must be shown in the debt statement. The interest rate for the year must be that relating to the year end debt and must be shown on the financing costs statement.

7.42. Rows 6 to 10 summarises net debt and gearing and are auto-populated, no data entry is required in these rows.

7.43. For Sections A to F, income statement debits and cash out flows must be entered as positive values, and credits and cash inflows as negative values.

7.44. Rows 279 to 283 require no data entry as they are auto-populated.

7.45. Rows 292 to 738: Detail all derivatives and values together with what exposure is hedged against. The description box must include the reference number of the loan(s) to which the derivative relates.

7.46. Input in Table A: "Schedule of cash, short term deposits and overdrafts" under the prescribed headings the balance per the regulatory accounts at the regulatory financial year end.

7.47. Input in Table B: "Analysis of External borrowings, bonds, loans and finance leases" the name of the lender and the nature and a description of the instrument, the redemption date, the rate of interest, and the balance at the regulatory financial year end.

7.48. Input in Table C: "Analysis of loans from other group companies" the legal entity providing the financing and the nature and a description of the instrument, the redemption date, the rate of interest, and the balance at the regulatory financial year end.

7.49. Input in Table D: "Analysis of loans to other group companies" the name of the borrower and the nature and a description of the instrument, the redemption date, the rate of interest, and the balance at the regulatory financial year end.

7.50. Input in Table E: "Analysis of other amounts due to (from) group companies (memorandum)" showing the name of each affiliate, the nature of the balance (e.g. the trading balance, cash on deposit) and separately the amounts payable and receivable. Balances with each individual affiliate must be shown separately, it is not acceptable to show group balances. Note: Table E is a memorandum table as inter-company trading balances are not usually part of net debt.

7.51. Input in Table F: "Guarantees given on behalf of other group companies" any guarantees (including joint and several) given on behalf of any other group companies/related parties, listing the name of the company guaranteed, entity to whom the guarantee was given, the amount guaranteed and the date of the consent or derogation in respect thereof from the Authority.

7.52. Table G: Summarises the value of derivatives as detailed in tables H to K. No input is required.

7.53. Input in Tables H to L: "Derivative financial instruments at year end (per Balance Sheet)" any derivative financial instruments as defined in accounting standards) extant at the year end relating to or in respect of any loan or balance disclosed under the prescribed headings. Only the value of cross currency swaps (used in the gearing calculation) is linked into the summary table. Additional hidden rows are available and may be unhidden.

## **F5 - Financing costs**

### **Purpose**

7.54. This information is used to compare finance costs to the regulatory modelling data and to facilitate the calculation of the clawback of the tax benefit of excess gearing on Table F20.

### **Guidance on completing the worksheet**

7.55. The description of the debt instrument in this sheet is drawn from table F3. The interest that is entered must correspond with the loan referenced from table F3.

7.56. Column D contains a drop down box, where appropriate, to enable the choice of type of interest terms.

7.57. For sections B to E, the interest paid (or received) must be shown on a P&L basis and on a cash basis. The values for each basis must be entered on the line with the corresponding reference number.

7.58. Rows 6 and 333: These rows collect an analysis of interest on both normal accruals (accounting) and a cash basis. Additional hidden rows are available and may be unhidden.

## **F6 - Financing requirements**

### **Purpose**

7.59. This table will be used to inform consideration of the DNO's short term financial stability. It requires provision of a high level cashflow for the succeeding two regulatory years and the financing requirements over the same period.

### **Guidance on completing the worksheet**

7.60. Rows 6 to 8, 10, 12, 14, 20 to 25, 29, 33 and 34: The inputs must only be made for the next two full regulatory financial years, eg if the current reporting year is to 31 March 2011, then the forecast is for 2011-12 and 2012-13.

7.61. Row 29: This line requires completion for the current year. Insert the value of any undrawn facilities which will be available to meet the financing requirements.

7.62. Rows 33 to 34: Enter the value of forecast fixed and floating interest costs.

7.63. Where the DNO has concerns about refinancing, these must be expressed in the commentary, except to the extent that such issues have been separately notified to Ofgem.

## **F7 - Pension Defined Benefits costs**

### **Purpose**

7.64. This table collects data relating to the licensee's pension costs for the defined benefit scheme(s), the cash payments to pension schemes for the purposes of comparison against the DPCR5 pensions allowance and for informing RIIO-ED1 on pension costs and liabilities.

7.65. The data will also form part of the panel data for the efficiency reviews in accordance with our approach to pensions costs and set out in our pension principles.

### **Guidance on completing the worksheet**

7.66. All pension costs must be consistently reported across the CRIGGS tables, on a cash basis, ie cash payments of contributions, PPF Levies, pension scheme

administration costs and deficit funding by the licensee, or on behalf of the licensee by an affiliate.

7.67. This table collects information about the DNO's pension costs rather than the total DB scheme as a whole.

7.68. All data must be entered in nominal prices each year.

7.69. Data is to be provided for each DB pension scheme where there is an element relating to the distribution business.

7.70. Any payments related to EASL or EATL pension liabilities are to be excluded. These are not pension costs of the distribution business, but atypical operating costs and must be reported as such in the main Cost RIG tables.

7.71. Row 6: Insert total pensionable pay of active members employed in the distribution business of this DB scheme only. This is not necessarily the same as labour costs in the Cost RIGs.

7.72. Row 7: Insert the salary sacrifice element of employer pension contributions)( which equal the salary sacrificed) by the employers relates solely to sacrifice for additional DB pension contributions made under an arrangement with the sponsoring employer for active members in this DB scheme only.

7.73. Rows 10 to 11: Insert employee contributions excluding salary sacrifice (as per row 7); provided in both percentage and £m.

7.74. Row 14 to 17: In so far as pension scheme administration costs and PPF levy are included in normal contributions for this scheme, these must be included in the percentage of pensionable pay calculation in row 14. Enter a breakdown of the total contribution rates into ongoing costs, PPF levy and scheme admin in rows 15 to 17.

7.75. Row 19: Enter the employers' actual pension contributions excluding salary sacrifice.

7.76. Rows 22-34: These lines are populated automatically from other pension tables.

7.77. Row 32: Provide the cash cost of funding of any pension related severance costs.

7.78. Row 37: Provide the period over which the existing deficit as at the last triennial valuation is being funded as agreed with the Trustees and accepted by the Pension Regulator (TPR) in the deficit recovery plan and state in the commentary which triennial valuation this refers to.

7.79. Row 38: Provide the date from which the current deficit funding payments commenced.

7.80. Row 39: Enter this defined benefit scheme's deficit funding on a cash basis, ie for the whole scheme and not just the licensee's share.

7.81. Row 40: Insert payments made for any contingent assets held or provided to the pension scheme.

7.82. Row 41: For 2009-10 only, enter the percentage allocation of the group scheme to the distribution business, i.e. the percentage must be that number which will enable the calculation to produce the same result as the table 4.3 in the DPCR4 2009/10 RRP.

7.83. Rows 45 to 54: Provide the attribution of meeting current pension service cost for Defined Benefit schemes over the various segments. Row 45 will show the balance of total ongoing pension costs from row 28.

7.84. Rows 58 to 64: Attribution of total scheme deficit repair payments (if necessary) by the constituent elements. The method of attribution is to be detailed in the Commentary. Where any deficit repair is allocated to other licence holders, the attribution must be reflected in the RRP of that DNO. Row 63 is a check row and will show an unattributed balance if the amounts do not agree to the deficit repair payments in row 39. This amount should be zero. Note: any unattributed balance may be deducted from the DNO's amount.

7.85. Rows 69 to 191: Repeat the above for any further defined benefit schemes.

7.86. Rows 229 to 235: Enter the cost, if any, of providing contingent pension asset(s) for each DB pension scheme and analyse over distribution and non-businesses. In the absence of any specific hypothecation to either a specific group of pension scheme members, the cost should be attributed on the basis of the regulatory fraction. In any event explain the nature and benefit of each contingent asset and the attribution in the commentary document.

## **F8 - Pensions data for primary defined benefit scheme**

### **Purpose**

7.87. This table collects data relating to defined benefit scheme pension costs, assets and liabilities, deficits and ancillary data. Table F8 collects data relating to the primary defined benefit (DB) pension scheme whilst tables F8.1 and F8.2 must be completed (where necessary) for additional DB schemes.

7.88. They also collect information on all membership data and scheme data for the purposes of informing RIIO-ED1 on pension costs and liabilities.



7.89. The data will also form a part of the panel data for the efficiency reviews in accordance with our approach to pensions costs and set out in our pension principles.

### **Guidance on completing the worksheet**

7.90. All data must be entered in nominal prices each year.

7.91. Data is to be provided for each DB pension scheme where there is an element relating to the distribution business.

7.92. The RRP must be completed and returned by 31 July each year. This table must be returned once the data is finalised, but no later than 30 September in that year.

### **Section A**

7.93. This section collects information on the total group scheme for which the DNO is the sponsoring employer.

7.94. This data should not be repeated from that for the previous triennial valuation between such valuations, but be that for the latest updated s.224 valuation or latest full triennial valuation.

7.95. Rows 9 to 14: Enter the attribution of total scheme deficit or surplus by the constituent sponsoring affiliates, i.e. the total for non-distribution businesses and the amounts attributable to each affiliated DNO, including the DNO. The method of attribution is to be detailed in the Commentary. Where any deficit is allocated to other licence holders, the attribution must be reflected in that DNO's cost reporting submission. This information will be used to inform the regulatory fraction at subsequent price controls and for the ex post adjustments.

7.96. Row 17: State the basis of the scheme valuation used (e.g. full triennial, Pension Act 2004 section 224 update).

7.97. Cell J26: Enter the opening value of pension scheme assets as at 1 April 2009.

7.98. Rows 28 to 49: Enter details on the movements in assets held in the scheme. The balance brought forward must be the gross value of assets in the scheme. If opening balances are revised, the previous year's data should be restated rather than an adjustment being made in the current year. Where any changes are made to prior year data, these must be detailed in the commentary.

7.99. Sign Convention: Enter any contributions into the scheme as positive numbers. Benefit payments made by the scheme and other withdrawals must be shown as a negative. Investment profits must be entered as a positive, whereas investment losses must be entered as a negative.

7.100. Rows 55 to 73: Enter detail of assets held by the scheme. Where other assets are identified, enter these in rows 71 to 73 and provide description in the commentary.

7.101. Rows 80 to 89: Enter details of the movements in pension scheme liabilities by category. Additional categories must be entered in rows 84 to 89.

7.102. Rows 94 to 107: Bulk transfers from corporate transactions post 31 March 2010 (which are to be excluded from regulatory fraction in accordance with the DPCR5 settlement): Enter the year end value of the assets and liabilities from each bulk transfers arising from a corporate transaction post 31 March 2010 and detail in the commentary.

7.103. Explain in the commentary how the valuations of assets and liabilities have been determined, e.g. actuarial assessment of assets and liabilities relating to relevant members. On the basis that the assets of a scheme may not be hypothecated or identifiable to any sub group of members, then the assets may be apportioned based on the ratio that the liabilities of these members bear to the total liabilities. The liabilities must be separately computed based on each member transferred in.

7.104. Enter details of total assets for each bulk transfer in, which must be shown as positive (+ve).

7.105. Enter details of total liabilities for each bulk transfer in, which must be shown as negative (-ve).

7.106. Explanations of each bulk transfer in or out must be provided in the commentary.

7.107. Provide explanation in the commentary, including if any amounts have been accepted where assets transferred in are not fully covered by the liabilities.

## **Section B Membership data**

7.108. This section seeks information on the membership of the total group scheme except for rows 176 to 185 which is restricted to the DNO. It is accepted that this data may need to be revised in subsequent years. If opening balances are revised, correct the previous year's data rather than adjusting in the current year. Where any changes are made to prior year data, these must be detailed in the commentary.

7.109. Rows 120 & 138: These rows are for members who became deceased during the financial year.

7.110. Row 145: New dependents must be populated with any dependent members created on the death of a member in one of the other categories.

7.111. Rows 160 -163: Enter membership totals split between those with protected rights under the Protected Persons legislation and the remainder of the scheme.

7.112. Rows 166 to 169 are auto populated, no data entry is required.

7.113. Rows 176 to 185: Split the membership associated with the DNO between those with protected rights under the Protected Persons legislation and the remainder of the scheme.

### **Section C Scheme mergers**

7.114. This section provides details of any mergers into this DB scheme, collecting incoming scheme data to compare to scheme data populated from other sections.

7.115. Rows 204 to 205: The regulatory fractions must be as used in the preceding price control. Where there is no previous regulatory fraction, or the position is uncertain, the cell should be left blank and a note included in the Commentary.

### **Section D Actuarial valuation results**

7.116. This section collects information on the actuarial valuation results for the total scheme. This refers to scheme funding valuations rather than valuations for other purposes (for example, company accounting valuations or PPF levy valuations).

7.117. Where necessary answers should be expanded upon in the commentary.

7.118. Rows 248-249: Average remaining active service life must be provided for the scheme membership as a whole, however if there is a significant difference in the remaining service life between non-distribution and distribution members, please provide both numbers in the commentary.

7.119. Rows 262 and 263: Specify the mortality table used, including any age ratings: e.g. "PMA/PFA92 U=2004 x-1 with medium cohort improvement factors subject to a 1% underpin". Expand in Commentary as necessary.

7.120. Rows 266 and 267: Specify the mortality table used, including any age ratings: e.g. "PMA/PFA92 U=2004 x-1" with medium cohort improvement factors subject to a 1% underpin. Expand in Commentary as necessary.

7.121. Rows 276, 292, 308 and 324: The rows headed "normal retirement age" are to be completed with the earliest age at which unreduced benefits are payable on age retirement (which might strictly be different to the scheme's "normal retirement age").

7.122. Rows 337 to 341: Information on AVC facilities is required only to the extent that employees can purchase additional service in the defined benefit scheme or the employer contributes in some way. AVC information is required for the DB scheme as a whole. Information is not required for defined contribution AVC schemes.

7.123. Rows 349 to 380: Enter names of all sponsoring employers within the group participating in the DB scheme.

## **F8.1 and F8.2 - Pensions data**

### **Purpose**

7.124. These tables collect data relating to pensions costs, deficits, and ancillary data. F8 collects data relating to the primary scheme and these tables F8.1 and F8.2 must be completed (where necessary) for additional schemes.

7.125. They also collect information on all pension costs (normal and deficit), cash payments to pension schemes, membership data and scheme data for the purposes of comparison against the DPCR5 pensions allowance and for informing RIIO-ED1 on pension costs and liabilities.

### **Guidance on completing the worksheet**

7.126. These tables must be completed following the guidance as for table F8.

## **F9 - Pensions Defined Contribution schemes**

### **Purpose**

7.127. This section collects data on the DNO's defined contribution scheme(s), personal accounts and stakeholder schemes (if any). These form part of total pension costs and will be used to inform any ex post true up and the next price control.

### **Guidance on completing the worksheet**

7.128. Information is to be reported at the DNO level only.

7.129. Row 6: Enter the cash contribution for the primary defined contribution scheme.

7.130. Rows 8 to 9: Where different contribution rates exist, enter an average percentage and explain in the commentary.

7.131. Row 12: Enter the cash contribution for the secondary defined contribution scheme (if any).

7.132. Rows 14 to 15: Enter the average employee contribution rate as a percentage of pensionable pay and explain the composition in the Commentary.

7.133. Row 18 - 19: Enter the cash contribution to all stakeholder schemes and personal accounts.

7.134. Rows 24 to 34: Enter the attribution of the defined contribution/stakeholder costs across the segments shown.

## **F10 - Pension Protection Fund levies**

### **Purpose**

7.135. This section collects data on a cash basis on the Pension Protection Fund (PPF) levies for each scheme and shows the allocation of these costs between sponsoring entities. This enables reconciliation at the scheme level (not the DNO) to the RIG cost reporting pack and allocation to RAV where appropriate.

7.136. These costs form part of ongoing service costs and will be used to inform the ex post true up.

### **Guidance on completing the worksheet**

7.137. Row 7: Enter the total fixed PPF levy for the primary DB scheme (including the levy for PPF administration charge) paid (in cash) in the year.

7.138. Rows 9 to 13: Enter the allocation of fixed PPF levies paid direct by the employer (not collected through the scheme contributions) split by non-distribution and distribution business segments.

7.139. Rows 15 to 19: Enter the allocation of fixed PPF levies collected through the scheme contributions (not paid direct by the employer) split by non-distribution and distribution business elements.

7.140. Row 22: Enter the cash payment for the total risk based PPF levy for the primary DB scheme.

7.141. Rows 24 to 28: Enter the allocation of risk based PPF levies paid direct by the employer (not collected through the scheme contributions) split by non-distribution and distribution business elements.

7.142. Rows 30 to 34: Enter the allocation of risk based PPF levies collected through the scheme contributions (not paid direct by the employer) split by non-distribution and distribution business elements.

7.143. Rows 37 to 96: Repeat for any further DB pension schemes.

7.144. Rows 122 to 135: Enter the values of PPF levy that are included in the cost tables elsewhere within the RIG cost reporting pack. The total must reconcile to the total PPF levies paid in rows 100 and 112.

7.145. Rows 139-140: Provide latest Dun & Bradstreet PPF score for the risk-based element of the levy and the date it was scored for the DB pension scheme. If the score is based on multi-company data, enter the weighted average score (as used by the PPF) and detail the constituent scores in the Commentary.

## **F11 - Pension Scheme Administration costs**

### **Purpose**

7.146. 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. These do not include costs incurred by the DNO or other sponsoring employers in collecting employee contributions or managing their interface with the scheme. This enables reconciliation to the RIG cost reporting pack and allocation to RAV where appropriate.

7.147. These costs form part of ongoing service costs and will be used to inform the ex post true up.

### **Guidance on completing the worksheet**

7.148. Row 7: Enter the total pension administration costs for each scheme, showing pure administration costs. This should exclude investment management fees, unless not paid through deduction from investment returns. Rows 9 to 13: Enter the allocation of administration costs paid direct by the employer (not collected through the scheme contributions) split by non distribution and distribution business elements.

7.149. Rows 15 to 19: Enter the allocation of administration costs collected through the scheme contributions (not paid direct by the employer) split by non distribution and distribution business elements.

7.150. Rows 23 to 35 and 39 to 51: Repeat for any further pension DB schemes.

7.151. Rows 75 to 88: Enter the values of scheme administration costs that are included in the cost tables elsewhere within the RIG cost reporting pack. The total must reconcile to the total scheme contributions in rows 58 and 64.

7.152. Rows 93 to 95: Enter investment management fees, where paid through deduction from investment returns.

## **F12 - Tax allocations to capital allowance pools**

### **Purpose**

7.153. This table is used to report the allocation of capex and opex spend to tax pools for the DNO consistent with the numbers in the Regulatory Accounts for the year. It obtains an analysis of the DNO's tangible fixed asset additions and ensures allocation to the capital allowance pools on a consistent and comparable format across DNOs.

7.154. It enables monitoring and comparison of allocations to capital allowance pools across DNOs, and across time, which will inform future price controls.

### **Guidance on completing the worksheet**

7.155. The table requires DNOs to enter the allocation of expenditure across tax categories for the various types of expenditure. These allocations must reflect the basis on which the tax charge for the regulatory accounts has been based.

7.156. Enter the analysis of the DUoS expenditure (excluding capex related to IFI and LCNF activities) in each area for tax purposes (£m) by each of the capital allowance pools. All expenditure on easements (in England and Wales) and servitudes (in Scotland) must be entered in row 25. The total expenditure must agree to that reflected in the Cost RIGs tables.

7.157. Row 42 to 66: Enter contributions attributable to each tax pool. This will be deducted from the tax pools gross of contributions (provided in rows 6 to 35) to reconcile to summary tax pool information provided in costs and volumes table C5.

7.158. Rows 125 to 140: Enter the allocation of indirect costs between capitalised and non capitalised separately for closely associated indirects and business support costs capitalised.

7.159. Rows 220 to 250: Enter the allocation of indirect costs to pools with the total allocation matching the total of business support and closely associated indirects in rows 125 and 139.

7.160. Enter Non DUoS expenditure (including capex related to IFI and LCNF activities) in rows 267 to 280.

7.161. Profiles are calculated for each expenditure type in the bottom half of the sheet.

## **F12a - Tax allocations to capital allowance pools on a CT600 (and supporting computation) basis**

### **Purpose**

7.162. This table is used to report the allocation of capex and opex spend to tax pools for the DNO consistent with the CT600 tax return (and supporting computation) submitted (normally for the preceding statutory accounting financial reporting year. For example, for the regulatory financial year is 31 March 2011, the CT600 for 31 March 2010, or 31 December 2009, dependent on a DNO's accounting reporting date. This table provides an analysis of the DNO's tangible fixed asset additions and ensures allocation to the capital allowance pools on a consistent and comparable basis across DNOs.

7.163. It enables monitoring and comparison of allocations to capital allowance pools across DNOs, and across time, which will inform future price controls.

### **Guidance on completing the worksheet**

7.164. Enter the year end to which the CT600 (and supporting computations refers in the closest column to the regulatory year end (e.g. a 31/12/10 CT600 return would be entered in the column for regulatory year end 31/03/11).

7.165. The table requires DNOs to insert the allocation of expenditure across tax categories for the various types of expenditure. The completion is consistent with the guidance for Table F12 although there is no check to the Cost RIGs reporting pack since the two are not necessarily aligned.

7.166. The total additions by pool must agree to the additions stated in the supporting computation to the CT600.

7.167. The final section provides an analysis of the capital additions for non distribution activities. Entries must be made in each appropriate section where pool additions do not relate to the distribution (DUoS excluding capex related to IFI and LCNF activities) business.

## **F13 - Tax capital allowance pools**

### **Purpose**



7.168. This table is used to track the annual additions in the regulatory financial year and movements in capital allowances for the DNO, and by the individual business segments.

7.169. It will capture the movements on capital allowances in total for the DNO and for the distribution business and other activities; and reconcile the total to the DNO's own tax provision workings for its regulatory accounts and/or draft corporation tax computation.

7.170. It is also used to identify prior year adjustments arising in the individual capital allowance pools from the closing and settlement of open tax years.

7.171. The closing pool balances will be used to populate the financial model at the next price control, subject to review.

### **Guidance on completing the worksheet**

7.172. This table must be prepared on the same basis as the DNO's corporation tax returns and in accordance with extant tax legislation. For entities which do not have a 31 March statutory year end it is not acceptable that additions to pools are derived by apportionment of the last actual corporation return additions over time. The additions should instead be ascertained from underlying records.

7.173. The table requires limited input as most of the cells are completed by calculation.

7.174. Where the opening balances are different to that in the prior years' cost submission and revision amounts have been input, then a reconciliation is to be provided explaining and analysing the reasons for each change. Where the change arises from agreement of previously open years' tax computations by the tax authorities this must be identified by individual year; and the reasons for any change to previous estimates must be provided in the Commentary.

7.175. Rows 6, 15, 24 and 33: These rows are to be used to show the opening balance of the capital allowance pool in the opening year only.

7.176. Rows 7, 16, 25 and 34: These rows are to be used for any revisions to numbers submitted in previous cost returns. Details of revisions that have been made and why they are necessary are required in the Commentary.

7.177. Rows 9, 18, 27 and 36: These rows are included for the additions to each pool within the year.

7.178. Where a DNO disclaims allowances in a year, the formula in rows 11, 20 and 29 may be overwritten and an explanation must be provided in the Commentary.

7.179. Row 38: Do not enter any IBA additions after 2010-11, any such costs should be reported with non-qualifying. These ceased in 2010-11 and are for historic reference.

7.180. Row 60: The value of fixed asset additions not qualifying for tax relief must be entered here.

7.181. Row 62: Input the rate of writing down allowances claimed for deferred revenue in the year.

7.182. Rows 65, 66, and 68: Input the rate of writing down allowances applicable in the year.

7.183. Rows 134 to 167: The inputs are repeated for the non DUoS (including capex related to IFI and LCNF activities) values.

7.184. Rows 75 to 108: The residue which relates to the distribution business (DUoS excluding capex related to IFI and LCNF activities) is calculated within these rows and no data input is required.

## **F14 - Tax computation**

### **Purpose**

7.185. This table is used to show how the DNO arrives at the tax charge on a total basis.

7.186. It provides the data in a consistent and comparable format across all DNOs for the regulatory financial year to enable comparisons to be made.

7.187. This and the CA pool table are used to monitor outturn against allowances and to inform the next price control.

### **Guidance on completing the worksheet**

7.188. This table must be prepared on the same basis as the DNO's corporation tax returns for each regulatory financial year ended 31 March and in accordance with extant tax legislation.

7.189. The table is populated automatically from sheet F1 where appropriate.

7.190. Row 6: The rate of corporation tax appropriate to the current regulatory financial year is an Ofgem input.

7.191. Row 39: The pensions charge in the regulatory accounts must be the adjustment to eliminate all pension contributions provisions or accruals. The amount of cash pension contribution paid and deductible for tax purposes must be input under "Deduct" (row 56).

7.192. Row 40: Capital charged to revenue must be the amount of capex which has been expensed in the regulatory accounts but for tax purposes is capitalised and must be equal to the amount of additions in Table "Tax: Capital Allowances of the DNO".

7.193. Row 41: Enter any amounts of operating expenditure that, in accordance with tax legislation, is disallowed as a deduction in computing taxable profits. These costs must therefore be added back and must be the same as in the DNO's own tax computation or tax provision workings.

7.194. Rows 46 to 47: Any other add backs must be disclosed and described separately for individual items over £500,000. Do not add additional rows where the individual analysis exceeds two, but include an analysis in the commentary. Do not report consortium relief here but under group relief in rows 93 to 94.

7.195. Row 56: Pension contributions paid is the amount of pension contributions actually cash paid to the pension scheme. Where these are not the same as disclosed in Table F17 an explanation must be provided in the commentary. Where the DNO does not incur any or all the pension costs directly then to whom, or by whom, they are paid and how they are treated in the DNOs or that of the affiliate paying them in their own accounts must be provided in the commentary.

7.196. Rows 64 to 67: The capital allowances inputs are populated automatically from Table F13.

7.197. Rows 68 to 73: Input the amount of any other allowances.

7.198. Where amounts reported in previous years are different to that in the prior year's CRIGGS, provide a reconciliation in the commentary explaining and analysing the reasons for each change.

7.199. Rows 83 to 86: Input the amounts of corporation tax paid or refunded and amount of group relief received or surrendered. These must be the actual amounts paid in the regulatory financial year and must include any payments to affiliates where the CT is paid under a group payment arrangement.

7.200. Rows 99 to 104: Input any additional reconciling items with a description for all individual items over £500,000.

7.201. Row 108: Input the date (day, month year format) that the corporation tax return has been agreed with HMRC. Where no date exists the returns will still be open.

7.202. Rows 111 to 114: Enter details of tax losses. These will inform the offsetting amounts against any tax funding at future price reviews. Where consortium relief exists this should be reported here and not in the rows for addbacks or deductions.

## **F14a - Tax computation**

### **Purpose**

7.203. This table is used to show how the DNO arrives at the tax charge solely relating to distribution (DUoS excluding capex related to IFI and LCNF activities) activities.

7.204. It provides the data in a consistent and comparable format across all DNOs for the regulatory financial year to enable comparisons to be made.

7.205. This and the CA pool table are used to monitor outturn against allowances and to inform the next price control.

### **Guidance on completing the worksheet**

7.206. This table must be prepared on the same basis as the DNO's corporation tax returns for each regulatory financial year ended 31 March and in accordance with extant tax legislation.

7.207. The table is populated automatically from sheet F1 where appropriate.

7.208. Row 6: The rate of corporation tax appropriate to the current regulatory financial year is an Ofgem input.

7.209. Rows 26 to 30: Enter the financial expenditure and investment income related to the DUoS business activity.

7.210. Row 39: The pensions charge in the regulatory accounts must be the adjustment to eliminate all pension contributions provisions or accruals. The amount of cash pension contribution paid and deductible for tax purposes must be input under "Deduct" (row 56).

7.211. Row 40: Capital charged to revenue must be the amount of capex which has been expensed in the regulatory accounts but for tax purposes is capitalised and must be equal to the amount of additions in Table "Tax: Capital Allowances of the DNO".

7.212. Row 41: Enter any amounts of operating expenditure that, in accordance with tax legislation, is disallowed as a deduction in computing taxable profits. These

costs must therefore be added back and must be the same as in the DNO's own tax computation or tax provision workings.

7.213. Rows 46 to 47: Any other add backs must be disclosed and described separately for individual items over £500,000. Do not add additional rows where the individual analysis exceeds two, but include an analysis in the commentary. Do not report consortium relief here.

7.214. Row 56: Pension contributions paid is the amount of pension contributions actually cash paid to the pension scheme. Where these are not the same as disclosed in Table F17 an explanation must be provided in the commentary. Where the DNO does not incur any or all the pension costs directly then to whom, or by whom, they are paid and how they are treated in the DNOs or that of the affiliate paying them in their own accounts must be provided in the commentary.

7.215. Rows 64 to 67: The capital allowances inputs are populate automatically from Table F13.

7.216. Rows 68 to 73: Input the amount of any other allowances.

7.217. Where amounts reported in previous years are different to that in the prior year's CRIGGS, provide a reconciliation in the commentary explaining and analysing the reasons for each change.

## **F15 - Reconciliation of total costs to accounts**

### **Purpose**

7.218. This table is used to reconcile the values reported in the RIG cost and the revenue reporting packs with the audited regulatory accounts. This ensures that costs are not omitted or duplicated and provides an assurance to the overall consistency of the pack.

### **Guidance on completing the worksheet**

7.219. The table requires DNOs to input the relevant costs from the regulatory accounts profit and loss (or income statement under IFRS), and fixed asset additions as reported in tables F1 and F2 respectively.

7.220. Rows 23 to 43: Input any reconciling items, which are adjustments to costs or recoveries for items not in the Regulatory Accounts or where offsetting of costs and revenues/recoveries is not allowed under these RIGs for presentation of amounts in the CRIGGS, or for IFRS adjustments. Items included here must include a brief description of the item. Where further detail is necessary this must be added to the Commentary.

7.221. Rows 6 to 20: These rows summarise the total opex and capex as reported in the regulatory accounts. Note that capitalised interest and asset revaluation amounts are not to be included on other tables in the CRIGGS and must be deducted here as they are not allowed in regulatory costs.

7.222. Row 64: A check and balance is automatically performed to ensure the regulatory accounts totals agree to the CRIGGS data tables; this check must say 'OK' for the CRIGGS to have been completed correctly.

7.223. Where revenues are netted against costs in the regulatory accounts and thus not reported as revenue then a reconciling item will be required to gross up costs.

7.224. Row 67: Enter total revenue from the revenue returns.

7.225. Rows 78 to 405: Following the instructions above repeat the process and entry for each segment.

## **F16 - Net Debt Reconciliation of table F3 to Regulatory Accounts**

### **Purpose**

7.226. This table is used to reconcile the net debt reported in the Regulatory Accounts with that shown in table F3 and inform the accuracy of the values used in the excess gearing computation.

### **Guidance on completing the worksheet**

7.227. The table takes data from table F3 and requires any differences to the regulatory accounts to be explained.

7.228. Row 16: Input value of preference shares reported as equity in the regulatory accounts, which are included in the net debt calculation.

7.229. Rows 17 to 23: Input any reconciling items together with a brief description of the item. Where necessary, expand the explanation in the commentary.

## **F17 - Reconciliation of pension costs**

### **Purpose**

7.230. This table is used to reconcile the value of pension costs shown in the cost reporting tables with the pension costs shown in tables F7, F8, F8, F8.1, F8.2, F9,

F10 and F11; with pension costs reported in tables F1 Profit & Loss and F2 Balance Sheet.

7.231. It operates as a consistency check across the tables and also shows the total pension costs for comparison to price control allowances.

### **Guidance on completing the worksheet**

7.232. The table automatically collects data from the CRRIG cost reporting pack and from the pension tables in the financial issues pack.

7.233. Rows 22 to 27: Input is required for any reconciling items between the total in the cost tables and the pension table totals (row 37).

7.234. Rows 49 to 62: A reconciliation is required between the total in the cost tables and to the reported P&L and balance sheet movement figures in the Regulatory Accounts (which must be entered in rows 85 & 86).

7.235. Row 64: Indicate whether any pensions costs are reported in related party accounts by selecting 'Yes' or 'no' from the drop-down list.

7.236. Rows 66 to 79: Provide details of any pension costs reported in related party accounts that reconcile the total in the cost tables and to the reported P&L and balance sheet movement figures in the Regulatory Accounts (in rows 85 & 86). Details of the relevant related parties should be included in the commentary.

7.237. Where the reported amounts in the Cost RIGs does not reconcile to the amounts reported in the Financial Issues RIGs on row 29 then the necessary tables must be reworked until the reconciling balance is nil. Any reconciling items may be deducted from distribution (DUoS) costs reported in the financial issues tables for the ex post true up adjustment.

## **F18 - DPCR5 Pension normal service cost true up**

### **Purpose**

7.238. This table is used to show the computation of the normal service cost contributions true up and calculate what sums are required to be adjusted at the next price review. The format and methodology is that published in the DPCR5 Final Proposals.

### **Guidance on completing the worksheet**

7.239. The table requires no inputs as all data is populated automatically from other tables in the Financial Issues pack.

7.240. The true up adjustments to be made at the next price review are shown in rows 66 and 68.

## **F19 - DPCR5 PPF levy cost true up**

### **Purpose**

7.241. This table is used to show the computation of the normal service cost contributions true up and calculate what sums are required to be adjusted at the next price review. The format and methodology is that published in the DPCR5 Final Proposals.

### **Guidance on completing the worksheet**

7.242. The table requires no inputs as all data is populated automatically from other tables in the Financial Issues pack.

7.243. The true up adjustments to be made at the next price review are shown in rows 60 and 62.

## **F20 - Tax clawback calculation of excess gearing**

### **Purpose**

7.244. This table is used to show the calculation of the clawback of the tax benefit due to excess gearing as specified in the relevant price control (DPCR4 and DPCR5). Where companies have gearing levels in excess of that assumed in the relevant price control, and also a higher level of interest than modelled, the value of this relevant interest as a tax shield is adjusted at the next price control.

### **Guidance on completing the worksheet**

7.245. The table uses data taken from other tables where appropriate. The only inputs required are where the net debt (as sourced from table F3) or the interest charge (as picked up from table F4) do not meet the definitions given in the open letter dated 31 July 2009<sup>16</sup>; these must be entered in rows 11 to 15 and 27 to 29.

7.246. The tax benefit shown in row 46 will be adjusted in the next review on an NPV neutral basis.

## **F21 - RAV roll forward and depreciation**

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<sup>16</sup> <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=49&refer=Networks>



**Purpose**

7.247. This table computes the annual depreciation on RAV in 2007/08 price base. It will be used to determine closing RAV and populate the financial model. It is included as a source of information for all parties.

**Guidance on completing the worksheet**

7.248. This table requires no inputs, additions are linked to the previous table and all historic data is linked to Historic RAV additions table which is populated by Ofgem from published data and up-dated annually for RPI. No data entry is required or permitted.

**F22 - Historic RAV additions table****Purpose**

7.249. This table maintains all the historic RAV additions and depreciation data and is populated by Ofgem.

**Guidance on completing the worksheet**

7.250. No data entry is required or permitted.

**Appendix 1 – Connection costs and contributions in table C1**

		Network Investment Costs (RAV)			Non Price Control		
		Connections			Connections outside of RAV		
		Connection projects; DPCR4	Element of connection that is subject to the apportionment rules - DUoS funded	Element of connection that is subject to the apportionment rules - Customer funded	Excl services Element of connection that is Sole Use funded	Excl services Connection projects UMC; DPCR5	Excl services Connection projects; DG
Connection projects, DPCR4	LV metered DPCR4 Connection projects	All direct costs					
Connection projects, DPCR4	HV metered DPCR4 Connection projects	All direct costs					
Connection projects, DPCR4	EHV metered DPCR4 Connection projects	All direct costs					
Connection projects, DPCR4	132kV metered DPCR4 Connection projects	All direct costs					
Connection projects, DPCR5	Single service LV connection		Direct cost of element of connection that is subject to		All direct costs		
Connection projects, DPCR5	Small project demand connection (LV)		Direct cost of element of connection that is subject to		All direct costs		
Connection projects, DPCR5	All other LV (with only LV work)		Direct cost of element of connection that is subject to apportionment rules		Direct cost of element of connection that is Sole Use funded		
Connection projects, DPCR5	LV end connections involving HV work		Direct cost of element of connection that is subject to apportionment rules		Direct cost of element of connection that is Sole Use funded		
Connection projects, DPCR5	HV end connections involving only HV work		Direct cost of element of connection that is subject to apportionment rules		Direct cost of element of connection that is Sole Use funded		
Connection projects, DPCR5	LV end connections involving EHV work		Direct cost of element of connection that is subject to apportionment rules		Direct cost of element of connection that is Sole Use funded		
Connection projects, DPCR5	HV end connections involving EHV work		Direct cost of element of connection that is subject to apportionment rules		Direct cost of element of connection that is Sole Use funded		
Connection projects, DPCR5	EHV end connections involving only EHV work		Direct cost of element of connection that is subject to apportionment rules		Direct cost of element of connection that is Sole Use funded		
Connection projects, DPCR5	HV or EHV connections involving 132kV work		Direct cost of element of connection that is subject to apportionment rules		Direct cost of element of connection that is Sole Use funded		
Connection projects, DPCR5	132kV end connections involving only 132kV work		Direct cost of element of connection that is subject to apportionment rules		Direct cost of element of connection that is Sole Use funded		
Connection projects, DG (DPCR4)	DG connection at LV involving LV assets only						All direct costs
Connection projects, DG (DPCR4)	DG connection at any voltage that includes assets of HV and above						All direct costs
Connection projects, DG (DPCR5)	DG connection at LV involving LV assets only						All direct costs
Connection projects, DG (DPCR5)	DG connection at any voltage that includes assets of HV and above						All direct costs
Connection projects UMC, DPCR4	Connection projects UMC, DPCR4						All direct costs
Connection projects UMC, DPCR5	Unmetered Local Authority						All direct costs
Connection projects UMC, DPCR5	PFI connections						All direct costs
Connection projects UMC, DPCR5	Other unmetered connections (non-L.A. or PFI)						All direct costs

- 1.1. The table above illustrates how direct connection costs should be captured within table C1.
- 1.2. All indirect costs should be input against the different categories of indirect cost.
- 1.3. All customer contribution (including contributions relating to indirect costs) should be listed against the appropriate connection type column.

## Appendix 2 – Additional Guidance to differentiate Asset Replacement and Trouble Call

### **Additional Guidance to ensure consistency of reporting Faults and Fault Related Condition Based Non-Load related costs**

1.1. The following guidance has been devised to ensure consistency of reporting across the DNOs resulting from the review of Fault costs reporting undertaken in 2007.

1.2. These rules apply only to the allocation of costs incurred at the time of the initial fault repair that results in a permanent restoration (or what could be considered a permanent restoration) of the faulted piece of equipment back to its pre-fault availability and, if applicable, the restoration of supply.

1.3. When, following the above, an assessment is made of the condition of the asset that failed and/or other associated assets which results in a planned replacement of the asset(s) these costs should be reported as NLRE.

### **LV Services and service cut-outs**

1.4. All costs associated with LV service faults (including service cut-outs) are to be reported as fault costs, except where the complete service (main to cut-out) is replaced due to the "as found" condition and where this is a direct offset against a volume of planned service replacement. Adequate processes and documentation must be in place to clearly demonstrate that the replaced volume of faulted service(s) is captured within, but without increasing, an approved planned programme of LV condition based service replacement.

### **LV mains, HV, EHV and 132kV overhead lines and underground cables**

1.5. The cost of all overhead line and underground cable replacements including submarine cables, necessary as part of the minimum work required to restore the faulted piece of equipment back to pre-fault availability and, if applicable, the restoration of supply are to be reported as fault costs.

1.6. The minimum work is defined as the minimum work that is feasible to undertake at that location given the "as-found" condition and any access constraints. For example, if the cable is wet and needs to be cut back to find a suitable location to make a joint that is expected to have normal life expediency then this is minimum work required for that specific location. Likewise where there is an access constraint such as a road crossing that requires extending the cable replaced, this is also the minimum work required for that specific location. The minimum work should not be determined by the cost of the repair or the length of conductor or cable installed.

1.7. The costs of assets replaced which are more than the minimum required to restore supply are to be reported as fault costs unless there is a justified long term

economic benefit for the additional replacement and it is more efficient to undertake this work at that time of the fault. This should be based on an assessment of fault history, condition, surroundings, and obsolescence etc. It would be expected in the majority of these cases there would be an existing sanctioned program (and related policy) of NLRE related to that particular asset.

1.8. Costs can only be allocated to NLRE where it can be shown there is a process for categorisation based on the scope of the work undertaken which should not be based on the cost of the repair or the length of conductor or cable installed.

1.9. Treatment of submarine cable faults exceeding £200k where it is proposed to be treated as NLRE should be separately agreed with Ofgem as part of the RRP process.

### **LV and HV Poles**

1.10. The cost of repairing or replacing a failed pole is to be reported as fault costs. All decayed poles identified and replaced during or subsequent to fault activities which were not the prime cause of the fault are to be reported as NLRE.

### **EHV and 132kV Poles and Towers**

1.11. If a wood/concrete pole or steel structure requires corrective works following a fault, then the cost are to be reported as fault costs. The costs of replacing a whole wood/concrete pole or steel structure are to be reported as NLRE.

### **LV, HV, EHV and 132kV plant (excluding PMT)**

1.12. The cost of replacement or repair of components within plant assets, necessary as part of the minimum work required to permanently restore the item of plant to pre fault availability are to be treated as fault costs. For the avoidance of doubt fuses, fuse holders, winding repairs, tap changers, bushings, individual CB poles, CTs and VTs are components.

1.13. Except for HV pole mounted transformers (PMT) which are to be reported as fault costs, the cost of replacing whole plant items following a fault (whether it is the whole asset or a number of its components that have failed requiring replacement of the whole item of plant) is to be reported as NLRE.

### **HV PMT**

1.14. HV pole mounted transformers (PMT) are always to be reported as fault costs.