



# RIIO-GD1 Gas Distribution Price Control – Regulatory Instructions and Guidance: Version 1.1

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**Contact:** Mick Watson

**Team:** Costs & Outputs

**Tel:** 020 7901 7416

**Email:** [mick.watson@ofgem.gov.uk](mailto:mick.watson@ofgem.gov.uk)

## Overview:

This document provides instructions and guidance to the eight gas distribution network operators to enable them to complete the reporting requirements associated with the gas distribution price control from 1 April 2013 to 31 March 2021.

This is the first gas distribution price control to reflect the new RIIO (Revenue = Incentives + Innovation + Outputs) model.

## Context

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This document contains the gas distribution price control cost, outputs, financial and revenue Regulatory Instructions and Guidance (RIGs).

The purpose of this document is to provide a framework to allow Ofgem to collect accurate and consistent information from the eight gas distribution network operators (Licensees).

A number of licence conditions require the eight gas distribution networks to provide us with this information. The main licence condition for the purposes of this document is Standard Special Condition A40: Regulatory Instructions and Guidance ('the RIGs Licence Condition').

This guidance applies for reporting from the period 1 April 2013 until 31 March 2021.

## Associated documents

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### Supporting Documents

Excel Workbook: [RIIO-GD1 Gas Distribution Costs and Outputs Reporting Template Version 1.1](#)

Excel Workbook: [RIIO-GD1 Gas Distribution Revenue Reporting Template Version 1.1](#)

### Other Documents

[RIIO-GD1: Final Proposals](#)

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# 1. Introduction

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## Chapter Summary

The chapter sets out the purpose and structure of the regulatory instructions and guidance which will apply for the gas distribution network operators for RIIO-GD1. It also sets out guidance on the process for reporting under the regulatory instructions and guidance and our audit requirements.

## Background

1.1. This is the first price control to be conducted under our new RIIO (Revenue = Incentives + Innovation + Outputs) model. Through RIIO-GD1, we are setting the regulatory framework to apply to gas distribution companies from 1 April 2013 to 31 March 2021.

1.2. The regulatory instructions and guidance (RIGs) provide a framework which enables Ofgem to collect data from the gas distribution network operators (GDNs) during the RIIO-GD1 period in a consistent format. We collect data to enable us to administer the Special Conditions of the Licence (the conditions which relate to the price control) which include monitoring the performance of GDNs against our final proposals, monitor compliance with price control obligations and to allow analysis between price controls and at the subsequent price control review.

1.3. The RIGs inform the GDNs about the information we plan to collect, guide them on how to provide this information and enable the GDNs to put systems in place to collect the data to the detail we require.

1.4. The RIGs also collect provisional total expenditure<sup>1</sup> (totex) data for use in the Annual Iteration process and the calculation of the annual modification to base revenues (MOD).

## Legal framework

1.5. For RIIO-GD1 the reporting requirements have been consolidated in a single new licence condition:

- Standard Special Condition A40: Regulatory Instructions and Guidance ('the RIGs Licence Condition').

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<sup>1</sup> Totex is provisional as it may be adjusted as a result of subsequent efficiency reviews or for the correction of any errors either after the 31 July or in subsequent years.

1.6. The RIGs Licence Condition sets out the scope and governance arrangements for the RIGs.

1.7. The RIGs Licence Condition consolidates the reporting related provisions, which were previously included within a number of licence conditions, into a single condition. Having a single licence condition has not altered the nature of the information that the GDNs need to provide.

## Components of the RIGs

### Overall structure

1.8. The RIGs comprise four main elements:

- templates for reporting the data (in MS Excel v.2007 or newer)
- templates containing the calculation of the revenue elements – revenue reporting (including performance against incentives) (in MS Excel v.2007 or newer)
- templates for providing commentaries against the data (in MS Word) [to be developed]
- instructions and guidance on how to report the data (in MS Word).

### RIGs templates

1.9. The data templates have been designed to be consistent with RIIO-GD1 final proposals. Where possible we have consolidated previous reporting requirements into the RIGs.

1.10. Key points to note when completing the tables are:

- Some cells in some tables have been designed to link to cells in other tables. These links must be retained by the GDN in the version submitted to Ofgem. Failure to do so will also be considered non-compliance with the RIGs.
- The RIGs tables are colour coded to reflect the action required. Yellow cells represent input fields. Light grey is used to denote cells containing a formula. White cells are used where cells do not need to be completed.
- All financial values should be input in the real price of the year to which the RIGs relate, ie actuals are in the costs of the year, and forecasts include impacts of real price effects, but not inflation.
- Unless otherwise indicated in the guidance document or templates, actual financial values should be provided in £ million to a minimum of three decimal places, and displayed at one decimal place, with financial values

reconciling with the audited regulatory accounts. However, the GDNs are required to provide all actual financial data to the highest reasonable level of accuracy available from their source systems, and commensurate with the purpose for which such data is intended taking into consideration the appropriate allocations that are necessary to complete the tables.

- Workload units and outputs should be reported at the highest reasonable level of accuracy from the source systems and commensurate with the purpose for which such data is intended taking into consideration the appropriate allocations that are necessary to complete the tables.
- Workload and outputs should be entered in the unit of measurement set out in this guidance or in the template.
- Unless otherwise indicated in the guidance or templates financial values should be input as positive values.
- 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.

### **Instructions and guidance**

1.11. The purpose of this document is to provide instructions and guidance to enable GDNs to complete the associated tables. This document provides information on:

- the systems, processes, procedures, recording and provision of the required data
- reporting units
- levels of accuracy (including rounding)
- the methodology for calculating or deriving required numbers
- the provision of the data to Ofgem (format, frequency etc)
- any audit or examiner requirements
- reasons for the data requirement
- explanations of how Ofgem will monitor, assess, and enforce compliance
- a glossary of terms used in the tables.

1.12. For the avoidance of doubt, this document should be read in conjunction with the RIGs Licence Conditions.

#### *Provision of forecast data*

1.13. There will be a requirement to forecast summary costs, workload and outputs for any remaining years of the RIIO-GD1 price control period. During RIIO-GD1 Ofgem will require forecasting to extend into RIIO-GD2. This requirement will be agreed with the GDNs.

1.14. It is acknowledged that forecasts may not be as accurate as actual reported data. Nevertheless it is expected that GDNs will take reasonable measures to ensure that forecasts are as robust as possible.

*Provision of Indirect Allocation Methodology*

1.15. The licensee must provide their methodology for allocating indirects as part of their reporting for 2013-14 reporting year and subsequently inform Ofgem of any changes to this methodology annually.

1.16. We set out further information on this document under the heading 'Structure of this document' at the end of this chapter.

**Commentary**

1.17. Alongside the submission of its templates, each GDN must complete the associated commentary. The guidance for this is set out in Chapter 12. A commentary is required in order to:

- (1) Give Ofgem an understanding of annual business performance in terms of; expenditure, workload and outputs.
- (2) Provide a summary of the forecast, including outputs, secondary deliverables, costs and workload.
- (3) Provide an understanding of material variances against previous year's actuals, forecasts and final proposals for outputs, secondary deliverables, costs and workload.
- (4) To inform Ofgem of any organisational changes / performance improvements, including modification/enhancements to allocation methodology and/or data capture eg systems.

**Errors**

In the event of any errors in the RIGs templates identified after they are sent out to GDNs for completion, the following procedure shall be followed:

1. Upon identifying an error, notify Ofgem by email, detailing the nature of the error. CC the email to representatives from the other companies for their information. Do not correct the error in the version to be submitted to Ofgem
2. Ofgem will respond and if necessary provide guidance on correcting the error.
3. Ofgem will maintain a log and correct master template for the following year



## Reporting under the RIGs

### Timescales for reporting

1.18. The relevant reporting year for the provision of information under the RIGs is from 1 April to 31 March in the following calendar year. The templates for reporting on summary costs, workload and outputs should include forecast expenditure, workload and outputs for each of the remaining years of the RIIO-GD1 price control period.

1.19. Except where stated otherwise, the GDNs must provide the information required under the RIGs 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 GDNs can submit information unless Ofgem has previously consented otherwise in writing.

1.20. All of the RIGS will be submitted on an annual basis. The only exception to this is in the case of the Pension Pack which is required on a triennial basis.

### Form of submission

1.21. Instructions for the electronic submission of the tables 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 Ofgem.

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

### Resubmissions

1.23. The GDNs are required to seek the agreement of Ofgem, or a person nominated by Ofgem, before resubmitting any information in accordance with these RIGs.

1.24. 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 where Ofgem and/or the licensee decide such a letter is required. The volume of supporting information the licensee will be required to submit to support any resubmission will be dependent on the nature of any required resubmission.

1.25. For each resubmission a detailed explanation must be provided on the changes log in the RIGs listing every cell that has been amended. The explanation must include sufficient commentary to explain the reasons for the required resubmission.

1.26. In relation to the detailed return required as part of revenue reporting, this must only be resubmitted where a restatement is necessary in the opinion of the appropriate auditor.

### **Review**

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

1.28. Where a reviewer has been nominated, the reviewer will enter into an agreement with the licensee to maintain confidentiality on reasonable terms.

### **Appointing an examiner**

1.29. In accordance with the RIGs Licence Condition the licensee must permit a person nominated by Ofgem to examine:

- the systems, processes and procedures for measuring the specified information,
- the specified information collected by the licensee,
- the extent to which the systems, process and procedures and the specified information complies with the RIGs.

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

1.30. In accordance with the RIGs Licence Condition, Ofgem will identify the Specified Information to be audited, the terms on which an auditor is to be appointed by the licensee for that purpose and the nature of the audit to be carried out by that person. We will issue an Agreed Upon Audit Procedures (AUP) for use by an appropriate auditor by 31<sup>st</sup> March of the year of submission.

### **Publication and sharing of templates**

1.31. It will be a requirement for GDNs to publish, on their company websites, certain information from the submitted data templates, relating to their annual performance and forecast. These will be the summary tables – Series 2 (including totex PCFM, summary actual and forecast costs, workloads and outputs) and other licence, quality of service and guaranteed standards of performance measures.

1.32. Ofgem will also share the complete data templates with other GDNs, subject to any Ofgem agreed redactions of sensitive information. If agreement to redact is made for one GDN, then the corresponding data will be redacted for all other GDNs.

1.33. GDNs should publish the relevant tables and Ofgem will share the data templates by no later than 30 September following the end of each relevant reporting year.

1.34. Ofgem may publish any further information contained in the templates, but will notify the GDNs in advance of any intention to do so and will make any necessary redactions.

1.35. If Ofgem publish an annual report including analysis of data, for instance benchmarking, then GDNs will be provided with the supporting spreadsheet(s), including transparency of calculations. This will only be provided following sharing of data templates between the GDNs, see 1.31.

## Structure of this document

1.36. This document is divided into sections reflecting the different component parts of the RIGs tables. These are as follows:

- Chapter 2 provides general instructions for completing data template tables
- Chapter 3 provides instructions for the completion of the series 1 Finance tables.
- Chapter 4 provides instructions for the completion the series 2 summary tables.
- Chapter 5 provides instructions for the completion of the series 3 Opex costs and workload tables.
- Chapter 6 provides instructions for the completion of the series 4 Capex costs and workload tables.
- Chapter 7 provides instructions for the completion of the series 5 Repex costs and workload tables.
- Chapter 8 provides instructions for the completion of the series 6 Network asset data tables.
- Chapter 9 provides instructions for the completion of the series 7 Network output and innovation data tables.
- Chapter 10 provides instructions for the completion of the series 8 quality of service and guaranteed standards of performance tables.
- Chapter 11 provides instructions for the completion of the revenue tables.
- Chapter 12 provides guidance for submission of a supporting commentary. [to be developed].

## 2. General instructions for completing data template tables

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### Chapter Summary

The purpose of this chapter is to provide general instructions for completing the data template(s) tables by each GDN. This is to enable Ofgem to effectively monitor the performance of the companies in relation to the allowances set as part of RIIO-GD1 Final Proposals and against previous year's submitted actuals and forecast.

### Overview

2.1. The data templates comprise a series of tables in a Microsoft Excel workbook. The purpose of the workbook is to facilitate the submission of uniform and comparable financial, workload and outputs information from GDNs. This enables comparison across the GDNs, with final proposals and prior year's performance, and comparative regulation on a consistent basis throughout the RIIO-GD1 period. It consists of a number of data entry and various summary tables. The workbook should support and be consistent with the RIIO-GD1 Final Proposals.

2.2. GDNs should submit accurate, and where instructed, audited figures of their costs and revenues for the relevant period. Further guidance is provided in this chapter.

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

### Accounting policies

2.4. The template should be prepared on a cash typical basis (see Glossary). Cash means exclusive of all provisions and all accruals and prepayments that are not incurred as part of the ordinary level of business. All expenses recognised are those expected to be incurred as part of the ordinary level of business.

2.5. Use the same accounting policies as in the preparation of the regulatory financial statements, in accordance with UK GAAP or IFRS unless otherwise stated. In the event that the accounting policies applied to prepare the template differ from those used in the regulatory financial statements (for some or all years) you must include appropriate details including quantification of the difference.

### Structure of the template

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

- series 1 finance tables
- series 2 summary tables
- series 3 opex costs and workload tables
- series 4 capex costs and workload tables
- series 5 repex costs and workload tables
- series 6 network asset data tables
- series 7 network output, environment and innovation data tables
- series 8 quality of service and guaranteed standards of performance tables
- series 9 revenues tables

## **Gas distribution business**

2.7. The financial information presented in the template should relate to activities of the GDN whether carried out by the GDN directly or by another party on behalf of the GDN (eg related parties or third parties carrying out activities for the GDN). De minimis businesses are to be included where such activities are carried by the licensee (which has been consented to by Ofgem in accordance with Standard Special Condition A36).

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

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

## **Data entry**

2.10. As the template is a series of tables in a Microsoft Excel workbook, links and formulae have been included to limit, where possible, the amount of manual data entry required. The workbook cells has not been “locked”, but GDNs are not to change any formulas or formats (including insertion or deletion of rows or columns, moving any cells, or altering any text, figures or formulae in any cells not shaded yellow) without instruction from Ofgem first. If a change is necessary (to correct an error, for example), we will notify all GDNs of the correction to be made.

## **Definitions**

2.11. Appendix 1 contains the detailed glossary of definitions to be used. GDNs must ensure that the definitions are clearly understood and are complied with when entering any data into the template. Where there is doubt or uncertainty, please refer to Ofgem for clarification. This is to ensure consistency and comparability of data entry across GDNs.

2.12. The regulatory asset value (RAV) is a key building block of the price control review. RAV represents the value upon which the companies earn a return in accordance with the regulatory cost of capital and receive a depreciation allowance.

Additions to the RAV are calculated as a set percentage of totex. The definition of totex is detailed in Appendix 2.

### **Use of estimates and allocations**

2.13. Apportionments should be avoided wherever possible. However, where GDNs (and any affiliate or related undertaking of the GDNs) has to do this to complete the tables, the basis of apportionment must be provided. Changes in apportionment should also be highlighted.

### **Pipe diameter bands**

2.14. It is required that all cost and workload / length data, where reported by pipe diameter band, uses a consistently applied pipe allocation. Appendix 3 defines nine diameter categories, A to I, which are derived by matching the internal pipe diameters of the various pipe materials in use and covers both imperial and metric nominal diameters.

### **Uncertainties**

2.15. Where tables have been provided for uncertainties (reopeners) (eg smart metering, streetworks, PSUP and SIU), these costs should also be included in the associated opex, capex and repex activity tables.

2.16. Where a reopener is triggered there will be a requirement to provide additional information. This will be agreed by Ofgem and the GDNs.

### **Additional information**

2.17. If GDNs consider additional information beyond that requested is necessary to develop a complete understanding of the information presented in the tables of the template, then such information should be included in an appendix to the submission.

### **Template errors**

2.18. Where errors in the workbook are identified then Ofgem should be notified as soon as possible. Ofgem will make the necessary corrections, log them in the change log and notify the GDNs.

## 3. Instructions for completing the finance tables

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### Chapter Summary

The purpose of this chapter is to guide the person responsible for populating the finance tables for each Gas Distribution Network (GDN). Each table populated by the GDN is identical. The information gathered via these tables will enable Ofgem to effectively monitor outturn against the appropriate allowances, assess the suitability of future allowances and quantify any adjustments as required in the Final Proposals.

### Introduction

3.1. The finance tables, together with the guidelines below for populating them, have been written on the basis that each GDN sits on its own statutory entity. However, in the case of National Grid Gas plc ('NGG plc'), four GDNs (together with other entities) are included in the same statutory entity. Where it is appropriate therefore, and to reduce regulatory burden, we will accept the finance tables being completed on columnar approach with a total column representing the total statutory entity and other columns relating to the GDNs within that statutory entity and for this analysis to be copied into the individual GDNs RIGs tables. Where finance tables link to costs and outputs tables, only the relevant column needs to be linked through, in order to reduce links to other tables.

3.2. The purpose of the tables is to facilitate the submission of uniform and comparable financial information from GDNs. This enables comparison with business plans, comparison with prior years and comparative regulation on a consistent basis throughout the RIIO-GD1 period.

3.3. GDNs should submit accurate (and where instructed) audited figures of their costs and revenues for the relevant period. Further guidance is provided below.

3.4. 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.

### Additional information required

3.5. 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 the RIGS tables.
- Reconciliation of changes to opening capital allowance pools from prior year submission(s) with documentation to support Tables 1.8 and 1.9,
- Audited Annual Pension Scheme accounts; 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

## Overview of tables

3.6. The tables included within this chapter are:

- 1.1 – Income Statement
- 1.2 – Statement of Financial Position
- 1.3 – Cash Flow
- 1.4 – Reconciliation to cost tables
- 1.5 – Net Debt
- 1.6 – Disposals
- 1.7 – Tax Computation
- 1.8 – Tax Pools
- 1.9 – Tax Allocations
- 1.10 – Tax Allocations CT600
- 1.11 – Tax Clawback
- 1.12 – Financing Requirements
- 1.13 – Pensions Defined Benefit Deficit

**Table 1.1 – Income Statement**

<p>Purpose and Use by Ofgem</p>	<p>This table is designed to consistently collate information on each licensee’s income and expenditure as reported in the Regulatory accounts.</p> <p>The table is the reference point for the reconciliation of certain audited amounts to costs reported elsewhere.</p> <p>It will also be used to identify differences in reporting formats between GDNs.</p>
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<p>Instructions for Completion</p>	<p>All row references are in columns H &amp; I This table should be completed in £m nominal.</p> <p>The GDN is required to populate financial information for the prior year as well as the current regulatory year.</p> <p>Each row of the table should be completed for individual GDNs for the latest regulatory year and the prior year to act as a comparison.</p> <p>In row 16, for the relevant reporting years indicate whether accounts are prepared under UK GAAP (old or new) or full EU-IFRS accounting standards.</p> <p>In row 18, enter the total revenue before any deductions for the relevant reporting years.</p> <p>In rows 21-24, enter all operating costs, entering costs for depreciation and amortisation in the separate lines provided.</p> <p>In row 30, enter the profit or loss on disposal of an asset for the prior year being reported on. The information for the current year is auto populated from the disposals table.</p> <p>In rows 32-35, enter any exceptional items as reported in the regulatory accounts. Report in separate lines by nature of what has generated the exceptional item.</p> <p>In rows 40-44, enter any interest payable or receivable and any investment income earned.</p> <p>Other finance income/Investment income" should include non-transportation related items, financial movements on pension schemes and movements on derivative financial instruments.</p> <p>In rows 50-54, enter current and deferred tax chargeable as reported in the regulatory accounts.</p> <p>In rows 61-69, enter all movements in equity according to the headings given in column A. This should agree to the audited Regulatory Accounts.</p> <p>Additional rows have been provided to enter other items not mentioned.</p>
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**Table 1.2 – Statement of financial position**

<p>Purpose and Use by Ofgem</p>	<p>This table is designed to consistently collate information on the Licensee’s assets and liabilities</p> <p>It will be used to cross check the level of total debt reported elsewhere in the financial model and what other liabilities the licensee has.</p> <p>It will also be used to identify differences in reporting when GDNs switch from one accounting principle to another.</p>
<p>Instructions for Completion</p>	<p>This table should be populated with information from 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.</p> <p>All row references are in columns H &amp; I This table should be completed in £m nominal.</p> <p>Row 16: Check that the appropriate accounting principle used has fed through.</p> <p>Rows 18-24, Rows 28-36, Rows 41-47, Rows 51-58, Rows 62-65 and Rows 71-74: Populate with information as reported in the regulatory accounts.</p> <p>Row 73: The “Hedging Reserve” on the Statement of Financial Position is only to be used by companies reporting under IFRS.</p> <p>The balance check box highlighted in orange makes sure that the shareholders’ funds equates to the net assets of the licensee.</p>

**Table 1.3 – Cash Flow**

<p>Purpose and Use by Ofgem</p>	<p>This table is designed to consistently collate information on cash movements for each licensee within the regulatory year. The reconciliation to debt at the bottom of this table reconciles the opening balance position with the closing cash balance. The closing cash balance should equate to the net debt value in table 1.5 (Net debt), with any differences accounted for as an adjustment in the</p>
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	reconciliation. A check box highlighted in orange ensures that both values are equal.
Instructions for Completion	<p>Inputs are required to replicate the cashflow in the regulatory accounts. Only the yellow boxed cells need to be populated. All row references are in column H</p> <p>Rows 28: Enter any non operating income as required.</p> <p>Rows 29-31: These cells are for additional adjustments that are not mentioned in rows 24-28. Overwrite the cells in column A with the specific heading adjustments. Rows 35-43, Rows 49-56, Row 59, and Rows 62-71: Populate the required cells with information described in column A.</p> <p>Row 46: Tax charge paid for the regulatory year should be input in this cell. Row 77: Enter net debt figure from the prior regulatory year Rows 79-83: These cells are used to reconcile the opening net debt value to the closing value. The relevant yellow highlighted cells should be populated using the descriptions in column A.</p> <p>Row 86: 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".</p>

**Table 1.4 – Reconciliation to Regulatory Accounts**

Purpose and Use by Ofgem	This table is used to collate information consistently on the three major cost categories referred to in Totex. The information is used to reconcile the values for Opex, Repex and Capex reported in tables 1.1 and 1.2 of the finance tables with the same values reported in the costs and outputs data tables. values inputted here, must include a brief description of the item. Where further detail is necessary this must be added to the Commentary.
Instructions for Completion	<p>All row references are in column F</p> <p>Rows 17-34: These rows are available for the Licensee to</p>

	<p>provide information on non cash and other reconciling items. The items input here are meant to reconcile the regulatory account value to the value of Operating expenditure (Opex) in table 3.1.</p> <p>Rows 36-42: These rows are available for the Licensee to list information on the replacement expenditure (Repex) that has been included in operating expenses. The total Repex reported here will automatically feed through to the Repex section of this table.</p> <p>Row 48: The check box should read "OK" for the two values to have reconciled.</p> <p>Row 51: Enter the value for additional capital expenditure incurred in the year.</p> <p>Rows 53-67: These rows are available for the Licensee to provide information on non cash and other reconciling items that reconcile the regulatory account value to the capital expenditure (Capex) in table 4.0.</p> <p>Rows 69-73: Populate with information on the replacement expenditure that has been included in capital expenditure. The total Repex reported here will automatically feed through to the Repex section of this table.</p> <p>Note that capitalised interest and asset revaluation amounts are not to be included on other tables in the RIGs and must be deducted here as they are not allowed in regulatory costs.</p> <p>Rows 46, 77 and 88 contain checks. A check is performed to ensure the regulatory accounts totals agree to the costs and outputs data tables. Check cells are highlighted in orange and must say 'OK' for the RIGs to have been completed correctly. There is an error limit of 0.1 in each case.</p>
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**Table 1.5. – Net Debt**

<p>Purpose and Use by Ofgem</p>	<p>This table collects high level data of all borrowing, guarantees and financial derivative instruments, interest rates on debt, repayment dates and cash and short term investments.</p> <p>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 GDNs have loans falling due for repayment.</p> <p>The table provides information on derivative financial instruments to facilitate understanding of existing debt</p>
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	<p>structures.</p> <p>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. Derivatives that have been used to hedge risk can be identified on this table. and to enable OFGEM assess financial stability. The risk exposure of the network can also be assessed using the information in this table.</p>
<p>Instructions for Completion</p>	<p>Input cells are the yellow shaded boxes.  Rows 9 to 14 in columns L to N are meant to be populated with the attributable net debt for each licensee; where the same company owns more than one licensee and produces one set of regulatory accounts for all of them.</p> <p>Cell N17 contains a check to ensure that any difference between cell I16 and N15 is identified.</p> <p>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 this table.</p> <p><b>Section A.</b>  Rows 33,34 &amp; 36 in column F requires information on Schedule of cash, short term deposits and overdrafts. The required input values are described in column B.</p> <p><b>Sections B-M.</b></p> <p>The following categories are applicable to sections B to M. Below is a brief description of the information that is needed to be populated in the following sub headings.</p> <p>Type or nature of instrument: The input in these cells need to give a full description of the type of debt, such as loan or otherwise. The description should also include a description of the type of loan.</p> <p>Name of lender: The input required in these cells should list the name of the party the borrowing had been made from.</p> <p>Credit rating: populate these cells with the credit rating of the lender (where applicable). Scoring from credit rating agencies such as Dun and Bradstreet, standard and poor’s or Moody’s can be used here.</p> <p>Issue date: These cells need to be populated with the date that the borrowing is made.</p> <p>Fixed/ floating interest rate: Use the drop down box to</p>

	<p>indicate which rate is applicable to each borrowing described. The interest rate should be the rate at year end.</p> <p>Interest/ coupon rate: Input the necessary percentage value for the interest or coupon rate. Value should be to 2 decimal places. The rate entered here must be in relation to the year end debt.</p> <p>Interest (£m): Enter the interest value. Round values up to the nearest 2 decimal places.</p> <p>Maturity profile of debt: These are categorised into debt due in under 1 year, due between 2 and 5 years and due after 5 years. The information required here, should show the split as in the statement of financial position in the regulatory accounts.</p> <p>References: Enter any available references by which the debt can be identified.</p> <p>Value matching/ Time matching: This section is meant to give information on the nature of the hedge applied to the financial instrument. The input required here should indicate in each case whether the instrument has been matched by duration or value. Use the drop down box under each heading to select if there is any exposure due to an over or under hedge.</p> <p><b>Section C &amp; D.</b> Intercompany loan balances are required in section <b>C</b> and Section <b>D</b>.</p> <p><b>Section E</b> requires any other intercompany balances to be disclosed. In this section the type as described in column B asks for a description of the intercompany balance as per the balance sheet. The terms under which the intercompany balance has been determined is required to be input in the cells in column C. Payable / Receivable requires an input on what the nature of the intercompany balance is. There is a drop down box to select the option as applicable.</p> <p><b>Section F</b> This section should be populated with details of any guarantees given by the licensee on behalf of other group companies. A narrative of any guarantees entered into is still required even if there is no disclosure value in the financial statements. For each guarantee; the following as implied by the sub-</p>
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	<p>headings should be provided.</p> <p>The type of guarantee should give a brief description of the nature of the guarantee</p> <p>Name of other group company: requires the name of the company within the group; for which the guarantee has been made.</p> <p>Reason for granting guarantee requires information on the event that triggered the guarantee and what has been guaranteed</p> <p>The applicable date of guarantee should be the date the guarantee falls due or becomes liable.</p> <p>Purpose of the guarantee should include any information on the guarantee not provided in the reason.</p> <p>Value of the guarantee is as the name implies. However if the value of the guarantee is not known, this can be left blank.</p> <p><b>Sections G-M</b></p> <p>The sub headings mentioned below are specific to sections G to M. Contract date: Input in these cells the date the contract is entered into.</p> <p>Name of counterparty: The counterparty to each contract listed should be entered in these cells.</p> <p>Market value for the hedged debt or equity instrument as at the 31<sup>st</sup> of March for the specific year end.</p> <p>The Interest rate required under debt/financial instrument hedged section is the rate applicable after the hedge has been made on the financial instrument.</p>
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**Table 1.6 – Disposals**

Purpose and Use by Ofgem	This table collects information relating to fixed asset disposals, to enable Ofgem understand the nature of the disposals and for logging up purposes compared to assumed disposal levels in the PCFM.
Instructions for Completion	The yellow shaded boxes are the required cells for input of financial information in this table.

	<p>Rows 11 to 15: Enter details of disposals in the regulatory year by asset type. Disposals should include assets transferred from the licensee to a company within the same group (i.e. a property company).</p> <p>The cost of the asset should be the value as reported in the statement of financial position by asset type.</p> <p>Depreciation is the cumulative depreciation year to date as reported at year end for each class of assets.</p> <p>Net sales proceeds should include the profit or loss on disposal of the asset.</p> <p>Transfer to current assets: Any assets re-classified during the year to current assets should be recorded in the yellow cells as required.</p> <p>Rows 18 to 24: insert details of any adjustments or reclassifications of fixed assets to current assets as applicable.</p>
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**Table 1.7 – Tax Computation**

Purpose and Use by Ofgem	<p>This table is used to consistently collate information on the tax charge liable in the regulatory year and how it was arrived at.</p> <p>This table and the Tax pools tables (1.8 and 1.9) are used to monitor outturn against allowances.</p>
Instructions for Completion	<p>This table must be prepared on the same basis as the licensee's corporation tax returns for each regulatory financial year ended 31 March and in accordance with extant tax legislation.</p> <p>The first input cell is in row 16, column K. The current rate of corporation tax applicable in the regulatory year should be filled in here.</p> <p>The table is populated automatically with figures from finance table 1.1 (income statement) where appropriate. Cell 18 column K is greyed out and has been populated by the profit before tax value from table 1.1.</p>



	<p>All row references are in column K</p> <p>Rows 21-29 are required to be populated with non tax deductible items; which will be added back. Some of the items have been prompted by the titles in column B. Where the titles provided in column B are not sufficient, use the other available cells to provide the relevant information. 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. Enter any amounts of operating expenditure that, in accordance with tax legislation, is disallowed as a deduction in computing taxable profits. Pension contributions paid is the amount of pension contributions actually cash paid to the pension scheme. Where necessary an explanation must be provided in the commentary. Where the licensee 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 GDNs or that of the affiliate paying them in their own accounts must be provided in the commentary.</p> <p>Rows 35-43 are required to be populated with tax deductible expenditure that has not already been deducted in arriving at the "profit before tax" value. Pension related adjustments should eliminate all pension contributions provisions or accruals. The amount of cash pension contribution paid and deductible for tax purposes is required. Use cells shaded yellow for additional information. Where a value is provided under "other adjustments" a description is also required.</p> <p>Rows 47-54 are required to be populated with tax deductible expenditure that relates to the relevant capital allowances applicable to the licensee. Use additional cells shaded yellow for additional information as required.</p> <p>Rows 58-61 are for additional lines for any other adjustments that might need to be made.</p> <p>Row 66 is greyed out. It is auto populated with the total profit chargeable to corporation tax.</p> <p>Row 67 calculates the corporation tax charge by applying the corporation tax charge entered in row 16 to the tax chargeable profit.</p> <p>Rows 70-74 are required to be populated with information on tax losses, as the titles in column B imply.</p>
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	<p>Row 76 is greyed out and auto populates the cell with information on the tax charge as reported in the income statement.</p> <p>Row 77 carries out a check to ensure that the tax calculated on this table is the same as reported in the income statement.</p>
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**Table 1.8 – Tax pools**

<p>Purpose and Use by Ofgem</p>	<p>These tables track annual additions to and movements in capital allowance pools during the regulatory year. It is laid out in such a way, that the licensee can populate it with information on capital allowances on the same basis as in the licensee’s corporation tax returns. The information should also be in accordance with extant tax legislation. It will capture the movements on capital allowances in total for the GDN and for the distribution business and other activities; and reconcile the total to the GDN’s own tax provision workings for its regulatory accounts and/or draft corporation tax computation.</p> <p>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.</p> <p>The information filled in here should be for the relevant regulatory year ended 31<sup>st</sup> March.</p>
<p>Instructions for Completion</p>	<p>All row references are in column D</p> <p>Row 17 is populated by Ofgem. 100% pre-populated in cell D17 being the current applicable rate for annual investment allowances (AIA).</p> <p>Row 18 in column D needs to be populated with the value of any capital allowances granted as annual investment allowance.</p> <p>Rows 22-27 is required to be populated with the values for any allowances granted under the general pool. Populate the yellow boxed cells as titled in column B. 18% pre-populated in cell D21 being the applicable current rate for writing down allowance (WDA) in the general pool. The actual WDA value should be entered in row 29.</p> <p>Rows 33-38 is required to be populated with the values for any allowances granted under the special pool. Populate the yellow boxed cells as titled in column B. 8% being the applicable current rate for writing down allowance (WDA) in</p>

	<p>the special pool. The actual WDA should be entered in row 40.</p> <p>Row 44: Enter the applicable percentage rate for the WDA on any deferred revenue Rows 45-49 is required to be populated with the values for any allowances granted under deferred revenue. The actual WDA should be entered in row 51.</p> <p>In row 55 enter the value for any non qualifying fixed asset additions for capital allowance purposes.</p>
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**Table 1.9 – Tax Allocations**

<p>Purpose and Use by Ofgem</p>	<p>This table is used to report the allocation of Load Related Capex (ALC), Controllable Opex (ACO), Other Capex (AOC) and Repex (ARE) to capital allowance pools for each licensee consistent with the numbers in the Regulatory Accounts for the year. It obtains an analysis of the licensee's tangible fixed asset additions and ensures allocation to the capital allowance pools on a consistent and comparable format across GDNs.</p> <p>This information will ultimately be used to inform future price controls. The table requires GDNs to insert the allocation of expenditure across tax categories for the various types of expenditure. These allocations should reflect the basis on which the tax charge for the Regulatory Accounts has been based. Enter the analysis of the expenditure in each area for tax purposes (£m) by each of the capital allowance pools.</p>
<p>Instructions for Completion</p>	<p>Populate each of the yellow shaded cells in this table with the value allocated to each tax pool category. Controllable operating expenditure not allocated to Capex should be shown in the box titled "revenue".</p> <p>The total expenditure should agree to the total Totex in the Totex PCFM table.</p> <p>For each category of ALC, ACO, AOC and ARE; there are input cells highlighted in yellow in column D.</p> <p>Profiles are calculated automatically for each expenditure type in the bottom half of the sheet. The profiles are shown in percentages.</p>

**Table 1.10 – Tax Allocations CT600**

<p><b>Purpose and Use by Ofgem</b></p>	<p>This table is used to report the allocation of Load Related Capex (ALC), Controllable Opex (ACO), Other Capex (AOC) and Repex (ARE) to capital allowance pools for each licensee consistent with the CT600 tax return submitted (normally for the preceding statutory accounting financial reporting year).</p> <p>This table is therefore a replica of table 1.9 with the exception of the CT600 summary at the bottom of the table and it requires information on the preceding financial year as opposed to the current. The top of the table requires a breakdown by capital allowance pools and the bottom half of the table shows the summary of the values as reported in the CT600 by capital allowance pools.</p>
<p>Instructions for Completion</p>	<p>Populate each of the cells mentioned above with the value allocated to each tax pool category.</p> <p>The total expenditure should agree to the total Totex in the Totex PCFM table (2.0).</p> <p>For each category of ALC, ACO, AOC and ARE; there are input cells highlighted in yellow in column D. Enter the values stated above net of contributions. Contributions are required to be input in the rows labelled as contributions for each of the categories.</p> <p>Profiles are calculated automatically for each expenditure type in the bottom half of the sheet. The profiles are shown in percentages.</p> <p>The total additions by capital allowance pool should agree to the additions stated in the CT600, with the exception of the revenue category.</p>

**Table 1.11 – Tax Clawback**

<p>Purpose and Use by Ofgem</p>	<p>This tables collates the Net Debt and Net Interest information that will be used in the PCFM to calculate any tax gearing clawback</p> <p>This table is used to show the calculation of the clawback of the tax benefit due to excess gearing as specified in the RIIO-GD1 price control. Where companies have gearing levels in excess of that assumed in the price control, and also a higher level of actual interest than modelled, the value of this relevant interest as a tax shield is adjusted as part of the annual iteration process.</p>
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<p>Instructions for Completion</p>	<p>All row references are in columns C</p> <p>Rows 12 – 28: Enter all adjustments to Net Debt reported in table 1.5 to arrive at net debt as required by the regulatory definition. Regulatory definition of Net Debt can be found in the open letter of 31 July 2009 “Clawback of tax benefit due to excess gearing”</p> <p>Input all adjustments in the yellow coded cells in column C to arrive at the total adjusted net debt per regulatory definition.</p> <p>The second half of this table is dedicated to the calculation of net interest.</p> <p>Input values in the yellow coded boxes in rows 32-39 to arrive at the interest paid</p> <p>Input values in the yellow coded boxes in rows 42-53 to arrive at the interest expense as per the income statement.</p> <p>Input values in the yellow coded boxes in rows 57-60 to arrive at the interest received</p> <p>Input values in the yellow coded boxes in rows 63-68 to arrive at the interest income as per the income statement.</p> <p>The greyed out cell in row 71 automatically calculates the net interest Further adjustments are then required in the yellow shaded cells in rows 73-83 to arrive at the regulatory interest charge.</p>
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**Table 1.12 – Financing requirements**

<p>Purpose and Use by Ofgem</p>	<p>This table will be used to monitor the licensee's short term financial stability. It requires provision of a high level cashflow for the succeeding two regulatory years and the forecasted financing requirements for those periods.</p>
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<p>Instructions for Completion</p>	<p>Input the figures indicated into the yellow shaded boxes. The figures required are for the next two full regulatory financial years. Input values required are described in column A.</p> <p>All row references are in columns D &amp; E.</p> <p>Row 32: Insert the value of any undrawn facilities which will be available to meet the financing requirements, available at the start of the current year.</p> <p>Where the licensee has concerns about refinancing, these should be expressed in the commentary, except to the extent that such issues have been separately notified to Ofgem.</p>
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**Table 1.13 –Pensions Defined Benefit Pension Scheme**

<p>Purpose and Use by Ofgem</p>	<p>This table collects recent data relating to defined benefit (DB) pension scheme, obtained from pension scheme accounts and updated valuations. This information provides a view of scheme investment and funding strategies.</p> <p>The table collects information on <b>actual</b> pension contributions made by the scheme sponsors to repair the deficit; estimated movements in assets, liabilities and membership data.</p>
<p>Instructions for Completion</p>	<p>All data must be entered in nominal prices each year.</p> <p>Data is to be provided on the total DB scheme for which the licensee is a sponsoring employer.</p> <p><b>Section A Pensionable payments information</b></p> <p>Enter pensionable pay information before any reduction for salary sacrifice, the salary sacrifice element of pensionable pay (ie the amount of salary sacrificed by employees in exchange for an increase in the employer pension contribution equivalent to the gross employee pension contribution) and employee and employer contribution data applicable to the licensee, rather than for the total DB scheme as a whole.</p> <p><b>Section B Pension deficit information</b></p> <p>Insert the total scheme deficit repair payments (cash), and the attribution of actual deficit repair payments between business units, (inserting each business unit’s name) by sponsoring employers of the scheme.</p>

	<p><b>Section C Pension hedging and contingent asset costs directly paid by licensee:</b></p> <p>Insert details of each attribution between business units of contingent asset costs and other hedging instruments, where a proportion is paid directly by the licensee.</p> <p><b>Section D Scheme Membership</b></p> <p>Enter membership details for the scheme, by membership type and average age. This should be the licensee’s best estimate of membership based on the latest available information from the scheme administration database or the latest available pension scheme accounts.</p> <p><b>Section E Scheme deficit information</b></p> <p>Enter net investment income received - being the income received on scheme assets, net of investment management fees (where it is deducted from investment income). Enter the change in market value of investments, which is the change in the market value of a scheme’s investments over a period of time, where the approach used to assess the market value of an asset is the same as the approach used for the purposes of a triennial valuation.</p> <p>Enter the amount of investment management expenses</p> <p>In column B, enter either “A”, “B” or “C” to indicate whether this asset is generally assumed by the scheme to be 'return-seeking' assets', 'low –risk' assets and scheme assets specifically designed to match a proportion of the scheme liabilities, respectively. In column E, provide the value of scheme assets in £m by class. The value should be fair value at the 31 March of the Regulatory reporting year under review.</p> <p>In section E, insert the value of scheme liabilities as at the 31 March, which should be sourced from an updated valuation (used for internal purposes), co- terminus regulatory accounts, returns to the pension protection fund or best estimate. The basis should be explained in the commentary.</p> <p>Enter the scheme's deficit funding for the Regulatory reporting year on a cash basis for the whole scheme.</p> <p>Insert the value of pension related severance costs paid in the Regulatory reporting year by the scheme as a whole.</p>
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## 4. Instructions for completing the summary tables

### Introduction

4.1. The purpose of the summary tables is to report actual and forecast data for total expenditure, workload and outputs. In the main these tables pull data from other areas of the RIGs.

### Overview of tables

4.2. The tables included within this chapter are:

- 2.1 Totex Price control financial model (Pcfm)
- 2.2 Totex costs summary
- 2.3 Workload summary
- 2.4 Safety
- 2.5 Reliability
- 2.6 Environmental

**Table 2.1 – Totex Pcfm**

Purpose and Use by Ofgem	This table aggregates data contained in table 3.1 opex cost matrix, 4.1 capex summary and 5.1 repex summary to give provisional inputs for the totex lines included in the Pcfm.
Instructions for Completion	<p>This table is mainly auto-populated. Input the following costs, (as negative numbers), for the categories stated, and only include adjustments where they have been included as part of controllable costs:</p> <ul style="list-style-type: none"> <li>• Pension deficit repair payments relating to the established deficit (-ve)</li> <li>• Unfunded early retirement deficiency costs (ERDC) post 1 April 2004 (-ve)</li> <li>• Ongoing pension costs accrued under IAS 19 (-ve).</li> </ul>

**Table 2.2 – Totex cost summary**

Purpose and Use by Ofgem	This tables summarises the actual costs and provide forecast of costs for the remaining years of RIIO-GD1 period (and where required, by Ofgem, into RIIO-GD2).
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Instructions for Completion	<p>Actual current year data will auto populate from other tables.</p> <p>GDNs should enter their forecast for costs for the remaining years of RIIO-GD1 (and where required, by Ofgem, into RIIO-GD2)</p> <p>GDNs should update previous years forecast data from previous years RRP, this will be left blank for reporting year 2013-14)</p> <p>FP allowances will be auto populated.</p>
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**Table 2.3 – Workload summary**

Purpose and Use by Ofgem	This tables summarises the actual workloads and provide forecast workloads for the remaining years of RIIO-GD1 period (and where required, by Ofgem, into RIIO-GD2).
Instructions for Completion	<p>Actual current year data will auto populate from other tables.</p> <p>GDNs to enter their forecast workloads for the remaining years of RIIO-GD1 (and where required, by Ofgem, into RIIO-GD2).</p> <p>GDNs should update previous years forecast data from previous year’s RRP, this will be left blank for reporting year 2013-14).</p> <p>Final proposals workloads will be auto populated.</p>

**Table 2.4 – 2.6 – Safety, reliability and environmental**

Purpose and Use by Ofgem	These tables summarise the output performance of the GDN for safety, reliability and environmental, including actual and forecast data for the RIIO-GD1 period (and where required, by Ofgem, into RIIO-GD2).
Instructions for Completion	<p>Actual current year data will auto populate from other tables.</p> <p>GDNs to enter (where required) their forecast outputs for the remaining years of RIIO-GD1 (and where required, by Ofgem, into RIIO-GD2)</p> <p>GDNs should update previous years forecast data from previous years RRP, this will be left blank for reporting year 2013-14)</p> <p>FP outputs will be auto populated.</p>

## 5. Instructions for completing the operating expenditure tables

### Introduction

5.1. These tables collect details of the operating expenditure, and associated workload, incurred by the GDNs within the main cost activities.

5.2. Total operating expenditure should equal the control total in table 1.4 Reconciliation to the Regulatory Accounts, which details any variances between these tables and the Regulatory Accounts for that year.

### Overview of tables

5.3. The tables included within this chapter are:

- 3.1 – Opex Cost Matrix
- 3.2 – Year on Year Opex Movements
- 3.3 – FCO Resource Utilisation
- 3.4 – Business Support Group
- 3.5 – Business Support Allocation
- 3.6 – Business Support Supplementary
- 3.7 – Training and Apprentices
- 3.8 – Maintenance
- 3.9 – LP Gasholders Demolition Costs
- 3.10 – Land remediation
- 3.11 – Related Party Transactions
- 3.12 – Shrinkage
- 3.13 – Streetworks
- 3.14 – Smart Metering
- 3.15 – Statutory Independent Undertakings

**Table 3.1 – OPEX Cost Matrix**

Purpose and Use by Ofgem	This table collects details of the operating expenses incurred within the main cost activities by the GDNs to support benchmarking, trend analysis, and monitoring performance against the allowances. This table also collects details regarding the GDNs Full Time Equivalent (FTE) staff numbers within the main cost areas, as well as Related Party margins.
Instructions for Completion	<p><b>Controllable costs</b></p> <p><b>Controllable activity costs</b></p> <p>Enter the controllable opex expenditure by activity type. The activities are split into the following tiered levels to aid</p>

	<p>understanding and analysis:</p> <ul style="list-style-type: none"> <li>• Price controlled activities <ul style="list-style-type: none"> <li>○ Direct Costs, split by Work Management and Work Execution</li> <li>○ Business Support Costs</li> <li>○ Training and Apprentices</li> </ul> </li> <li>• Non Price controlled activities <ul style="list-style-type: none"> <li>○ De minimis</li> <li>○ Excluded services</li> <li>○ Metering</li> <li>○ Consented</li> </ul> </li> </ul> <p>For each Activity type, enter expenditure by the following expenditure types</p> <ul style="list-style-type: none"> <li>• Net staff Costs (including agency costs)</li> <li>• Contractor labour</li> <li>• Materials</li> <li>• Professional and Consultancy Fees</li> <li>• Non Salary Staff Costs</li> <li>• Rent and Rates</li> <li>• Transport and plant</li> <li>• Interruptible contracts</li> <li>• xoserve</li> <li>• Other, which includes: <ul style="list-style-type: none"> <li>○ wayleaves/servitudes/easements, pension incremental deficit funding, income received / cost recoveries )</li> <li>○ any other item not allocated above – which can be aggregated if below £0.1m, but otherwise must be specified individually</li> </ul> </li> </ul> <p><b>Note</b> Controllable costs that are normalised for benchmarking purposes are auto-populated from their respective tables. These costs include:</p> <ul style="list-style-type: none"> <li>• Low pressure gas holder demolition – report under asset management and linked to table 3.9</li> <li>• Land remediation - report under asset management and linked to table 3.10</li> <li>• Streetworks – linked to table 3.13</li> <li>• Smart metering – linked to table 3.14</li> </ul> <p><b>Non-controllable activity, pension related and network innovation costs</b></p> <p>Enter the total opex expenditure for each non-controllable item under total operating costs.</p>
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	<p>Non-controllable expenditure items include:</p> <ul style="list-style-type: none"><li>• Shrinkage</li><li>• Ofgem Licence</li><li>• Network Rates</li><li>• Established pension deficit recovery plan payment</li><li>• PPF levy costs</li><li>• Pension scheme administration costs</li><li>• NTS Pension Recharge</li><li>• Bad debt</li><li>• NTS exit costs</li><li>• Network Innovation (ex IRM)</li><li>• Innovation Roll-out expenditure (IRM)</li><li>• Other - any other non controllable item not allocated above – which can be aggregated if below £0.1m, but otherwise must be specified individually</li></ul> <p><b>Related Parties</b></p> <p>Enter the name of any Related Party, and then enter using a positive value;</p> <ul style="list-style-type: none"><li>• Any disallowed related party and substantial outsourcing margin as agreed on an individual GDN basis</li><li>• Any allowed related party and substantial outsourcing margin as agreed on an individual GDN basis</li></ul> <p><b>Staff Numbers</b></p> <p>Enter the average net FTE staff numbers for each opex activity (including related parties staff numbers), broken down into the following categories:</p> <ul style="list-style-type: none"><li>• GDN own Employee FTE</li><li>• GDN own Apprentices/Trainees FTE</li><li>• Contract Labour FTE</li><li>• Related Party FTE</li></ul> <p>These add up to the total net FTEs in that opex activity.</p> <p>Any FTEs charged directly to Capex / Repex or charged from Opex to Capex / Repex should be entered into column AF / AG, so that adding the total here to the Total Net Opex FTE above equates to total FTEs across Totex.</p> <p>Note that FTEs exclude allocations for overtime, for example</p> <ul style="list-style-type: none"><li>• Employee doing full time hours = 1 FTE</li><li>• Employee doing 80% hours = 0.8 FTE</li><li>• Employee doing full time hours and 20% overtime = 1 FTE</li></ul> <p>If FTEs are not recorded automatically into these activities, then</p>
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	they should be allocated on a best endeavours basis in line with salaries and wages. FTEs should be reported to the nearest whole FTE.
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**Table 3.2 – Year on Year Opex Movements**

Purpose and Use by Ofgem	<p>This table provides an analysis of the reasons for the movements in each activity from the previous year.</p> <p>The table will be used by Ofgem to complement the explanations in the Cost Commentary and build up a picture of the underlying cost and workload changes for GDNs in aggregate, and the savings that are generated to reduce costs/mitigate cost increases.</p>
Instructions for Completion	<p><b><u>Prior Year Reported Costs and RPI</u></b></p> <p>Enter the prior year reported costs by activity from the previous year’s submission</p> <p>Enter the RPI adjustment factor, as provided by Ofgem</p> <p>This is then used to automatically calculate the RPI impact by Activity, and the Prior Year costs adjusted for RPI, to make the costs comparable on a ‘real costs’ basis.</p> <p><b><u>Cost Reclassifications to comply with latest Rules</u></b></p> <p>Enter any adjustments that need to be made to last year’s submitted costs in order to ensure they comply with this year’s RIGs guidance document.</p> <p><b><u>Movements from Prior Year</u></b></p> <p>Where a cost movement from the prior year sums to more than £500k across all activities, then the movement should be analysed and entered against one of the movement types detailed below, broken down by activity affected.</p> <p>Where the movement is below £500k across all activities, then the movement does not need to be entered against the movement type. However, as long as the movement in costs can be reconciled between the years, the total movement should be entered against the relevant activity in the bottom section of the table.</p> <p><b><u>Management Initiatives</u></b></p> <p>The quantifiable impact on particular activities of initiatives that will be taken by management to reduce costs or mitigate cost increases. Link to specific management efficiency programmes,</p>

	<p>explaining in the cost commentary what will be done, which expense types will be influenced (staff costs, materials, contractors) and how the impact is measured.</p> <p><b>Workload</b></p> <p>Section to be used to explain changes in the total amount of work (volume &amp; mix) that will be undertaken in each year compared with that undertaken in the preceding year. This may be due to external factors (PREs), management choices (maintenance activities capable of being deferred/deferred in the preceding year but now required), or intrinsic in the nature of the work required (project work ramping down/up)</p> <p>- Volume</p> <p>Outputs which will be delivered as part of the funded programme (if any) should be highlighted here. Also, outputs to be delivered may be lower than anticipated. Volume changes attributable to timing (if any) should be captured within this category.</p> <p>- Mix</p> <p>Where there will be changes to the respective workload mix eg repairs type, such variations should be quantified and reported within this category.</p> <p><b>Other Upward Cost Pressures</b></p> <p>Any other cost pressure identified</p> <p>Designed to capture increases in the cost of inputs above/below RPI. This may include internal cost pressures (wage settlements above RPI, changes in total remuneration packages not in wage settlements, etc) or real increases in the price of external goods or services. Typically these may reflect real movements in underlying indices for materials - which may have been mitigated/offset by quantifiable management initiatives shown in subsequent section.</p>
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**Table 3.3 – FCO Resource Utilisation**

<p>Purpose and Use by Ofgem</p>	<p>The purpose of this table is to provide an analysis of First Call Operative (FCO) costs broken down by activity.</p> <p>This will enable Ofgem to identify cost movement and resource utilisation changes as a result of changing activity levels in the following areas</p> <ul style="list-style-type: none"> <li>- loss of meter work</li> <li>- Smart metering roll-out</li> </ul>
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	- carbon monoxide policy.
Instructions for Completion	<p><b>Total gross emergency costs (table (A))</b></p> <p>Enter the total FCO Salary Costs for emergency activities, price controlled activities, and non-price controlled activities. Where appropriate it should be split by Smart Metering and Non Smart Metering related activities.</p> <p>Total net emergency costs should agree with the net staff costs controllable emergency costs in table 3.1.</p> <p><b>Number of meter work jobs (table (B))</b></p> <p>Enter the number of meter work jobs (excluding PEMS and other Enduring jobs), PEMS jobs and other enduring meter work jobs relating to smart meters and non-smart meters.</p>

**Table – 3.4 Business support group**

Purpose and use by Ofgem	<p>The purpose of this table is to provide net and gross cash controllable cost analysis of business support costs that are charged to the UK regulated network businesses (and to non regulated entities where appropriate). These tables show non-operational costs only.</p> <p>The costs captured on this table include both those incurred directly by the networks and those incurred at group level and allocated to the individual networks.</p>
Instructions for Completion	<p>This table must be completed on a group basis and split by form of control as appropriate. Group net cash controllable cost rows input to table 3.5 Business Support Allocation for both transmission and gas distribution.</p> <p>This table is to be completed by all GDNs in every network submission. All GDNs must complete column G ('group total') and at least one column from H to M. Each licensee must detail group costs, in columns H to M, by as many forms of control as they have access to the data. Any 'group' costs not detailed in columns H to M or under 'external customers' should be included under 'other group'. Please note that the definition of 'group' may vary between companies (see definition below).</p> <p>For single network GDNs who do not receive any allocated costs from parent company or larger group then costs must be entered under group total with activity totals entered in the relevant column H to M.</p> <p>For multiple network GDNs, while the values in each submission</p>

	<p>under 'group total' must be the same, the submissions may have different columns H to M completed.</p> <p>With the exception of the 'group gross cash controllable costs' rows, all costs should be entered net of capitalised costs.</p>
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**Table – 3.5 Business support allocation**

Purpose and use by Ofgem	The purpose of this table is to trace the group net cash controllable costs (from table 3.4) to individual activity allocated net cash controllable costs including any cost transfers to/from direct activity functions of the company's organisation. This table allows Ofgem to reconcile cost allocations from the various forms of control to the business support activity definitions given above.
Instructions for Completion	<p>Where costs are identified as 'plus' then these should be entered as positive values. Where cost adjustments are identified as 'less' then these should be entered as negative values.</p> <p>For single network GDNs who do not receive any allocated costs from parent company or larger group then detail must be entered under relevant form. Each licensee to complete as many forms of control for which they have the data. All other group costs (according to specific group definition) to be entered in 'other group' field.</p>

**Table – 3.6 Business support supplementary**

Purpose and use by Ofgem	The purpose of this table is to collect additional information required to effectively monitor and understand business support cost drivers and allocations and to facilitate comparison between network sectors and against other industries.
Instructions for Completion	<p>Costs should be input as positive values.</p> <p>IT &amp; Telecoms; Insurance CEO &amp; group management; Finance, audit &amp; regulation:</p> <p>For single network GDNs who do not receive any allocated costs from parent company or larger group then detail must be entered under relevant form. Each licensee to complete as many forms of control for which they have the data. All other group costs (according to specific group definition) to be entered in 'other group' field.</p>

**Table – 3.7 Training & Apprentices**

Purpose and use by Ofgem	The table records the numbers and costs of training employees engaged on formal training and apprentice programmes including
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	staff costs as well as other operational training costs.
Instructions for Completion	<p>GDNs are required to split their training and apprentice costs and FTE numbers into the defined 'categories of apprentice', 'engineer apprentice', and 'graduate and management trainee'.</p> <p>With the exception of external funding, all costs should be input as positive values. External funding should be input as negative values.</p>

**Table 3.8 – Maintenance Costs**

Purpose and Use by Ofgem	The purpose of this table is to provide an analysis of maintenance activities annual spend.
Instructions for Completion	<p>Enter the amount in respect of routine maintenance, non routine maintenance and exceptional items for:</p> <ul style="list-style-type: none"> <li>• pipelines</li> <li>• Storage</li> <li>• NTS Offtakes</li> <li>• PRSs</li> <li>• Governors</li> <li>• Distributions mains and services</li> <li>• Other maintenance (specify; includes Sub-deducts, Distributed gas connections for biomethane projects, and Physical Security Upgrade Programme (PSUP) opex costs)</li> </ul> <p>Where the maintenance activity cost incurred is greater than £500k provide a description of that activity in the free form space provided (additional lines can be added). Individual activities of less than £500k can be aggregated together.</p> <p>The total maintenance costs should agree to the maintenance activity detailed in the direct opex matrix table 3.1.</p> <p>Definitions of routine, non routine maintenance and exceptional items maintenance are detailed in the glossary in Appendix 1</p>

**Table 3.9 – Low pressure gasholders**

Purpose and Use by Ofgem	<p>This table collects information on low pressure gasholders including details associated with the gasholder demolition programme.</p> <p>The information enables Ofgem to monitor the decommissioning, mothballing and demolition of gasholders, against the agreed secondary deliverables.</p>
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<p>Instructions for Completion</p>	<p>All costs should be input as positive values.</p> <p>Gas holder demolition costs fall under Asset Management (Including Network Policy) within table 3.1.</p> <p><b>Costs - table A</b> The total annual cost of gas holder demolition is auto populated from table E and in turn will auto populate table 3.1 opex.</p> <p>Provide percentage split of direct labour, contract labour and materials for annual demolition costs.</p> <p><b>Maintenance costs - table B</b> Operational and mothballed gas holders are auto-populated from table 3.8 maintenance costs</p> <p><b>LP Gasholder units - table C</b> Enter the number of operational and non-operational LP gasholders at the beginning of the year (b/f) and at the end of the year (c/f).</p> <p><b>LP Gasholder capacity - table D</b> Enter the volume (in mcm) of operational and non-operational LP gasholders at the beginning of the year (b/f) and at the end of the year (c/f)</p> <p><b>GDN Gas holder analysis - table E</b> A full list of the GDN’s gas holders is to be recorded here. The information will provide Ofgem with a clear indication of the progress of GDN’s gas holder removal programme. The information required on this table is:</p> <ul style="list-style-type: none"> <li>• <b>Gas holder name</b> - list all names of LP gas holders</li> <li>• <b>Gas holder location</b> - list all corresponding LP gas holder addresses</li> <li>• <b>Gas holder type</b> - list all LP gas holder types. Select from drop down menu:             <ul style="list-style-type: none"> <li>○ Spiral guided above-ground</li> <li>○ Spiral guided below-ground</li> <li>○ Column guided above-ground</li> <li>○ Column guided below-ground</li> <li>○ MAN</li> <li>○ Other (if other specify)</li> </ul> </li> <li>• <b>Holder status</b> - list all holder statuses. Select from drop down menu:             <ul style="list-style-type: none"> <li>○ Operational gasholders</li> <li>○ Decommissioned gasholders</li> </ul> </li> </ul>
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	<ul style="list-style-type: none"> <li>○ Mothballed gasholders.</li> <li>○ Partially demolished</li> <li>○ Fully demolished</li> </ul> <ul style="list-style-type: none"> <li>● <b>Original holder capacity</b> - provide the original capacity of the holder in million cubic metres (mcm).</li> <li>● <b>Holder site size</b> - provide the gas holder’s site foot print (sq/m) eg the area to be decommissioned / demolished. If multiple holders sit within a single site, record total sq/m foot print for whole holder site and reference the other holders sitting within the single site under gas holder location.</li> <li>● <b>Percentage of holder demolished</b> <ul style="list-style-type: none"> <li>○ record the percentage of the holder demolished at the beginning of the year (b/f)</li> <li>○ record the percentage demolished in the current reporting year</li> <li>○ the cumulative total percentage demolished (c/f) is auto-populated as the sum of the b/f and current year.</li> </ul> </li> <li>● <b>Current year demolition costs</b> Provide the annual Opex cost of demolition for the related gas holder (£m). Demolition costs should not include any associated land remediation costs.</li> <li>● <b>Current year Capex costs</b> Provide the associated Capex costs incurred during the reporting year per demolished gas holder (£m) eg capex costs as a direct result of LP gasholder demolition, such as network reinforcement. This table will link to the Capex Storage table 4.3.</li> </ul>
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**Table 3.10 – Land remediation**

Purpose and Use by Ofgem	<p>This table collects information relating to statutory and non statutory land remediation. This includes the remediation of sites relating demolished gas holders.</p> <p>The information enables Ofgem to monitor the number of sites that have been remediated.</p> <p>Land remediation costs fall under Asset Management (Including Network Policy) within table 3.1.</p>
Instructions for Completion	<p>All costs should be input as positive values.</p> <p><b>Workload- Number of sites (table A)</b> Enter in whole numbers, the number of sites:</p>

	<ul style="list-style-type: none"> <li>○ routinely monitored and maintained to a statutory level</li> <li>○ non-gas holder related sites remediated to a statutory level</li> <li>○ gas-holder demolition related site remediated to a statutory level</li> <li>○ remediated to a non statutory level</li> </ul> <p><b>Workload- Area of land (table B)</b> Enter in whole numbers, the total areas of land (sq/m):</p> <ul style="list-style-type: none"> <li>○ routinely monitored and maintained to a statutory level</li> <li>○ non-gas holder related sites remediated to a statutory level</li> <li>○ gas-holder demolition related site remediated to a statutory level</li> <li>○ remediated to a non statutory level</li> </ul> <p>Provide supporting commentary for key projects undertaken.</p> <p><b>Statutory land remediation costs (table C)</b> Statutory remediation is the work required to satisfy the minimum legal requirements for a site’s current use, which reduces the contaminated land risks to a point whereby the site no longer presents significant risks of significant harm to human health, controlled waters and the wider environment.</p> <p>This includes costs relating to routine site monitoring and maintenance, statutory remediation costs relating to non gas holder sites and costs associated with gas holder demolished sites.</p> <p>All costs should be split with regards to:</p> <ul style="list-style-type: none"> <li>○ Net staff costs (including agency costs)</li> <li>○ Materials</li> <li>○ Subcontractors</li> <li>○ Other (specify other related costs)</li> </ul> <p><b>Non- statutory land remediation costs (table D)</b> Include costs relating to sites that are remediated to a non-statutory level. Non-statutory remediation is the work required to satisfy the minimum legal requirements for a site’s proposed change of land use, which incorporates a greater scope of work and more stringent standards to be achieved, which reduces the contaminated land risks to a point whereby the site no longer presents significant risks of significant harm to human health, controlled waters and the wider environment for the proposed change of land use.</p> <p>.</p> <p>All costs should be split with regards to:</p>
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	<ul style="list-style-type: none"> <li>○ Net staff costs (including agency costs)</li> <li>○ Materials</li> <li>○ Subcontractors</li> <li>○ Other (specify other related costs)</li> </ul> <p><b>Total land remediation costs (table E)</b> This table is auto populated from table C.</p> <p><b>NB as part of the environmental output, the land remediation table links and auto populates table 7.8.</b></p>
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**Table 3.11 Related party transactions**

Purpose and use by Ofgem	The purpose of this table is to provide an analysis and understanding of the nature and size of services provided to the distribution business and other GB regulated network businesses by each related party. The information is split between whether the profit margin is allowed or not allowed under Ofgem’s rules.
Guidance on completing this table	<p>Input a description of the services provided by each related party. Input as positive numbers the turnover data for the related party as charged to the distribution business, other regulated network businesses and external customers. Input as negative numbers the respective costs incurred.</p> <p>Where the total charge from a related party to the distribution business is less than £500k per annum that related party does not need to be included on this table.</p> <p>Whether a related party margin is allowed or not, is defined in the glossary in appendix 2.</p>

**Table 3.12 – Shrinkage parameters, outputs and costs**

Purpose and Use by Ofgem	This table records shrinkage gas split by component and LDZ which allows for the monitoring of annual shrinkage volumes and costs.
Instructions for Completion	<p>Costs reported should be the actual costs incurred in procuring the gas for shrinkage as determined under the UNC.</p> <p>Highlight, qualify and justify any inconsistencies between other RRP data and that data used in the Leakage Model (LM) to calculate previously submitted GD1 baselines and RRP leakage calculations.</p> <p>Where a change to the LM occurs within a reporting period,</p>

	<p>please use the latest version of the LM for reporting but include in a comment box on the table what the old version of the model would have reported.</p> <p>This total costs on this table is linked to table 3.1 Opex cost matrix.</p>
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**Table 3.13 – Streetworks**

Purpose and Use by Ofgem	<p>This table records all annual street works expenditure and associated workload for the following areas:</p> <ul style="list-style-type: none"> <li>○ NRSWA workload</li> <li>○ TMA/T(S)A</li> <li>○ Overstay charges – S74</li> <li>○ Lane rental – S74A</li> <li>○ Other streetworks/NRSWA</li> </ul> <p>For TMA/T(S)A the costs should be the incremental costs following the implementation of a permit scheme by a highway authority (HA). This covers existing HAs where TMA has been implemented and included as part of the TMA re-opener decision (published 20 December 2011 - <a href="#">Ofgem reference 189/11</a>); as well as new HAs that have implemented TMA/T(S)A which were not included as part of the re-opener decision.</p> <p>The HAs are referred to as “Existing” and “New” respectively.</p>
Instructions for Completion	<p>Costs should be input as positive values.</p> <p>All costs should be inclusive of contractor costs.</p> <p>Costs should be net of contribution costs.</p> <p>Costs where any assumptions have been included for improved efficiency these should be explained in the narrative.</p> <p>Total costs and/ or workload should be attributed under each street works cost category;</p> <ol style="list-style-type: none"> <li>1. NRSWA (table A)</li> <li>2. TMA/T(S)A:             <ol style="list-style-type: none"> <li>(i) Permits (table B),</li> <li>(ii) Fixed penalty notices (table C)</li> <li>(iii) Administration, (table D)</li> <li>(iv) Other costs- productivity (table E)</li> <li>(v) Streetworks Lane rental – S74A (table F)</li> <li>(vi) Streetworks Overstay charges – (table G)</li> <li>(vii) Streetworks Other (surveys) – (table H)</li> </ol> </li> </ol> <p>Include street works activity associated with:</p> <p><b>Table A - NRSWA</b></p>

	<p>All business as usual NRSWA costs should be reported in table 3.1. Include number of notices only.</p> <p>Include street works activity associated with:</p> <p><b>TMA/T(S)A (include only incremental costs over and above NRSWA)</b></p> <p><b>Table B - Permit Schemes</b></p> <ul style="list-style-type: none"> <li>• Enter the number of permits granted and number of variations.</li> <li>• Enter total length in kilometres of mains decommissioned and mains reinforced within the TMA/T(S)A boundary/year.</li> <li>• Enter number of projects associated with permits.</li> </ul> <p>The number of permits should be the actual number of all works, within the Highways Authority (HA) that have schemes operating that will be subject to a permit charge.</p> <p><b>Table C - Fixed Penalty Notices (FPNs) broken down by:</b></p> <ul style="list-style-type: none"> <li>• Enter the volume and cost of FPNs for contravention of NRSWA.</li> </ul> <p><u>FPNs notice codes:</u></p> <ul style="list-style-type: none"> <li>• Code 01 - Failure to submit s54 notice of intended work</li> <li>• Code 02 - Executing work in advance of s55 notice start date</li> <li>• Code 03 - Failure to cancel s55 notice in the relevant timescale</li> <li>• Code 04 - Failure to issue s57 notice within 2 hours of starting work</li> <li>• Code 05 - Failure to advice of completion of reinstatement within 10 days</li> <li>• Code 06 - Failure to give notice of s74 where works have been unreasonably delayed</li> <li>• Code 07 - Failure to give notice under s74 reference to duration of works</li> <li>• Code 08 - Working without a Permit (FPN is £500 discounted to £300 for early settlement)</li> <li>• Code 09 - Breaking the agreed conditions of a Permit (FPN is £120 discounted to £80 for early settlement)</li> <li>• Section 113 - Failure to provide advance notification of work-Failure to provide advance notification of work - Scotland only</li> <li>• Section 114 - Starting work without notice, or before proposed start date - Scotland only</li> <li>• Section 116 - Failure to provide notice with 2hrs of starting emergency works- Scotland only</li> </ul>
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	<ul style="list-style-type: none"> <li>• Section 129 - Failure to a works clear or works closed notice by the end of the next working day following completion, or failure to make interim reinstatement permanent within 6 months notice- Scotland only</li> </ul> <p><b>Table D - Administration broken down by:</b> Enter the number of training hours and number of FTEs trained for TMA activities.</p> <ul style="list-style-type: none"> <li>• Enter the non-field based costs, including:             <ul style="list-style-type: none"> <li>○ back-office administration,</li> <li>○ management costs,</li> <li>○ training costs,</li> <li>○ IT running costs and field-based administration.</li> </ul> </li> <li>• Enter field-based administration costs and workload, including:             <ul style="list-style-type: none"> <li>○ traffic management schemes including traffic control apparatus (special signage) and crew,</li> <li>○ Traffic Management Plans,</li> <li>○ site meetings to ensure the requirements of the Traffic Managers (inspections) are met,</li> <li>○ pre-site surveys to meet the planning requirements,</li> <li>○ field based administration - other</li> <li>○ Scottish Road Work Register (where applicable).</li> </ul> </li> </ul> <p><b>Table E - Other costs broken down by:</b></p> <p><b>Productivity costs</b></p> <p>Enter total other costs inclusive of productivity costs.</p> <p><b>TMA conditions</b></p> <p>Enter the workload and costs for the following conditions:</p> <ul style="list-style-type: none"> <li>• Timing and duration conditions</li> <li>• Road space conditions</li> <li>• Traffic management provisions</li> <li>• Methodology conditions</li> <li>• Consultation &amp; publicity</li> <li>• Environmental conditions</li> <li>• Local conditions</li> </ul> <p><b>Other costs and workload (where not included in the TMA conditions)</b></p> <p>Including:</p> <ul style="list-style-type: none"> <li>• parking bay suspensions,</li> <li>• temporary traffic restriction orders,</li> </ul>
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	<ul style="list-style-type: none"> <li>• additional reinstatement costs,</li> <li>• modifications to existing traffic signals,</li> <li>• bus stop suspensions,</li> <li>• traffic separators / project revisions,</li> <li>• connections and repair costs,</li> <li>• increase in inspection charges,</li> <li>• public advance noticing,</li> <li>• contractors TMA/T(S)A claims.</li> </ul> <p><b>Table F - Lane rental charges – S74A covering lane rental pioneer schemes</b></p> <p>Enter the number jobs, total days and costs at the following activity level:</p> <ul style="list-style-type: none"> <li>• Repex</li> <li>• Connections</li> <li>• Mains reinforcements</li> <li>• Repairs</li> </ul> <p><b>Table G – S74 Daily Charge Rates / Overstay charges</b></p> <ul style="list-style-type: none"> <li>• Enter the number of permits/notices issued which are subject to S74 overrun charges</li> <li>• Enter the totals number of overrun charges.</li> <li>• Enter the number of days and costs of overrun charges received by road category under the previous and new charging rates (as applicable).</li> </ul> <p><b>Table H – S74 Other streetwork costs.</b></p> <p>Enter workload and costs associated with other S74 streetworks for the following:</p> <ul style="list-style-type: none"> <li>• Defects</li> <li>• Random sampling</li> <li>• Coring</li> </ul> <p><b>Assessment of efficient fines and penalties relating to streetworks</b></p> <p>This table auto populates.</p> <p>FPNs – This is based on the methodology used in assessing efficient fines as part of FP. Efficient FPNs are assessed at 3% of all permits granted will receive a penalty of £80. This will only be where an existing highway authority (see definition of Streetworks- existing HAs) has implemented of TMA permit scheme.</p> <p>S74 Daily Charge Rates / Overstay charges - This is based on the methodology used in assessing efficient fines as part of FP. Efficient overstay charges are assessed as the efficient level of</p>
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	<p>overstay charges per the number of notices issued multiplied by the efficient number of days of overstay. The rate of the daily charge rate will be the weighted average of the actual S74 daily charge rate.</p> <p>Maximum level of efficient fines &amp; penalties – the sum of the efficient FPNs and S74 daily charge.</p> <p>Actual level of fines &amp; penalties – The actual report cost of streetwork fines and penalties.</p> <p>Adjustment of fines &amp; penalties – Where the actual level of fines and penalties and the maximum level of efficient fines and penalties is greater than zero and adjustment will be made in the PCFM table for the difference.</p> <p>The assessment of efficient fines and penalties relating to streetworks will be reviewed following any streetworks reopener decision made during RIIO-GD1</p> <p><b>Streetwork costs broken down of total costs by activity</b></p> <p>Total streetworks costs (tables B-H) to be broken down by activity:</p> <ul style="list-style-type: none"><li>• Opex – work management, emergency, repairs, maintenance and ODA.</li><li>• Repex – Tier 1 and other repex.</li><li>• capex - connections, mains reinforcement and other capex. The total opex, repex and capex costs.</li><li>• Provide percentage split of direct labour, contract labour and materials.</li></ul> <p><b>Introduction of Permit Schemes</b></p> <ul style="list-style-type: none"><li>• Enter name of highway authorities where a TMA/T(S)A permit scheme exists</li><li>• Enter Y/N if permit scheme introduced during current reporting year.</li><li>• Enter date introduced (month and year).</li></ul>
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**Table 3.14 – Smart Metering**

Purpose and Use by Ofgem	<p>This is a provisional table in preparation for a potential income adjusting event.</p> <p>This table captures high level costs as an interim measure, and will be further developed when smart meters are rolled out in future years.</p>
Instructions for Completion	<p>Enter the costs for the opex categories as follows:</p> <ul style="list-style-type: none"> <li>• Work management</li> <li>• Emergency</li> <li>• Repairs</li> <li>• Maintenance</li> <li>• ODA</li> <li>• Business support</li> </ul> <p>The repex and capex costs are auto-populated from other tables.</p>

**Table 3.15 –SIUs [table still under development]**

Purpose and Use by Ofgem	<p>This is a provisional table in preparation for a potential income adjusting event.</p>
Instructions for Completion	

## 6. Instructions for completing the capital expenditure tables

### Introduction

6.1. These tables collect details of the capital expenditure, and associated workload, incurred by the GDNs within the main cost activities.

### Overview of tables

6.2. The tables included within this chapter are:

- 4.1 – Capital Expenditure Summary
- 4.2 – Capital expenditure Analysis
- 4.3 – LTS, storage and entry
- 4.4 – Reinforcement (Mains and Governors)
- 4.5 – Governor Replacement and Decommissioning
- 4.6 – Connections
- 4.7 – Other Capex
- 4.8 – Physical security upgrade programme (PSUP)

**Table 4.1– Capital Expenditure Summary**

Purpose and Use by Ofgem	This table summarises the information contained in the capex tables 4.3 – 4.7.
Instructions for Completion	No input is required as this table auto-populates from tables 4.3 to 4.7.

**Table 4.2– Capital Expenditure Analysis**

Purpose and Use by Ofgem	This table analyses the total net capital expenditure into three categories allowing the impact of real price effects for different work activities to be understood.
Instructions for Completion	Total net expenditure is auto-populated from the data tables 4.3 to 4.7.  Enter the percentage split of net expenditure for direct labour, contract labour and materials against each capex activity.  The percentage total, which auto-populated, should sum to 100 per cent.

**Table 4.3– LTS storage and entry**

Purpose and Use by	This table collects expenditure and workload data for LTS
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<p>Ofgem</p>	<p>pipelines, LTS diversions, NTS offtakes &amp; distribution network embedded gas entry points, pressure reduction stations (PRSs), and storage.</p> <p>This table is used to understand the costs and scale of individual projects and their associated workload to enable comparative analysis of expenditure between networks. The data will be used to support benchmarking, trend analysis, and monitoring performance against the allowances.</p>
<p>Instructions for Completion</p>	<p>There are five distinct LTS and Storage categories and tables as follows:</p> <ul style="list-style-type: none"> <li>• LTS pipelines</li> <li>• LTS diversions</li> <li>• NTS Offtakes</li> <li>• Distribution network embedded gas entry points (including &lt;7bar)</li> <li>• PRSs</li> <li>• Storage</li> </ul> <p>Where the following activities are carried out on the LTS and Storage assets to upgrade or extend the useful life of the asset, include with the project they relate to:</p> <ul style="list-style-type: none"> <li>- Cathodic protection activities</li> <li>- Valve activities</li> <li>- Special / Over crossings</li> <li>- Bank Erosion</li> <li>- Sleeves</li> <li>- Pipeline protection measures (Pipelines)</li> <li>- Climate Change / resilience measures (LTS)</li> </ul> <p>Where these activities are carried out for the distribution network the data will be captured on table 4.7 Other Capex.</p> <p>Where the work is remedial in nature and does not upgrade or extend the life of the asset it will be recorded as opex on table 3.8 Maintenance. OLI Run remedial activities are also captured on table 3.8.</p> <p><u>Storage</u></p> <p>Do not enter any associated capex expenditure for low pressure (LP) gas holder demolition in this table. This expenditure is automatically collected from opex table 3.9 LP gas holder demolition.</p>

	<p><u>Named projects &gt;0.5m</u></p> <p>Record individual projects where the total gross expenditure over the life of the project exceeds £0.5m.</p> <p>List each project individually and complete all areas in each table, ie project dimension, actual expenditure, project expenditure and workload details.</p> <p>Where a single project consists of individual cost elements less than £0.5m, but the project total exceeds £0.5m, this should be identified as one integrated project (for example, offtake+ pipeline+ two PRSs). The elements of the projects should be listed separately against the appropriate activity table and the same project name should be used to identify the associated costs and workload.</p> <p><u>Projects with a gross value &lt;£0.5m</u></p> <p>Aggregate the costs of the projects where total spend per project is &lt;£0.5m and input the total on the relevant row of each table.</p> <p><u>LTS Diversion and distribution network embedded gas entry points tables</u></p> <p>The costs for these categories do not distinguish between less than and greater than £0.5m. List the total cost for each project listed.</p> <p><u>Project Dimensions</u></p> <p>For all individually identified projects input the following supporting data as applicable:</p> <ul style="list-style-type: none"><li>• Load / non load related</li><li>• Diameter in mm</li><li>• Maximum Design Operating Pressure</li><li>• Maximum Design Capacity</li><li>• Maximum Design Outlet Pressure</li><li>• Minimum Design Outlet Pressure</li></ul> <p><u>Gross Expenditure</u></p> <p>Input the gross expenditure for each project and the aggregate total for projects where total spend per project is below £0.5m.</p> <p><u>Contribution</u></p> <p>Input the contribution received for each project, if any, and</p>
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	<p>the aggregate the total contributions for projects where total spend per project is &lt;£0.5m input.</p> <p><u>Net Expenditure</u></p> <p>No entry is required. The net expenditure is auto-populated and is calculated by subtracting the contribution from gross expenditure.</p> <p><u>Projected total expenditure</u></p> <p>For each project input the <b>total</b> projected expenditure including any expenditure incurred for prior years.</p> <p><u>Workload</u></p> <p>For each cost, input the corresponding workload for all asset categories.</p>
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**Table 4.4– Reinforcement (Mains and Governors)**

Purpose and Use by Ofgem	<p>This table collects expenditure and workload data for general and specific reinforcement on the below 7 bar network, including governors. Reinforcement above 7 bar network is captured on table 4.3 LTS and storage.</p> <p>The table collects sufficient data to support a meaningful comparison of unit costs between activities and companies. The data will be used to support benchmarking, trend analysis, and monitoring performance against allowances.</p>
Instructions for Completion	<p><b><u>All Projects</u></b></p> <p>This first table includes all projects (ie above £0.5m and below £0.5m).</p> <p><u>Gross Expenditure</u></p> <p>Mains - enter the aggregate gross expenditure by reinforcement type (general or specific) and by the diameter bands listed.</p> <p>Governors – enter the aggregate gross expenditure by reinforcement type and by inlet pressure.</p> <p><u>Total Contribution</u></p> <p>Enter the contribution where applicable.</p> <p><u>Net Cost</u></p>

	<p>No entry is required. The net expenditure is auto-populated and is calculated by subtracting the contribution from gross expenditure.</p> <p><u>Workload</u></p> <p>Mains - enter the total aggregate length by reinforcement type for each of the eight diameter bands.</p> <p>Governors - enter the number by reinforcement type and inlet pressure category.</p> <p><b><u>Projects &gt;£0.5m</u></b></p> <p>This table records individual projects where total gross expenditure is above £0.5m over the life of the project.</p> <p><u>Named projects</u></p> <p>Enter the name of the project.</p> <p><u>Category</u></p> <p>Select a category, either general or specific, from the drop down menu.</p> <p><u>Start Year and End Year</u></p> <p>Select the start year and the end year of expenditure from the drop down menus in each column.</p> <p><u>Gross Expenditure</u></p> <p>Mains - enter the aggregate gross expenditure by reinforcement type by the two diameter bands listed (ie above and below 180mm).</p> <p>Governors – enter the aggregate gross expenditure by reinforcement type and by inlet pressure.</p> <p><u>Total Contribution</u></p> <p>Enter the contribution by the same activity types as above where applicable.</p> <p><u>Net Expenditure</u></p> <p>No entry is required. The net expenditure is auto-populated and is calculated by subtracting the contribution from gross expenditure.</p>
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	<p><u>Workload</u> Mains - enter the total length of mains for the two diameter bands listed (ie above and below 180mm) and mains pressure tier (select from the drop down menu)</p> <p>Governors - enter the number of governors where applicable.</p>
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**Table 4.5 – Governor replacement and decommissioning**

<p>Purpose and Use by Ofgem</p>	<p>This table collects data relating to district and service governor replacement and decommissioning activities.</p> <p>This table is used to understand the costs and associated workload so as to enable comparative analysis of expenditure between networks. The data will be used to support benchmarking, trend analysis, and monitoring performance against allowances.</p> <p>Governor data relating to reinforcement and connections activities is captured on tables 4.4 and 4.6 respectively.</p>
<p>Instructions for Completion</p>	<p>Both district and service governors are broken down by activity type and by governor specification. Data is collected for four categories of expenditure and workload on governors:</p> <ul style="list-style-type: none"> <li>• Governor housing replacement only</li> <li>• Component replacement/refurbishment only</li> <li>• Replacement of entire installation</li> <li>• Decommissioned only</li> </ul> <p><u>Gross Expenditure</u></p> <p>Enter the gross expenditure by activity type.</p> <p><u>Contribution</u></p> <p>Enter the contributions received, if any, by activity type.</p> <p><u>Net Expenditure</u></p> <p>No entry is required. The net expenditure is auto-populated and is calculated by taking the contribution from gross expenditure.</p> <p><u>Workload</u></p> <p>Enter the number of governors replaced or</p>

	decommissioned by activity type.
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**Table 4.6 – Connections**

<p>Purpose and Use by Ofgem</p>	<p>This table collects expenditure and workload data for the provision of new mains and services to supply new and existing domestic and non-domestic premises.</p> <p>Governors forming part of any new connections and not associated with network reinforcement are captured here. Any associated network reinforcement is captured in tables 4.3 LTS &amp; Storage and 4.4 Reinforcement. This table is used to understand the costs and scale of individual projects and their associated workload to enable comparative analysis of expenditure between networks. The data will be used to support benchmarking, trend analysis, and monitoring performance against the allowances.</p>
<p>Instructions for Completion</p>	<p><b><u>Connections - All Projects</u></b></p> <p>This first table includes all projects (ie above £0.5m and below £0.5m).</p> <p>This first table collects data by housing type ie mains, services, district governors and risers and by four activity categories: new housing, existing housing, fuel poor existing housing and non-domestic. For each of these activities the length of main installed is required to be split by two diameter bands; above and below 180mm.</p> <p><u>Gross Expenditure and Contributions</u></p> <p>Enter gross expenditure and contribution for the categories and activities listed.</p> <p><u>Net Expenditure</u></p> <p>No entry is required. The net expenditure is auto-populated and is calculated by subtracting the contribution from gross expenditure.</p> <p>Cost for laterals should be reported under risers.</p> <p><u>Workload</u></p> <p>Input mains, number of services, number of district</p>

	<p>governors and number of risers.</p> <p>MOB laterals should not be counted as services for the purposes of this table.</p> <p>Where a single riser consists of two or more diameters it will still count as a single riser.</p> <p>When a building has multiple individual risers that are only connected via underground pipe but supply the same building they should be counted as multiple risers.</p> <p><b><u>Fuel poor connections</u></b></p> <p>This table collects fuel poor connections expenditure and workload data at an aggregated level and should reconcile to the fuel poor connections totals in the above Connections table.</p> <p>Input costs and associated number of connections at an aggregated level for each of the categories below:</p> <ul style="list-style-type: none"><li>• One-off connections</li><li>• Community scheme connections</li><li>• Other scheme types (eg Utility Infrastructure Providers [UIP] and Independent Gas Transporters [iGT])</li></ul> <p>Ofgem may require detailed information for each scheme and require GDNs to have such detailed information available.</p> <p><b><u>Projects &gt;£50k</u></b></p> <p>This table collects data for connections projects with a total value of &gt;£50k.</p> <p><u>Named projects</u></p> <p>Enter the name of the project.</p> <p><u>Category</u></p> <p>Select a category from the drop down menu.</p> <p><u>Start Year and End Year</u></p> <p>Enter the start year and end year of expenditure from the drop down menus.</p> <p><u>Gross Expenditure and Contributions</u></p>
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	<p>Enter gross expenditure and contribution for the categories listed. District governor data is required by inlet pressure, IP and MP.</p> <p><u>Net Expenditure</u></p> <p>No entry is required. The net expenditure is auto-populated and is calculated by subtracting the contribution from gross expenditure.</p> <p><u>Workload</u></p> <p>Input mains length, number of services, number of district governors (by inlet pressure, IP and MP) and number of risers.</p>
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**Table 4.7 – Other Capex**

<p>Purpose and Use by Ofgem</p>	<p>This table collects data for Other Capital Expenditure for the following categories:</p> <ul style="list-style-type: none"> <li>• System operations</li> <li>• IT (infrastructure and systems) and telecoms</li> <li>• xoserve</li> <li>• Plant, tools and equipment</li> <li>• Land, buildings, furniture and fittings</li> <li>• Vehicles</li> <li>• Security (excluding Physical Security Upgrade Programme (PSUP))</li> <li>• PSUP</li> <li>• Other – excluding smart metering</li> <li>• Other – smart metering</li> </ul> <p>This table captures both named projects over £0.5m, and aggregated expenditure for smaller projects below £0.5m.</p> <p>The data will be used to support benchmarking, trend analysis, and monitoring performance against the allowances.</p>
<p>Instructions for Completion</p>	<p><b>IT</b></p> <p>Systems Operation capex includes those IT Systems and Infrastructure costs which are driven by System Operation</p> <p>Xoserve expenditure should be the portion of xoserve’s charge relating to capital expenditure (as identified by xoserve) to allow inclusion in the RAV.</p> <p><b>Security costs (excl PSUP)</b></p>

	<p>Security costs should include costs for specific security upgrades and network wide security projects. This should exclude</p> <ul style="list-style-type: none"> <li>• Security costs already included in any other table, where the security cost was included within an overall rebuild or new site development.</li> <li>• Security costs associated PSUP , which are captured on table 4.8</li> </ul> <p><b><u>Other</u></b> Where the following activities are carried out on the distribution network assets to upgrade or extend the useful life of the assets, include with the project they relate to:</p> <ul style="list-style-type: none"> <li>- Cathodic protection activities</li> <li>- Valve activities</li> <li>- Special / Over crossings</li> <li>- Bank Erosion</li> <li>- Sleeves</li> <li>- Pipeline protection measures (Pipelines)</li> <li>- Climate Change / resilience measures (LTS)</li> </ul> <p>Where the above activities are carried out on LTS assets they will be captured on table 4.3 LTS and Storage.</p> <p>Where the work is remedial in nature and does not upgrade or extend the life of the asset it will be recorded as opex on table 3.8 Maintenance.</p> <p><b>Total Expenditure</b></p> <p>Data entry is not required as all data on this table is auto-populated from other tables.</p> <p><b>Summary Transport, plant, tools and equipment</b> Data entry is not required as all data on this table is auto-populated from other tables.</p> <p><b>Aggregated Expenditure (Projects &lt;£0.5m)</b></p> <p>This table collects the aggregated total expenditure for projects where total spend per project is &lt;£0.5m for the categories listed.</p> <p><u>Gross expenditure</u></p> <p>Enter the aggregated gross expenditure for each category listed.</p>
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	<p><u>Contribution</u></p> <p>Enter the aggregated contribution for each category listed.</p> <p><u>Net expenditure (Aggregated Expenditure)</u></p> <p>Data entry is not required as the net expenditure is calculated by subtracting the contribution from gross expenditure.</p> <p><b>Named Projects &gt; £0.5m</b></p> <p>This table collects details of individual projects where the total project gross expenditure per project is above £0.5m.</p> <p><u>Category</u></p> <p>For each project select the relevant expenditure category from the drop down menu.</p> <p>Where a single project consists of individual cost elements less than £0.5m, but the project costs total exceeds £0.5m, this should be identified as one integrated project (for example, land and build+IT+security). The elements of the projects should be listed separately against the appropriate activity and the project same name should be used to identify the associated costs and workload.</p> <p><b>Expenditure</b></p> <p><u>Gross expenditure and contribution</u></p> <p>Enter the gross expenditure and contribution for each individual project.</p> <p><u>Net expenditure</u></p> <p>Data entry is not required as the net expenditure is auto-populated and calculated by subtracting the contribution from gross expenditure.</p> <p><b>Forecast project total expenditure</b></p> <p>For each project input the <b>total</b> projected expenditure including any expenditure incurred for prior years.</p> <p><b>System Operations &amp; IT projects only</b></p> <p>This table is for Systems Operations and IT projects only and is used to distinguish between design and implementation expenditure.</p>
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	<p>Input the gross expenditure for design. Implementation costs are auto-populated and calculated by subtracting design costs from total gross expenditure.</p> <ul style="list-style-type: none"><li>• Design: these costs are associated with planning, designing and testing systems, incurred irrespective of the size of the network.</li><li>• Implementation: these costs are associated with IT workstations and training. These costs are expected to vary depending on the size of network and number of staff involved with the process.</li></ul> <p><b>Expenditure Justification</b></p> <p>Enter the amount of expenditure for each project under the relevant justification categories. Expenditure can be allocated to more than one category as necessary.</p> <p>This data to be entered at whole project level.</p> <p><b>Transport &amp; Wheeled Plant</b></p> <p>This table captures data for vehicles and wheeled plant for both capex and opex expenditure in order to make comparable assessment for companies operating different procurement models for these asset categories.</p> <p>The asset categories are:</p> <ul style="list-style-type: none"><li>• Cars</li><li>• Commercial vehicles which includes:<ul style="list-style-type: none"><li>○ Car derived vans</li><li>○ LGVs - vehicles up to 3.5 tonnes GVW excluding car derived vans</li><li>○ HGVs - vehicles &gt;3.5 tonnes GVW</li></ul></li><li>• Wheeled Plant which includes:<ul style="list-style-type: none"><li>○ mobile compressors</li><li>○ cranes</li><li>○ excavators and</li><li>○ dumpers</li></ul></li></ul> <p>Input the following data for each of the asset categories listed:</p> <p><u>Total Costs</u></p> <p>Capital Expenditure – input the total net expenditure.</p>
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	<p>Operating Expenditure - input the total operating costs which include vehicle maintenance and servicing, vehicle tax, insurance, and lease costs where appropriate.</p> <p><u>Ownership</u></p> <p>Enter the percentage of vehicle, by type, that is owned or leased.</p> <p><u>Fleet size and usage</u></p> <p>Enter the following:</p> <ul style="list-style-type: none"> <li>• number of vehicles brought forward representing the start position in the reporting year</li> <li>• the number of new/replacement vehicles purchased or leased</li> <li>• number of vehicles disposed or returned to leaseholder; and</li> <li>• planned life of vehicles at purchase/lease</li> </ul> <p>The number of vehicles carried forward is auto-calculated from the number brought forward, number of new vehicles and the number disposed or returned.</p>
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**Table 4.8 Physical Security Upgrade Programme (PSUP)**

Purpose and use by Ofgem	The purpose of this table is to inform Ofgem of the capex and opex spent on physical security in relation to DECC’s Physical Security Upgrade Programme (PSUP).
Guidance on completing this table	<p><b>Capex</b></p> <p>GDNs must provide information for <b>all</b> sites where physical security has been upgraded, or where work is currently being (or planned to be) carried out, in relation to the PSUP. This does not include sites where general security resilience is being upgraded which must be reported in Table 4.7 under the ‘Security costs (excl. PSUP)’ category.</p> <p>Input the actual start and end dates for projects. The start date must be when the GDN begins designing the site specific operational requirement (SSOR) solution. The end date must be when the completed works are signed off (by CAST) as meeting the SSOR. Where dates are not known, the planned start/end dates must be populated.</p> <p>GDNs must input costs which have been incurred in the current reporting year and the total planned costs ((Value for money (VFM1)) and, where applicable, total outturn costs (VFM2)).</p>





	<p><b>Opex</b></p> <p>GDNs should provide costs associated with any post-delivery support agreements (PDSA) relating to assets.</p> <p>Overhead costs may include (but are not limited to) project management costs, internal management costs and audit fees.</p> <p>Any other costs must be listed under Other and detail provided within the commentary.</p>
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## 7. Instructions for completing the replacement expenditure tables

### Introduction

7.1. These tables collect details of the replacement expenditure incurred by the GDNs within the main cost activities.

### Overview of tables

7.2. The tables included within this chapter are:

- 5.1 – Replacement Expenditure Summary
- 5.2a – Repex Iron Mains Tier 1 + mandatory  $\leq 2''$  steel
- 5.2b – Repex Iron Mains Tier 2A
- 5.2c – Repex Other mains
- 5.2d – Diversions
- 5.3 – Other Repex Services
- 5.4 – Risers
- 5.5 – Repex Expenditure Analysis
- 5.6 – UNC Sub deducts
- 5.7 – Decommissioned Pipes
- 5.8 – Decommissioned Summary

**Table 5.1 – Replacement Expenditure Summary**

Purpose and Use by Ofgem	This table contains a summary of the information contained in the repex tables 5.2-5.8.
Instructions for Completion	This table auto-populates from tables 5.2-5.8 and requires no input.

**Table 5.2a – Repex Iron Mains Tier 1 + mandatory  $\leq 2''$  steel**

Purpose and Use by Ofgem	This table collects cost and workload information for Tier 1 mains and associated service work enforced by the HSE under their Policy for the Iron Mains Risk Reduction Programme, enabling Ofgem to monitor GDNs progress in meeting their obligations and to measure their performance of delivery. Also included in this table is cost and workload associated with the decommissioning of steel mains $\leq 2''$ diameter, where the HSE expects these mains to be decommissioned in conjunction with the parent main to which they are connected. The cost and workload for decommissioned Tier 1 ductile iron medium pressure (DIMP) will be recorded in this table.
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	DIMP not meeting the Tier 1 criteria will be recorded in either 5.2(b) or 5.2(c) as appropriate.
Instructions for Completion	<p><b>Gross expenditure</b> Enter the gross expenditure for each activity category and separately enter the cost included in the gross cost which has been capitalised in accordance with the GDNs capitalisation policies and procedures.</p> <p><b>Contribution</b> Enter the contribution, if any, for each activity.</p> <p><b>Net Expenditure</b> No entry is required, as this is calculated automatically from the gross expenditure and contribution.</p> <p><b>Workload</b> Enter the mains laid workload for each activity category and the length included in the workload which has been capitalised in accordance with the GDNs capitalisation policies and procedures.</p> <p>Enter the number of services laid or tested/transferred for each respective service activity.</p>

**Table 5.2b – Repex Iron Mains Tier 2A**

Purpose and Use by Ofgem	<p>This table collects cost and workload information for Tier 2A mains and associated service work enforced by the HSE under their Policy for the Iron Mains Risk Reduction Programme, enabling Ofgem to monitor GDNs progress in meeting their obligations and to measure their performance of delivery.</p> <p>The cost and workload for decommissioned Tier 2A ductile iron medium pressure (DIMP) will be recorded in this table, but note that it must strictly meet Tier 2A criteria. DIMP not meeting the tier 2A criteria will be recorded in either 5.2(a) or 5.2(c).</p>
Instructions for Completion	<p><b>Gross expenditure</b> Enter the gross expenditure for each activity category and separately enter the cost included in the gross cost which has been capitalised in accordance with the GDNs capitalisation policies and procedures.</p> <p><b>Contribution</b> Enter the contribution, if any, for each activity.</p> <p><b>Net Expenditure</b></p>

	<p>No entry is required, as this is calculated automatically from the gross expenditure and contribution.</p> <p><b>Workload</b> Enter the mains laid workload for each activity category and the length included in the workload which has been capitalised in accordance with the GDNs capitalisation policies and procedures.</p> <p>Enter the number of services laid or tested/transferred for each respective service activity.</p>
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**Table 5.2c – Repex Other mains**

<p>Purpose and Use by Ofgem</p>	<p>This table collects cost and workload information for mains and associated service work where the mains do not meet the criteria for reporting under tables 5.2(a) and 5.2(b). This enables Ofgem to monitor actual workload and performance of delivery. The separate identification of CBA justified Tier 2B and Tier 3 mains enables Ofgem to calculate the total cost of the HSE enforcement policy for the iron mains risk reduction programme.</p> <p>The table records cost and workload for Ductile Iron Medium Pressure (DIMP) under HSE Policy (Mandatory) category, which distinguishes it from mains which require a CBA to justify the workload. DIMP which meets the criteria for reporting under tables 5.2(a) and 5.2(b) will not be reported in this table.</p>
<p>Instructions for Completion</p>	<p><b>Gross expenditure</b> Enter the gross expenditure for each activity category and separately enter the cost included in the gross cost which has been capitalised in accordance with the GDNs capitalisation policies and procedures.</p> <p><b>Contribution</b> Enter the contribution, if any, for each activity.</p> <p><b>Net Expenditure</b> No entry is required, as this is calculated automatically from the gross expenditure and contribution.</p> <p><b>Workload</b> Enter the mains laid workload for each activity category and the length included in the workload which has been capitalised in accordance with the GDNs capitalisation policies and procedures.</p> <p>Enter the number of services laid or tested/transferred for each respective service activity.</p>

**Table 5.2d – Diversions table**

Purpose and Use by Ofgem	This table collects details of costs incurred and the workload associated with carrying out rechargeable mains diversions (RD) non rechargeable mains diversions (NRD) and associated service work, enabling Ofgem to validate GDNs workloads and measure efficiency of delivery. Data for all mains diversions are reported on this table, including those that involve the decommissioning of iron mains that fall within the scope of the HSE enforced Policy for Iron Mains Risk Reduction Programme.
Instructions for Completion	<p><b>Gross expenditure</b> Enter the gross expenditure for each activity category and separately enter the cost included in the gross cost which has been capitalised in accordance with the GDNs capitalisation policies and procedures.</p> <p><b>Contribution</b> Enter the contribution, if any, for each activity.</p> <p><b>Net Expenditure</b> No entry is required, as this is calculated automatically from the gross expenditure and contribution.</p> <p><b>Workload</b> Enter the mains laid workload for each activity category and the length included in the workload which has been capitalised in accordance with the GDNs capitalisation policies and procedures.</p> <p>Enter the number of services laid or tested/transferred for each respective service activity.</p>

**Table 5.3 – Other Repex Services**

Purpose and Use by Ofgem	<p>This table collects details of cost and workload incurred in replacing services that are not associated with the decommissioning of mains. .</p> <p>This enables Ofgem to validate workload volumes, assess the efficiency of delivery of the activities and provides visibility of the cost associated with Smart Metering.</p> <p>Where an entry is made under the “other services re-laid” category, enter a description of the nature of the activity in the row header</p>
Instructions for Completion	<p><b>Gross expenditure</b> Enter the gross expenditure for each activity category</p>

	<p><b>Contribution</b> Enter the contribution, if any, for each activity.</p> <p><b>Net Expenditure</b> No entry is required, as this is calculated automatically from the gross expenditure and contribution.</p> <p><b>Workload</b> Enter the number of services re-laid for each respective service activity.</p>
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**Table 5.4 – Risers**

Purpose and use by Ofgem	This table collects information to provide Ofgem with visibility of GDNs position with regards to its level of understanding of the risk associated with risers and the costs and workload associated with the replacement and refurbishment of GDNs gas supply infrastructure.
Instructions for Completion	<p><b>Riser risk control</b> Enter the following information broken down by riser height band:</p> <ul style="list-style-type: none"> <li>- Riser asset population</li> <li>- Number of risers inspected and risk assessed (in reporting year)</li> <li>- Number of current total riser assets for which the date for inspection and risk assessment has not expired. GDNs will determine this from their own policies and procedures for riser risk assessment.</li> <li>- Number of risers identified for future planned replacement</li> <li>- Number of risers identified for future planned refurbishment</li> <li>- Number of risers identified for future work but work type not scoped</li> <li>- Number of risers identified as not requiring future work</li> </ul> <p>The total number of risers outstanding for inspection and risk assessment auto-populates from the entered data.</p> <p><b>Gross expenditure</b> Enter the gross expenditure by activity type.</p> <ul style="list-style-type: none"> <li>- Planned replacement on failure</li> <li>- Planned refurbishment on failure</li> </ul> <p><b>Contribution</b> Enter the contribution, if any, by activity type.</p>

	<p><b>Net Expenditure</b> No entry is required, as this is calculated automatically from the gross expenditure and contribution.</p> <p><b>Workload</b> Enter the number of risers and number of supply points by activity.</p> <p><b>Unit costs</b> The unit costs per riser and per supply point auto-populate from entered data.</p> <p><b>Breakdown of cost categories</b> Enter the percentage share of direct labour, contract labour and materials. The total which auto-populated should sum to 100 per cent.</p>
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**Table 5.5 – Repex Expenditure Analysis**

Purpose and Use by Ofgem	This table analyses total repex expenditure in tables 5.1 – 5.4 into three types of expenditure. This is to understand the impact of different real price effects for different inputs used in production.
Instructions for Completion	Enter the net costs split for each activity into the specified categories of expenditure; The net costs should reconcile to the sum of net costs summarised in table 5.1.

**Table 5.6 – UNC Sub deducts**

Purpose and use by Ofgem	This table collects costs and workload data on GDNs mitigating of risk associated with UNC sub-deduct networks. This enables Ofgem to monitor GDNs progress towards meeting its output commitment and provides visibility of the means by which this is achieved and the associated cost.
Instructions for Completion	Enter the following for each activity type <ul style="list-style-type: none"> <li>- Number of sites</li> <li>- Number of services laid</li> <li>- Length of mains laid in km</li> <li>- Repex gross cost incurred</li> <li>- Repex contribution</li> <li>- Repex net cost (calculated field)</li> <li>- Opex cost incurred (which must reconcile to table 3.1)</li> </ul>

	<p>The activity types are</p> <ul style="list-style-type: none"> <li>- UNC SDA re-engineered / re-configured to eliminate UNC SDA</li> <li>- UNC SDA like for like pipe replacement such as to remain as UNC SDA but deemed PSR Reg 13 compliant</li> <li>- UNC SDA eliminated by removal of secondary meter installation and Secondary SP(s) isolated and UNC withdrawn.</li> <li>- UNC SDA surveyed and monitored such as to be deemed suitably maintained by GDN under PSR Reg 13</li> <li>- UNC SDA operatorship accepted by 3rd party, as evidenced by formal documentation</li> <li>- UNC SDA is found to be no longer present</li> <li>- UNC SDA remaining as risk unmitigated</li> </ul> <p>Enter the number, length or cost in the respective column against each activity type where indicated.</p> <p><b>Number of Sites</b> Enter the cumulative number of sites that fall within the activity category at the end of the reporting year. The total number of sites should be constant each reporting year through the price control period.</p> <p><b>Length of Mains laid</b> Enter the length of mains laid in the reporting year against each relevant activity</p> <p><b>Number of services laid</b> Enter the number of services laid in the reporting year against each relevant activity</p> <p><b>Gross expenditure</b> Enter the gross expenditure by activity type.</p> <p><b>Contribution</b> Enter the contribution, if any, by activity type.</p> <p><b>Net Expenditure</b> No entry is required, as this is calculated automatically from the gross expenditure and contribution.</p>
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**Table 5.7 –Decommissioned Pipes**

Purpose and use by Ofgem	This table identifies individual pipes decommissioned during the year. This provides data to provide Ofgem with a full understanding of the level of iron mains risk removed
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	<p>supporting the delivery of the primary safety output, the level of risk removed from steel mains and the lengths of mains decommissioned by diameter, material and reason for decommissioning, and combinations of these criteria.</p> <p>The worksheet automatically validates the entries against permissible pipe sizes and data combinations, which in part draws upon permissible data combinations shown in pipe tables in Appendix 3, flagging up invalid entries. The template will not prevent any combination of data entry being pasted into the table, although invalid combinations requiring amendment will be flagged in red. The data validation highlight function within Microsoft Excel can also be used to circle invalid data items. GDNs should ensure there are no invalid entries in their submission.</p>
<p>Instructions for Completion</p>	<p><u>This worksheet is protected. The grey cells contain formula and cannot (and should not) be overwritten. Only the yellow input cells should be updated ie columns B–G, J, L–M and column O. If you intend to update table 5.7 using the excel copy/paste function, ensure you use the 'paste special / value' function to avoid overwriting the table format.</u></p> <p><u>Total mains risk remaining at end of reporting year</u></p> <p>Enter, in incidents per year, the total remaining risk for iron mains, steel mains and other (where known) as reported by the Mains Replacement Prioritisation System (MRPS) and also the value as adjusted by the GDN to provide a more accurate or representative value of remaining risk. Please explain in the supporting narrative the adjustment methodology and assumptions made for deriving an adjusted value.</p> <p><u>Baseline Risk Removed Summary</u></p> <p>This is an automatically populated table displaying the sum of baseline risk removed for iron mains, steel mains and other mains.</p> <p><u>% length of iron mains decommissioned which has calculated average risk</u></p> <p>This table automatically populates the sum of iron mains</p>

	<p>abandonment length &lt;30m of a premises, and requires the GDN to enter the corresponding total length of iron mains that have been subject to an estimated risk score calculation by an approved method of averaging. From this information the percentage is automatically populated.</p> <p>Length Decommissioned Main</p> <p>This table automatically calculates the total length of mains decommissioned from the data entered, broken down by valid and invalid data entries.</p> <p><u>Decommissioned Pipes</u></p> <p>This table collects data relating to individual pipes that have been decommissioned. Enter the attributes shown for all mains decommissioned in the year as specified by the column headings.</p> <p>The following columns are auto-populated and do not require input:</p> <ul style="list-style-type: none"><li>• Pipe band</li><li>• Small diameter steel</li><li>• HSE tier</li><li>• Absolute risk</li></ul> <p>Enter data in the following fields:</p> <ul style="list-style-type: none"><li>• LDZ identifier (LDZ_ID)</li><li>• pipe object number (PIPE_OBJECT) (Enter "0" for mains that have not been allocated a reference number)</li><li>• pipe length in metres (this shall be the length of the decommissioned pipe record that is consistent, as appropriate, with decommissioned lengths reported to HSE)</li><li>• Pipe diameter</li><li>• Imperial/metric measurement indicator (I/M)</li><li>• Material type (CI/DI/SI/ST/PE/AS/PVC)</li><li>• Current risk score (this is the risk score at the time of decommissioning, as calculated by MRPS)</li><li>• Iron pipe &lt;=30m (Indicate Y/N to identify whether the iron main falls within the criteria for the HSE iron mains risk reduction policy; enter N for all non-iron pipes)</li><li>• Driver for decommissioning – enter one of the following:<ul style="list-style-type: none"><li>○ CBA - for mains decommissioned based on economic drivers;</li></ul></li></ul>
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	<ul style="list-style-type: none"> <li>○ HSE(Mand) – for mandatory replacement other than the HSE iron mains risk reduction programme</li> <li>○ Integrity – for mains requiring urgent replacement due to inadequate integrity</li> <li>○ NRD – Non-rechargeable diversions</li> <li>○ RD – Rechargeable diversions</li> <li>○ Tier1 – Tier 1 mains and associated small diameter steel</li> <li>○ Tier2A – Tier 2 mains above the risk action threshold</li> </ul> <ul style="list-style-type: none"> <li>● Baseline risk score (This is the baseline risk as at 1 April 2013 or the risk score estimated by the agreed process of averaging. Note – GDNs must submit actual baseline risk scores (as at 1 April 2013) for those pipes (known as “-1” pipes) requiring a site survey during the 2013/14 period to calculate a risk score. Submissions must be made in the 2013/14 reporting period, ie by 31 July 2014.</li> </ul> <p>For iron mains (or sections of iron mains) where the risk score as at 1 April 2013 cannot be determined, the assumed risk score shall be the average of those iron mains decommissioned in the reporting period whose risk scores at 1 April 2013 are known. A maximum of 20% of mains (by length) shall be permitted for risk values derived by the averaging process, reducing to a maximum of 10% for 2015/16 reporting.</p>
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**Table 5.8 –Decommissioned Summary**

<p>Purpose and use by Ofgem</p>	<p>This table summarises the decommissioned lengths by extracting reported data in table 5.7. This provides Ofgem with information required to monitor progress towards meeting GDNs output deliverables and provides visibility of pipes decommissioned for the full range of drivers by pipe diameter.</p> <p>Also contained in this table is the validation criteria which is used for the validation of data entries in table 5.7</p>
<p>Instructions for Completion</p>	<p>No data input is required as all data is auto-populated by extracting the data input in table 5.7. Note that only pipes with valid data combinations entered in table 5.7 will be summarised in table 5.8.</p>

## 8. Instructions for network asset data tables

### Introduction

8.1. These tables collect details of the network assets of the GDNs.

### Overview of tables

8.2. The tables included within this chapter are:

- 6.1 – LTS Asset Data
- 6.2 – Network Asset Data
- 6.3 – Capacity and Storage Asset
- 6.4 – Capacity and Demand Data
- 6.5 – Capacity Output Data
- 6.6 – MEAV

**Table 6.1 – LTS Asset Data**

<p>Purpose and Use by Ofgem</p>	<p>This table collects non-financial data movements in total length of pipelines (by diameter and operating pressure) during the period. Also includes sundry other LTS population data.</p> <p>We collect this data to understand changes in the pipeline assets and the changes that investment will make over the period.</p>
<p>Instructions for Completion</p>	<p>This table collects asset data by size and pressure tier and tracks installation and removal. For decommissioned or removed assets enter a <u>negative</u> figure.</p> <p><u>Diameter Band, maximum design operating pressure and installations</u></p> <p>For each of the diameter bands (km), pressure (bar) and number of installations (NTS offtakes, distribution network embedded gas entry points (including &lt;7bar), PRSs and AGIs) enter the following:</p> <ul style="list-style-type: none"> <li>• Population b/f from previous year.</li> <li>• Any adjustments to population b/f, where this is material an explanation is required.</li> <li>• Enter associated km/bar installed.</li> <li>• Enter associated km/bar decommissioned as a negative.</li> </ul>

**Table 6.2 – Network Asset Data**

<p>Purpose and Use by Ofgem</p>	<p>The table collects pipeline, governor and services asset population data and detailed movements in in the distribution pipeline asset population though the reporting period.</p> <p>This enables Ofgem to monitor changes in assets and the reasons for those changes, over time and between GDNs.</p> <p>This will assist in identifying the remaining iron mains risk reduction programme workload and progress towards achieving completion of the programme.</p>
<p>Instructions for Completion</p>	<p><u>Distribution Mains Population</u></p> <p>Enter the brought forward (b/f) pipeline data from the previous year’s population by pipe material (PE, steel, CI, SI, DI and other) and pressure tier. Similarly enter the iron mains population (the aggregate of CI, SI and DI) broken down between those main &lt;30m of a property and those &gt;30m of a property.</p> <p>Enter any adjustments to the b/f figures, The revised in-service mains total is auto-populated by summing of the b/f figure and the adjustment.</p> <p>Enter the end of year asset population by pipe diameter band, material type and pressure tier, again additionally identifying iron mains &lt;30m and &gt;30m of a property.</p> <p><u>Governors</u></p> <p>Enter the number of district, service, non domestic I&amp;C (&gt;200scmh) and non-domestic I&amp;C (&lt;200scmh) governors for the following:</p> <ul style="list-style-type: none"> <li>• Population b/f from previous year</li> <li>• Any adjustments to population b/f, where this is material an explanation is required</li> <li>• Enter number installed (new)</li> <li>• Enter number decommissioned</li> </ul> <p><u>Services</u></p> <p>Enter the total number of services (excluding multi-occupancy buildings) by material type (PE, steel and mixed PE/steel) at the end of the year.</p> <p><u>In year movement of distribution mains population</u></p> <p>Enter the movement in distribution mains population by material and diameter for the following:</p>

	<ul style="list-style-type: none"> <li>• Installed new</li> <li>• Installed replacement</li> <li>• Decommissioned</li> <li>• Adjustments, material adjustments should be explained.</li> </ul>
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**Table 6.3 – Capacity and Storage Asset**

Purpose and Use by Ofgem	<p>The table collects non-financial data movements in the amount of storage capacity (by storage type).</p> <p>We collect this data to understand the changes in the volume of any contracted seasonal storage and the (contracted or planned) capacity of supplies into the LTS over the period.</p>
Instructions for Completion	<p><u>Storage</u></p> <p>For each asset (high pressure vessels(HPV), other storage, low pressure gasholders, mothballed storage and linepack LTS) enter the mcm usable and number for the following:</p> <ul style="list-style-type: none"> <li>• Usable mcm b/f from previous year.</li> <li>• Any adjustments to population b/f, where this is material an explanation is required.</li> <li>• Enter associated capacity installed.</li> <li>• Enter associated capacity decommissioned as a negative.</li> </ul> <p><u>Contracted NTS Linepack:</u></p> <p>Enter the maximum total daily volumes of storage from the NTS.</p> <p><u>Offtake Capacity</u></p> <p>Enter the mcm usable for the following:</p> <ul style="list-style-type: none"> <li>• Usable mcm b/f from previous year.</li> <li>• Any adjustments to population b/f, where this is material an explanation is required.</li> <li>• Enter associated capacity installed.</li> <li>• Enter associated capacity decommissioned as a negative.</li> </ul> <p><u>Flat Capacity</u></p> <p>Enter the Flat Capacity daily volume as an aggregate for all NTS offtakes for the year.</p>

**Table 6.4 – Capacity and Demand Data**

Purpose and Use by Ofgem	<p>The table collects data by exit zone based on the 1 in 20 planning scenario and annual throughput.</p> <p>Collect this data to understand the basis on which capacity-based investment is judged to be required by the GDN.</p>
Instructions for Completion	<p><u>Name</u> Enter the name of each offtake.</p> <p>For each offtake enter the following</p> <ul style="list-style-type: none"> <li>• NTS Exit Zone</li> <li>• Demand (mcm/d)</li> <li>• Flow Flat Required (mcm/d)</li> <li>• Flow Flex Required (mcm/d)</li> <li>• Peak Rate (mcm/h)</li> <li>• Min Inlet @ start of day (SOD) (barg)</li> <li>• Min Inlet @ SOD contracted by NTS (barg)</li> <li>• Min Inlet @ end of day (EOD) (barg)</li> <li>• Min Inlet @ EOD contracted by NTS (barg)</li> <li>• Total volume of storage needed (mcm/d)</li> <li>• Total volume of storage available (mcm/d)</li> </ul> <p>Number of sites with a current interruptible contract (purchased through the auction process)Peak interruptible capacity (mcm/d) – this is the total capacity which would have to be constructed in the network to provide a firm supply should interruptible contracts not be available Capacity interrupted on peak day (mcm/d). This is the capacity interrupted on the peak day of the reporting year to ensure network capacity is available to firm consumers.</p>

**Table 6.5 – Capacity Output Data**

Purpose and Use by Ofgem	<p>The table collects capacity outputs data.</p> <p>We collect this data as basis of assessment of delivery of capacity outputs by the GDN.</p>
Instructions for Completion	<p>Instructions below are a guide. Companies will use common assumptions as developed through the capacity working group.</p> <p><u>Summary capacity utilisation</u></p> <p>Enter the number of sites (offtakes and PRSs) at the appropriate capacity utilisation.</p> <p><u>Installation Utilisation Data – not required for 2013/14</u></p>

	<p><b><u>reporting</u></b></p> <p>Enter the name of the NTS off take or pressure reduction installation.</p> <p>For each installation enter the following:</p> <ul style="list-style-type: none"> <li>• Installation type - off take or PRS.</li> <li>• NTS Exit Zone</li> <li>• Inlet Pressure - minimum inlet pressure of installation (bar).</li> <li>• Inlet Pressure Assumptions - assumptions used to determine inlet pressure.</li> <li>• Outlet Pressure - maximum outlet pressure of installation (bar).</li> <li>• Outlet Pressure Assumptions - assumptions used to determine outlet pressure.</li> <li>• Maximum Capacity of Site (kscm/h)</li> <li>• Expected Maximum Flow (kscm/h)</li> <li>• % utilisation - expected maximum flow/Maximum capacity of site.</li> <li>• Flow Assumptions - assumption to determine maximum hourly flow.</li> <li>• Comments - brief comment on other relevant issues.</li> </ul> <p><u>Baseline capacity data</u></p> <p>Enter name of LDZ</p> <p>For each LDZ enter the following data as at 31 March:</p> <ul style="list-style-type: none"> <li>• Supply point SOQ - total daily supply point off take quantity in LDZ (GWh).</li> <li>• DM SHQ - total hourly supply point off take quantity for daily metered customers in LDZ (GWh).</li> <li>• Peak day demand (mcm/d)</li> </ul>
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**Table 6.6 – MEAV**

Purpose and Use by Ofgem	This tables uses information from sheets 6.1-6.4 necessary for calculating the MEAV.
Instructions for Completion	Table auto-populates





## 9. Instructions for completing the network outputs, environment and innovation tables

### Introduction

9.1. These tables collect details of the GDNs network outputs, environment and innovation.

### Overview of tables

9.2. The tables included within this chapter are:

- 7.1 – Safety Outputs
- 7.2 – Reliability Outputs
- 7.3 – Asset Health Criticality
- 7.4 – PREs, Reports and Repairs
- 7.5 – Accuracy Pipeline Records
- 7.6 – Environment - Business Carbon Footprint
- 7.7 – Environment – Other
- 7.8 – Environment = Distribution Gas Entry Connection
- 7.9 – Innovation – Innovation Rollout Mechanism
- 7.10 – Innovation – Network Innovation Allowance
- 7.11 – Innovation – Network Innovation Competition

**Table 7.1 – Safety Outputs**

Purpose and Use by Ofgem	This table collects information on the GDNs’ performance in delivering their current safety obligations, enabling Ofgem to monitor progress in achieving the targeted outputs. The tables provide for the separate identification of specific secondary deliverables under the RIIO-GD1 framework.
Instructions for Completion	<p><u>GSMR gas in buildings (GIB) events</u></p> <p>Enter the number of GIB events reportable under GSMR/RIDDOR (ie GIB events where concentrations are 20% LEL and above or the release of gas is greater than 10kg) by the asset types shown, against the respective material, diameter band and pressure tier.</p> <p><u>Other Network GIB events</u></p> <p><u>The data in this table applies to GIBs of any level of gas concentration but not up to reportable limits, ie it excludes those GIB events which are reported in the table above</u></p>

	<p>Enter the number of network GIB events by the asset types / causation type shown, against the respective material, diameter band and pressure tier. Where the cause of the escape is third party interference, do not also report the event against a specific asset type – this will ensure a single event is not double counted.</p> <p>The total number of network GIB events by pressure tier is auto-populated by summing the above tables.</p> <p><u>Non-network installation pipework/appliances GIBs</u></p> <p>Enter the number of GIB events from meters, installation pipework and appliances.</p> <p>Enter the number of incidences of CO in building events.</p> <p><u>Loss of containment reported under COMAH</u></p> <p>Enter the number of incidents and tonnes of gas lost for incidents involving the release of gas reported under COMAH.</p> <p><u>Cast/spun iron fractures and ductile iron corrosion failures</u></p> <p>Enter the number of SI/CI fractures or DI corrosion of mains by material, diameter band and pressure.</p> <p><u>Cast/spun iron fractures and ductile iron corrosion failures per 1000km of main</u></p> <p>This table is auto-populated by dividing the number of CI/SI fractures or DI corrosion events reported in the above table by the mains kilometres reported on table 6.2 and dividing by 1000.</p> <p><u>Network incidents</u></p> <p>Enter the number of incidents where gas from a network pipe causes death, RIDDOR reportable injury or significant structural damage (&gt; £10,000 estimated repair cost) caused by iron mains (by diameter) or service pipes.</p> <p><u>Repair – annual network risk</u></p> <p>Enter the total accumulative repair risk (x10<sup>6</sup>).</p>
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**Table 7.2 – Reliability Outputs**

Purpose and Use by Ofgem	This table collects information on GDNs network reliability, enabling Ofgem to monitor progress in achieving the targeted outputs.
Instructions for Completion	<p><u>Customer numbers</u></p> <p>Enter the number of customers at the start and at the end of the reporting year.</p> <p><u>Non-contractual interruptions</u></p> <p>Planned interruptions</p> <p>Enter the number of planned interruptions and the duration of each interruption by cause.</p> <p>Unplanned interruptions</p> <p>Enter the number of unplanned interruptions and the duration of each interruption by cause, including the number and minutes for all major incidents.</p> <p><u>Major incidents</u></p> <p>This table is a sub-set of the unplanned interruptions table.</p> <p>Enter details of major incidents by the following:</p> <ul style="list-style-type: none"> <li>• Network name</li> <li>• Cause, type, description – select from the drop down menu</li> <li>• Date of incident</li> <li>• Incident name</li> <li>• No. of customers interrupted</li> <li>• Total duration of incident (minutes)</li> </ul> <p>Average duration of each interruption by customer is auto-populated.</p>

**Table 7.3 – Asset Health and Criticality**

Purpose and Use by Ofgem	To collect secondary deliverables information on current asset health, criticality, and risk indices to assess performance against business plans and reported expenditure.
Instructions for Completion	<p><u>Asset health and criticality</u></p> <p>GDNs to provide the number of assets by asset category heading falling within the asset health categories (HI1, HI2, HI3, HI4, HI5) and criticality (Low, medium, high, very</p>

	<p>high) for the current year of reporting. The definitions of these categories are contained in these tables. The total of assets reported against each asset category should reconcile with the asset register and asset totals in other tables. When completing the table, GDNs should consider the entire asset base to include all replacements and additions.</p>
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**Table 7.4 – PREs, Reports and Repairs**

<p>Purpose and Use by Ofgem</p>	<p>This table collects additional data to understand network condition and expenditure requirements.</p> <p>This data is used to understand the trend in PREs and the overall system condition.</p>
<p>Instructions for Completion</p>	<p><b>Public Reported Escapes (PREs)</b></p> <p>This table captures the requirements for Standard Special Condition (SSC) D10 2 (g): Quality of Service Standards. The other requirements under SSC D10 are captured on table 8.3 in chapter 10.</p> <p><u>PREs</u> Enter the number of PREs for each of the categories listed.</p> <p><u>Escape-related repairs deferred beyond 28 days.</u> Enter the number of escape-related repairs deferred beyond 28 days by the various categories listed.</p> <p><b>Reports</b></p> <p><u>Reports – network related</u></p> <p>Enter the number of controlled and non-controlled reports by the pressure tier categories listed.</p> <p><u>Emergencies – Network related</u></p> <p>Enter the number of controllable and non-controllable jobs to be closed off with a status:</p> <ul style="list-style-type: none"> <li>• mains condition report (escape)</li> <li>• service condition report (escape)</li> <li>• interference (damage)</li> <li>• other – enter the number of jobs closed off with a status: "No Gas" Service Governor Failure, Water Ingress or other Network Problem</li> </ul>

	<p><u>Emergencies – Non network-related</u></p> <p>Enter the number of jobs for the following categories:</p> <p>Internal Escape (Gas): jobs closed off with a status of:</p> <ul style="list-style-type: none"> <li>• a gas related "Internal Escape"</li> </ul> <p>Internal Escape (CO): jobs closed off with a status of:</p> <ul style="list-style-type: none"> <li>• a CO related "Faulty Appliance" or appliance unsafe or emitting CO</li> </ul> <p>Other: jobs closed off with a status of:</p> <ul style="list-style-type: none"> <li>• "Meter Problem" e.g. Meter Regulator Lock-up, ETM Problem</li> <li>• "Other Problem" e.g. Bird Trapped, Boiler Not Working, Incorrect Callout</li> <li>• "No Trace" e.g. No gas or CO found</li> </ul> <p><b><u>Reconciliation of total PREs and total reports</u></b></p> <p>Total PREs should reconcile to total reports but where a difference arises, this should be explained and justified.</p> <p><b>Repairs</b></p> <p>Mains</p> <ul style="list-style-type: none"> <li>• Enter the number of mains condition repairs by diameter.</li> <li>• Enter the number of repairs and reports following mains interference damage.</li> </ul> <p>Services</p> <ul style="list-style-type: none"> <li>• Enter the total number of service condition repairs.</li> <li>• Enter the number of repairs and reports following service interference damage.</li> </ul> <p>Other</p> <ul style="list-style-type: none"> <li>• Enter the number of repairs to installation pipe work or repair /isolation of individual appliances due to gas related issues (SLC6 requirement) excluding those affected by isolation at ECV.</li> <li>• Enter the number of repairs or isolation of individual appliances due to CO related issues (SLC6 requirement) excluding those affected by isolation at ECV.</li> </ul>
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**Table 7.5 – Accuracy Pipeline Records**

<p>Purpose and Use by Ofgem</p>	<p>This table records data in relation to the recording of new, modified or decommissioned mains enabling Ofgem to measure GDNs performance in maintaining accurate mains records.</p>
<p>Instructions for Completion</p>	<p><b>Information to be reported</b></p> <p>Each GDN must have in place systems and processes that allow it to accurately record:</p> <ul style="list-style-type: none"> <li>(a) the total number of asset error correction reports submitted during the reporting period;</li> <li>(b) the total number and length of pipeline records that were digitised during the reporting period;</li> <li>(c) the total number and length of pipeline records that were awaiting digitisation at the end of the reporting period; and</li> <li>(d) the total length of pipelines commissioned or decommissioned during the reporting period;</li> <li>(e) the date of the oldest pipeline record awaiting digitisation at the end of the reporting period.</li> </ul> <p><b>Disaggregated reporting</b></p> <p>In addition to the information to be submitted under paragraph (a), GDNs must also record:</p> <ul style="list-style-type: none"> <li>• the number of asset error correction reports submitted during the reporting period as part of work undertaken by GDNs or agents working on their behalf; and</li> <li>• the number of asset error correction reports submitted during the reporting period as part of work undertaken by parties other than GDNs.</li> </ul> <p>In addition to the information to be submitted under paragraph (b), GDNs must also record:</p> <ul style="list-style-type: none"> <li>• the number and length of pipeline records that were digitised within 30 business days of commissioning new or modified assets or the decommissioning of redundant assets;</li> <li>• the number and length of pipeline records that were digitised between 30 and 60 business days after commissioning new or modified assets or the decommissioning of redundant assets;</li> <li>• the number and length of pipeline records that were digitised more than 60 business days after commissioning new or modified assets or the decommissioning of redundant assets.</li> </ul> <p>The information to be submitted under paragraph (c) must be submitted in the form specified below. GDNs must record:</p>

	<ul style="list-style-type: none"> <li>• the total number and length of pipeline records awaiting digitisation at the end of the reporting period;</li> <li>• the number and length of pipeline records awaiting digitisation at the end of the reporting period where more than 30 business days have elapsed since the commissioning new or modified assets or the decommissioning of redundant assets.</li> </ul>
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**Table 7.6 – Environment – Business Carbon Footprint**

<p>Purpose and Use by Ofgem</p>	<p>This table provides a quantification of all aspects of a GDNs’ non-shrinkage business carbon footprint (BCF) in tonnes of CO2 equivalent. This will allow the footprint of each Licensee to be individually assessed.</p> <p>An annual table will be compiled demonstrating performance as a percentage change against a pre-agreed base year. GDNs will have the opportunity to adjust their baseline so that improvements made before the baseline year can be taken into account (up to a maximum three year time frame).</p> <p>The performance table will be based on the subtotal of the BCF excluding shrinkage.</p>
<p>Instructions for Completion</p>	<p>GDNs must report BCF to align with the regulatory reporting year.</p> <p>The reporting methodology must be compliant with the principles of the Greenhouse Gas Protocol (GHG Protocol). In summary, the BCF reporting must be:</p> <ul style="list-style-type: none"> <li>• Relevant: the inventory must reflect the substance and economic reality of the company’ s business relationships, not merely its legal form</li> <li>• Complete: all relevant emission sources must be included (although in practice lack of data or cost of gathering could be a limiting factor)</li> <li>• Consistent: accounting approaches, inventory boundary and calculation methodology must be applied consistently over time</li> <li>• 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</li> <li>• Accurate: GHG measurements, estimates, or calculations must be systemically neither over nor under the actual emissions value, as far as can be</li> </ul>



	<p>judged, and that uncertainties be reduced as far as practicable</p> <p>GDNs must report on all Scope 1 and Scope 2 emissions on an 'operational control' basis, i.e. report all emissions from operations on which the GDN has full authority to introduce and implement its operating policy.</p> <p>Licences must report scope 3 but it will not be included in the annual BCF performance table until reporting period 2015/16 onwards. This will ensure reporting captures all significant emissions arising from the development and operation of the GDNs Distribution System, regardless of the legal entity carrying out each activity. The boundary of Scope 3 emissions is to be defined, agreed and to be in accordance with the GHG protocol.</p> <p>GDNs 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.</p> <p>Apportionment of emissions across a corporate group to the GDN business units must be undertaken through an existing finance allocation model.</p> <p><b>Detailed reporting requirements</b></p> <p><b>Carbon intensity</b></p> <p>Carbon intensity is an auto-populated cell which is calculated by dividing tCO<sub>2</sub>e by the total employee figure (which is linked to the FTE summary on table 3.1). There are two carbon intensity calculations, one including scope 3 and one excluding scope 3.</p> <p><b>Guidance on completing the tables.</b></p> <p><b>Scope 1</b></p> <p>Energy consumption Enter the tCO<sub>2</sub>e for energy consumption. Note that natural gas, diesel and other fuels are all categorised as fuel combustion and must be converted to tCO<sub>2</sub>e on a Gross Calorific Value (Gross CV) basis.</p> <p>Transport Enter the tCO<sub>2</sub>e for direct commercial vehicles and business mileage.</p>
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	<p>Direct commercial vehicles is the transportation (often a fleet of vehicles) used in the day to day operation of the business.</p> <p>Business mileage 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.</p> <p>Direct commercial vehicle emissions calculations should be based on fuel consumption, which includes fuel used, for example, in compressors, pumps, generators, stihl saws and strimmers bought on vehicles fuel cards. The appropriate conversion factors will be applied.</p> <p>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.</p> <p>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) unless there is a compelling case for using another conversion factor.</p> <p>Defra allows for road transport to be entered in terms of both distance and fuel consumption.</p> <p>Business road transport, including company cars and casual users, will be measured in mileage.</p> <p><b>Scope 2</b></p> <p>Electricity consumption</p> <p>Enter the emissions for electricity use which must be converted according to the factor for the "Grid Rolling Average" unless there is a compelling case for using another conversion factor.</p> <p><b>Scope 3 – Work in progress</b></p> <p>PE pipe</p>
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	<p>Enter the PE pipe emissions which relate to the procurement of PE pipe used in network activities.</p> <p>Contractor vehicles</p> <p>Enter the emissions for contractor vehicle which arise from work undertaken on the network by contractors<sup>2</sup> not directly employed by the GDN.</p> <p>Rail/Air/Ferry</p> <p>Enter the emissions from third party transport services.</p> <p><b><u>Commentary</u></b></p> <p>The commentary must include details of any auditing / certification completed to verify emissions data.</p> <p>The commentary must also include data tables for each area of emissions (ideally at the same level of granularity as the Defra conversion factors) containing the following information:</p> <ul style="list-style-type: none"> <li>• the GDN in question</li> <li>• the level of emissions (in tCO<sub>2</sub>e)</li> <li>• the data source and collection process</li> <li>• the relevant physical units e.g. miles</li> <li>• the emission conversion factor used</li> <li>• the source of the emission conversion factor (this shall be Defra unless there is a compelling case for using another conversion factor)</li> <li>• 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</li> </ul>
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**Table 7.7 – Environment – Other**

Purpose and Use by Ofgem	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 performance under the different measures, as well as monitoring key drivers of that performance.
Instructions for	Complete the table for the following environmental

<sup>2</sup> Definition and boundaries of 'contractor' to be defined by the ENA Environmental Working Group.

<p>Completion</p>	<p>indicators and for all items listed for each indicator:</p> <ul style="list-style-type: none"> <li>• Broad environmental measure (biomethane and other unconventional gas connections)</li> <li>• Land remediation</li> <li>• Virgin aggregate</li> <li>• Spoil to landfill</li> <li>• ISO 14001 major non-conformities</li> </ul> <p><b>Broad Environmental Measure</b></p> <p>For all items listed enter the number or scmh as appropriate.</p> <p>Include additional information in the commentary which is considered pertinent such as the reasons for any delays in finalising connections.</p> <p><b>Land Remediation</b></p> <p>For all items listed on the table, enter the number or expenditure as appropriate.</p> <p>Statutory remediation is the work required to satisfy the minimum legal requirements for a site’s current use, which reduces the contaminated land risks to a point whereby the site no longer presents significant risks of significant harm to human health, controlled waters and the wider environment.</p> <p>Non-statutory remediation is the work required to satisfy the minimum legal requirements for a site’s proposed change of land use, which incorporates a greater scope of work and more stringent standards to be achieved, which reduces the contaminated land risks to a point whereby the site no longer presents significant risks of significant harm to human health, controlled waters and the wider environment for the proposed change of land use.</p> <p>Routine statutory monitoring and maintenance includes desk top studies, intrusive site investigations (including drilling, trial pitting, vacuum excavation pitting etc), qualitative and quantitative risk assessments and modelling, groundwater, ground gas and vapour monitoring regimes and general redundant site clearance to maintain serviceability of monitoring locations.</p> <p><b>Virgin Aggregate</b></p> <p>Virgin aggregates refers to excavation activities on the operational gas distribution network and excludes abnormal</p>
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	<p>workload such as gasholder demolition and land remediation.</p> <p>Enter the volume of virgin aggregate (virgin quarried stone/gravel) used as a percentage of total imported backfill (sand/fine fill and virgin stone/gravel/recycled aggregate) excluding tarmacadam.</p> <p>Enter the tonnes of imported virgin aggregate which is used to monitor against business plan forecasts.</p> <p>The commentary should contain supplementary information which will assist in explaining any notable year-on-year variations.</p> <p><b>Spoil to Landfill</b></p> <p>Enter the volume of spoil from excavation activities on the operational gas distribution network disposed as a waste into a permitted/licensed landfill as a percentage of total spoil excavated.</p> <p>Enter, in tonnes, the spoil disposed as a waste at a permitted/licensed landfill.</p> <p>Spoil to landfill excludes abnormal workload such as gasholder demolition and land remediation.</p> <p>The commentary should contain supplementary information which will assist in explaining any notable year-on-year variations.</p> <p><b>ISO 14001 Major Non-conformities</b></p> <p>The number of major non-conformities identified in the annual ISO 14001 independent audit process must be reported at group level. Details of any major non-conformity should be included in the commentary.</p>
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**Table 7.8 – Environment – Distribution Gas Entry Connection**

<p>Purpose and Use by Ofgem</p>	<p>The Distributed Gas industry is at an early stage of development.</p> <p>At this stage we consider there is insufficient information available on which to base an outputs target or attach a financial penalty or reward with regard to performance against a baseline.</p> <p>To facilitate establishing a de-minimis level and structure of</p>
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	any future incentive, we require the GDNs to keep detailed records on the costs associated with each distributed gas connection.
Instructions for Completion	<p>For each distributed gas connection, enter the following information:</p> <ul style="list-style-type: none"> <li>• GDN project reference/name</li> <li>• Date of completed connection</li> <li>• Source of gas (biomethane, coalbed methane etc.)</li> <li>• Total capacity connected (scmh)</li> <li>• GDN reinforcement capacity capital costs (£k)</li> <li>• GDN facility capital costs – if applicable (£k)</li> <li>• GDN facility opex costs – if applicable (£k)</li> <li>• Total GDN cost of connection (£k)</li> <li>• Approach main charge paid by connectee (£k)</li> <li>• Connection charge paid by connectee (£k)</li> <li>• Transportation credit – if applicable (£k)</li> </ul> <p>The commentary should contain any additional information or explanation which will enhance the understanding of the information provided.</p> <p>Any price controlled costs for distribution gas connections should be captured in tables 3.8 Maintenance and 4.3 LTS &amp; Storage, and associated asset data is captured in table 6.1 LTS Asset Data.</p>

**Table 7.9 – Innovation – Innovation Rollout Mechanism (IRM)**

Purpose and Use by Ofgem	<p>The IRM allows a GDN to request additional funding from Ofgem to roll out proven innovations if they have carbon or wider environmental benefits, provide long term value for money, the licensee cannot receive commercial benefits from the roll out within the remainder of the price control period and they are not used to fund ordinary business arrangements.</p> <p>The IRM table provides Ofgem with the costs and other data relating to schemes designed to rollout a proven innovation.</p>
Instructions for Completion	<p><u>Scheme name</u> This table details total expenditure by scheme name and total expenditure. Enter the name of each scheme and total expenditure for each scheme.</p> <p><u>Cost type</u> This table analyses the total costs by cost type which will be added to the RAV in accordance with other costs. Enter</p>

	<p>the total expenditure by the cost types listed. This table should equal the total in the above table.</p> <p>This table will only need to be completed where the licensee has applied to, and the authority has approved a relevant adjustment for the purposes of the IRM.</p> <p>There are two potential application windows for a relevant adjustment. The first window opens on 1 May 2015 and ends on 31 May 2015 and the second application window opens on 1 May 2018 and closes on 31 May 2018. Therefore no expenditure should have been incurred (and therefore reported) prior to 30 November 2015.</p>
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**Table 7.10 – Innovation – Network Innovation Allowance (NIA)**

<p>Purpose and Use by Ofgem</p>	<p>The Network Innovation Allowance is a set allowance that the licensee can use to spend on innovation projects each year on a use it or lose it basis. The NIA is over and above base revenue.</p> <p>The NIA Expenditure is required to monitor the total amount spent by the Licensee in order to align with the regulatory accounts. Allowable NIA Expenditure is required to monitor the amounts being claimed through the NIA Funding Mechanism.</p>
<p>Instructions for Completion</p>	<p>This table captures the amounts spent under the Network Innovation Allowance (NIA).</p> <p>Costs reported in this table must be incurred in accordance with the most recent version of the NIA governance document, as published by Ofgem.</p> <p>The Allowable NIA Expenditure is calculated as the total of Eligible Bid Preparation Costs and Eligible NIA Expenditure, and as per Special Licence Condition 1H/3H/2E, and must not exceed the licensee’s NIA Allowance.</p> <p>This table requires the same data broken down by different categories which are detailed in the two tables below. Note that this is the total amount spent by the licensee under the NIA. Where GDN operators are collaborating on a particular project each GDN should only enter its own costs.</p> <p>However, it should be noted that this is not equal to the total Allowable NIA Expenditure, since the NIA includes the licensee’s contribution, Unrecoverable NIA Project Expenditure and Direct Benefits.</p>

	<p>NIA by cost project This table breaks the costs down as either Bid Preparation Costs, or against each (named) project. Enter the name of the project and associated total costs for each project named.</p> <p>NIA by cost type Enter the total expenditure by the cost types listed.</p>
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**Table 7.11 – Innovation – Network Innovation Competition (NIC)**

<p>Purpose and Use by Ofgem</p>	<p>This table collects expenditure from the NIC Project bank account for any NIC project that is being implemented. The expenditure is recorded by project.</p> <p>As NIC projects do not form any part of GDNs' separate detailed reporting every 6 months in the Project Progress Reports. This table will serve only to balance this table to the regulatory accounts.</p>
<p>Instructions for Completion</p>	<p>Enter the project name and total associated expenditure/income for each of the categories listed:</p> <ul style="list-style-type: none"> <li>• NIC funding by project</li> <li>• Halted project revenue</li> <li>• Disallowed project revenue</li> <li>• NIC royalties revenues by project</li> <li>• NIC directly attributable costs</li> <li>• NIC royalties return income by project</li> <li>• Retained NIC royalties by project</li> </ul> <p>Expenditure incurred on NIC projects should be in accordance with the Project Direction issued by the Authority and the NIC governance document.</p> <p>Details on the Royalties mechanism are outlined in chapter 10 of the NIC Governance Document<sup>3</sup>.</p> <p>This table should only show expenditure for the regulatory/formula year and not the outstanding funds required for the project.</p>

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<sup>3</sup> The most recent version of the NIC Governance Document will be published here: <http://www.ofgem.gov.uk/Networks/nic/Pages/nic.aspx>



## 10. Instructions for completing the quality of service and guaranteed standards of performance tables

### Introduction

10.1. This chapter provides instructions for completing the quality of service and guaranteed standards of performance tables.

### Overview of tables

10.2. The tables included within this chapter are:

- Table 8.1 – Customer Complaints
- Table 8.2 – Customer Satisfaction Survey
- Table 8.3 – Guaranteed Standards of Performance
- Table 8.4 – Standard Licence Condition D10
- Table 8.5 – Third party and water incidents

**Table 8.1 – Customer Complaints**

Purpose and Use by Ofgem	<p>The purpose of this table is to provide a framework for the collection and provision of accurate and consistent complaints data by GDNs to Ofgem.</p> <p>Ofgem will use the information to monitor current and future performance of GDN complaints handling and will form part of the broad measure of customer satisfaction incentive in the RIIO-GD1 period.</p>
Instructions for Completion	<p>The table is divided into two sections – complaints to the GDN and complaints to the Energy Ombudsman.</p> <p>For both sections enter the number of complaints for each of the following four categories:</p> <ul style="list-style-type: none"><li>• complaints concerning emergency response and repair work</li><li>• complaints concerning planned work</li><li>• complaints concerning connections services</li><li>• complaints concerning other issues including (but not limited to) reinstatement and excavation, communication and engineering work where they have not been recorded under the listed categories.</li></ul>

	<p><u>Complaints to the GDN</u></p> <p>Enter the number for each of the following:</p> <ul style="list-style-type: none"> <li>• telephone complaints received</li> <li>• written complaints received</li> <li>• complaints resolved by the end of the first working day (day+1)</li> <li>• complaints resolved between day+2 and 31 working days</li> <li>• complaints resolved after 31 working days</li> <li>• repeated complaints</li> <li>• deadlock letters issued by the GDN to the complainant</li> </ul> <p><u>Complaints to the Energy Ombudsman</u></p> <p>Enter the number for each of the following:</p> <ul style="list-style-type: none"> <li>• Complaints taken up within the Ombudsman terms of reference</li> <li>• Complaints taken up outside the Ombudsman terms of reference</li> <li>• Total number of complaints taken up by the Ombudsman for resolution</li> <li>• Final decisions issued by the Ombudsman</li> <li>• Ombudsman decisions in favour of the complainant</li> </ul> <p>Where a reportable value is zero or not applicable to the licensee, a zero must be input rather than a cell being left blank.</p> <p>For definitions and detailed reporting requirements refer to Appendix 4.</p>
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**Table 8.2 – Customer Satisfaction Survey**

Purpose and Use by Ofgem	This table collects the results of the customer satisfaction survey component of the Broad Measure of Customer Satisfaction.
Instructions for Completion	<p>Each GDN must carry out the three customer satisfaction surveys on a monthly basis and submit the results of these surveys on an annual basis to Ofgem.</p> <p>There is a table for each of the three customer satisfaction surveys:</p> <ul style="list-style-type: none"> <li>• Planned work survey</li> <li>• Emergency response and repair survey</li> <li>• Connections survey</li> </ul>

	<p>Enter the number of customers, scoring between 1 and 10, for all activities listed under each survey table.</p> <p>Definitions and detailed reporting requirements are set out in Appendix 5.</p> <p><u>Form of the surveys</u></p> <p>The surveys and covering letter that accompanies the surveys must follow the standard templates set out in Appendices 6-9 of this document.</p>
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**Table 8.3 – Guaranteed Standards of Performance (GSOP)**

Purpose and Use by Ofgem	<p>The Gas Act 1986 (“the Gas Act”) allows the Gas and Electricity Markets Authority (“the Authority”), with the consent from the Secretary of State for Business, Enterprise and Regulatory Reform to make regulations for GSOPs for Gas Transporters (GTs).</p> <p>GSOPs set service levels that must be met in each individual case. If a GT fails to meet the service level specified in the Regulations, it must make a payment to the customer affected.</p>
Instructions for Completion	<p>This table captures the requirements for Standard Special Condition (SSC) D10 Quality of Service Standards excluding SSC D10 2 (g) which is captured in table 7.4 PREs, Reports and Repairs in Chapter 9.</p> <p>Enter the data for all items under each GSOP listed. The value of payments cells are auto-populated. Details of payments per GSOP are listed in Appendix 10.</p> <p><b>Summary of the Guaranteed Standards</b></p> <p>More detailed guidance is contained in Appendix 10.</p> <p>The revised GSOPs apply to GTs and took effect from 1 April 2008. These set service levels that must be met in each individual case.</p> <p>Appendix 10 details:</p> <ul style="list-style-type: none"> <li>▪ each guaranteed standard;</li> </ul>

	<ul style="list-style-type: none"> <li>▪ the minimum level of compensation; and,</li> <li>▪ where relevant, the cap to the level of compensation payable to customers by GTs in the event of a failure to meet the guaranteed standard.</li> </ul> <p>To discharge the obligation to make payments to a customer under the GSOPs GTs can make the payments directly to a customer, where applicable to another GT for onward transmission to a customer, or under arrangements in Paragraph 1 of Licence Condition SC20 to shippers for prompt onward transmission via suppliers to the customer.</p> <p>GTs can choose to make additional ex gratia payments where they consider it to be appropriate or make such payments where an exemption applies.</p> <p>It should be noted that for all standards, references to the “number of payments” requires the licensee to detail the number of individual payments made to customers. For example, a customer who received three payments for one standard, following a three day failure by the GT, would be recorded as three individual payments. This is distinct from the number of customers where the relevant standard was not met which is recorded separately, for example, the “number not provided within timescale”.</p>
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**Table 8.4 – Standard Special Licence Condition D10 – Quality of service standards**

Purpose and Use by Ofgem	This provides guidance on the reporting performance against Standard Licence Condition D10.
Instructions for Completion	<p>This table is mainly auto-populated with data from other tables.</p> <p>The only data to be entered relates to Standard Special Condition D10(2)(f) Responding to telephone calls.</p> <p>Enter total calls:</p> <ul style="list-style-type: none"> <li>○ received on specified numbers</li> <li>○ answered within timescale</li> </ul> <p>Percentage of telephone calls answered within timescale is auto-populated.</p> <p>Data should be captured in accordance with the requirements of SSC D10.</p>

	The requirement for reporting against SSC D10 2(g) is captured in table 7.4.
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**Table 8.5 – Third Party and Water Incidents**

Purpose and Use by Ofgem	This table provides guidance for reporting GSOP payments to smaller non-domestic consumers and compensation for third-party damage and water ingress incidents.
Instructions for Completion	<p>Enter the following data:</p> <ul style="list-style-type: none"> <li>• the number of domestic/non-domestic payments made under the 3<sup>rd</sup> party and water ingress arrangements</li> <li>• the number of properties restored in the period</li> <li>• the summary of 3<sup>rd</sup> party and water ingress incidents.</li> </ul>

# 11. Instructions for completing the revenue reporting tables

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## Chapter Summary

### **The revenue return pack is provided in a separate workbook.**

This chapter sets out the purpose of the gas distribution revenue reporting regulatory instructions and guidance (RIGS). The purpose of the RIGS is to facilitate the collection of gas distribution revenue reporting information on a common basis, and to an appropriate degree of accuracy from each gas distribution network (GDN) to enable OFGEM to effectively monitor compliance with the price control revenue restriction conditions.

The RIGS will take effect for the detailed revenue return due by July 2014 (relating to the relevant Formula year 2013-14) and subsequent returns up to 2020-21. The revenue reporting RIGS may be modified in accordance with the change control procedures detailed in special condition (SC) 2A (Governance of GD1 Price control financial instruments).

The revenue reporting RIGS have been prepared and introduced pursuant to Special condition (SC) 1B (Restriction of revenue in respect of the Distribution Network Transportation Activity) Each GDN will receive the same templates so that the data is collected on a conformed basis.

For the avoidance of doubt the RIGS are subordinate to those license conditions that may apply to the determination of allowed revenues or which contain associated reporting obligations. It will not change, alter or amend any definition or obligation contained within the distribution licence and, in the event of any inconsistency between the licence conditions and these guidance, the licence conditions will take precedence.

## Introduction

11.1. The distribution network transportation activity revenue restriction is the principal revenue restriction set out in (SC) 1B (Restriction of revenue in respect of the Distribution Network Transportation Activity). The purpose of this condition is to determine the revenue restrictions that comprise the allowed revenue that may be recovered through distribution transportation charges by the licensee. It sets out the obligations of the licensee in respect of the restriction.

11.2. The maximum distribution network transportation activity revenue (ART) is the maximum amount of revenue determined by the revenue restriction, The detailed revenue return work book is used to calculate this value.

11.3. The Revenue return is a workbook containing 5 front sheets for information only, an input sheet to be populated by the GDN and 10 tables that are used to

calculate the Maximum Distribution Network transportation Activity Revenue (ARt). The final table is a reconciliation that ensures that the revenue used in the calculation in this workbook is the same as that reported in the regulatory accounts.

## Overview of Information tables

11.4. The tables included within this chapter are:

- **Cover sheet:** This is the first table in the revenue return workbook. It is for information only. It lists the tables contained within the workbook. Each listed table is hyperlinked to aid navigation throughout the workbook. The colour coding used throughout this workbook is explained in this sheet.
- **Log Sheet:** The log sheet is for information only. It is used to document any version changes and significant changes made to the revenue return by OFGEM.
- **NTS charges:** This table contains details of charges for each Distribution Network by offtake nodes for the purposes of calculating the NTS exit capacity cost adjustment. It is pre-populated by OFGEM. Information is provided in pence per therm (p/therm)
- **Gas prices:** This table contains details of wholesale gas prices as reported by an approved market price report, for the purposes of calculating the shrinkage allowance adjustment. It is pre-populated by OFGEM. Information is provided in pence per kilowatt hour (p/Kwh)
- **Licence Condition Values:** This table contains the key licence parameters required to calculate allowed revenue. It is pre-filled by OFGEM using value quoted in the licence conditions. The data is derived principally from the annexes to Special Conditions 1A to 1I of the gas transporter licence applicable to the GDNs. These values are used in the formula to derive the license terms.
- **Input Page :** The light yellow cells represent the data that GDNs need to complete for each Formula year. The top of the sheet contains a row with drop down boxes. The drop down boxes can be used to choose the type of data that the revenue pack has been populated with; ie "Actual", "150 Days forecast" or "60 Days forecast". Macroeconomic data, such as the specified interest rate and RPI related information, will be pre-populated by OFGEM.
- Other data provided by Ofgem include the cost of debt and the maximum distribution network transportation activity revenue for 2012/13.
- Input other information as labelled in column A and in the unit named in column C.

## Overview of tables

- **Table 1:ARt -** This table calculates the maximum distribution network transportation activity revenue

- Table 2: BRt - This table calculates the base distribution network transportation activity revenue
- Table 3: PTt - This table calculates the distribution network allowed pass-through items.
- Table 4: Ext - This table calculates the NTS Capacity cost adjustment
- Table 5: BMt - This table calculates the incentive adjustment in respect of the broad measure of customer satisfaction
- Table 6: SHRt - This table calculates the revenue adjustments for performance in respect of gas shrinkage
- Table 7: EEIt - This table calculates the Environmental emissions revenue adjustment
- Table 8: DRSt - This table calculates the Discretionary reward scheme revenue
- Table 9: NIAt - This table calculates The network innovation allowance
- Table 10: Kt - This table calculates the correction term revenue adjustment
- Table 11: Reconciliation to statutory accounts - This table serves as a check balance to ensure that all revenue reported in the regulatory accounts have been captured in the revenue return pack.

11.5. Each table is laid out in a similar format

11.6. The information below is in relation to the input sheet and excludes the table on reconciliation to regulatory accounts.

- Column A consists of a brief explanation of each licensee term.
- Column B contains the name of the term as used in the formula within the licence condition.
- Column C shows what unit the input is required in and in the case of the tables; the unit each term within a formula is required in.
- Columns E to N show the value for t in each Formula year; with t-1 meaning 2013.
- In some cases column D is used for 2011 values where required.

## Additional Information

### Input sheet

Purpose and Use by OFGEM	The information on this table is divided into basic information; populated by OFGEM and specific information requested from the GDN. The input sheet contains bright yellow cells; which the GDNs are meant to populate with
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	<p>information. Each section of the input sheet is given a heading to indicate which sheet within the workbook the input values are used. The information in the input sheet links into each subsequent table as required to derive the licence term.</p> <p>Values are required for one year at a time except where a forecast value is submitted. Use the dropdown box at the top of the spreadsheet to select which data is being submitted. The colour coding in this sheet is the same as the cells within the tables where the values are referenced. Input, values in the specified units in column c. A high level of accuracy is required on values that are not monetary. Scores, percentages and volumes etc will need to be entered to 2 decimal places.</p>
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**Licence condition values**

<p>Purpose and Use by OFGEM</p>	<p>The purpose of this table is to collate values stated in the licence conditions, so that they can be referenced for use in calculating the licence terms. The layout for this table is similar to the input sheet. It has headings for each section of the workbook formula it feeds into. The colour coding in this table is the same as the cells within the tables where the values are referenced.</p>
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**Gas prices**

<p>Purpose and Use by OFGEM</p>	<p>The purpose of this table is to collate gas price information, so that they can be referenced for use in calculating the licence terms. Gas prices are used in the calculation of the Shrinkage Allowance Revenue Adjustment.</p>
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**NTS Charges**

<p>Purpose and Use by OFGEM</p>	<p>The purpose of this table is to collate detailed Exit Capacity charges for each Distribution Network by offtake node, so that they can be referenced for use in calculating the EDCT and EITt terms.</p>
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**Table 1 - Maximum Allowed Revenue (ARt)**

<p>Purpose and Use by OFGEM</p>	<p>The purpose of this table is to highlight how the maximum allowed revenue for the licensee is arrived at. The value for each component term used in the formula to arrive at this value; are linked from the other spreadsheets for each Formula year the term is calculated for. There are 9 terms that are combined to arrive at the ARt. There is one table for the calculation of each of the 9 terms. The 2012/13 value for ARt is used for the calculation of the term Kt.</p>
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**Table 2 - Base Revenue(BRt)**

Purpose and Use by OFGEM	The purpose of this table is to clearly layout the workings for the calculation of the base revenue term. This table makes it easy for the licensee to understand how the term was arrived at and the components that it contains. The base revenue formula is set out in accordance with part C of Section 1B of the licence conditions for the relevant Distribution Network. BRt is one of the terms that is used to calculate ARt. It is derived by adding PUt, MODt and TRUt. The sum of this is multiplied by the RPI forecast factor.
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**Table 3 - Pass through item revenue adjustment (PTt)**

Purpose and Use by OFGEM	The purpose of this table is to clearly layout the workings for the calculation of the allowed pass-through items revenue adjustment. This table makes it easy for the GDN to understand how the revenue adjustment was arrived at and how the component terms used within its formula where arrived at. The pass through item formula is set out in accordance with part A of Section 1C of the license conditions for the relevant Distribution Network. This term is used to calculate costs that can be passed through to customers. It is derived by adding RBt, LFt, PDt, TPWIt, TGt and MPt.
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**Table 4 - NTS Exit Capacity Cost Adjustment(Ext)**

Purpose and Use by OFGEM	The purpose of this table is to clearly layout the workings for the calculation of the NTS Exit Capacity costs adjustment. This table makes it easy for the licensee to understand how the cost adjustment is arrived at and how the component terms used within its formula where derived. The NTS exit capacity cost adjustment formula is set out in accordance with part B of Section 1D of the licence conditions for the relevant Distribution Network. It is calculated in a formula combining the following terms: EXCt, EIt, AEXt, RPIAt, PVFt and RPIFt
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**Table 5 - Incentive adjustment with respect to broad measure of customer satisfaction(BMt)**

Purpose and Use by OFGEM	BMt is zero for Formula year 2014 and 2015. The purpose of this table is to clearly layout the workings for the calculation of the Broad Measure incentive adjustment. This table makes it easy for the licensee to understand how this incentive adjustment is arrived at and how the component terms used within its formula where derived. The broad measure incentive adjustment formula is set out in accordance with part B of Section 1E of the licence
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	conditions for the relevant Distribution Network. It is calculated by adding the terms; CSt, CMt and SEt and subsequently multiplied by an interest rate term denoted by $(1 + It)$ . This table contains several fixed values, which are all derived from the license conditions. They are pre-populated where the same value applies to all GDNs.
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**Table 6 - Shrinkage Allowance Revenue Adjustment(SHRt)**

Purpose and Use by OFGEM	The purpose of this table is to clearly layout the workings for the calculation of the shrinkage allowance revenue adjustment. This table makes it easy for the GDN to understand how the revenue adjustment is arrived at and how the component terms used within its formula where derived. The shrinkage allowance revenue adjustment formula is set out in accordance with part A of Section 1F of the licence conditions for the relevant Distribution Network. It is calculated by adding SHRA <sub>t</sub> and SHRR <sub>t</sub> . Detailed information by each distribution network is required on the input page for the term ASV <sub>t</sub> . The conversion factor within this table is a fixed value derived from the license conditions.
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**Table 7 - Environmental Emissions Incentives revenue(EEIt)**

Purpose and Use by OFGEM	The purpose of this table is to clearly layout the workings for the calculation of the Environmental Emissions incentive. This table makes it easy for the licensee to understand how the revenue adjustment is arrived at and how the component terms used within its formula where derived. The Environmental Emissions incentive formula is set out in accordance with part C of Section 1F of the licence conditions for the relevant Distribution Network. The formula for this term requires detailed information by Distribution Network for the term LV <sub>t</sub> .
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**Table 8 - Discretionary Reward Scheme Revenue (DRSt)**

Purpose and Use by OFGEM	The purpose of this table is to clearly layout the workings for the calculation of the Discretionary Reward Scheme Revenue. This table makes it easy for the licensee to understand how the revenue adjustment is arrived at and how the component terms used within its formula where derived. The Discretionary Reward Scheme Revenue formula is set out in accordance with part A of Section 1G of the licence conditions for the relevant Distribution Network. This term is calculated by multiplying the sum of DRSW <sub>t</sub> and DRSX <sub>t</sub> by the DRSSF <sub>t</sub> factor The DRSSF <sub>t</sub> factor is an input populated by OFGEM.
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**Table 9 - Network Innovation Allowance (NIAt)**

<p>Purpose and Use by OFGEM</p>	<p>The purpose of this table is to clearly layout the workings for the calculation of the Network Innovation Allowance. This table makes it easy for the licensee to understand how the allowance is arrived at and how the component terms used within its formula where derived. The Network Innovation Allowance formula is set out in accordance with part A of Section 1H of the licence conditions for the relevant Distribution Network.</p> <p>This term is calculated as follows: ANIAt- NIARt. There are two inputs required for NIA expenditure, one for the total eligible NIA and the second for the internal eligible NIA expenditure. The need for two input values on NIA is because of the calculation in section 1H.9 of the license conditions.</p>
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**Table 10 - Correction term revenue adjustment(Kt)**

<p>Purpose and Use by OFGEM</p>	<p>The purpose of this table is to clearly layout the workings for the calculation of the Correction term revenue adjustment. This table makes it easy for the licensee to understand how the revenue adjustment is arrived at and how the component terms used within its formula where derived. The correction term revenue adjustment formula is set out in accordance with part D of Section 1B of the licence conditions for the relevant Distribution Network</p> <p>The correction term formula is divided into two; one for formula year 2013-14 and the other for formula year 2015-16 onwards.</p>
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**Table 11 - Reconciliation to regulatory accounts**

<p>Purpose and Use by OFGEM</p>	<p>The purpose of this table is to reconcile the amount used in the revenue return pack to the amount in the regulatory accounts. The revenue from the regulatory accounts is required to be input in this sheet. The amount for the year should be the same amount reported in the finance tables.</p> <p>In order for this table to be populated the relevant information that feeds into it needs to be filled in first in the input sheet. The input required for this table are All excluded services as defined in the license conditions part C of SC4C, and revenue derived from other non price controlled activities.</p>
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## 12. Guidance for completing RIGs commentary RIIO GD1: Year 1 – 2013/14

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**Chapter Summary:** This chapter sets out the guidance for the completion of a commentary that supports the GDNs RIGs returns

### Introduction

12.1. GDNs submit by 31 July 2014 to Ofgem their completed RRP cost and revenue returns. These should be accompanied by a commentary and GDNs will also publish an annual report on their price control performance by 30 September 2014, this publication should be consistent with the commentary. The main purpose of the commentary is to:

- Provide a summary of the key outputs you have delivered during the year and set them in context of the delivery of overall RIIO-GD1 price control outputs. This should include a forecast out to the end of the price control. The commentary should explain the reasons for any material differences between our planned price control and actual/forecast performance. For future commentaries there will be a requirement to explain material differences in movement of forecast from the previous year.
- Provide an appropriate narrative that explains the reasons for actual/forecast spend and workload and the material differences between allowances and our actual spend.
- The appropriateness and materiality should be set at a level that avoids the need for Ofgem to ask supplementary questions

12.2. Whilst the RRP tabs are discrete and are arranged by opex/repex /capex; your commentary should be reflective of a totex approach and how this links with outputs.

### Outline Structure of RRP commentary and published report:

- Executive summary
  - High level view of revenue v allowance
  - Customer bill impact

- Key outputs delivered during first year in context of the overall RIIO-GD1 outputs
- Key overall messages on year 1 totex spend v allowance with links to workloads
- Key overall messages on your forecast delivery of outputs with links to forecast totex
- Customer bill impact / revenue impact - changes in customer bills and overall revenue.
- Outputs (including secondary outputs)/incentives/innovation - performance in the year against targets, forecasts of future performance, and expected outturn at the end of RIIO.
- Costs/workload/uncertainties - performance in the year against targets for costs and workload, forecasts of future performance, and expected outturn at the end of RIIO. Any impact of uncertainties over the full price control period, including both uncertainties that have been triggered and those yet to be triggered.
- Financial performance - including comparison to allowances and forecast RORE financial performance, and expected outturn at the end of RIIO

## Appendices to the published report

12.3. These appendices give more details on specific areas which essentially aid Ofgem’s understanding of the results from a number of perspectives. They also give Ofgem more information about the likely outturn in the future. Whether the appendices are published as part of the Company’s own report or not will depend on the sensitivity of the information. These appendices are only required to support the main document and to provide detail that is not part of it:

12.4. Potential appendices (to the extent that they are not covered in any depth in company’ own report), which can be combined:

- Outputs – more detail on the outputs achieved in the year, discussion of secondary outputs, does the company believe it will achieve the required outputs at the end of RIIO period
- Costs – more detail on the cost movements in the year.
- Workload – more detail about changes in workload, impacts on business now and in the future.
- Uncertainties – a more critical assessment as to how uncertainties may affect performance in the future
- Related parties - explain how costs from related parties have been derived, including how the allocation of related parties at more than one level, (ie where there are cross charges) have been reported.
- Excluded services - how the costs reported have been calculated. Any difference between reported revenue and that in the revenue return

- Real price effects – company view of real price effects that it has faced in the year and may face in the future
- Benchmarking/performance improvement/efficiencies – details of what a company has undertaken in the year or proposes for the future
- Capex & repex/opex trade-offs – the effects of capex/opex trade-offs in the results and forecasted for the future
- Organisational changes – details of any changes in the company’s structure and the effect this may have on the future performance
- Forecasts – explanation of changes in forecasts covering – financial, non-financial and output areas.
- Allocation methodology – any changes, and rationale for changes, to the submitted methodology (GDNs are required to submit their allocation methodology as part of the 2013-14 submission).

## Appendix 1 - Glossary

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1.1. The purpose of this appendix is to provide definition of the terms included in these instructions and in the associated tables.

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

1.3. In the circumstance where no definition is given the licensee should include in explanatory notes details of the treatment it has applied and inform Ofgem of the omission. Where a definition set out in this appendix is not the same as that applied by a licensee for other purposes, the definition set out herein must be used in the preparation of the business plan data template.

1 in 20 peak demand	The level of aggregate demand of firm gas customers which is expected, based on historical weather data derived from at least the previous 50 years and other relevant factors, is likely to be exceeded (whether on one or more days) only in 1 year out of 20 years.
Actioned repairs	<p>The number of reports which result in a physical permanent repair taking place. The number of repairs should be counted using the following examples (see also repairs):</p> <p>Includes:</p> <ul style="list-style-type: none"><li>• ECV repair – recorded as service repair;</li><li>• permanent repairs only; and</li><li>• multiple joint repairs – one repair recorded per joint (can have same report).</li></ul> <p>Excludes:</p> <ul style="list-style-type: none"><li>• internal reports;</li><li>• no escapes/no trace found; and</li><li>• any repair not linked to a PRE (maintenance).</li></ul>
Affiliate	<p>Has the meaning given in Standard Condition 1 of the gas transporter's licence applicable to the Licensees.</p> <p>See also related party and related undertaking.</p>
Agency costs	Costs associated with agency staff.
Agency staff	<p>Persons who are not under a direct contract of employment with the licensee or an affiliate of the licensee but are hired through a third party or employment agency.</p> <p>Excludes professional services.</p>



AGI	Above Ground Installation - a defined site which does not include pressure reduction equipment, for example a block valve installation.
Allowable NIA expenditure	Allowable NIA Expenditure is the total expenditure that can be recovered from the NIA. It includes Bid Preparation Costs and Eligible NIA Expenditure.
Annual iteration process	The annual iteration process is the process of annually updating the variable (blue box) values in the price control financial model and running the model in order to provide updated MOD and SOMOD values.
Application development	Costs associated with the development of applications before they are put into the production.
Application maintenance & support	The costs of maintaining and supporting applications that are in production. Includes minor enhancements and bug fixes.
Application server support	Costs involved in maintaining computer servers.
Apprentice/trainee recruitment costs	Costs associated with recruitment of trainees and apprentices.
Apprentice and trainee programme FTEs	First to fourth year apprentices should be calculated on an FTE basis. For example if an individual employee is engaged on the first year of a programme for the first three months of a reporting year and progresses to the second year of the programme for the remaining nine months, then that individual will count as 0.25 first year FTEs and 0.75 second year FTEs.
Area of land (land remediation)	The physical footprint of land that has been remediated.
Asset error correction report	A report of an instance in which the records of a licensee do not accurately describe the location or nature of the licensee's pipe assets.
Asset management (inc. Network policy)	This covers the activity of managing the Network's assets. The costs collated under Asset Management should be cost incurred in the following areas within the Network: <ul style="list-style-type: none"> <li>• Network Planning;</li> <li>• Network Integrity (including gas quality monitoring);</li> <li>• Network Capacity;</li> <li>• LTS Investment/Analysis;</li> <li>• Network/Engineering Policy/Procedures (covering all policies of the Network e.g. records transfer and brought in services &amp; materials). Excludes HSE policy, see operations management;</li> <li>• Network Development/Analysis; and</li> <li>• Management of redundant sites &amp; remediation programmes.</li> </ul>
At risk iron mains	Mains which fall within the criteria specified under the Health and Safety Executive's (HSE) enforcement policy for the iron mains risk reduction programme.
Atypical costs	The total costs (less credits and receipts) of resources employed in response to an atypical event. Includes- direct and indirect resources utilised to assist in dealing with the atypical event.

	<p>Excludes</p> <ul style="list-style-type: none"> <li>• depreciation of capitalised costs relating to ‘atypical events’;</li> <li>• late payment interest related to fines and penalties; and</li> <li>• any general apportionment of indirect costs.</li> </ul>
Atypical event	<p>A specific event or incident that is not expected to recur regularly under normal circumstances due either to its size or nature. Includes severe weather events; and restructuring.</p> <p>Excludes cost overruns or cost arising from delays in completing a project or programme.</p>
The “Authority”	Has the meaning given in standard condition 1 of the gas transporter's licence applicable to the Licensees.
Average system pressure	The average operating pressure of the Licensees’ system. This can be calculated and used in their leakage models.
Base distribution network transportation activity revenue	Has the meaning given in Special Condition 1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions).
Board members and other	Staff and other costs of Board members and other corporate costs not fitting into other categories.
Broad Measure of Customer Satisfaction	Has the meaning given in Special Condition 1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions).
Brokers fees	The fee charged by an insurance broker for arranging insurance cover.
Business telecoms	The cost involved in supporting the network of business telephone, mobile and desk phones. It does not include the costs of maintaining the operational telephony linking network assets.
CAI	<p>Closely associated indirect costs. Costs that support the operational activities. Closely associated indirect costs includes network policy (including research and development), network design and engineering, engineering management and clerical, wayleaves administration, control centre, system mapping and health and safety functions.</p> <p>GDN’s do not have closely associated indirect cost category. Please see transmission and electricity distribution RIGs for detailed definitions of activities within the closely associated category.</p>
Capex allowance	The assumption for capital expenditure requirements included in the RIIO-GD1 Price Control Review: Final Proposals (December 2012) to calculate allowed revenue.
Capital expenditure (“capex”)	<p>Any expenditure which, for the purpose of the regulatory accounts, has been included in the value of the fixed assets of the gas distribution business provided that:</p> <p>(a) the expenditure conforms with at least one of the following:</p> <ul style="list-style-type: none"> <li>• the expenditure relates to the purchase, development or construction of a new asset;</li> </ul>

- the expenditure will increase the capacity or functionality of the distribution assets;
- the expenditure will significantly reduce the ongoing maintenance of the assets; and/or
- the expenditure will extend the service life of distribution assets beyond that expected when the assets were originally installed; and

(b) The expenditure is determined in accordance with applicable accounting standards.

Excludes

- Replacement expenditure;
- capitalised interest;
- Established pension deficit costs; and
- revaluation amounts.

Capitalised labour	Labour costs included within capex/repex rather than opex
Capitalised replacement	Mains replaced where overall network capacity is increased as a result of a network reconfiguration or replacement of an existing main with a larger one, in accordance with GDNs own capitalisation procedures. Whilst this is a capital expenditure is reported in the repex section as it is a mains replacement driven activity.
Captive insurer	An insurance entity that is a related party. See also: Related party, affiliate and insurance captive.
Captive insurance	Insurance cover provided by an insurance entity that is a related party <ul style="list-style-type: none"><li>• Premiums invoiced - the amount charged to the policy holders for insurance cover provided.</li><li>• GBRA/P&amp;L- the GBRA (General Business Revenue Account) details the insurance transactions and P &amp; L (Profit and Loss Account) details any non-insurance related income and expenses of the company.</li><li>• Total written premiums - the total amount charged for the insurance cover provided.</li><li>• Reinsurance costs - the amount paid out to third party reinsurance companies for reinsurance cover.</li><li>• Net premium - The premium income after the deduction of reinsurance costs.</li><li>• Claims costs - the amounts paid out as insurance claims and claims related fees.</li><li>• Underwriting expenses - the amounts paid out in expenses required to conduct the insurance business (broker fees, actuarial fees).</li><li>• Underwriting profit - the insurance profit/ (loss) for the year.</li><li>• Investment income - the amount generated from the investment</li></ul>

of the company's assets.

- Operating expenses - the amount paid for the general running expenses of the company.
- Retained profit / (loss) - the profit or loss generated by the company for the year.
- Unrealised investment gain - the amount arising from an increase in market value of assets available for sale.
- Total movement in SH funds - the sum of the retained profit/ (loss) and the unrealised investment gain/ (loss).
- UK tax adjustment - the amount charged to the group for UK taxation
- Assets - the resources held by the company that have an economic value.
- Non-insurance liabilities - the amounts owed to the general (non-insurance) creditors of the company.
- Gross loss reserves - the amounts expected to be paid out in insurance claims relating to current and past policy periods.
- Reinsurance assets - the amounts recoverable from reinsurers under reinsurance contracts purchased.
- Shareholders' funds - the value of the company and amount attributable to the shareholders of the company.
- Annual retained risk - the sum of the maximum exposure on all insurance policies issued in the year.
- Excess capital adequacy- Shareholders' funds less annual retained risk.
- Loss ratio - the ratio of expenses to net premium income

Cash atypical	<p>Costs which are not typical cash costs and which are not incurred as part of the ordinary level of business.</p> <p>Includes</p> <ul style="list-style-type: none"><li>• cash payments incurred in response to an atypical event (not part of the ordinary level of business activities);</li><li>• costs resulting from Severe Weather Events;</li><li>• costs resulting from restructuring, including redundancy costs; and</li><li>• fines and penalties (including for late payments) from tax authorities (e.g. VAT, PAYE compliance, National Insurance and corporation tax penalties).</li></ul> <p>Excludes</p> <ul style="list-style-type: none"><li>• all accruals and prepayments;</li><li>• all provisions (as defined by CA1985 and accounting standards) whether incurred as part of ordinary level of business activities or otherwise;</li><li>• cash payments for the utilisation of a provision;</li><li>• typical cash costs;</li><li>• fines and penalties paid under TMA or NRSWA; and</li><li>• early retirement costs, except as a result of redundancy (i.e. early retirement costs for staff where the post is retained as typical and not atypical).</li></ul> <p>See also: Atypical costs and atypical event.</p>
Cash controllable costs	<p>The normal ongoing cash operating costs, excluding non-recurring / one off cost that are controllable by the transmission company.</p>
CAST	<p>Centre for Applied Science and Technology (CAST)</p>
CI	<p>Cast Iron – an iron pipe used on the distribution network</p>
CEO and group management (business support activity)	<p>Includes:</p> <ul style="list-style-type: none"><li>• Communications - communication within the UK businesses, internal communications, external communications, media relations, issues management, regional communications, community relations, community awareness, branding, events management;</li><li>• Group Strategy- function has the responsibility of evaluating the strategic options of the Group;</li><li>• Legal / Risk and Compliance/ Company Secretary - legal department, the management corporate governance for all companies to ensure they comply with legislation, regulations and best practice;</li><li>• Corporate Responsibility and investor relations - corporate responsibility and interaction with institutional equity investors and market analysts, management of rating agencies also advertising, charity and sponsorship arrangements;</li><li>• Board Members and Other – staff and other costs of Board members and other corporate costs not fitting into other categories; and</li><li>• Non-executive &amp; group directors' labour costs (where they are not carrying out specific departmental duties) and Board meeting</li></ul>

costs.

Excludes:

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

Communications	Communication within the UK businesses, internal communications, external communications, media relations, issues management, regional communications, community relations, events management.
Connected System Exit Point (CSEP)	<p>CSEP has the meaning given in the Uniform Network Code (Transportation Principal Document, Section A3.3).</p> <p>For clarity, each CSEP interrupted counts as one customer regardless of the number of end users whose premises are connected to the CSEP. Interruptions to CSEP customers which are not associated with an interruption on the GDN are excluded.</p>
Consented activity	Activities carried out (and costs and revenues attributed or allocated to such activities) that would be de minimis were it not that the Authority had specifically consented to it being treated as outside the de minimis cap.
Consultation & publicity (TMA conditions)	It is a condition of this permit that the activities hereby permitted shall not be carried out unless a site information board(s) is displayed on the site at all times for the duration of the works. This must be displayed in a prominent place at all times so that it may be read easily by the public, clearly displaying the correct Permit/Linked permit/remedial permit* reference number. For Immediate Works the display of the correct Permit reference number is required by 10.00am on the next working day after the works have started on site.
Contractor	<p>A third party that has entered into contractual relations with the GDN or related party thereof to supply goods and/or services.</p> <p>Excludes</p> <ul style="list-style-type: none"><li>• staff employed on a temporary basis or via a recruitment agency by the licensee or an affiliate of the licensee;</li><li>• third parties providing professional services; and</li><li>• related parties.</li></ul>
Contractor costs	<p>The charges invoiced by contractors.</p> <p>Excludes charges for materials provided by the contractor where the cost of such materials has been separately identified by the contractor (where materials are identified separately and costed, they should be included in materials).</p>
Contributions	<p>Payments to the GDN or related party for works undertaken that are not covered by Use of System Charges.</p> <p>Includes:</p> <ul style="list-style-type: none"><li>• capital contributions or customer contributions; and</li><li>• de minimis contributions.</li></ul>

Contribution rate (or employer contribution rate)	Employer contributions to a pension scheme that are not pension deficit payments, expressed as a percentage of pensionable salaries. Excludes any salary sacrifice payments.
Controllable activity costs	Those operating activity costs that are deemed as part of the price control allowances as being within the control of the licence holder.
Controlled gas escape or other controlled gas emergency	<p>a gas escape or other gas emergency where the person reporting the escape or other emergency, after carrying out (or causing to be carried out) the actions advised by the telephone service, advises the operator that the escape of gas or other emergency appears to have ceased.</p> <p>All other gas escapes are considered uncontrolled.</p>
Corporate responsibility and investor relations	Corporate responsibility and interaction with institutional equity investors and market analysts also advertising, charity and sponsorship arrangements.
Cost benefit analysis (CBA)	The economic assessment taking account of the costs and benefits of a proposed investment to support decision making.
Craftsperson apprentice	Apprentices who are being trained to attain or retain skills commensurate with Level 1, 2 or 3 Jointers, Overhead Linesman, Fitters, Multi-skilled trades set out by Energy and Utility Skills.
Customer	Any person to whose premises or pipe-line system gas has been conveyed by a GDN. Customers should be identified from their unique Supply Meter Point Reference Number (MPRN) or connected system exit point (CSEP) location. The method adopted by GDNs to identify customers from their MPRNs or CSEPs shall be agreed in advance with the Gas and Electricity Markets Authority (the "Authority").
Customer contribution (related to connections)	<p>Financial contribution received from a customer in respect of the provision of a new connection to the GDN's network.</p> <p>Includes</p> <ul style="list-style-type: none"><li>• contribution(s) made to a related party undertaking connection to the GDN's network; and</li><li>• refundable contribution(s) (which will be reversed when refund actually made to the customer).</li></ul> <p>Excludes de minimis contributions.</p>
Customer management	<p>Customer management can be split into two main areas:</p> <p>Customer Services:</p> <ul style="list-style-type: none"><li>• Costs of call centres (including NGG charge for emergency service)</li><li>• Customer services departments, who handle enquiries/complaints, monitor standards etc.</li></ul> <p>Commercial/Contract Management: covering costs of commercial/contract department, who manage all types of contracts for the whole of the business.</p> <p>Excludes costs incurred, at the discretion of the GDN, in excess of the</p>

	minimum scheme costs required to meet the customer’s specific needs.
Customer minutes lost	The period of time between the start and end of an interruption (interruption start and interruption end are defined in this glossary). Where the interruption spans two reporting periods, it should be allocated to the period in which it started.
Data centre	A facility used to house computer systems and associated components, such as telecommunications and storage systems, redundant/backup power supplies and redundant data communications connections.
Decommissioned gasholders	Gasholders that have been parked at low level and are not being regularly filled and emptied. Decommissioned holders still retain gas and the potential to be recommissioned in the future. For the purpose of annual reporting gasholders that continue to be required for winter operation are considered as being “operational” even if they are “decommissioned” during summer months. Only those holders that are no longer required as parts of GDN storage plans are considered as being “decommissioned”.
Decommissioning (related to mains)	means, in relation to any main: (a) removing the main from physical operation, or (b) inserting a new polyethylene main for which the existing service acts merely as a guide, or (c) applying an internal lining of sufficient strength and durability to comply with Regulation 5 of the Pipelines Safety Regulations 1996, or (d) any other means of rendering the existing non-polyethylene main safe as agreed with HSE, and “decommissioned” is to be read accordingly.
De minimis activity	Activities undertaken by the licensee which are not within the definitions of the gas transportation, metering, meter reading or LNG storage businesses and for which the Authority has not given specific consent and which are subject to the limitation provided for in Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing) of the gas transporter's licence applicable to the Licensees and the National Transmission System (NTS).  GDN comment De minimis activity – change to as per current def in RIGs.
De minimis contributions	Financial contributions received from a customer or third party in respect of the provision of capital expenditure for the de minimis business undertaken by the licensee or an affiliate of the licensee and not disclosed with de minimis turnover/income.
De minimis costs	Expenditure incurred in the provision of de minimis activity.
De minimis revenues	Revenues received from the provision of de minimis activity.
Deferred revenue expenditure (DRE)	In the corporation tax and capital allowance context means allowed revenue expenditure which has been accounted for by posting the expense somewhere on the balance sheet (whether to fixed or current assets) rather than by writing it off immediately to the profit and loss account /income account as it is incurred. The expenditure is then usually written off to the profit and loss account/income account over a period of time, by being charged as an expense or depreciated; and is tax deductible in line with capital expenditure when charged to the profit and loss account/income account.
Deficit repair payments	Payments made by a sponsoring employer to the pension scheme trustees



	to repair a deficit in a defined benefit pension scheme –see also pension incremental deficit funding payments and pension established deficit funding payments.
Defined benefit (DB) pension scheme	A pension scheme where the benefits that accrue to members are normally based on a set formula taking into account the final salary and accrual of service in the scheme. It is also known as a final salary pension scheme.
Defined contribution (DC) pension scheme	A pension scheme where the benefits that accrue to members are based on the level of cash contributions made to an individual account and the returns on those funds are used to provide a cash amount to purchase an annuity on retirement.
Depot	A building other than an office (see definition below) used for operational purposes.
Desktop services	The costs involved in supporting desktop hardware and software.
DI	Ductile Iron – an iron pipe material used on the distribution network
Digitise	The process of making asset information available to view on the GDNs’ geo-spatial information system.
DIMP	Ductile iron medium pressure- Ductile iron pipelines operating within the medium pressure (MP) range.
Direct activity	This includes the following activities: <ul style="list-style-type: none"><li>• Work Management (i.e. Asset Management, Operations Management, Customer Management, and System Control);</li><li>• Work Execution (i.e. Emergency, Repairs and Maintenance);</li><li>• Statutory Independent Undertaking; and</li><li>• Other Direct Activities.</li></ul>
Directly attributable costs	The costs of maintain and managing Foreground Intellectual Property Rights (IPR).
Direct benefits	Direct Benefits are the benefits of a Project accruing to the Network Licensee during the Project implementation and comprises any expenditure included within the Network Licensees Business Plan for RIIO-T1/GD1 that will be saved as a result of undertaking the Project.
Direct labour	That part of the GDN's own workforce and that of a material related party service provider that can clearly identify which system assets and/or operational premises their effort is being expended upon, evidenced by time sheets / time writing that records the amount of time spent. For the avoidance of doubt and to ensure consistency and comparability across Licensees, the costs associated with direct labour should only be in relation to those field staff that are actually physically performing work on the network, i.e. specific, identifiable physical, system assets.
Disallowed project revenues	Disallowed Expenditure is any revenue received by the Licensee from the NTS Operator under the NIC Funding Mechanism that the Authority determines has not been spent in accordance with the applicable provisions of the NIC governance document or the terms of the relevant Project Direction.

Discretionary reward scheme	Has the meaning given in Special Condition 1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions).
Distribution network	Has the meaning given in Special Condition 1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions).
Domestic (in relation to replacement activities)	Premises at which a supply is taken at a rate which is reasonably expected to exceed 73,200 kilowatt hours per year. For the purposes of field data collection for replacement activities, premises installed with a U16 or larger meter are assumed to exceed supply and consumption of 73,200 kWh should fall within this category.
Domestic (in relation to the connections activity and reporting guaranteed standards of performance)	Domestic customer: a customer supplied or requiring to be supplied with gas at a domestic premises (but excluding such customer in so far as he is supplied at premises other than domestic premises).  Domestic premises: premises at which a supply is taken or to be taken wholly or mainly for domestic purposes.
Early retirement deficiency (“ERDCs”) contributions	Means the cost of providing enhanced pension benefits granted under severance arrangements prior to 1 April 2004 which were not fully matched by increased contributions.
Easements	An interest in land owned by another that entitles its holder to a specific limited use of that land. Short term rights to specific limited use of land are referred to as wayleaves. The term encompasses the Scottish equivalent, servitude.  See also servitude and wayleave.
Eligible NIA expenditure	Means the amount of expenditure spent or accrued by the Network Licensee in respect of Eligible NIA Projects and forms part of Allowable NIA Expenditure as set out in Part B of the NIA Licence Condition.
Eligible NIC bid preparation costs	Means the amount of expenditure spent or accrued by the Network Licensee when preparing submissions for the Network Innovation Competition that appear to have been spent in such a way that satisfies the requirements of the NIA governance document as are necessary to enable the projects to be funded under the provisions of this condition.
Eligible NIC projects	Means a Project undertaken by a Network Licensee that appears to the Authority to satisfy such requirements of the NIC governance document as are necessary for the Project to be funded under the NIC.
Emergency	Direct activity costs of providing service to respond to the number of calls leading to jobs that are closed off with a status: <ul style="list-style-type: none"><li>• Service Escape;</li><li>• LP Mains Escape;</li><li>• MP Mains Escape;</li><li>• IP Mains Escape;</li><li>• HP Mains Escape;</li><li>• Internal Escape (of Gas and CO) for each year;</li><li>• Other<ul style="list-style-type: none"><li>○ Meter Problem e.g. Meter Regulator Lock-up, ETM Problem;</li><li>○ Other Problem e.g. Bird Trapped, Boiler Not Working,</li></ul></li></ul>

- Incorrect Callout;
- Faulty Appliance e.g. Appliance unsafe or emitting CO; and
- No Trace e.g. No gas or CO found.

**Includes:**

- Water Ingress;
- No Gas Service Governor Failure or other Network Problem;
- **All waiting time for FCOs; and**
- **All activity specific TMA costs.**

**Excludes:**

- Meter repairs (Excluded Services);
- Consultancy services (Work Management);
- Emergency Advertising - TV Ads (Indirect-CEO);
- Emergency Call Centre Costs - Public Reports;
- Leakage control surveys (Maintenance – Other);
- Maintenance - Mains & Services (Maintenance – Other);
- Tools & consumables (Other Direct); and
- Rechecks (repairs).

Emergency control valve (ECV)	Emergency control valve means the valve for shutting off the supply of gas in an emergency, being a valve intended for use by a consumer of gas.
Employee – ongoing contributions	Employee contributions to either a DB or DC pension scheme, excludes any payments made by means of salary sacrifice.
Employer – ongoing contributions	Employer contributions to either a DB or DC pension scheme. . Includes PPF levies (paid through normal ongoing contributions) and pension scheme administration costs (paid through normal ongoing contributions), Excludes any payments made by means of salary sacrifice.
End-users	<p>Typically end users’ relates to individuals (FTEs) and not devices, except where individuals share devices. A single individual using multiple devices counts as one end user. The number of end-users will never exceed the FTE count of employees plus contractors plus other users.</p> <p>An end user is defined as an individual (typically <b>either an employee or contractor</b>) that spends <b>at least 10% of his or her time using a network company provided, funded, supported computing device</b> that is part of the network company’s IT infrastructure (i.e. desktops, laptops, hand held devices, etc.) to support his or her business functions. The user must have direct access to internal applications/systems to execute specific transactions on behalf of the network company. Examples: (i) full time employee, working 40 hours per week uses several devices for a total 20 hours per week – counts as one end user, (ii) a part-time employee working 20 hrs per week uses several devices for a total of 2 hours per week – counts as 0.5 end users, (iii) a contractor engaged 20 hours per week on network company business using his or her own devices for 10 hours and network company devices for one hour – counts as zero end users.</p> <ul style="list-style-type: none"> <li>• The end user count does NOT include casual users of voice response systems, mobile phones, and pagers.</li> <li>• The end user MAY include some <b>users that are not employees or contractors</b> (i.e. agents/brokers/ dealers/distributors/supply</li> </ul>

chain partners), but only if they are using a computing device provided, funded, and supported by the network company at least 10% of their time, and use network company applications/systems to execute specific business transactions. These **'other' users** must be named users on the network company systems and use the network company's IT support organisation.

- Smart phone users should only be counted if the user uses the smart phone as the primary device to access internal applications and does this for at least 10% of his or her time. Smart phone users are NOT to be counted if the phone is only used for voice calls and email.
- Only count end users once even if they have multiple devices.
- Shared devices used in multiple labour shifts or for groups of people should be counted as a single end user per shift. Do not count each user separately since the device is shared. Network printers should not be counted as a workstation. Example: there are 4 employees using one PC at a workstation. This would count as 1 end user. If the scenario occurs across 3 shifts, this should be counted as 3 end users.

Engineer apprentice	Apprentices being trained on an apprenticeship programme leading to qualification as an engineer.
Environmental conditions (TMA conditions)	For the activities hereby permitted, the following working methodology [insert methodology] shall only take place between [start time] and [end time] on weekdays and/or [start time] and [end time] on Saturdays and/or [start time] and [end time] on Sundays or Bank Holidays and must not continue beyond these times.
EOD	End of day in relation to capacity and demand from NTS Offtake.
Established deficit	Means the difference between assets and liabilities, determined at any point in time, attributable to pensionable service up 31 March 2013 and relating to Regulated Business Activities under Pension Principle 2. The term applies equally if there is a subsequent surplus.
Established pension deficit recovery plan payment	means that portion of a deficit repair recovery plan payment relating to the established deficit, i.e. for the difference between assets and liabilities, determined at any point in time, attributable to pensionable service up to 31 March 2013 and relating to Regulated Business Activities under Pension Principle 2 and which is determined in accordance with the <i>Energy Network Operators' Price Control Pension Costs - Regulatory Instructions and Guidance: Triennial Pension Reporting Pack supplement including pension deficit allocation methodology</i> document.
Exceptional items maintenance	Exceptional items are those not of a routine, or repetitive nature, that are not expected to recur more than once in 8 years, with a value >£0.5m.
Ex gratia compensation payment	Discretionary compensation payment to customers not covered by the guaranteed standards of performance compensation scheme.  Includes payments to customers who have experienced dissatisfaction.

	<p>Excludes</p> <ul style="list-style-type: none"> <li>• Payments to customers who have experienced a financial loss (include under Finance and Regulation); and</li> <li>• any payments in respect of employees.</li> </ul>
Excluded services	<p>Any activities or engagements undertaken by the licensee or any affiliate or related undertaking of the licensee as part of the transportation business but which are not remunerated through formula revenues. Includes services that have been determined by the Authority to be Excluded Services in line with the principles outlined in Special Condition 4C(Supplementary provisions of the revenue restrictions in respect of the Distribution Network) of the gas transporter's licence applicable to the Licensees. Also includes the provision of meter work services by the GDN to the licensee's metering business.</p>
Existing housing	<p>In respect to connection activities, it is defined as the connection of existing domestic properties to the gas distribution network, including one-off domestic premises and those that are connected to network extensions (infill).</p>
Expenditure justification (in relation to other capex)	<p>For projects that cost &gt; 0.5m, enter the amount of expenditure for each project under the relevant justification categories. Expenditure can be allocated to more than one category as necessary.</p> <ul style="list-style-type: none"> <li>• Customer - this category shall be used where the investment is being justified to increase the service or benefit to customers (e.g. increased security of supply).</li> <li>• Growth - this category shall be used where the investment is intended to increase the capacity of the network assets to deliver a higher level of output.</li> <li>• Mandatory - this category shall be used where the investment is enforced upon the network by regulation, legislation or Health &amp; Safety.</li> <li>• Renewal - this category shall be used where the investment is enforced upon the network by network assets coming to the end of their economic life.</li> </ul>
External customers	<p>Depending on definition of group. Other group may include other UK regulated networks (where not already specifically detailed) plus non-regulated group companies.</p>
External funding	<p>Funding from anybody (for example the National Employment Service) – either paid directly to a third party training provider or to the network company or its parent company - towards any trainee/apprentice programme costs.</p>
FCO - contract labour	<p>First Call Operative Contracted labour-whose primary role is to deliver the emergency activity.</p>
FCO - direct labour	<p>Directly employed labour whose primary role is to deliver the emergency activity.</p>
Finance, audit &	<p>Performing the statutory, regulatory and internal management cost and</p>

regulation (business support activity)	<p>performance reporting requirements and customary financial and regulatory compliance activities for the network.</p> <p>Includes:</p> <ul style="list-style-type: none"> <li>• Process of payments and receipts;</li> <li>• Time sheet evaluation where not part of the payroll process;</li> <li>• Financial &amp; risk management - e.g. credit &amp; exposure management;</li> <li>• Financial planning, forecasting &amp; strategy;</li> <li>• Financial accounting;</li> <li>• Management accounting;</li> <li>• Investment accounting;</li> <li>• Treasury management;</li> <li>• Transportation income accounting;</li> <li>• Pricing;</li> <li>• Statutory &amp; regulatory reporting;</li> <li>• Tax compliance &amp; management;</li> <li>• Internal audit &amp; management of the relationship with external audit function;</li> <li>• External audit fees; and</li> <li>• Cost of regulatory department.</li> </ul> <p>Excludes:</p> <ul style="list-style-type: none"> <li>• Insurance costs (include under Insurance); and</li> <li>• Any of the IT systems associated with finance, audit and regulation (include under IT &amp; Telecoms).</li> </ul>
Formula year	means a period of twelve months commencing on 1 April at 06:00 hours, the first such Formula Year (t=1) commencing 1 April 2013
Fuel poor	In relation to connections, is the activity associated with providing new connections to premises not previously connected to the network that are occupied by individuals eligible to receive a fuel poor voucher
Full-time equivalent (FTE)	The number of normal hours worked by an employee divided by the normal hours of a full-time member of staff in an equivalent role according to his or her contract of employment.
Gas in building events (GIB)	Events which involve the accumulation of gas within the confines of a building. GIB events have the potential to lead to explosive gas-air mixtures which if ignited may cause property damage, injury or loss of life.
Gas transporter licensee	Means the holder of a licence granted under section 7 of the gas act 1986
GDN	Gas distribution network - has the same meaning as that given to the term "distribution network" in special condition e1 of the gas transporter's licence applicable to the licensees from 1 April 08.
General reinforcement	Reinforcement for load growth associated with individual premises expected to consume 73,200 kWh per annum or less, and for general load growth where this cannot be associated with specific requests for a new or an increased load or an interruptible to firm load transfer.
Governor	Pressure reduction equipment installed in a gas pipeline system having an inlet pressure up to 7 bar, to reduce the operating pressure of gas to a lower level. See also definitions below.

- Component replacement (governors)- The replacement of individual components within a governor installation as opposed to the wholesale replacement of all principal governor stream components, for e.g., filter, slamshuts, regulators, relief valves, non-return valves and stream isolation valves.
- District governor - Pressure reduction equipment having an inlet pressure of up to 7 bar installed in the distribution mains network to reduce the operating pressure of gas to a lower operating pressure.
- Domestic Service governors - Governors installed as part of service pipe infrastructure serving up to two domestic premises
- IP/LP renewal - Intermediate to low pressure governor installed to replace existing piece of equipment due to either a capacity constraint or obsolescence.
- ERS modules - A specific type of below ground district governor installation
- Service IP/LP governors (connections) - Intermediate pressure to low pressure service governor
- Non-domestic service governors - Service governors serving non-domestic premises.
- Service MP/LP governors (connections) - A medium pressure to low pressure service governor.

Graduate and management trainee	Employees engaged on graduate training programmes and other formal management training programmes.
Gross emergency costs	The full cost of providing 24/7 emergency service with no allocation to other activities. This will include the full cost (pay, pensions, overtime) of FCOs, both direct labour and contractors and where any additional top-up labour is required e.g. during peak periods. These costs will not include cost associate with vehicles or equipment.
Gross cash controllable costs	Cash controllable costs before capitalisation.
Gross expenditure	Total expenditure including all contributions (net expenditure + contributions).
Group	<p>For these purposes (tables 3.4, 3.5, 3.6) a group consists of a parent company and its participating interests (participating interest as defined in transmission and gas distribution licenses).</p> <p>Definition of 'group' for this purpose may be different for different companies depending on the levels at which they can realistically provide the data. Group should as minimum include all U.K regulated network companies.</p> <p>Licensee group definitions for reporting</p> <ul style="list-style-type: none"> <li>• National Grid - to include all UK regulated networks plus all other group companies</li> </ul>

- NGN - single UK regulated network
- SGN - Limited to SGN's UK regulated networks
- SHE Transmission - All SSE companies in receipt of services from SSE Services Ltd
- SPTL - To include all UK regulated networks plus all other group companies
- WWU - Single UK regulated network

**Halted Project Revenues** Any revenues received by the Licensee from the NTS Operator under the NIC Funding Mechanism in respect of an Eligible NIC Project which have not yet been spent, or otherwise committed, at the time that the Authority requires that project to be halted in accordance with the applicable provisions of the NIC governance document or the terms of the relevant Project Direction.

**High pressure vessels** Equipment used for the storage of gas at high pressure.

**HP** High pressure- gas pressure operating above 7 barg.

**HR & non-operational training** This would include provisions of the HR function i.e. the full range of professional activity for an individual's career path from recruitment to retirement and post retirement where applicable, e.g. management and administration of pension payments (NB PPF scheme administration costs are excluded) and from related professional advice to directly resolving grievances for staff.

**Includes:**

- Costs of payroll and pension's management and operation;
- Facilitating staff performance, development and reviews.
- Industrial and employee relations including HR strategy, policies and procedures;
- Monitoring equal employment opportunities; and
- HR advice to management, succession planning and also retentions and rewards.

**Excludes:**

- Pension Scheme Administration and PPF levy costs;
- Pension deficit repair payments relating to the "established deficit" and for the avoidance of doubt, all unfunded early retirement deficiency costs (ERDC) post 1 April 2004.

*Non-Operational Training*

Facilitating and operating training courses of a non-technical nature for office-based staff.

**Includes**

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

**Excludes:**

- Any operational training costs;
- Non-operational costs associated with formal training and apprentice programmes (included under training & apprentices);



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

HSE	Health and Safety Executive
HSE programme mains	Mains which fall within the criteria specified under the Health and Safety Executive's (HSE) enforcement policy for the iron mains risk reduction programme
HSE three tier approach	This refers to the HSE's Enforcement Policy for the Replacement of Iron Gas Mains, which enforces actions to be taken to iron pipes in three discreet diameter tiers.
Inadequate integrity	Mains which do not qualify under the HSE's enforcement policy but which are necessary to immediately replace or part-replace on a reactive basis owing to the discovery of their poor condition, to maintain compliance with Pipeline Safety Regulations. These mains are deemed uneconomical or impractical to effect a repair and are discovered as the result of emergency or other work activities
Income related to Controllable Opex Activity Costs	Income collected from third parties in relation to pipeline damage, service alterations, disconnections etc.
Incremental deficit	Means the difference between assets and liabilities, determined at any point in time, attributable to pensionable service after 31 March 2013 and relating to Regulated Business Activities under Pension Principle 2. The term applies equally if there is a subsequent surplus.
Incremental pension deficit recovery plan payment	means that portion of a deficit repair recovery plan payment relating to the incremental deficit, i.e. for the difference between assets and liabilities, determined at any point in time, attributable to pensionable service after 31 March 2013 and relating to Regulated Business Activities under Pension Principle 2 and which is determined in accordance with the <i>Energy Network Operators' Price Control Pension Costs - Regulatory Instructions and Guidance: Triennial Pension Reporting Pack supplement including pension deficit allocation methodology</i> document.
Incremental ring-fence compliance costs	Costs that have necessarily been incurred as a direct result of complying with the additional ring fence condition requirements introduced by the Authority's licence modification direction dated 1 February 2013. Incremental costs reported may be one-off or ongoing in nature and must not have been included in any other cost reporting category. A comment should be included describing the nature of the costs that have been reported.
IGT	Independent Gas Transporter
IFRS/IAS	International Financial Reporting Standards (IFRS)/ International Accounting Standards (IAS)
Independent Network	Has the same meaning as given to the term "independent system" in

	Standard Condition A1 of the Gas Transporter Licence.
Statutory Independent Undertakings	See Independent Networks.
Indirect activities	<p>The separately defined activities of:</p> <ul style="list-style-type: none"><li>• Stores and procurement / logistics;</li><li>• IT and telecoms;</li><li>• Property management;</li><li>• Human resources and non-operational training;</li><li>• Training &amp; apprentices;</li><li>• Audit, finance and regulation;</li><li>• Insurance; and</li><li>• CEO and group management / legal and company secretary / community awareness.</li></ul>
Inflation	The general rate of increase in prices. The inflation measure used by Ofgem in price control calculations is the Retail Price Index (RPI).
Innovation	<p>Innovation can be specifically identified where projects deliver outputs and business functions which are materially different to those previously delivered.</p> <p>Some innovation projects may, in exceptional circumstances, be considered for removal from benchmarking assessments. Improved delivery of business as usual functions will not be considered innovation for exclusion from benchmarking assessments.</p>
Insurance (business support activity)	<p>Support and expertise to develop the business risk profile, managing the claims process and provision of information and understanding to the business in relation to insurable and uninsurable risks.</p> <p>Includes</p> <ul style="list-style-type: none"><li>• Insurance premiums;</li><li>• Insurance premium tax;</li><li>• Insurance contract negotiating and monitoring;</li><li>• Insurance claim processing;</li><li>• Insurance risk management;</li><li>• Payments relating to uninsured claims;</li><li>• Costs of in house insurance team; and</li><li>• Brokers fees.</li></ul>
Insurance premiums	<p>Cost of insurance premiums including insurance premium tax and brokers fees.</p> <p><b>Loss or damage due to adverse events<sup>4</sup></b> Insurances that protect against loss or damage caused to licensee's property or trade by adverse events.</p> <ul style="list-style-type: none"><li>• Property - buildings and contents<sup>4</sup> Buildings and contents including fire, lightning, explosion, riot,</li></ul>

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<sup>4</sup> Insurance premium definition based on ABI advice doc.  
<http://www.abi.org.uk/Information/Business/15310.pdf>, accessed 19 March 2013

malicious damage, storm, flood, impact by aircraft, road and rail vehicles, escape of water from tanks or pipes and sprinkler leakage.

- **Engineering failure<sup>4</sup>**  
Engineering insurance cover against electrical or mechanical breakdown for machinery, including computers.
- **Crime and theft Includes:**
  - Crime;
  - Theft; and
  - Money
- **Goods in transit<sup>4</sup>**  
Loss or damage of goods (machinery, materials etc.) while in licensee's own vehicles or when sent by carrier.  
Includes: Marine cargo
- **Business interruption<sup>4</sup>**  
Cover for loss of income and extra expenses, including any increased working costs and extra accountants' fees incurred, resulting from damage to a licensee's property or assets.
- **Trade credit insurance<sup>4</sup>**  
Cover against the risk of bad debt due to the insolvency or default of trade debtors.
- **Motor vehicles<sup>4</sup>**  
Cover against third party legal liability for injury to others and damage to their property arising from the use of vehicles on the road and against damage to licensee's vehicles.
- **Legal expenses<sup>4</sup>**  
Cover against the cost of taking or defending legal action including legal costs such as solicitors' fees and expenses, the cost of barristers and expert witnesses, and court costs and opponent's costs if awarded against the licensee in civil cases.
- **Network assets**  
includes Property (towers & poles, etc.)
- **Terrorism and sabotage**  
Cover against loss due to deliberate acts of terrorism or sabotage.
- **Network assets Aviation**  
Cover against losses associated with ownership and operation of aircraft. Includes: Business services allocation.
- **Other (loss or damage due to adverse events)**

**Third party legal liability<sup>4</sup>**

Cover against licensee's legal liabilities in the event of some aspect of the licensee's business causing damage or harm to a third party or their property.

- **Employers' liability<sup>4</sup>**

Cover against legal liability for injury, disease or death to employees sustained by them and arising from their employment. Employees for this purpose may include, in addition to those under a contract of employment, apprentices and other trainees, agency staff, and contractors.

- Public and product liability and professional indemnity<sup>4</sup>  
Cover against legal liability to pay damages to members of the public for death, bodily injury or damage to their property which occurs as a result of a licensee's business activities.
- Environmental impairment liability  
Cover against losses and liability arising from damage to property due to pollution or environmental damaged caused by a network company's regulated business operations.

**Employee<sup>4</sup>Error! Bookmark not defined.**

Cover that protects a network company and its employees against the consequences of serious illness, injury or death, and the effects these events could have on the network company's employees, on their families, and on the network company's business.

- Personal accident and sickness insurance<sup>4</sup>  
Cover paid for, fully or in part, by a network company that pays benefit to an employee unable to work as a result of an accident or sickness. Where the cost of cover is shared between Network Company and employee, or where the network company recovers part of the cost from employees, then only the network company's net contribution should be reported.
- Income protection insurance<sup>4</sup>  
Cover paid for, fully or in part, by a network company that provides income to an employee to compensate for the loss of earnings through incapacity resulting in inability to work. Where the cost of cover is shared between Network Company and employee then the network company's contribution should be reported. Where the cost of cover is shared between Network Company and employee, or where the network company recovers part of the cost from employees, then only the network company's net contribution should be reported.
- Private medical insurance<sup>4</sup>  
Private medical cover paid for, fully or in part, by a network company. Where the cost of cover is shared between Network Company and employee, or where the network company recovers part of the cost from employees, then only the network company's net contribution should be reported.

**Life assurance<sup>4</sup>**

Cover paid for, fully or in part, by a Network Company that provides financial security for employees' dependants and protect the profitability of the business upon death of an employee. Where the cost of cover is shared between Network Company and employee, or where the network company recovers part of the cost from employees, then only the network company's net contribution should be reported.

	<ul style="list-style-type: none"> <li>• Travel Includes: Overseas travel and Personal accident/travel.</li> <li>• Directors &amp; officers Includes: Primary and excess directors’ and officers’ liability.</li> <li>• Employment practice liability Cover against claims made for alleged acts of discrimination, harassment or inappropriate employment conduct.</li> </ul>
Internal reports	See reports.
Interruptions	A loss of gas supply upstream of, or at, the customer's first emergency control valve (ECV). This includes planned and unplanned non-contractual network supply interruptions. Contractual network supply interruptions and interruptions not caused by any of the activities defined as Planned Non-Contractual Interruptions or Un-planned Non-Contractual Interruptions are excluded.
Interruption end	The interruption end is the date and time at which: gas is made available to the ECV by the GDN’s personnel; or there are considerations outside of the GDN’s control (in the absence of which the gas supply could be restored to the ECV) which prevent the restoration of supply. In instances where there are considerations outside of the GDN’s control, the GDN’s personnel should record the reasons why supply could not be restored to the ECV.
Interruption start	The interruption start time is the earlier of: <ul style="list-style-type: none"> <li>• the date and time at which the supply of gas to the premises is shut off by the GDN’s personnel (or in some emergency situations, by the customer);</li> <li>• the date and time at which plant is isolated by the GDN’s personnel; or</li> <li>• the date and time initially logged by the call centre following calls received to the Emergency Services number in respect of multiple losses of supply arising from a single cause.</li> </ul>
Interruptible contracts	For the purposes of other direct activities, interruptible contracts means the costs associated with the procurement of interruptible contracts
IP	Intermediate Gas Pressure in the range from 2 to 7 barg.
IT & Telecoms capital expenditure	Costs associated with purchasing, replacing and upgrading IT Infrastructure IT Systems, and any directly impacted telecoms assets. Infrastructure includes hardware and communications equipment such as PCs, servers and LAN. IT Systems includes application system such as work management systems, asset management system and financial systems.
IT & telecoms (business support activity)	Provision of IT services for the day to day service delivery. Includes: <ul style="list-style-type: none"> <li>• The purchase, development, installation and maintenance of non-operational computer and telecommunications systems and applications.</li> <li>• Provision of IT services for the day to day service delivery and includes the cost of Help Desk, data centres, IT application development, maintenance and support; establishing and</li> </ul>

- maintaining IS infrastructure projects (IT Network Provision, Network Maintenance, Servers support/services).
- Voice and data telecoms (e.g. WAN, landline rental and call charges, ISDN data and costs/rental of mobiles except where costs are charged directly to user departments).
- Developing new software for non-operational IT assets including the costs of maintaining an internal software development resource or contracting external software developers. This will include any cost of software licences to use the product where those costs cover more than one year.
- Installing new or upgrading software, other than where it is capitalised. This does not include upgrading of software that is included within the costs of annual maintenance contracts for the software.
- Maintenance and all the operating costs of the IT infrastructure and management costs and Applications cost. This includes any annual fee for the maintenance of software licences, whether or not they include the right for standard upgrades or 'patches' to the software as they become available.
- IT applications maintenance and running costs.
- IT new applications software and upgrade costs.

Excludes:

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

Inspection

The checking of the external condition of network assets.

Includes

- helicopter and foot patrols;
- all asset surveys of whatsoever nature and purpose, including asset condition surveys;
- inspection of tools (including lifting tackle inspections and PAT testing); and
- reading gauges.

Excludes

- use of diagnostic testing equipment;
- supervisory input to plan workloads and manage staff (include under operations management);
- data review except the initial recording on site (include under asset management);
- inspection of non-system assets (include under Property Mgt);
- any of the costs associated with the indirect activities as defined in this appendix; and
- any of the costs associated with maintenance.

Insurance captive

See captive insurer.

Internal reports

See reports.

Investment income

Means the income received on pension scheme assets, net of investment management fees where it is deducted from investment income.

Investment management expenses	Means any pension scheme investment management expenses which are charged separately or have not been implicitly allowed for in the "Change in market value of investments" item or as a deduction from the "Investment income" item.
Iron mains	Mains constructed from an iron material, including spun iron, cast iron and ductile iron.
Labour (excluding employer pension costs)	<p>Costs including any form of payment, consideration or other benefit, paid or due to or in respect of employees, including the costs of temporary or agency staff.</p> <p>Includes</p> <ul style="list-style-type: none"> <li>• gross salaries and wages of all employees, including payments resulting from bonus and profit-related payment schemes;</li> <li>• employer's National Insurance contributions;</li> <li>• salary sacrifice payments;</li> <li>• sick pay;</li> <li>• sickness benefits;</li> <li>• private health insurance;</li> <li>• (non pension related) retirement awards;</li> <li>• death in service benefits;</li> <li>• paid leave;</li> <li>• standby costs;</li> <li>• subsistence;</li> <li>• medical insurance costs;</li> <li>• childcare assistance; and</li> <li>• welfare costs.</li> </ul> <p>Excludes</p> <ul style="list-style-type: none"> <li>• professional services;</li> <li>• contractors; and</li> <li>• car allowances.</li> </ul>
Land, Building, Office, Furniture and Fittings (incl telecoms driven by office moves)	Capital expenditure related to the purchase, upgrading and fitting out of all buildings, including depots and offices. This includes any telecoms investment directly driven by the above.
Lane rental - S74A	<p>Section 74A - Charge determined by reference to duration of works. Payment to the highway authority a charge determined, in the prescribed manner, by reference to the duration of the works where the Secretary of State (Department for Transport) has approved it for the purposes of the regulations by order made by statutory instrument. The regulations may prescribe different rates of charge according to:</p> <p>(a) the extent to which the surface of the highway is affected by the works;</p> <p>(b) the place and time at which the works are executed, and</p> <p>(c) Such other factors as appear to the Secretary of State to be relevant.</p>
Land remediation - Gas holder demolition	The remediation of land on holder static sites to meet the obligations under environmental or other reasons, for example, to prepare the land for alternative use.
Land remediation – Non-gas holder demolition	See "statutory remediation" and "non-statutory remediation".

Lateral	A horizontal pipe, connected to a riser that conveys gas along one floor level within a building and includes any branches supplying individual or groups of premises.
LDC	Load Duration Curve.
LDZ	Local Distribution Zone.
Leakage factor (%)	Leakage expressed as a percentage of throughput.
Leakage volume (GWh)	Quantity of leakage from the gas distribution network as measured in GWh.
Leased (property) (table 3.6)	Any premises on which the regulated businesses pay rent. Where rent is paid to a related party then ownership of the premises and the leasing arrangements should be explained.
Legal / comp secretariat (table 3.6)	Legal department, the management corporate governance for all companies to ensure they comply with legislation, regulations and best practice.
Licence fees	Payments by the licensee to the Authority determined in accordance with standard condition 3 of the gas transporter's licence applicable to the Licensees.
Licensee	Has the meaning given in standard special condition A3 (Definitions and Interpretation) in the gas transporter's licence applicable to the Licensees.
Linepack	Linepack is the volume of gas held within the Local Transmission System by virtue of its pressure, principally to meet diurnal storage needs of the network.
LNG IU	Costs of providing Liquid Natural Gas to Independent Undertakings.
Load related	Activities on assets that are driven by the need for additional network capacity for provision of gas volume and storage.
Load related Capex	Capital expenditure in relation to load related activities. See "load related".
Local conditions (TMA conditions)	[Awaiting definition from NGGD].
Low pressure gas holders (mcm)	Column, spiral guided vessels or MAN (waterless) holders associated with the storage of natural gas at low pressures less than 75 mbarg. Volume measured in millions of cubic metres (mcm).
Low risk assets	Means assets where the focus is on protecting capital and gaining a modest return (e.g. gilts).
LP	Low Pressure in the range of 0-75 mbarg.
LTS	Local Transmission System is the pipeline system operating at >7 barg that transports gas from NTS offtakes to distribution systems. Some large users may take their gas direct from the LTS.



LTS diversion	A rechargeable or non rechargeable diversion of an LTS pipeline.
LTS pipeline	Local Transmission System pipeline system transporting gas from an Offtake or other Direct Feed to the gas distribution systems or a specific large customer.
LTS pipelines and installations	Local Transmission pipeline with associated installations including pig traps and above ground installations (AGI).
LTS PRS	Local Transmission System pressure reduction station.
LTS storage project	New asset constructed on the Local Transmission System primarily to provide diurnal storage for a GDN.
Mains (distribution)	Pipes used to distribute gas at a pressure $\leq 7$ barg to more than two supply points (or with the potential to supply more than two supply points) but not including risers.
Mains replacement prioritisation system (mrps)	The computer system and algorithm used to calculate the risk of an incident from an individual metallic gas pipe.
Mains replacement driven service transfers	The disconnection of an existing service from a main and subsequent reconnection onto a new main.
Maintenance	<p>Maintenance is the examination of plant and equipment within the Network. These include costs associated with operational property and IT.</p> <p>These activities are split into three activities: routine, non-routine and exceptional items maintenance (see separate definitions).</p>
Major incidents	For regulatory reporting purposes is defined as a major incident when there is a loss of supply to greater than 250 customers following a single incident.
Management services	IT directors and other costs of running the IT function not covered by other areas.
Materials	<p>The physical components that go into the make-up of a tangible asset or are used for maintenance or other duties for the activities undertaken by the licensee and related parties.</p> <p>Includes</p> <ul style="list-style-type: none"> <li>• tangible items that become part of the network assets;</li> <li>• small tools, equipment and consumables utilised to allow work on the network and to undertake other activities;</li> <li>• purchase, rent or lease of vehicles (only where they are “non-operational new assets &amp; replacement”);</li> <li>• fuel for the operational fleet (include under the Vehicles and Transport activity); and</li> <li>• materials provided by a contractor where the costs have been separately identified; and postage and stationery.</li> </ul> <p>Excludes</p> <ul style="list-style-type: none"> <li>• company cars;</li> <li>• procurement management; and</li> <li>• storage of the materials unless the purchase price includes the</li> </ul>

cost of storage by the supplier.

Maximum design capacity	Maximum design capacity of an asset measured in million cubic meters per hour (mcm/h).
Maximum design outlet pressure	Maximum design outlet pressure is used (with other criteria) for the purposes of sizing the asset.
MEAV	<p>The Modern Equivalent Asset Value is the cost of creating an equivalent new network and essentially captures a weighted average of the Licensees asset volume. The MEAV for the Licensees is calculated from reported assets in the business plan data templates and the new build unit cost for the following assets:</p> <ul style="list-style-type: none"> <li>• LTS assets;</li> <li>• NTS offtakes;</li> <li>• Distribution network embedded gas entry points;</li> <li>• PRSs;</li> <li>• AGIs;</li> <li>• Capacity and storage assets;</li> <li>• Distribution mains;</li> <li>• Governors;</li> <li>• Number of services; and</li> <li>• Multiple occupancy buildings (MOBs) supply infrastructure.</li> </ul>
Metering activity	Is the activity of providing “metering services”, which has the meaning defined in standard special condition A3 (Definitions and Interpretation) of the gas transporter's licence applicable to the Licensees.
MOD Term [TO and SOMOD for SO]	The term of that name included in the formula for Base Transmission Revenue (System Operator Internal Revenue) set out in Special Condition 3A (or Special Condition 4A for SO) of the Electricity Transmission licence. It represents the incremental change to base revenue for the Relevant Year concerned, ascertained in accordance with the methodologies set out in this Handbook. The value of the MOD term is calculated through the annual iteration of the ET1 Price Control Financial Model (see Chapter 1) and is specified in a direction given by the Authority by 30 November in each Relevant Year.
MOP	Maximum operating pressure
MP	Medium Pressure is the gas pressure operating in the range from above 75 mbarg to 2 barg.
MP/LP renewal	Medium to low pressure regulator renewed for reasons other than to facilitate demand.
Mothballed holders	Mothballed gasholders: gasholders that have been physically isolated (cut and capped, removal of spool) and purged to air. The potential for recommissioning at some point in the future is significantly reduced.
Methodology conditions (TMA conditions)	For the activities hereby permitted on this site, as agreed, the works methodology employed will be [Hand Dig/Directional Drilling/Moling/Other Delete as Appropriate] throughout the duration of the works activity.
Multi-occupancy buildings	Buildings containing multiple individual dwellings, i.e. more than one dwelling in within a single building. This excludes detached, semi-

detached and terraced houses or bungalows predominantly occupied by a single family. For the purposes of annual reporting, the connection of new, and the replacement of existing supplies to multi-occupancy buildings relate only to those buildings utilising an internal or external riser pipe supplying three or more supply points in a building.

NTS offtake	Capital expenditure associated with constriction of a new connection and offtake site directly from the National Transmission System as well as modifications/upgrades to existing offtakes.
Net cash controllable costs	Cash controllable after capitalisation.
Net debt	<p>Net debt is the net borrowing of a business at a given date.</p> <p>Net debt includes:</p> <ul style="list-style-type: none"><li>• Cash at bank;</li><li>• Bank overdrafts;</li><li>• Short term investments;</li><li>• External borrowings (adjusted to reflect the ultimate liability in sterling resulting from any cross currency swaps relating to that debt instrument and excluding the impact of fair value adjustments and accrued interest);</li><li>• Inter-company borrowings;</li><li>• Short term loans to related parties (except where they have demonstrated the characteristics of being long term in nature, for example by repeated renewal); and</li><li>• Long term loans to related parties only where they can be justified as for the benefit of the regulated business and are not in the nature of a distribution.</li></ul> <p>Inter-company debtors/creditors/working capital: where these can clearly be identified as such, they are excluded. However, if they cannot, because the licensee does not clear these balances on a regular basis, they will be treated as effective intercompany loans and included in net debt.</p> <p>Net debt excludes:</p> <ul style="list-style-type: none"><li>• Year end balances of fair value adjustments on derivatives in regulatory accounts (except cross currency swaps);</li><li>• Unamortised issue costs;</li><li>• Fixed asset investments where not readily converted to cash;</li><li>• Preference shares;</li><li>• Long term loans to related parties except where they can be demonstrated as for the benefit of the regulated business and are not in the nature of a distribution; and</li><li>• Short term loans to related parties except where they have characteristics of long term loans.</li></ul>
Net emergency costs	The cost of the emergency activity following the allocation FCOs' time and costs to other activities e.g. repairs, maintenance, repex, other price controlled activities and non-price controlled activities (de minimus, metering, consented and excluded services).
Net interest	Net interest includes actual net interest (payable less receivable) for the price controlled business extracted from regulatory accounts, used on an accruals basis and total interest on index-linked debt based on the charge to the income statement in regulatory accounts.

Interest includes:

- Actual net interest (payable less receivable) for the price controlled business extracted from regulatory accounts, used on an accruals basis; and
- Interest on index-linked debt based on the charge to the income statement in regulatory accounts (i.e. on an accruals basis).

Interest excludes:

- Any interest that would otherwise be included, but which does not qualify for corporation tax relief;
- Movements relating to pension fund liabilities reported in the regulatory accounts within net interest;
- Fair value adjustments (e.g. losses on derivatives);
- Dividends on preference shares;
- The cost of retiring long term debt early (including exceptional debt redemption costs);
- Debt issuance expenses (including amortisation charges relating to discounts on debt issuance that had previously benefitted from a deduction against taxable profits); and
- The cost of maintaining committed undrawn liquidity backup lines (i.e. commitment fees).

Net internal area (NetIA)

As per the Valuation Office Agency<sup>5</sup> definition (as at 19 March 2013):

Broadly speaking the usable area within a building measured to the face of the internal finish of perimeter or party walls ignoring skirting boards and taking each floor into account.

NetIA will include:

- Perimeter skirting, moulding, or trunking;
- Kitchens;
- Any built in units or cupboards occupying useable areas (subject to height exclusion below);
- Partition walls or similar dividing elements; and
- Open circulation areas and entrance halls, corridors and atria.

NetIA will exclude:

- Toilets and associated lobbies (but extra measurements may be required for shops where they are either in excess of normal staff requirements considering the type and size of shop) or it is apparent additional toilets have been installed);
- Cleaners' cupboards;
- Lift rooms, boiler rooms, tank rooms, fuel stores and plant rooms other than those of a trade process nature;
- Stairwells, lift wells, those parts of entrance halls, atria, landings and balconies used in common or for the purpose of essential access;

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<sup>5</sup> Valuation Office Agency definition: <http://www.voa.gov.uk/corporate/Publications/comp.html>, accessed 19 March 2013

	<ul style="list-style-type: none"> <li>• Corridors and other circulation areas where used in common with other occupiers or of a permanent essential nature;</li> <li>• Areas under the control of service or other external authorities.</li> <li>• Internal structural walls, walls (whether structural or not) enclosing excluded areas, columns, piers, chimney breasts, other projections, vertical ducts etc;</li> <li>• The space occupied by permanent air conditioning, heating or cooling apparatus and ducting which renders the space substantially unusable having regard to the purpose for which it is intended;</li> <li>• Areas with headroom of less than 1.5m;<sup>6</sup> and</li> <li>• Car parking area.</li> </ul>
Net staff cost (including Agency)	<p>Staff costs net of capitalised costs and staff costs associated with repex. Gross Staff costs net of capitalised costs and costs associated with Repex. Gross Staff Costs include the following:</p> <ul style="list-style-type: none"> <li>• Salaries and Wages prior to any salary sacrifice, including Bonus / PRP payments;</li> <li>• Employer National Insurance contributions;</li> <li>• Overtime, Standby and Other Allowances, including car allowances;</li> <li>• Pension payments;</li> <li>• Share based schemes;</li> <li>• Sick pay, sickness benefits;</li> <li>• Ongoing employer pension costs; and</li> <li>• Pension incremental deficit funding.</li> </ul>
Network extensions	Extensions of the gas distribution network to premises not currently connected to the gas pipeline network. Also referred to as infill.
Network Innovation	Costs associated with Innovation that are recoverable under the Network Innovation Allowance, Network Innovation Competition, and the Innovation Rollout Mechanism.
Network Innovation Allowance (NIA)	Has the meaning given to that term in Special Condition 1H.
Network Innovation Competition (NIC)	Has the meaning given to that term in Special Condition 1I.
Network (LAN & WAN)	The costs involved in implementing and supporting the computer networks, Local Area Network (LAN) and Wide Area Network (WAN).
Network rates	Prescribed rates levied on distribution network assets as determined and set by the Valuation Office Agency (VOA) in England and Wales Electricity Supply Industry (Rateable Values) (England) Order 2005 and Scottish Assessors Association (SAA) in Scotland.
Network regulation	Any reasonable costs associated with network regulation, i.e. any costs that the network company would not reasonably have incurred were it operating in a non-regulated environment.
New connections	The costs incurred to connect new supply points to the gas distribution

<sup>6</sup> Note: this figure is given in error as 15m in the Valuation Office definition of 19 March 2013

	network.
New housing	Costs associated with connecting new build properties to the gas distribution network.
New infrastructure costs	In respect only of IT & Telecoms activity, see definition under IT & Telecoms activity.
New Roads and Street Works Act (NRSWA)	The New Roads and Street Works Act 1991 (NRSWA) provides a legislative framework for street works activities by undertakers (including public utilities).
NIA pass through amount	Is the pass-through factor and has the value of 0.9. Licensees can only pass 90% of the value of NIA expenditure through to their customers.
NIC funding	Funding received from customers via the NTS Operator for Eligible NIC projects. The NIC funding amount will be directed by the Authority in accordance with the NIC governance document.
NICF	The amount directed by the Authority to be recovered by National Grid Gas on behalf of all gas distribution and transmission licensees.
No escape/no trace	See reports.
Non Controllable Activity Costs	Those operating activity costs that are deemed as part of the price control allowances as not being within the direct control of the licence holder.
Non-domestic (in relation to replacement activities)	Premises at which a supply is taken at a rate which is reasonably expected to exceed 73,200 kilowatt hours per year. For the purposes of field data collection for replacement activities, premises installed with a U16 or larger meter are assumed to exceed supply and consumption of 73,200 kWh should fall within this category.
Non-domestic (in relation to the connections activity and reporting guaranteed standards of performance)	Non-domestic customer: any customer other than a domestic customer Non domestic premises: any premises other than domestic premises
Non-load related	Activities on assets that are not driven by the need for additional network capacity, for example safety or asset integrity driven work.
Non-operational gasholders	LP gasholders that are not operational. See also operational gasholders.
Non-operational premises	Are premises used by people (e.g. stores, depots and offices) and which are not operational premises. Includes- <ul style="list-style-type: none"> <li>• stores;</li> <li>• depots; and</li> <li>• offices.</li> </ul>
Non-operational training	Training for activities or skills neither specifically required for working on or with the operational assets of the business nor working in a manner to

promote and maintain the health and safety of employees, contractors, customers and the public.

Non-piggable mains	Mains inspected in accordance with OLI4 procedures.
Non-price controlled activities	<p>Business activities that are not part of the RIIO-GD1 price control, these include:</p> <ul style="list-style-type: none"><li>• De minimis activities</li><li>• Excluded services</li><li>• Metering Activities</li><li>• Consented Activities</li></ul> <p>See also separate definitions</p>
Non-productive time – FCOs	any time when the FCO is not available to respond to emergency call outs or other work allocated by the GDN to an FCO – includes training, briefing, holidays, sickness etc
Non-programme costs	Ongoing operational training costs including continuing professional development
Non-rechargeable diversions	Mains diversions that are not rechargeable to a third party. This may be due to the nature of the wayleave/easement that is in place (e.g. lift and shift agreements) or because the GDN wishes to move the main for its own purposes (e.g. soil, erosion, landslip).
Non-routine maintenance (NRM)	<p>Non Routine Maintenance activities are those which are irregular in both timing and costs, and have a material effect on cost from year to year. Typically the requirement to carry out these activities should arise between 2 – 8 years, i.e. activities are known, but not likely to happen on an annual basis.</p> <p>Examples of such activities are:</p> <ul style="list-style-type: none"><li>• repainting of PRS after 6 yearly painting survey;</li><li>• repainting of District Governors after 6 yearly painting survey;</li><li>• OLI runs;</li><li>• Holder painting;</li><li>• Holder handrails;</li><li>• maintenance of above ground exposed crossings;</li><li>• river crossings/sub-sea surveys;</li><li>• river/ditch cross repairs;</li><li>• maintenance work required as a result of pressure surveys;</li><li>• consequential follow-up surveys;</li><li>• winter trigger surveys;</li><li>• inspections of above ground exposed inspections;</li><li>• water bath heaters;</li><li>• DSEAR, site signage;</li><li>• pipeline marker remedial;</li><li>• asbestos surveys;</li><li>• vibration migration; and</li><li>• crop claims and land drainage.</li></ul>
<b>Non-routine maintenance (excluding integrity based)</b>	Yet to be completed[see maintenance]

Non Salary Staff Costs	<ul style="list-style-type: none"> <li>• Costs associated with the employment of direct employees but which do not form part of Net Staff Costs. Includes the following: Travel and Accommodation, Subsistence, Employee Relocation</li> <li>• Employee Entertainment and Gifts</li> <li>• Other Expenses including one off vehicle hire and telephony where charged directly to user departments</li> </ul>
Non-smart metering related	All non-smart metering related PREs - see smart metering related.
Non-statutory remediation	Non-statutory remediation is the work required to satisfy the minimum legal requirements for a site’s proposed change of land use, which incorporates a greater scope of work and more stringent standards to be achieved, which reduces the contaminated land risks to a point whereby the site no longer presents significant risks of significant harm to human health, controlled waters and the wider environment for the proposed change of land use.
NRSWA	See “New Road and Streetworks Act”
NTS	The National Transmission System is high-pressure system consisting of terminals, compressor stations, pipe-line systems and offtakes. The NTS is designed to operate at pressures up to 85 barg. NTS pipe-lines transport gas from terminals to NTS offtakes.
NTS Exit Costs	Charges from the NTS for the use of NTS Exit Flat and Flex capacity
NTS Offtakes and Distribution network embedded gas entry points	The Offtake is the installation defining the boundary between the NTS and the Local Transmission System (LTS) or a very large customer. The Offtake installation includes various equipment including metering and pressure regulation. Distribution network embedded gas entry points also feed gas into the LTS but from other sources i.e. renewable gas resources.
NTS Pension Recharge	Payments made by the licensee to meet the charge made by the NTS Operator to the Distribution Network for legacy pension liabilities pre DN sales.
NTS (TO) Exit Capacity Charge	means the charge in p/peak Day kWh/d for NTS exit capacity as set out in the NTS Gas Transportation Statements published pursuant to Standard Special Condition A4 (Charging – General) and Standard Special Condition A5 (Obligations as Regard Charging Methodology) of National Grid Gas plc’s gas transporter licence in respect of the NTS.
Office	A property is defined as an office if its primary function is to accommodate office based staff during their business hours.
Offtake	An offtake is the installation defining the boundary between NTS and LTS or a very large consumer. The offtake installation includes equipment for metering, pressure regulation and more.
Ofgem Ofgem licence	The Office of Gas and Electricity Markets. Gas transporter licence granted by Ofgem to Licensees under section 7



	Gas Act 1986.
Ongoing DB contributions	The current employers' cash service cost of funding defined benefit pension obligations.
Ongoing DC contributions	The current employers' cash service cost of funding defined contribution pension obligations.
Operating expenditure ("opex")	The operating costs of the GDN excluding capital expenditure (capex), costs under the mains replacement programme, depreciation, amortisation, profit on sale of assets, release of deferred contributions and charges/releases of provisions.
Operational gasholders:	Holdings that are available and intended for use immediately or in the foreseeable future to provide diurnal storage to the LDZ or local strategic support for specific MP or IP networks. Holdings used only for relatively short time periods in a year are classed as being operational.
Operational IT & Telecoms	IT equipment which is used exclusively in the real time management of network assets, but which does not form part of those network assets.
Operational premises	Premises which contain network assets and are not maintained for accommodating people e.g. Substations, Boiler Stations, Holder Stations, Compressor Stations, Governor Houses etc
Operational training	Includes operational training and graduate trainees and apprentices.  Includes training Workforce Renewal new recruit, Operational Upskilling and Operational Refresher Training.  Operational Upskilling - covers all training (whether classroom based or on-the-job) where employee's skill level is increased in order to undertake activities requiring a higher skill level or to undertake activities requiring a different skill set (e.g. multi-skilling or redeployment) or the undertake activities via more efficient / effective processes. (Does not cover, e.g., routine operational refreshers, and safety briefings, non-operational training courses e.g. MS Excel, training for CPD purposes once qualified e.g. accountant).  Apprentices are engaged under approved apprentice's schemes. Trainees are employed under a formal training programme.  Includes: <ul style="list-style-type: none"> <li>• Classroom training.</li> <li>• On the job training.</li> <li>• Trainer and course material/running costs (classroom training).</li> <li>• Training admin.</li> <li>• Costs of staff that organise and provide operational training and maintain employees training records.</li> </ul> Excludes: <ul style="list-style-type: none"> <li>• HSE costs (include under Health, Safety &amp; Environment).</li> <li>• IT &amp; Property management costs associated with Ops Training and Training Centres (include under IT &amp; Property costs respectively).</li> </ul>
Operations management (including operations)	This should only cover the cost of the day to day planning and supervision of the operatives and contractors working within the work execution

support)	<p>processes. For example:</p> <ul style="list-style-type: none"> <li>• First line managers (non-field staff)</li> <li>• Depot Manager etc.</li> <li>• Also includes the costs of the Safety, Health and Environment section (compliance).</li> <li>• Operations Support: <ul style="list-style-type: none"> <li>○ Covering support costs in depots (which include TMA/NRSWA activities);</li> <li>○ Plant protection;</li> <li>○ Digitisation;</li> <li>○ Dispatch;</li> <li>○ Data quality;</li> <li>○ Work scheduling;</li> <li>○ Updating records (including DR4); and</li> <li>○ HSE policy</li> </ul> </li> </ul> <p>Excludes: Staff that carry out the operational activity (including E&amp;I).</p>
Opex allowance	The assumption for operating expenditure requirements included in the RIIO-GD1 price control review
Opex activities	<p>Opex activities are:</p> <ul style="list-style-type: none"> <li>• Work management</li> <li>• Emergency</li> <li>• Repairs</li> <li>• Maintenance</li> <li>• Independent undertaking</li> <li>• Other direct activities</li> <li>• IT &amp; telecoms</li> <li>• Property management</li> <li>• HR</li> <li>• Insurance</li> <li>• Finance, audit and regulation</li> <li>• Procurement</li> <li>• Stores &amp; logistics</li> <li>• Training &amp; apprentices</li> <li>• CEO</li> </ul>
Original capacity (LP gasholders)	The design storage capacity of a holder
Other adjustments	Any adjustments not falling under the defined categories. These should be explained in narrative.
Other apprentice/trainee admin costs	Other programme costs other than net staff, training, and recruitment costs.
Other cost recoveries	In relation to atypical costs only, means any form of remuneration or cost recovery or reimbursement received by the licensee, other than 'insurance proceeds received' resulting from an 'atypical event'.
Other capex	This refers to actual other capital expenditure (AOC) as in the GD1 Price Control Financial Handbook.

Other capex - Other	<p>Where the following activities are carried out on the mains distribution asset, and upgrade or extend the useful life of the mains assets then they should be included under the 'Other category' in Other Capex. The type of activities include</p> <ul style="list-style-type: none"> <li>• Cathodic protection activities</li> <li>• Valve activities</li> <li>• Special / Over crossings</li> <li>• Bank Erosion</li> <li>• Sleeves</li> <li>• Pipeline protection measures (Pipelines)</li> <li>• Climate Change / resilience measures (LTS)</li> </ul> <p>Where these activities are carried out on LTS assets etc they will be recorded on table 'LTS and Storage'</p>
Other direct activities (ODA)	<p>Other operational activities not covered elsewhere</p> <p>Includes</p> <ul style="list-style-type: none"> <li>• Odorant</li> <li>• Major incidents net cost (see definition)</li> <li>• Interruptible contracts</li> <li>• Xoserve</li> <li>• Compensation payments</li> <li>• Tools &amp; consumables</li> <li>• Reinstatement (inspections)</li> <li>• Easement/wayleave costs LTS and non-LTS</li> <li>• Procurement of interruptions/NTS flat</li> </ul>
Other enduring meter work jobs	specialist legacy work activities associated mainly with non domestic distribution metering equipment
Other group	Depending on definition of group. Other group may include other UK regulated networks (where not already specifically detailed) plus non regulated group companies.
Other HSE mandatory mains	Mains not mandated under the HSE's Enforcement Policy for the Replacement of Iron Gas Mains, but that is subject to other HSE Policy.
Other insurance costs	All insurance department costs except for insurance premiums and brokers fees.
Other non-domestic service work	Any other work carried out on non domestic services not captured elsewhere.
Other policy and condition mains	The replacement of distribution mains and services not captured under the HSE policy workload. This includes non standard materials and mains selected to be replaced on a condition basis in accordance with policy.
Other storage (mcm)	Volume of storage from GDN assets excluding LTS linepack and NTS flex.
Overstay penalties	Penalties payable to Local Authorities as a result of overrunning of works in accordance either with the New Roads and Street Works Act 1991 or with the Traffic Management Act 2004 (and its Scottish equivalent).
Overrun charges S74	Section 74 to NRSWA - Charge for occupation of the highway where works unreasonably prolonged. Payment of a charge to the highway authority

where (a) the duration of the works exceeds such period as may be prescribed, and (b) the works are not completed within a reasonable period.

Own property	In respect of insurance only refers to all assets owned by the licensee.
Owned (property)	Any premises used by the regulated businesses that are in group ownership and where the regulated businesses do not pay rent.
Own use factor (%)	Own use volume expressed as a percentage of throughput. Ofgem- Environment working group to amend
Own use volume (GWh)	Quantity of gas used for operational purposes as measured in GWh.
Partially demolished holders	Holders that are in the process of having their guided frames and tanks demolished.
PE	Polyethylene (PE) is a form of plastic used for manufacturing gas distribution mains and services.
Pension deficit funding cost	Cost incurred by a sponsoring employer paid to the pension scheme trustees to repair a deficit in a defined benefit pension scheme –see also pension incremental deficit funding payments and pension established deficit funding payments.
Pension hedging and contingent asset costs	Costs of (a) hedging certain risk in a pension scheme (e.g. longevity, interest and RPI); and (b) a sponsoring employer funding a contingent asset provided to the pension scheme, incurred directly by the employer.
Pension incremental deficit funding	Costs means the annual funding costs of the Incremental Deficit, the latter means the difference between the assets and liabilities, determined at any point in time, attributable to post 31 March 2013 pensionable service and relating to Regulated Business Activities and which is determined in accordance with the Energy Network Operators' Price Control Pension Costs - Regulatory Instructions and Guidance: Triennial Pension Reporting Pack supplement including pension deficit allocation methodology.
Pension ongoing funding – actual employer contributions	Employer ongoing contributions actually paid in cash during the regulatory year to a pension scheme (before salary sacrifice).
Pension Protection Fund (PPF)	The Pension Protection Fund was established to pay compensation to members of eligible defined benefit pension schemes, when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension scheme to cover Pension Protection Fund levels of compensation.
Pension scheme administration costs	The administrative costs for the operation of a pension scheme (excluding interest and taxation) including salaries and on costs of pension scheme administrators and all other associated costs of administering the pension scheme, whether borne by the scheme directly or the employer(s) and not recovered from the scheme.  Includes: <ul style="list-style-type: none"> <li>• actuarial consultancy fees;</li> </ul>

- pensioners payroll;
- third party administration fees;
- pensions administration system licence and support costs;
- legal advisers fees;
- recruitment costs;
- pension secretariat;
- policy and strategy;
- administration consultancy;
- auditors fees;
- custodian fees;
- communication consultancy fees;
- general office costs (printing/IT support/publications etc);
- investment consultancy fees;
- investment management fees;
- tracing agency fees;
- member communication costs;
- trustee remuneration; and
- trustee training costs.

Excludes:

- Cost incurred by the licensee in administering the collection and payment of contributions;
- Costs of actuaries engaged by the licensee as advisors to the license

Pensionable salaries	For a pension scheme, the current salaries of the active members which are considered when assessing the future pension benefits under that scheme, and which are multiplied by the contribution rate to calculation the current cash service cost.
Pension trustees indemnity (recharged to pensions)	Cover that protects a network company and /or its pension funds and/or its employees and trustees against claims made by third parties for breach of trust, maladministration and wrongful acts arising from the actions of the trustees to the pension funds.
Pensioners	Individuals in receipt of a pension from the pension scheme.
Permit scheme costs	Those costs incurred to comply with obligations under any order or regulations made pursuant to Part 3 of the Traffic Management Act 2004 which impose a permit scheme, otherwise known as lane rentals.  References to the Traffic Management Act 2004 are to be interpreted as, in relation to Scotland, the Transport (Scotland) Bill as enacted.
Physical security expenditure	Costs incurred, or expected to be incurred, by the licensee for the purposes of implementing any formal recommendation or requirement of the Secretary of State to enhance the physical security of any of the sites within the licensee’s Distribution System.
Piggable mains	Mains inspected in accordance with OLI1 procedures.
Planned non-contractual interruptions	Non-contractual interruptions resulting from the GDN's planned activities and include all non-contractual interruptions resulting from the planned activities set out below.  For the avoidance of doubt, GDNs should include major incidents when reporting the overall number and duration of non-contractual interruptions

resulting from the planned activities.

- Customer/shipper initiated service alterations - any change to a service pipe or associated GDN plant at the request of a customer or shipper. For example, an alteration to route or size of service pipe for a housing extension. Required notice – by appointment.
- Customer or Local Authority initiated mains diversions - diversion of pipe-lines and mains at the request of a Local Authority, highway authorities, developer, agent of a developer, landowner, or any other agency. For example, a new development will encroach on the location of the pipe-line or main and will be diverted for safety reasons. Required notice – by appointment.
- GDN initiated - Mains replacement driven service transfers or replacement or any other GDN initiated operation in association with planned programmes of work. A relay and subsequent transfer will count as two non-contractual interruptions. For example, safety and asset maintenance related replacement.. Required notice – five working days for customers due to be interrupted.
- 

Planned replacement	Replacement made in accordance with a previously made plan rather than in reaction to particular event such as an emergency.
Plant, tools and equipment	Includes fixed plant and machinery forming part of the gas transportation network, part of a gas installation, or used to process gas, as well as tools and other equipment used for the day to day management of the gas network.
PON	Pipe Object Number.
PEMS	Post Emergency Metering Services.
PPF levy	The risk-based and the non-risk (i.e. scheme) based levies paid by a defined benefit pension scheme to the Pension Protection Fund in accordance with the Pensions Act 2004.
Premiums invoiced	The amount charged to the policy holders for insurance cover provided.
Price controlled activities	All activities that are part of the RIIO-GD1 price control.
Procurement (business support activity)	Responsible for the procurement of goods & services in the support of the business operations, through the management of procurement contracts with suppliers.  Includes: <ul style="list-style-type: none"> <li>• The cost of carrying out market analysis.</li> <li>• Identifying potential suppliers, undertaking background review, negotiating contracts, purchase order fulfilment &amp; monitoring supplier performance.</li> <li>• Setting up and maintaining vendor accounts within the accounting system, and maintaining e-procurement channels.</li> </ul>

	<ul style="list-style-type: none"> <li>• Setting procurement guidelines and monitor adherence to the guidelines.</li> </ul>
	<p>Excludes:</p> <ul style="list-style-type: none"> <li>• Any of the IT systems associated with procurement (include under IT &amp; Telecoms).</li> <li>• Stores &amp; Logistics - The activity of managing and operating stores (include under Closely Associated Indirects for transmission and record in separate stores and logistics category in table 3.1 for gas distribution).</li> <li>• Vehicles and Transport - the activity of managing, operating and maintaining the commercial fleet and mobile plant (include under Closely Associated Indirects).</li> </ul>
Professional and Consultancy	<p>Consultancy services employed by the licensee or related party.</p> <p>Includes</p> <ul style="list-style-type: none"> <li>• non-engineering services provided on a consultancy basis</li> <li>• subscriptions to trade bodies including the Energy Networks Association (ENA); and</li> <li>• typically items such as legal services, audit fees, taxation services.</li> </ul> <p>Excludes</p> <ul style="list-style-type: none"> <li>• direct employee costs or agency fees (include under "Labour (excluding employer pension costs)";</li> <li>• contracted services of individuals provided through a personal service company (include under "Labour (excluding employer pension costs)";</li> <li>• engineers whether employed on a consultancy basis or not (include under 'Labour (excluding employer pension costs)' or Contractors, depending on the legal status of their engagement; and</li> <li>• analytical engineering work (include under 'Labour (excluding employer pension costs)' or Contractors, depending on the legal status of their engagement).</li> </ul>
Profits of an insurance captive	To be reported in accordance with the rules for accounting for insurance companies (and before tax).
Property (total floorspace)	Building footprint (square metre) whether in use or not and there is an associate cost (e.g. rent/lease, depreciation, business rates and/or utility cost).
Property management (business support activity)	<p>The activity of managing, providing and maintaining non-operational premises i.e. premises used by people such as stores, offices and depots. This should include costs such as rent, rates (business), and utilities costs including electricity, gas and water, maintenance/repair costs of premises and also should include the provision of the facilities / property services such as reception, security, access, catering, mailroom, cleaning and booking conferences. The costs of property surveyors should also be included here.</p> <p>Includes:</p> <ul style="list-style-type: none"> <li>• Stores, depots, offices (including training centre buildings &amp; grounds);</li> <li>• Rent paid on non-operational premises;</li> <li>• Rates and taxes payable on non-operational premises;</li> <li>• Utilities including electricity, gas and water (supply and sewerage);</li> </ul>

- Inspection and maintenance costs of non-operational premises;
- Facilities management costs including security and reception; and
- Training centre buildings & grounds.
- Control rooms and data centres.

Excludes:

- Any costs relating to operational property (i.e. premises which contain network assets and are not maintained for accommodating people e.g. Substations, Boiler Stations, Holder Stations, Compressor Stations, Governor House etc (include under operational property);
- Any IT systems associated with property management (include under IT & Telecoms);
- Depreciation and profit/loss on Fixed Assets Relocation costs to or from non-operational premises; and
- Network rates.

Protection (protection apparatus)	A group of one or more protection relays and/or logic elements designated to perform a specified protection function.
PRS	A pressure reduction station having an inlet pressure greater than 7 bar.
Public reported escape (PRE)	The number of unique addresses public reported escapes received by the GDN for which a FCO will be called out.
Purge and relight after domestic service work	Re-commissioning of a customer's gas supply service and appliances following interruption.
Qualifying mains	Iron mains within 30m of a property which therefore fall within the scope of the HSE enforcement policy for the replacement of iron gas mains.
Quality of service	Measures of performance used to monitor the quality of service provided to customers. The measures include customer interruptions, short interruptions to supply, speed and quality of telephone response and guaranteed and overall standards.
RAV additions	Expenditure added to the RAV in the year.
Rechargeable Diversions (RD)	Mains diversion projects qualifying for a customer contribution.
Refurbishment	An activity on an asset beyond routine maintenance intended to extend the life of the asset, but not replacing the asset.
Regulatory accounts	Has the meaning given in standard special condition A30 of the gas transporter's licence applicable to the Licensees.
Regulatory Asset Value("RAV")	The value ascribed by Ofgem to the capital employed in the licensee's regulated distribution or (as the case may be) transmission business (the 'regulated asset base'). The RAV is calculated by summing an estimate of the initial market value of each licensee's regulated asset base at privatisation and all subsequent allowed additions to it at historical cost, and deducting annual depreciation amounts calculated in accordance with established regulatory methods. These vary between classes of licensee. A deduction is also made in certain cases to reflect the value realised from the disposal of assets comprised in the regulatory asset base. The RAV is indexed to RPI in order to allow for the effects of inflation on the



	licensee’s capital stock. The revenues licensees are allowed to earn under their price controls include allowances for the regulatory depreciation and also for the return investors are estimated to require providing the capital.
Regulatory Year	A period of 12 months beginning on the 1 <sup>st</sup> of April of the year within the price control and ending on the 31 <sup>st</sup> of March of the following year.
Reinforcement expenditure	<p>The costs incurred to provide additional general network capacity to meet load demand.</p> <p>See also “Customer-specific reinforcement”; and “general reinforcement.”</p>
Reinstatement	The cost of making good the highway, verge or footpath to a permanent standard after excavation including labour costs, contractor costs, materials purchased, cost of waste disposal and any taxes or levies imposed on waste disposal.
Relaid services	Customer's gas service pipe relaid as part of site work.
Related party	Is an affiliate, a joint venture of the licensee or of an affiliate or an associate of the licensee or of an affiliate or a relevant associate of the licensee.
Related party margin	The profit or loss recorded on a transaction with an affiliate being the excess or deficit on actual direct costs and indirect costs (including financing costs) fairly attributable to the transaction or the charge and the cost of providing that transaction.
Related undertaking	<p>Has the meaning given in standard condition 1 of the gas transporter's licence applicable to the Licensees.</p> <p>See also: affiliate, related party</p>
Remedial work	Work undertaken in order to remedy defects identified by either inspection or maintenance. Remedial works excludes minor repairs carried out at the same time as the maintenance visit.
Repairs	<p>The repair of mains and services following public reported escapes. (see also “actioned repairs” and “emergency”)</p> <p>Includes:</p> <ul style="list-style-type: none"><li>• Materials;</li><li>• Anaerobic Sealant;</li><li>• Repair Find and Fix Costs;</li><li>• Iron Fittings;</li><li>• Pipe Costs;</li><li>• Plastic Fittings;</li><li>• Specialist Materials;</li><li>• Repair Income;</li><li>• Waste disposal costs for the repair activity;</li><li>• Reinstatement for the repair activity;</li><li>• Reprogrammed repairs re-checks;</li><li>• Repair NRSWA Costs; and</li><li>• Repair TMA Costs.</li></ul> <p>Excludes:</p> <ul style="list-style-type: none"><li>• Reinstatement – inspections (Other Direct);</li></ul>

- No trace rechecks (Emergency);
- Leakage control surveys (maintenance other);
- Maintenance - Mains & Services (Maintenance Other) ;
- Tools & consumables (Other Direct);
- GSMR Cut offs (Maintenance Other);
- Consultancy services (Work Management); and

See also emergency

Replacement expenditure (repex)	Repex is expenditure on replacing component mains and services, where the replacement does not lead to an increase in the capacity or extends the life of the network.
Replacement on failure	The abandoning of an existing asset and commissioning of a new pipe-line following physical failure of the asset in-situ.
Replacement services - domestic	Workload and costs associated with service replacement activity to domestic consumers.
Replacement services - non-domestic	Workload and costs associated with service replacement activity to non-domestic consumers.
Reports	<p>Reports fall into two categories:</p> <ul style="list-style-type: none"> <li>• Reports Emergencies – Network Related: This category includes the number of jobs where a repair individual/team attends and that are closed off with a status: <ul style="list-style-type: none"> <li>○ Mains condition report (escape)</li> <li>○ Service condition report (escape)</li> <li>○ Interference (damage)</li> <li>○ "No Gas" Service Governor Failure, Water Ingress or other Network Problem</li> </ul> </li> <li>• Reports Emergencies – Non Network Related: This category includes the number of jobs that are closed off with a status: <ul style="list-style-type: none"> <li>○ Internal Escape - Internal Escape of gas or CO related "Faulty Appliance" e.g. Appliance unsafe or emitting CO</li> <li>○ Other - "Meter Problem" e.g. Meter Regulator Lock-up, ETM Problem; "Other Problem" e.g. Bird Trapped, Boiler Not Working, Incorrect Callout; "No Trace" e.g. No gas or CO found</li> </ul> </li> </ul>
Restructuring	<p>The act of re-organising a business for the purpose of making the organisation more efficient.</p> <p>Includes redundancy costs (inc. ERDCs) Excludes early retirement costs (inc. ERDCs)</p>
Retail Prices Index (RPI)	<p>Has the meaning given in Special Condition 1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions).</p> <p>See also: Inflation</p>
Retail prices index forecast growth rate	Has the meaning given in Special Condition 1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions).

Retained NIC royalties	Total royalties earned through all NIC projects to be retained by the licensee.
Return seeking assets	Means assets which may be exposed to greater risk, but where the potential return is higher than low risk assets (e.g. equities).
Returned Royalties Income	Revenue earned from intellectual property generated through eligible NIC projects less any Directly Attributable Costs, and that is payable to customers under the NIC, as calculated in accordance with the NIC governance document.
RIGS	Regulatory Instructions and Guidance
RIIO-GD1	First Gas Distribution Price Control Review covering years 2013-2021 based on the Revenue=Incentives+Innovation+Outputs model
Riser	A Riser is defined as the pipe arrangement supplying a premise which has more than two floors above ground level and supplies more than two meter points. The external below ground pipe supplying the riser should be classified as a main up to the building line. The remaining pipe, irrespective of arrangement (horizontal, vertical, etc) is all classified as Riser pipe. Where a premise has two floors or less, all of the pipes should be treated as mains & services based upon the relevant definitions.
Risk threshold (or risk action threshold)	The risk score agreed between the Licensee and the HSE for tier 2 iron mains forming part of the licensee's approved iron mains risk reduction programme under the Pipeline Safety Regulations, Regulation 13
Road space conditions (TMA conditions)	<p>Materials plant and storage road - It is a condition of this Permit that surplus material excavated as a consequence of the activities must be removed from the public highway within [x hours] (e.g. 24) of being excavated. For the activities hereby permitted all material and plant not required for [insert period] shall not be stored on site from (insert date) and until (insert date). It is a condition of this permit that advance agreement is given by the Permit Authority for the Works Promoter to place or store materials, plant and/or equipment outside of the defined working space.</p> <p>Occupation dimensions - The activities hereby permitted shall occur only within the area [insert description of area or provide traffic management plan reference] including the relevant and required signing, lighting and guarding.</p> <p>Traffic space dimensions - For the activities hereby permitted [X]m must be maintained for pedestrians and/or [Y]m must be maintained for vehicles. It is a condition of this permit that the activities hereby permitted may only occur when a minimum road space of x metres is available to all pedestrian traffic at all times.</p>
Routine maintenance	<p>Routine Maintenance can be described as those activities that are recurring and largely predictable in both costs and timing. There should be an immaterial year on year movement in the cost of routine maintenance. In this category costs include property cost associated with operational assets.</p> <p>Examples of such activities to be classed as routine are:</p>

- site overhauls;
- distribution mains & services;
- pig trap maintenance;
- repair governor equipment;
- hedge maintenance/inspection on easement;
- drainage profile checks;
- repairing fencing;
- CP remedial work;
- fire water systems;
- pressure system remedial;
- operational site drainage;
- compressor work;
- asset modification (e.g. check/top up water levels, holder stock, filter changes, helium bottle change, ad hoc holder work)
- cladding repairs;
- alarm testing/resetting;
- calibration;
- valve maintenance;
- all surveys (e.g. CP, TDI and high rise buildings surveys), excluding winter trigger survey and consequential follow-up surveys;
- pipeline patrols;
- CEME fee;
- test points;
- instrument maintenance;
- gas quality maintenance; and
- alterations & diversions.

As can be seen from the above examples, routine maintenance should be the maintenance costs the Network incurs in carrying out their general site visits.

Routine site monitoring and maintenance

Routine statutory site monitoring and maintenance includes desk top studies, intrusive site investigations (including drilling, trial pitting, vacuum excavation pitting etc), qualitative and quantitative risk assessments and modelling, groundwater, ground gas and vapour monitoring regimes and general redundant site clearance to maintain serviceability of monitoring locations.

Royalties Revenues

Revenue earned from intellectual property generated through eligible NIC projects.

Salary sacrifice scheme

A scheme which allow employers to pay additional pension contributions on behalf of the employee in return or as substitution for a reduction (or sacrifice) in salary; and as a consequence there is a saving to the employee in taxation and for both employee and employer in National Insurance contributions.

Security (excluding PSUP)

Capital expenditure on enhancing or replacing security related assets for all sites excluding expenditure on the sites included in table 4.3 'LTS & Storage' and security costs associated with Physical Security Upgrade Programme (PSUP) which is are captured on table 4.8.

The main security assets include fencing, alarms, surveillance cameras and gates. In addition there may be other minor security expenditure assets.

SCADA	Supervisory Control And Data Acquisition. A generic name for control systems that operate over a large area such as system control systems of a GDN.
Service alteration	Changes to the position and/or size of a customer's service pipe and associated plant including regulators, meters, valves, loggers etc.
Service test and transfer	The disconnection of an existing PE service from an existing distribution main and reconnection onto a replacement or alternative distribution main. This activity includes the pressure testing and physical transfer of a re-commissioning service.
Servitude	Term used in Scotland for a permanent right of access (in England and Wales this is termed an easement).  See also Easement and wayleave.
Share based payments	The cost of share based payments provided to staff, determined in accordance with UK GAAP.
Shipper	Shipper has the meaning given to "gas shipper" in section 48(1) of the Gas Act 1986.
Shrinkage	Gas lost from the distribution system due to leakage, theft and gas used for operational purposes.
Shrinkage factor (%)	Shrinkage expressed as a percentage of throughput.
SI	Spun Iron- an iron pipe material used on the distribution network.
SOD	Start of day.
Software licences	The Licence fees incurred in respect of the use of IT application software.
Specific reinforcement	Relates to assets installed for the purpose of providing additional network capacity necessary in order to meet the specific requirements of customers for new or augmented demand connections. Where the minimum scheme to meet the customer's specific requirements is implemented, the full cost of reinforcement assets should be included under this heading, even when, due to the use of standard plant and equipment ratings, the minimum scheme provides extra capacity. Where a scheme in excess of the minimum scheme is implemented, at the discretion of the GDN, any costs in excess of the minimum scheme costs should be included under General Reinforcement.
Standby costs	Are the costs incurred when employees are on standby to be called upon if required in the event of a specified occurrence in accordance with their terms of employment.
Statutory remediation	Statutory remediation is the work required to satisfy the minimum legal requirements for a site's current use, which reduces the contaminated land risks to a point whereby the site no longer presents significant risks of significant harm to human health, controlled waters and the wider environment.
Storage	A Gas Distribution Network asset used to store gas to be used for

	balancing network pressures. Storage includes LTS linepack, but excludes NTS flex (gas provided from the NTS to aid balancing).
Storage	Costs involved in supporting the IT storage other than in data centres, including cloud storage costs.
Stores & logistics	<p>The activity of managing and operating stores.</p> <p>Includes:</p> <ul style="list-style-type: none"> <li>• Delivery costs of materials or stock to stores;</li> <li>• Labour and transport costs for the delivery of materials or stock from a centralised store to a satellite store/final location (and vice versa), taking into account the stock management policies;</li> <li>• Monitoring stock levels; and</li> <li>• Quality testing of materials held in stores.</li> </ul> <p>Excludes:</p> <ul style="list-style-type: none"> <li>• Costs of oil or other insulation medium (report under the activity for which it is used, egg maintenance, faults);</li> <li>• Any of the IT systems associated with stores/logistics (include under IT &amp; Telecoms);</li> <li>• Any property management and maintenance costs of depots/stores locations (include under property management); and</li> <li>• Vehicles and Transport - the activity of managing, operating and maintaining the commercial fleet and mobile plant (include under Vehicles and Transport).</li> </ul>
Streetworks	<p>Work undertaken by utility companies in the highway including work carried out under NRSWA which covers the following:</p> <ul style="list-style-type: none"> <li>• TMA/T(S)A;</li> <li>• overrun charges - S74;</li> <li>• lane rental - S74A; and</li> <li>• other streetwork activities, such as inspections, surveys and coring.</li> </ul>
Streetworks- existing HAS	<p>Highways Authorities where TMA has been implemented and included as part of the TMA the re-opener decision (published 20 December 2011 - Ofgem reference 189/11).</p> <p>See Traffic Management Act</p>
Streetworks- new HAS	Highways Authorities that have implemented TMA/T(S)A which were not included as part of the re-opener decision (published 20 December 2012 - Ofgem reference 189/11).
Sub-deduct	See "UNC Sub Deduct Arrangement (sub-deduct networks)"
Supply Meter Point Reference Number	Supply Meter Point Reference Number (MPRN) has the meaning given in the Uniform Network Code (Transportation Principal Document, Section G1.9.2(a)).
Supply Point	Supply point has the meaning given in the Uniform Network Code (Transportation Principal Document, Section G1.1.1(a))
System control	System control process is to ensure the safe flow of gas through the

network, ensuring the supply is sufficient to meet the demand of gas on a daily basis.

The costs shown here should represent:

- The cost of running the control room (e.g., staff costs of resource working within the control room).

Along with:

- Salary costs;
- Travel & subsistence;
- Training costs for the delivery of system control migration;
- Any other non salary costs associated with these resources; and
- Mast Rentals
- Should also include any residual SOMSA charges from NGG.

System Operations capital expenditure	Systems operation capex costs associated with replacing and upgrading systems used within the system operations. It includes those IT systems and infrastructure costs which are driven by system operations. See Opex for Systems Operation Activity definition.
Tele-control network	In respect only of IT & Telecoms activity, see definition under IT & Telecoms activity.
Theft (%)	Theft of gas volume from the distribution network expressed as a percentage of throughput.
Theft volume (GWh)	Quantity of gas stolen from the distribution network as measured in GWh.
Tier 1 main (T1)	An iron pipe having a diameter of 8 inches and below qualifying for decommissioning under the HSE's Enforcement Policy for the Replacement of Iron Gas Mains.
Tier 2A main (T2A)	An iron pipe having a diameter of above 8 inches and below 18 inches above a risk action threshold and therefore qualifying for decommissioning, remediation or risk-assessed for continued use under the HSE's Enforcement Policy for the Replacement of Iron Gas Mains.
Tier 2B main (T2B)	An iron pipe having a diameter of above 8 inches and below 18 inches below a risk action threshold. These pipes may be subject to decommissioning or other risk management measures were justified by a cost-benefit analysis under the HSE's Enforcement Policy for the Replacement of Iron Gas Mains.
Tier 3 main	An iron pipe having a diameter of 18 inches and above. These pipes may be subject to decommissioning or other risk management measures were justified by a cost-benefit analysis under the HSE's Enforcement Policy for the Replacement of Iron Gas Mains
Timing and duration conditions (TMA conditions)	<p>Include:</p> <p><i>Date constraints</i></p> <p>The activities hereby permitted shall not commence before the Proposed Start Date and must commence within the valid starting window period or in the case of Immediate Works by the Actual Start Date contained in the application for immediate works and once the activities have commenced the activities must take no more than [x number of] days in total to be completed. The Proposed Start Date, Actual Start Date and Estimated End Date are as defined in the current EToN specification. The activities</p>

hereby permitted shall not commence before the Proposed Start Date or in the case of Immediate Works the Actual Start Date contained in the application for immediate works and must end by the Estimated End Date provided on this permit.

*Time constraints*

The activities hereby permitted shall only take place between [start time] and [end time] on weekdays and [start time] and [end time] on Saturdays and [start time] and [end time] on Sundays or Bank Holidays.

*Out of hours working.*

Top-up contract labour costs	The use of contractors during peak periods of demand used to assist in the delivery of the emergency activity e.g. use of repex contractors during severe weather.
Top-up direct labour costs	The use of direct labour, normally employed in other areas of the business, during peak periods of demand used to assist in the delivery of the emergency activity.
Totex	Refer to the appendix titled "Definition of Totex" in the guidance notes for a full definition of Totex.
Traffic Management Act (TMA)	<p>The Traffic Management Act 2004 (Transport (Scotland) Act 2005 (T(S)A for Scotland), introduced to reduce congestion and disruption on the road network. This allowed highway/local authorities (HA/LA) the opportunity to implement a permit scheme. Also makes provisions to amend NRSWA under schedule 1-4.</p> <p>It includes</p> <ul style="list-style-type: none"> <li>• Permits;</li> <li>• fixed penalty notices (FPNs);</li> <li>• administration; and</li> <li>• other costs, such as productivity impact.</li> </ul> <p>Excludes Other street works/S74 See also NRSWA</p>
Traffic Management Act (TMA) conditions (productivity)	<p>This relates to conditions that are applied by highway authorities when issuing a TMA permit for streetwork activities. These are the additional conditions, over and above what was previously applied by highway authorities, following the introduction of a TMA permit scheme. The condition that should be reported for both costs and workload are as follows:</p> <ul style="list-style-type: none"> <li>• Timing and Duration Conditions - date constraints, time constraints, out of hours working;</li> <li>• Road space conditions - materials plant and storage, road occupation dimensions, traffic space dimensions;</li> <li>• Traffic management provisions - light signals and shuttle working, traffic management changes;</li> <li>• Methodology conditions;</li> <li>• Consultation &amp; publicity;</li> <li>• Environmental conditions; and</li> <li>• Local conditions - awaiting definition from NGG.</li> </ul>
Traffic management	Include:



provisions (TMA conditions)	<p>Light signals and shuttle working - The activities hereby permitted shall only take place when temporary traffic control is deployed by use of x (where x determines type of control portable signals, stop/go etc)</p> <p>Traffic management changes - The activities hereby permitted shall not commence until approval for [temporary traffic restrictions] has been given for the duration of the works. The works comprised in [specified part B] of the activities hereby permitted shall not be commenced before the works comprised in [specified part A] are completed. The works comprised in [specified part A/B] of the activities hereby permitted shall be subject to and shall occur only when the following traffic management measures are in place [or as attached in schedule].</p>
Training & Apprentices	<p>Training and apprentices covers (i) the costs of any operational training and (ii) the cost of training any employees engaged on approved formal training or apprentice programmes (either operational or non-operational).</p> <p>Includes:</p> <ul style="list-style-type: none"><li>• Cost of staff who organise and provide training, and maintain the individual employee training/apprentice records;</li><li>• Cost of running training courses;</li><li>• Fees paid to external training providers for provision of training;</li><li>• Cost of externally advertising training and apprentice programmes;</li><li>• Salary cost of apprentices or trainees whilst engaged on a training or apprentice programme; and</li><li>• Cost of ongoing professional development for operational staff.</li></ul> <p>Excludes:</p> <ul style="list-style-type: none"><li>• Any non-operational training costs falling under 'HR and non-operational training';</li><li>• Property costs of training facilities. These should be recorded under 'property'; and</li><li>• Cost of general staff induction training programmes (should be recorded under 'HR &amp; non operational training').</li></ul>
Training centre	<p>A property is defined as a training centre if its primary function is to accommodate staff while on operational or non-operational training courses or programmes.</p>
Transport and wheeled plant –opex costs	<p>Costs associated with the use of transport and plant.</p> <p>Includes:</p> <ul style="list-style-type: none"><li>• short term hire and lease costs;</li><li>• servicing and maintenance; and</li><li>• vehicle tax.</li></ul>
UK GAAP	<p>UK Generally Accepted Accounting Principles.</p>
Ultimate controller	<p>Has the meaning given in standard condition A1 (Definitions and Interpretation) of the gas transporter's licence applicable to the Licensees.</p>
UNC Sub Deduct Arrangement	<p>A configuration consisting of a primary meter plus one or more secondary meters and associated valves /pipework between them that is recognised</p>

(sub-deduct networks)

as a Sub Deduct Arrangement in UNC (Uniform Network Code).

Unplanned non-contractual interruptions


Non-contractual interruptions resulting from unplanned activities and include all non-contractual interruptions resulting from the unplanned activities set out below. All unplanned interruptions upstream of, or at, the ECV may be attributed to one of the categories set out below. For the avoidance of doubt, GDNs should include major incidents when reporting the overall number and duration of un-planned non-contractual interruptions.

- Inadequate Network Capacity - An occurrence of insufficient system capability to provide the required quantity of gas to a supply point or CSEP as a result of the design of the network. This includes failure to construct adequate network capability in accordance with Standard Special Condition A9 of the GDN licence. For example, additional capacity not planned and/or completed in time. System pressures not increased sufficiently.
- 1 in 20 peak demand conditions exceeded - An occurrence of insufficient system capability to provide the required quantity of gas to a supply point or CSEP as a result of 1 in 20 peak demand conditions being exceeded. For example, severe weather conditions greater than 1 in 20 peak demand conditions.
- Leakage from service pipes - Interruptions arising from repair or replacement due to corrosion, deterioration or joint failure resulting in leakage from service pipes and/or associated plant. Excludes failures resulting from third party actions or omissions. For example, temporary disconnection due to metal service corroding resulting in leaking gas.
- Mechanical Pipe / Plant Failure - Interruptions of supply arising from repair or replacement due to mechanical pipe/plant failure. This includes failures of pipe-lines and pressure control systems. Excludes failures resulting from third party actions or omissions. For example, component failure, governor/PRS failure or pipe fracture.
- Non-mechanical Pipe / Plant Failure - An occurrence of insufficient system capability to provide the required quantity of gas to a supply point and /or CSEPs as a result of non-mechanical plant/pipe failure. This includes errors and operational procedures and inadequate asset records. Excludes failures resulting from third party actions or omissions. For example, maintenance procedures not followed.
- NTS (upstream) failure - An occurrence of insufficient system capability to provide the required quantity of gas to a supply point and/or CSEP as a result of failures of NTS pipe-lines, pressure control systems, operational procedures and non-availability of beach gas irrespective of cause. For example, gas not available at network boundary point.
- Third Party action - An occurrence of isolation of a supply point resulting from third party action which reduces the capability of a GDN's pipe-line, mains and associated control equipment or service pipes and associated control equipment. It also includes

interruptions necessitated by release of gases from plant and pipe-work not owned or operated by a GDN, and as necessitated by requests from civic authorities. For example, contractor severing a GDN’s pipe-line, a customer piercing a service pipe, third party water ingress incidents or police requests for supply to be disconnected.

- Other upstream events - Any other interruptions to supply arising at or upstream of the ECV.

Unrecoverable NIA project expenditure	Means expenditure on a NIA Project the Authority has determined does not satisfy the requirements of the NIA governance document.
Value for Money (VFM1)	Audit carried out by consultants who provide a view as to whether quotations provided by contractors are efficient (value for money).
Value for Money (VFM2)	Audit carried out by consultants that provide a view as to whether the final costs for the completed works are efficient (value for money).
Vehicles	Capital expenditure on the purchase of new gas network vehicles. This includes: cars, car derived vans, LGVs, HGVs and wheeled plants.
Wayleave	Access to property granted by a landowner for up to one year for a consideration.  See also easements.
Wayleaves administration activity	The activity of obtaining, managing and administering wayleaves, substation rents, easements and servitudes.  Includes <ul style="list-style-type: none"> <li>• negotiating new wayleaves;</li> <li>• managing wayleave terminations;</li> <li>• administration of existing wayleaves including the preparation of payments;</li> <li>• negotiating conversion from temporary wayleave arrangements to permanent easement / servitude;</li> <li>• AGI rents; and</li> <li>• the actual cost of the wayleave payment.</li> </ul> Excludes <ul style="list-style-type: none"> <li>• the actual cost of the easement / servitude payments (include under either load-related new connections &amp; reinforcement or Non-load non-fault new and replacement assets); and</li> <li>• any of the IT systems associated with the Wayleaves administration activity (include under IT &amp; Telecoms).</li> </ul>
Wheeled (mobile) plant capital expenditure	Expenditure on purchase of wheeled (mobile) plant, which includes self propelled or motorised trailer mounted equipment not classed as a motor vehicle.
Work execution	Includes the activities of Emergency, Repairs and Maintenance, which are separately defined.
Work management	Work Management can be split into four sub categories. These categories are:-



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- Asset Management;
- Customer Management;
- Operations Management (including operations support);and
- System Control.

Working day

Any day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday within the meaning of the Banking and Financial Dealings Act 1971 (as per Standard Special Condition A3)

Xoserve

A transporter agency which provides a single, uniform interface between the IT systems of relevant GTs and shippers.

## Appendix 2 – Definition of total expenditure (totex)

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### Introduction

1.1. The Regulatory Asset Value (RAV) is a key building block of the price control review. RAV represents the value upon which the companies earn a return in accordance with the regulatory cost of capital and receive a depreciation allowance. Additions to the RAV are calculated as a set percentage of total expenditure (totex). Totex is dealt with as follows:

- an agreed percentage of totex (see below) will be funded as slow money (ie as an addition to RAV)
- the remainder will be funded as fast money (ie which is expensed and funded in the year of expenditure)

1.2. At the end of each year of a price control, as part of the Annual Iteration Process, we will publish an updated GD1 Price Control Financial Model (PCFM) which will give an indicative updated RAV for each licensee. In ascertaining these values it is important that the treatment of expenditure that GDNs incur in this period is consistent with the principles and specific issues set out in the final proposals – that is, the same constituents of costs are included as totex. We add all costs on a normal accruals basis. This excludes provisions, except for the actual cash utilisation thereof.

### Definition of totex

1.3. The annual net additions to RAV will be calculated as a percentage of totex. Totex consists of all the expenditure relating to a GDNs regulated activities with the exception of:

- all costs relating to de minimis activities;
- all costs relating to excluded services activities (with the exception of capex relating to sole use exit connections);
- pension deficit repair payments relating to the established deficit and for the avoidance of doubt, all unfunded early retirement deficiency costs (ERDC) post 1 April 2004;
- Pension Scheme Administration and PPF levy costs;
- costs associated with specific incentive schemes.
- all statutory or regulatory depreciation and amortisation;
- profit margins from related parties (except where permitted as defined below);

- costs relating to rebranding a company’s assets or vehicles following a name or logo change;
- fines and penalties incurred by the licensee (including all tax penalties, fines and interest) except if, exceptionally Traffic Management Act costs can be shown to be efficient;
- compensation payments made in relation to standards of performance;
- bad debt costs and receipts (subject to an ex post adjustment to allowed revenues);
- any cost reporting which is not on a normal accruals basis as referred to in paragraph 1.2 above;
- costs in relation to pass-through items, including business rates (except for business rates on non-operational buildings); and
- interest, other financing and tax costs<sup>7</sup> (except for business rates on non-operational buildings and stamp duty land tax).

1.4. It should also be noted that:

- any change in the Totex amount for the licensee under the Totex Incentive Mechanism (TIM) is included as an adjustment to fast/ slow money;
- pension deficit repair payments relating to any incremental deficit (ie not part of the established deficit) are considered to be part of the licensee’s labour costs and as such are part of Totex; and
- customer contributions (which mainly relate to connection works) and other proceeds received (including from legal and insurance claims) that relate to the transmission business are treated as an offset to Totex expenditure, unless specifically subject to different treatment under the Cost and Revenue reporting RIGs.

1.5. For avoidance of doubt, in each case normal ongoing pension service costs will follow employment costs in each activity to RAV.

1.6. Costs added to RAV are all intended to refer to costs incurred by the licensee or a related party of the licensee undertaking regulated business activities. Where those costs are recharged to the licensee, they should not include any internal profit margins of the licensee or related party, except where permitted. The treatment of related party margins is set in the paragraphs below.

1.7. Costs that are eligible for a reopener mechanism will follow the totex treatment as set out above at the time they are incurred.

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<sup>7</sup> Tax costs include corporation tax, capital gains tax, payroll taxes, recoverable valued added tax and network rates

## Deductions from RAV

1.8. The following items are not included in the costs added to the RAV but are netted off additions to the relevant cost categories in carrying out the RAV roll forward calculation:

- cash proceeds of sale (or market value of intra-group transfer) of operational assets – by netting off the proceeds from the calculated additions to RAV
- cash proceeds of sale of assets as scrap – by netting off the proceeds from the calculated additions to RAV
- amounts recovered from third parties in respect of damage to the network – by netting off the proceeds from the calculated additions to RAV

1.9. These deductions from RAV will be made (on an NPV neutral basis) at the end of the RIIO-GD1 Price Control as part of the RIIO-GD2 Price Control process.

## Other RAV requirements

### Efficient costs

1.10. Ofgem reserves the option to disallow costs from the RAV for any of these categories if they do not relate to the regulated business or are demonstrably inefficient or wasteful. We will specifically review all costs in relation to restructuring of a company's business or operations in relation to corporate transactions, including the associated redundancy costs to satisfy ourselves that these costs are efficient and will deliver future savings for the benefit of the consumer.

### Restated costs

1.11. For all costs, in whatever category, activity or exclusion, where a company makes any restatement of costs, we will apply these in the year in which they were originally incurred rather than in the year of the restatement.

### Related party costs

1.12. Related party costs are only included within totex to the extent that they represent the cost of services required by the GDNs business. Costs for services recharged to the licensee by a related party<sup>8</sup> will only be admissible if the licensee would otherwise have needed to carry out the service itself or procure it from a third party. We expect these services and associated costs to be itemised and justified. Such costs are only included to the extent that they satisfy the criteria regarding the prohibition on cross-subsidy in the relevant standard or standard special licence condition unless GDNs already hold derogations.

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<sup>8</sup> A related party is a term used to cover both Affiliate and Related Undertakings as defined in Standard Licence Condition 1 for electricity transmission and standard special licence condition for gas transportation

1.13. All companies and related parties charging the licensee should be able to demonstrate they have a robust and transparent framework governing the attribution, allocation and inter-business recharging of revenues, expenses, assets and liabilities. There should be documented procedures to demonstrate compliance with EU Procurement directives and implementing national legislation where these apply.

1.14. We expect the network company to be able to justify the charge by reference to external benchmarking, or by reference to market-related testing, or tendering. We expect related parties to be able to support their charges by either service level agreements or contracts; and that such contracts would be finalised on a timely basis and not remain in draft for an unreasonable period<sup>9</sup>.

1.15. The attribution of costs relating to shared services must be on a demonstrably objective basis, not unduly benefiting the regulated company or any other company or organisation and be based on the levels of service or activity consumed by each entity. We expect GDNs to document the basis on which they approve these at board level and provide evidence of this together with details of how the continuing assessment and challenge, annually takes place.

1.16. The basis should be consistent from year to year and where there are changes the licensee should both document and justify them.

1.17. The method used to attribute costs from the related party to the licensee and to activities should be transparent and the revenues, costs, profits, assets and liabilities separately distinguishable from each other.

### **Related party margins**

1.18. We will exclude related party profit margins from costs added to RAV unless the related party concerned earns at least 75 per cent of its turnover from sources other than related parties and charges to the licensed entity are consistent with charges to external customers. For this purpose, we consider an entity to be a related party if it is an affiliate or related undertaking or if that entity and the network company have any other form of common ownership. A key indicator of entities being in common ownership is that they are affiliates of the ultimate controller (or controllers where there is more than one).

1.19. Where network operators utilise captive insurance companies, these shall be excluded from the related party exclusion. We will not allow any excess losses relating to these captive insurers (to the extent that they are covered by captive insurers) to be funded by customer.

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<sup>9</sup> Whilst not defined, we expect GDNs to demonstrate to our satisfaction why a period in excess of 6 months was reasonable



1.20. When an entity ceases to be a related party, for example on a change in ultimate controller, then from the time it ceases to be a related party its margins will be allowable, if it meets the following requirement. There must be an unambiguous demonstration that its charges to the distribution business (in the original or amended contract) remain competitive and are in line with market rates, or the contract was re-tendered and that there was more than one bidder.

1.21. Whilst not precluding other demonstrations of competitiveness, we consider that an open competitive tender is likely to be the clearest indicator. In the absence of an open competitive tendering exercise, we will seek strong evidence that the terms of any contract are competitive.

1.22. Irrespective of whether the network company demonstrates competition and they no longer disallow margins, the licensee must arrange to comply with the requirements of the relevant standard or standard special licence condition (on the maintenance and provision of information). It must continue to report the former related party's costs and margins as if it were still a related party for the remainder of the price control period. The data is required in order for us to be able to monitor performance against the price control and carry out cost analysis to inform future reviews.

1.23. Where a principal related party resource provider<sup>10</sup> ceases to be a related party during a price control period, for example on the restructuring of a group, we shall continue to treat them as a related party until the end of that price control period and we will continue to disallow the margins charged. At the next price control period the margins will be allowed provided that there is unambiguous demonstration that the charges to the regulated business (in the original or amended contract) remain competitive and are in line with market rates, or that the contract is re-tendered and that there is more than one bidder.

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<sup>10</sup> A principal related party resource provider is one that has a contract to operate or manage a substantial part of a licensee's day-to-day operations, and that the licensee entered into the contract before or as part of the arrangements for a change in ultimate controller, or controllers, where there is more than one

## Appendix 3 – Pipe diameter bands

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1.24. It is required that all cost and workload / length data, where reported by pipe diameter band, uses a consistently applied pipe allocation. Table A3.1 below defines nine diameter categories, A to I, which are derived by matching the internal pipe diameters of the various pipe materials in use and covers both imperial and metric nominal diameters.

1.25. Polyethylene (PE) pipe is available in a range of wall thicknesses as designated by the Standard Dimension Ratio (SDR) which would place some nominal PE pipes into different pipe bands. To avoid the situation in which PE pipes of the same nominal diameter but different wall thicknesses are allocated to different bands, an assumed SDR has been used for each pipe size following discussion with the network companies.

1.26. The table also shows the expected combinations of nominal pipe size and material. It is essential that all tables submitted by networks are validated against these combinations prior to submission.

### **Table A3.1 - Imperial and metric nominal pipe diameters**

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Diamet	Unit	CI	DI	SI	ST	AS	PV	PE
0.5	I				A			A
0.625	I				A			
0.75	I				A	A	A	A
1	I	A		A	A	A	A	A
1.25	I				A	A	A	A
1.5	I			A	A	A	A	A
2	I	A			A	A	A	A
2.5	I	A						A
3	I	A		A	A	A	A	A
4	I	B	B	B	B	B	B	A
5	I	B	B	B	B	B		B
6	I	C	C	C	C	C	C	B
7	I	C	C	C	C			
8	I	D	D	D	D	D		C
9	I	E	E	E	E			
10	I	F	F	F	F	F	F	F
11	I	F						
12	I	F	F	F	F	F		F
14	I	G	G	G	G			
15	I	G	G	G	G			
16	I	G	G	G	G			
17	I	G						
18	I	H	H	H	H			
20	I	H	H	H	H			H
21	I	H	H	H	H			
22	I	H						H
24	I	H	H	H	H			H
26	I	I			I			
27	I	I		I	I			
28	I	I						I
30	I	I	I	I	I			
33	I	I						I
36	I	I		I	I			
40	I			I	I			
42	I	I		I	I			
48	I	I		I	I			
16	M							A
20	M			A	A			A
25	M			A	A	A		A
32	M			A	A			A
36	M							A
40	M		A		A			A
50	M				A			A
55	M							A
63	M							A
75	M				A			A
90	M							A
100	M	B	B	B	B	B		A
110	M							B
114	M				B			
125	M							B
140	M							B
150	M		C	B	C			B
160	M							B
162	M							B
168	M				C			
180	M		C	C	C			C
200	M		D		D			C
213	M							D
219	M				D			
225	M							D
250	M	E	F		F			E
268	M							F
273	M				F			
280	M							F
300	M	F	F	F	F			F
315	M				F			F
324	M				F			F
350	M							F
355	M				F			F
400	M	G	G		G			G
406	M				G			
440	M							G
450	M	H	H		H			G
457	M				H			
469	M							G
500	M		H		H			H
560	M							H
600	M		H		H			H
610	M				H			
630	M							H
710	M							I
750	M				I			
800	M							I
900	M				I			I
914	M				I			
1000	M				I			I
1200	M				I			

## Appendix 4 – Customer complaints

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### Customer Complaints

1.27. The instructions for completing table 8.1 customer complaints are detailed in chapter 10. This appendix details the definitions and reporting requirements for customer complaints handling.

#### Complaints

1.28. GDNs must report all complaints falling within the scope of the definition of complaint and consumer complaint specified in the Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008 (“the Standards”) subject to the definitions and guidance contained in these RIGs. For the reporting requirement contained in these RIGs, the definition of Relevant Consumer in the Standards has been expanded<sup>11</sup> to enable reporting across all types of consumer.

#### Definitions

1.29. Complaint means any expression of dissatisfaction made to an organisation, related to any one or more of its products, its services or the manner in which it has dealt with any such expression of dissatisfaction, where a response is either provided by or on behalf of that organisation at the point at which contact is made or a response is explicitly or implicitly required or expected to be provided thereafter.

1.30. Complaint means a complaint, other than network outage report, which is made against a regulated provider either (a) by a person in that person’s capacity as a relevant consumer in relation to that regulated provider; or (b) by a person acting on behalf of such a relevant consumer.

1.31. Where it is unclear if a relevant consumer or a person acting on behalf of a relevant consumer is wishing to have their contact treated as a complaint, the GDN may ask them the question for clarification.

1.32. Relevant consumer in the context of the RIGs means any one or more of the following:

- (a) a person who is a consumer in relation to gas supplied by a regulated provider,  
or

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<sup>11</sup> The Consumer Complaints Handling Standards only cover domestic consumers and micro business consumers. For the broad measure we have extended the coverage to include other types of consumers, such as large business consumers.

- (b) a person who is a consumer in relation to services provided by a regulated provider.

1.33. Unless otherwise expressed, reference to days will mean working days which shall be interpreted as any day other than a Saturday, Sunday, Christmas Day, Good Friday or a day which is a bank holiday within the meaning of the Banking and Financial Dealings Act 1971.

### Instructions

1.34. We request GDNs to record and report complaints which:

- relate to the regulated products and services of the GDNs, and
- may be substantially covered by other, established forms of redress, and which must be passed on to the relevant party for resolution by the redress scheme.

1.35. We request GDNs to report information on the number of complaints according to the following categories:

- the number of complaints concerning emergency response and repair work (including unplanned loss of supply),
- the number of complaints concerning planned work,
- the number of complaints concerning connections services (including connection quotations or pre-quotation enquiries as well as the delivery of connection services and disconnections),
- the number of complaints concerning other issues including (but not limited to) reinstatement and excavation, communication and engineering work where they have not been recorded under the above categories.

1.36. GDNs' systems do not need to be able to extract complaints from separate categories of relevant consumers (i.e. from domestic and micro business consumers).

### Reporting requirements

1.37. This section provides examples of scenarios that the GDNs must record and report as complaints:

- where a customer reports a loss of supply and expressly complains about there being an ongoing problem with the quality of their supply, the ongoing issue must be recorded as a complaint,
- during a planned interruption a customer complains that the interruption started earlier than had been notified,
- Complaints from MPs, Independent Connections Providers (ICPs), Independent Gas Transporters (IGTs) and other customer representatives,
- Complaints concerning the GDNs' product and/or service.

The following are examples of scenarios that must not be recorded as complaints:

- where a customer calls to report an unplanned loss of supply,
- where, during a planned interruption, the customer calls to report a loss of supply,
- where the matter arises as the result of a road traffic accident, slip, trip or fall,
- where the matter concerns a utility, telecommunications company or local authority in respect of damage caused to the assets of that utility, telecommunications company or local authority,
- where the matter relates to contractual disputes with commercial/industrial customers,
- where the customer makes contact to pursue a claim under the Guaranteed Standards of Performance (unless expressly complaining at the same time),
- wayleave disputes and landowner negotiations<sup>12</sup>,
- Where a builder/contractor/customer disputes the invoice for damaging GDN apparatus, and
- Claims for loss of business resulting from a GDN action,
- Claims for loss of earnings, and
- Claims for personal injury.

## **Resolved complaints**

### Definitions

1.38. A resolved complaint is a consumer complaint in respect of which there remains no outstanding action to be taken by the regulated provider. In this case, the complaint has either (i) been resolved to the satisfaction of the relevant consumer who made that consumer complaint or on whose behalf that consumer complaint was made, or (ii) although the consumer is not openly satisfied with the outcome, the consumer has agreed that the regulated provider has taken all action reasonably expected.

### Instructions

1.39. A complaint must not be treated as resolved until the customer is satisfied, or is reasonably believed to be satisfied, with the outcome of any actions taken by the GDN or agrees the regulated provider has taken all action reasonably expected. This will include awaiting the results of any monitoring process undertaken and

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<sup>12</sup> Complaints about the GDNs service during works undertaken must be captured as a complaint

subsequent actions (such as system reinforcement) before closing the complaint concerned.

### Reporting Requirements

GDNs must not record and report the following scenarios as resolved complaints:

- where a course of action has been agreed with the customer but not yet completed, or
- where further information or contact from the customer is pending.

1.40. Where a GDN carries out the action(s) that it had stated it would do in order to resolve a complaint and obtains confirmation from the customer, either written or oral, that the customer is satisfied with the work carried out, then the time at which all of those actions had been completed must be taken as the time that the complaint is resolved. For example, a complaint is deemed to be resolved in D+1 where a GDN carries out the action(s) that it had stated it would do in order to resolve a complaint and receives confirmation from the customer on the next working day after the complaint is received that the customer is satisfied with the work carried out.

1.41. All complaints, regardless of the method of receipt, must be treated as received on the working day that the complaint is made. For the avoidance of doubt a complaint received by 23:59 on day D must be treated as being received on day D.

1.42. Any complaint resolved by 23:59 on day D or D+1 must be treated as being resolved by D+1. Any complaint resolved after D+1 and up to 31 days later is deemed to be resolved in D+31.

1.43. If the GDN completes the work within D+1 or D+31 but is unable to contact the customer for confirmation after the work is carried out, the GDN can then write to the customer to confirm that the customer is satisfied. If after 10 days from the day the letter was sent out there is no response from the customer, the GDN should treat this complaint as resolved in D+1 or D+31. If the customer comes back within 10 working days to report otherwise, the complaint should be treated as unresolved. If the customer comes back after D+10 to report otherwise the complaint will be classed as unresolved.

1.44. If after exhausting the company's internal complaints handling process the customer is still not satisfied, but does not pursue external redress (e.g. the Energy Ombudsman or Ofgem for determination) then the GDN may treat the complaint as closed after a period of twelve months has expired. If the customer contacts the GDN/Energy Ombudsman/Ofgem after this period has expired then the GDN should reopen the original complaint.

### **Repeated complaints**

### Definitions

1.45. A repeated complaint is where the customer makes contact to express dissatisfaction with the same or substantially the same matter that was the subject of a previously resolved complaint within a 12 month period.

### Reporting requirements

1.46. The following are examples of complaints which must be recorded as repeated complaints:

- a customer complains regarding the unacceptable quality of reinstatement carried out in their drive. The GDN carries out further work to the satisfaction of the customer and resolves the complaint. The reinstatement fails, within 12 months of the resolution date, and the customer complains,
- an MP complains about the number of interruptions a certain constituent has received and the GDN duly informs the MP that it has identified the issue and rectified the fault, thus resolving the complaint. The MP/customer/other customer representative contacts the company, within 12 months, to raise the same issue and it is the repaired, or replaced, piece of equipment that is faulty.

1.47. The following are examples of scenarios not to be recorded as repeated complaints:

- where the previously resolved complaint was resolved more than 12 months before the GDN receives a similar or substantially the same complaint from the customer, or
- where the GDN receives a similar or substantially the same complaint from the customer relating to a matter that has been the subject of an Energy Ombudsman finding in favour of the GDN in the last 12 months.

### **Escalated Complaints**

1.48. An escalated complaint is a complaint where a consumer remains dissatisfied with the response provided by the regulated provider and should be escalated in line with the GDNs published complaints handling procedure until it either becomes a resolved complaint or it exhausts all relevant forms of redress available.

1.49. An escalated complaint will still be classified as an unresolved complaint.

### **Deadlock letters**

#### Definitions

1.50. A deadlock letter is a final response from the GDN to the customer in which the position of the GDN is stated to be different from that of the customer.

#### Reporting requirements



1.51. A GDN must record all those letters it has issued where its stance could reasonably be interpreted as being at odds with that of the customer.

### **Energy Ombudsman decisions in favour of the complainant**

#### Definitions

1.52. An Energy Ombudsman decision in favour of the complainant is one where the GDN is required to make a payment over and above that previously offered to the complainant, change its processes beyond what it had previously indicated to the complainant that it would, or both.

#### Reporting Requirements

A GDN must not record as Energy Ombudsman decisions in favour of the complainant instances where the decision is as favourable (or less) to the customer as the offer previously made by the GDN to the customer.

## Appendix 5 – Customer satisfaction survey definitions and detailed reporting requirements

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### Customer Satisfaction Surveys

1.53. The instructions for completing table 8.2 Customer Satisfaction Survey is detailed in chapter 10. This appendix details definitions and detailed reporting requirements.

1.54. Each GDN must carry out the three customer satisfaction surveys on a monthly basis and submit the results of these surveys to Ofgem on an annual basis. Each survey should reflect the views of a sample of customers who are likely to have experienced certain aspects of the GDN's customer service, where the relevant service areas are emergency response and repair, planned work and connections services.

1.55. This chapter details:

- the form of the customer satisfaction surveys and the manner in which they are to be conducted,
- the provision of information to the independent third parties appointed to carry out the surveys,
- the sample selection and timing of the surveys,
- the method of calculating the results of the customer survey, and
- the arrangements for reporting the survey results to Ofgem.

#### Form of the surveys

1.56. Each GDN is required to appoint an independent third party, such as a market research company, to undertake regular postal customer satisfaction surveys. Each GDN can appoint a different third party to carry out the survey but prior notification must be given to Ofgem of any change to provider. Ofgem reserves the right to audit the GDN's customer satisfaction survey arrangements to ensure that they are compliant with the RIGs.

1.57. GDNs (or their appointed third party) must not use financial or non-financial incentives to encourage customers to return completed surveys.

1.58. If a GDN wishes to use a format that is different to the standard templates, they may apply to Ofgem for permission to do so. Any additional survey questions should appear after the questions required by the template.

1.59. GDNs must satisfy themselves that in undertaking these customer surveys they comply with the relevant data protection and other information legislation.

### **Provision of information to the independent third party**

#### Survey population

1.60. For each month, GDNs must provide to the independent third party all relevant details of customers who have experienced an activity specified in Table A5.1 since the beginning of the month for which records are available, as well as any customers that experienced the activity in previous months but whose details were not presented for sampling in that month. The provision of information is subject to certain exclusions specified below.

**Table A5.1 Customer survey population**

<b>Activity</b>	<b>Population</b>
Planned work	Customers of the GDN who have, during the relevant month, been affected by planned work carried out by the GDN on service pipes which is likely to have caused an interruption to their gas supply.
Emergency and repair	Customers of the GDN who have, during the relevant month: <ul style="list-style-type: none"> <li>• been affected by work carried out by the GDN on service pipes which is likely to have been associated with an unplanned interruption to their gas supply, and/or</li> <li>• contacted the gas emergency telephone line to report a leak or interruption to their gas supply.</li> </ul>
Connections	Domestic customers and non-domestic customers consuming less than 73,200 kWh per annum who have had work completed on a new or altered existing gas connection during the relevant month. The sample group does not include customers whose dealings with the GDN were via a gas supplier, independent gas transporter or utility infrastructure provider (UIP).

#### Exclusions

1.61. Customers who have been sent a customer satisfaction survey in accordance with Standard Special Condition D9 in the previous twelve months should be excluded from the sample group.

1.62. In addition, GDNs may exclude a customer from the survey if the customer has experienced, or is living within the vicinity of other customers that have experienced a major gas emergency situation such as an explosion or an incident involving

carbon monoxide. In such cases the GDN does not need to provide the relevant customer's details to the third party.

1.63. Each GDN should inform Ofgem when the results are submitted of the number of customers that have been excluded from the data sent to the third party for sampling and the reasons for the exclusion.

### **Sample selection and frequency of the surveys**

#### Number of customers to be sampled

1.64. The appointed independent third party is required to select the samples for each survey randomly from the information provided by the GDN. The number of customers surveyed should be sufficient to ensure that a statistically robust sample of responses is returned by customers to the GDN. Table A5.2 sets out the minimum number of survey forms that should be completed and returned to the GDN for each type of survey in each quarter.

**Table A5.2 Minimum sample sizes (per quarter)**

<b>Type of survey</b>	<b>Minimum number of survey returns</b>
Emergency response and repair	200
Planned work	150
Connection services	100

1.65. We would expect the minimum quarterly targets to be spread across each month in the quarter, subject to meeting the minimum requirements.

1.66. If the number of survey forms returned for any survey in any quarter exceeds the minimum number, then the results should be calculated from all of the completed surveys.

#### Frequency of the surveys

1.67. Each GDN is required to undertake the surveys on a monthly basis with a one month lag after work/contact with the customer.

#### Calculating the results of the survey

1.68. This section sets out how GDNs should calculate the results from the returned customer surveys.

1.69. The survey has a number of screening questions and questions that ask customers to score the GDN's performance. For the purposes of the RIGs, those questions which ask the customer to score the GDN's performance are termed 'relevant' questions'.

1.70. The customer satisfaction survey results for the relevant questions should be scored on a scale of one to ten, where a score of one indicates that the respondent is very dissatisfied and a score of ten indicates that the respondent is very satisfied.

1.71. While all questions in the customer satisfaction survey are relevant, the customer satisfaction surveys will be scored on one question only. These will be:

- Planned work – Question 11,
- Connections – Question 11, and
- Emergency response and repair – Question 15.

1.72. Where Ofgem provides a template, GDNs and their third parties should calculate the results of the survey in accordance with the template.

### **Reporting arrangements**

1.73. Where Ofgem provides a customer satisfaction table to report performance, GDNs must submit the information in the format specified in the table.

1.74. Each GDN must publish its annual results on its website within one month of the results being provided to Ofgem. Ofgem will also publish the annual results on its website.

## Appendix 6 – Customer satisfaction survey covering letter

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Gas Customer  
[Customer Address]

[Date]

Dear Gas Customer,

### **We want to know what you think**

[Company] is responsible for ensuring that gas is piped safely and efficiently across the [geographical area], irrespective of who you choose as your gas supplier.

[Company] is always looking for ways to improve the service it offers to gas customers. To help in this process [Company] has commissioned [agency name], an independent company, to conduct a survey on its behalf. The results of this survey will also be reported to Ofgem, the industry regulator, and published on its website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)).

I enclose a questionnaire which seeks your views on the service provided by {Company} [when responding to your call to the gas emergency phone line and/or carrying out a repair to the gas pipes to your property]/[when replacing the gas mains outside your property]/[ completing connections work at your property].

The questionnaire should only take a couple of minutes to complete and any answers you give will be treated in complete confidence. Please tick the box at the end of the survey if you would like any information which personally identifies you to be destroyed. Please return the survey using the enclosed pre-paid envelope.

If you need help to complete this survey, for instance if English is not your first language or you are blind or partially sighted, please contact us on [insert agency details]. If you have an issue that you would like to discuss directly with [company], please contact the [Company] Customer Service Team on [insert details].

Your views are valuable to us and we would like to thank you for your help in completing this survey.

Yours faithfully,

[Insert name]

**Safety note:** If you smell gas, please call the national 24 hour gas emergency service on freephone 0800 111 999 (calls will be recorded and may be monitored).

## Appendix 7 – Planned work survey

[Company name's] records show that they carried out work on your incoming gas supply. Please complete the questionnaire using a black pen to put a cross in the appropriate boxes like this . Where the question asks you to indicate your level of satisfaction, please rate your level of satisfaction on a scale of one to ten.

1. Was your gas supply interrupted as a result of the work on your incoming gas supply?

Yes  No  I don't know  I am a business customer

2. For how many hours was your gas supply interrupted?

0-4  5-8  9-12  13-16  17-23  24+  I don't know

3. How satisfied were you that your supply was restored as soon as possible?

Very dissatisfied										Very satisfied	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1	2	3	4	5	6	7	8	9	10		

4. Did you receive advance notification that we would be working in your area?

Yes  No (please go to question 6)

5. How satisfied were you with the advance notification?

Very dissatisfied										Very satisfied	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1	2	3	4	5	6	7	8	9	10		

6. How satisfied were you with site tidiness?

Very dissatisfied										Very satisfied	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1	2	3	4	5	6	7	8	9	10		

7. How satisfied were you with the communication from [company name](or their contractors) while the work was being carried out?

Very dissatisfied										Very satisfied	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1	2	3	4	5	6	7	8	9	10		

8. After the work was completed, how satisfied were you with the length of time it took to make good the excavation?



Very dissatisfied										Very satisfied	
1	2	3	4	5	6	7	8	9	10		

9. How satisfied were you with the skill and professionalism of the workforce that carried out the work at your property?

Very dissatisfied										Very satisfied	
1	2	3	4	5	6	7	8	9	10		

10. How satisfied were you with the overall quality of work carried out?

Very dissatisfied										Very satisfied	
1	2	3	4	5	6	7	8	9	10		

11. Overall how satisfied are you with the service you have received from (company name)?

Very dissatisfied										Very satisfied	
1	2	3	4	5	6	7	8	9	10		

All information given here will be treated as confidential. Your responses and comments will be used only as part of this survey and will not be attributed to you or to your address. However, it is sometimes appropriate for us to pass on your comments, together with your contact details to [company name] for their attention. We will only do this if you do not tick the box below.

No, I would not like my contact details passed to [company name], as appropriate.



## Appendix 8 – Emergency response and repair survey template

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[Company name's] records show that:

- you reported a leak or interruption to your incoming gas supply; and/or
- they carried out a repair on your incoming gas supply.

Please complete the questionnaire using a black pen to put a cross in the appropriate boxes like this . Where the question asks you to indicate your level of satisfaction, please rate your level of satisfaction on a scale of one to ten.

1. Did you ring the national gas emergency telephone service (0800 111 999) to report a gas leak or an interruption to your gas supply?

Yes  No (please go to question 6)

2. How satisfied were you with the length of time it took to get through to an operator?

Very dissatisfied					Very satisfied				
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5	6	7	8	9	10

3. How satisfied were you with the information and safety advice provided by the operator?

Very dissatisfied					Very satisfied				
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5	6	7	8	9	10

4. Did a gas safety engineer attend your premises to investigate a gas leak or interruption to your gas supply?

Yes  No (please go to question 7)

5. How satisfied were you with the time it took for the engineer to attend your property in response to your reported gas leak or interruption to your gas supply?

Very dissatisfied					Very satisfied				
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5	6	7	8	9	10

6. If the engineer disconnected any appliances at your property, did he or she provide a list of Gas Safe registered engineers to contact to reconnect your appliances or provide the appliance helpline telephone number?

Yes  No  I don't know  Didn't disconnect

7. Was your gas supply interrupted? Please note that interruption here means the loss of the incoming gas supply to your property rather than an engineer disconnecting specific appliances.

Yes  No

8. For how many hours was your gas supply interrupted?

0-4  5-8  9-12  13-16  17-23  24+  I don't know

9. How satisfied were you that your gas supply was restored as soon as possible?

Very dissatisfied										Very satisfied	
1	2	3	4	5	6	7	8	9	10		

10. How satisfied were you with the way [company name] (or their contractors) communicated with you while your supply was interrupted?

Very dissatisfied										Very satisfied	
1	2	3	4	5	6	7	8	9	10		

11. How satisfied were you with site tidiness?

Very dissatisfied										Very satisfied	
1	2	3	4	5	6	7	8	9	10		

12. After the work was completed, how satisfied were you with the length of time it took to make good the excavation?

Very dissatisfied										Very satisfied	
1	2	3	4	5	6	7	8	9	10		

13. How satisfied were you with the skill and professionalism of the workforce that carried out the work at your property?

Very dissatisfied										Very satisfied	
1	2	3	4	5	6	7	8	9	10		



14. How satisfied were you with the overall quality of work carried out?

Very dissatisfied										Very satisfied	
1	2	3	4	5	6	7	8	9	10		

15. Overall how satisfied are you with the service you have received from (company name)?

Very dissatisfied										Very satisfied	
1	2	3	4	5	6	7	8	9	10		

All information given here will be treated as confidential. Your responses and comments will be used only as part of this survey and will not be attributed to you or to your address. However, it is sometimes appropriate for us to pass on your comments, together with your contact details to [company name] for their attention. We will only do this if you do not tick the box below.

No, I would not like my contact details passed to [company name], as appropriate.

## Appendix 9 – Connections survey template

[Company name's] records show that they issued you a quotation and / or carried out work to lay a new connection, or to alter an existing gas supply to your property. Please complete the questionnaire using a black pen to put a cross in the appropriate boxes like this . Where the question asks you to indicate your level of satisfaction, please rate your level of satisfaction on a scale of one to ten.

1. Are you a domestic or business customer?

Domestic       Business

2. How satisfied were you with the application process and the clarity of the forms you were required to complete?

Very dissatisfied										Very satisfied	
1	2	3	4	5	6	7	8	9	10		

3. How satisfied were you with the time taken to provide the quotation?

Very dissatisfied										Very satisfied	
1	2	3	4	5	6	7	8	9	10		

4. How satisfied were you with the time it took for [company name] to schedule a date for your works to be carried out once you had accepted the quotation?

Very dissatisfied										Very satisfied	
1	2	3	4	5	6	7	8	9	10		

5. If the works at your property are complete, how satisfied were you with the length of time it took for the work to be carried out?

Very dissatisfied										Very satisfied	
1	2	3	4	5	6	7	8	9	10		

6. How satisfied were you with the skill and professionalism of the workforce?

Very dissatisfied										Very satisfied	
1	2	3	4	5	6	7	8	9	10		

7. How satisfied were you with site tidiness?

Very dissatisfied										Very satisfied	
1	2	3	4	5	6	7	8	9	10		



8. After the work was completed, how satisfied were you with the length of time it took to make good the excavation?

Very dissatisfied										Very satisfied	
1	2	3	4	5	6	7	8	9	10		

9. How satisfied were you with the overall quality of work completed?

Very dissatisfied										Very satisfied	
1	2	3	4	5	6	7	8	9	10		

10. How satisfied were you with the overall communication from [company name]?

Very dissatisfied										Very satisfied	
1	2	3	4	5	6	7	8	9	10		

11. Overall how satisfied are you with the service you have received from (company name)?

Very dissatisfied										Very satisfied	
1	2	3	4	5	6	7	8	9	10		

All information given here will be treated as confidential. Your responses and comments will be used only as part of this survey and will not be attributed to you or to your address. However, it is sometimes appropriate for us to pass on your comments, together with your contact details to [company name] for their attention. We will only do this if you do not tick the box below.

No, I would not like my contact details passed to [company name], as appropriate.

## Appendix 10 – Guaranteed Standards of Performance

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1.76. The instructions for completing table 8.3 Guaranteed standards of performance (GSOPs) is detailed in chapter 10. This appendix covers definitions and detailed reporting requirements.

1.77. To discharge the obligation to make payments to a customer under the GSOPs Gas Transporters (GTs) can make the payments directly to a customer, where applicable to another GT for onward transmission to a customer, or to shippers for prompt onward transmission via suppliers to the customer.

1.78. GTs can choose to make additional ex gratia payments where they consider it to be appropriate or make such payments where an exemption applies.

1.79. It should be noted that for all standards, references to the “number of payments” requires the licensee to detail the number of individual payments made to customers. For example, a customer who received three payments for one standard, following a three day failure by the GT, would be recorded as three individual payments. This is distinct from the number of customers where the relevant standard was not met which is recorded separately, for example, the “number not provided within timescale”.

1.80. Payments per GSOP are summarised in table A10.2 at the end of this chapter.

### **GSOP1 (Regulation 7) - Supply restoration.**

1.81. Gas Transporters must restore customers’ gas supplies within 24 hours following unplanned interruptions on their network. Where a GT fails to do this, it must pay domestic customers £30 and non-domestic customers £50. GTs are required to pay further compensation of £30/£50 for each subsequent period of 24 hours until the customer’s supply is restored. There is a cap on liability for a single incident of £1000 per customer.

1.82. GTs are exempt from making compensation payments to a customer under this regulation in respect of a particular incident, if that incident:

- causes disruption to more than 30,000 customers' premises;
- was caused by the customer who would otherwise be due payment under GSOP1; or
- was caused by severe weather conditions or other circumstances of an exceptional nature, provided that the GT took all reasonable steps to prevent the circumstances from occurring and from causing an interruption;

1.83. Where an interruption is caused by a GT whose pipe-line system is not connected to the customer's premises, and provided that the GT responsible for the interruption has been informed within five days following the end of the interruption of the number of customers affected, whether each of those customers are domestic or non-domestic and of the duration of the interruption for each customer, the GT

causing the interruption shall be liable for the compensation payments. The liable GT can make the payment(s) to the customer directly, to the GT whose pipe-line system is connected to the customer's premises or to the relevant shipper.

1.84. Compensation arrangements under GSOP1 do not apply to customers whose annual gas consumption exceeds 73,200 kWh per year. Compensation arrangements for these customers are set out in the Uniform Network Code.

### **GSOP2 (Regulation 8) – Reinstatement of customers' premises.**

1.85. Following the completion of work to a service pipe and any associated work to a distribution main where the pipe or main lies under or within the premises of a customer, GTs are required to reinstate those premises within 5 working days.

1.86. GSOP2 requires GTs to ensure that a customer's premises are reinstated to a reasonable standard having regard to its condition before the start of the works. In particular, access routes to buildings on those premises should be reinstated so that they are reasonably fit to be used as they were before the start of the works.

1.87. A customer's premises shall be deemed to have been reinstated where :

- any drive, path or other route used to obtain access to any building on the customer's premises and any building or structure on those premises has been replaced or repaired so that the drive, path, other route, building or structure is reasonably fit for the type of access or use for which it was used prior to commencement of the work; and
- any other part of the premises, including any garden or lawn, has been reinstated, so far as is reasonably practicable, to a reasonable standard and with reasonable care and skill having regard to its condition prior to commencement of the work.
- GTs failing to meet this standard shall pay £50 to domestic and £100 to non-domestic customers and shall make further payments of £50/£100 for each succeeding period of 5 working days during which the failure occurs.

1.88. GTs are exempt from making compensation payments under this regulation:

- if the work in question was requested by the customer who would otherwise be due compensation under GSOP2 and the work related to the connection or alteration to the connection of the customer's premises; or
- If the work was required as a result of the act or default of a customer or a person under the customer's control.

### **GSOP3 (Regulation 9) – Priority domestic customers**

1.89. A priority domestic customer is a domestic customer in respect of whom the relevant details included on the Priority Service Register maintained by gas suppliers in accordance with the gas suppliers' licence have been provided to the relevant gas transporter.

1.90. This standard requires that where there is an interruption to the supply to the premises of a priority domestic customer whose details have been supplied to a GT, the GT must provide alternative cooking and heating facilities at the customer's premises.

1.91. Where a GT has notified the customer of a service interruption, it must provide alternative facilities within 4 hours of the start of the interruption.

1.92. Where a GT has not notified the customer of a service interruption and the interruption affects less than 250 customers, it must provide alternative facilities within 4 hours of the start of the interruptions. Where the interruption affects 250 or more customers, it must provide the facilities within 8 hours of the start of the interruption.

1.93. If the GT does not deliver the necessary facilities to the customer's premises but instead makes those facilities available to customers for collection at a reasonably convenient location for the customer and notifies the customer of that location then, provided that the GT could reasonably have expected the customer to have collected or arranged for the collection of the facilities, the GT will be deemed to have complied with this standard.

1.94. In each case, where a GT fails to meet the required standard, a compensation payment of £24 shall be made to the customer upon receipt of a valid claim from a customer within 3 months of the interruption.

1.95. In calculating whether a GT has complied with GS3, the period from 8:00pm – 8:00am is excluded from the calculation.

1.96. The alternative facilities that must be provided are, in respect of heating, an electric fan heater and, in respect of cooking, a single ring electric or bottled gas appliance or, in either case, any reasonably equivalent appliance.

1.97. GTs are exempt from making compensation payments under GSOP3 if the customer has alternative heating or cooking facilities or if the customer declines alternative heating or cooking facilities offered to them by the GT.

### **Application of Guaranteed Standards for connections**

1.98. Guaranteed standards 4 – 11 (GSOP4 – GSOP11), inclusive, do not apply:

- to the conveyance of gas at a pressure of greater than 7 bar;
- to developments of at least five new build domestic or non-domestic premises where there is no existing connection to the relevant GTs pipe-line system; to complex connections and excluded connections, as described in statements issued by the relevant GT pursuant to its licence; and
- where relevant, if the customer requests a deferral.



1.99. GTs are exempt from the requirement to make payments to customers under Guaranteed Standards 4 – 11 (GSOP4 – GSOP11), inclusive, in any of the circumstances mentioned in the paragraphs describing the individual standards below and, generally, if:

- a GT cannot provide an accurate quotation within the relevant time scale because the quotation will include costs that can only be negotiated with and paid to a third party;
- consents required from third parties cannot be obtained by reasonable endeavours;
- in the case of a quotation not requiring a site visit, a GT makes an incorrect assumption in providing that quotation as a result of the customer providing incorrect or incomplete information;
- any visit is made wholly or mainly in connection with disconnecting the premises;
- where the service relates to the provision of metering services as defined in the GTs licence; and
- where a GT considers a request to be frivolous or vexatious.

**GSOP4 (Regulation 10(3)(a)), GSOP5 (Regulation 10(3)(b)(i)) and GSOP6 (Regulation 10(b)(ii)) – Provision of quotations**

1.100. GTs are required under GSOP4 to provide a standard quotation within 6 working days of receiving a request from a customer for a quotation for a new connection or an alteration to an existing connection up to and including 275 kWh per hour. If the GT fails to meet this standard, it shall pay both domestic and non-domestic customers compensation of £10 and a further £10 for each working day that the failure continues, up to a maximum of £250 or the quotation sum, whichever is lower.

1.101. If a non-standard quotation is required, the GT shall, under GSOP5, provide the customer with the quotation within 11 working days from receipt of the request for connection in respect of connections up to and including 275 kWh per hour compensation payment of £10 will be due to both domestic and non-domestic customers if this standard is not met. Further payments of £10 will also be payable for each working day that the failure continues, up to a maximum of £250 or the quotation sum, whichever is lower.

1.102. If a non-standard quotation is required and the connection exceeds 275 kWh per hour, GSOP6 specifies that GTs have 21 working days from receipt of the request for connection within which to provide the quotation. A compensation payment of £20 will be due to both domestic and non-domestic customers if this standard is not met. Further payments of £20 will also be payable for each working day that the failure continues, up to a maximum of £500 or the quotation sum, whichever is lower.

1.103. In each of these cases, if a GT provides a quotation that is later found to be inaccurate for the purposes of GSOP7, it shall be deemed to have failed to comply with the relevant standard.

### **GSOP7 (Regulation 10(3)(c)) – Challenges to the accuracy of quotations**

1.104. This standard requires that GTs must refund any overcharge that has been paid by customers who receive and challenge inaccurate quotations for a new connections or the alteration of an existing connection.

1.105. Such a challenge by a customer regarding the accuracy of a quotation must be made and found to be inaccurate in accordance with any accuracy scheme published by the GT.

### **GSOP8 (Regulation 10(3)(d)) – Responses to land enquiries**

1.106. GTs must respond to a land enquiry in respect of a new connection or the alteration of an existing connection within 5 working days and must pay compensation of £40 to both domestic and non-domestic customers if this standard is not met.

1.107. Further compensation payments of £40 will be due to customers for each subsequent working day during which the failure occurs, up to a maximum of £250 in respect of an enquiry relating to a new connection or the alteration of an existing connection up to and including 275 kWh per hour, or a maximum of £500 for enquiries relating to a new connection or the alteration of an existing connection above 275 kWh per hour.

### **GSOP9 (Regulation 10(3)(e)(i)) and GSOP10 (Regulation 10(3)(e)(ii)) – Provision of dates for commencement and substantial completion of connection work**

1.108. GSOP9 provides, within 20 working days of receipt of a customer's acceptance of a quotation for a new connection or the alteration of an existing connection of up to 275 kWh per hour, that GTs must provide customers with dates for the commencement and substantial completion of the work. GTs failing to comply with this standard shall make a payment of £20 to domestic and non-domestic customers and further payments of the same amount for each working day on which the failure continues up to a maximum of £250 or the contract sum, whichever is lower.

1.109. GSOP10 provides, within 20 working days of receipt of a customer's acceptance of a quotation for a new connection or the alteration of an existing connection of above 275 kWh per hour, that GTs must provide customers with dates for the commencement and substantial completion of the work. GTs failing to comply with this standard shall make a payment of £40 to domestic and non-domestic customers and further payments of £40 for each working day on which the failure continues up to a maximum of £500 or the contract sum, whichever is lower.

### **GSOP11 (Regulation 10(3)(f)) – Completion of work on the agreed date**

1.110. Under this standard, GTs are required to substantially complete connections on the date agreed with the customer. GTs failing to meet this standard, must make a payment to the customer of the amount specified in the table below and further

payments of the same amount for each working day until the works are substantially complete, up to the level of the relevant cap, also specified in the table A10.1.

**Table A10.1**

<b>Contract sum</b>	<b>Compensation payment due</b>	<b>Cap on compensation payments</b>
Up to and including £1,000	£20	The lesser of £200 or the contract sum
Over £1000 but not exceeding £4000	The lesser of £100 or 2.5% of contract sum	25% of the contract sum
Over £4,000 but not exceeding £20,000	£100	25% of the contract sum
Over £20,000 but not exceeding £50,000	£100	£5,000
Over £50,000 but not exceeding £100,000	£150	£9,000

### **GSOP12 (Regulation 12) – Payments to customers under these Guaranteed Standards**

1.111. GSOP12 provides that, where payment is due to a customer under any of the Guaranteed Standards described in this document, GTs must dispatch a note to the customer advising that payment is due and also make the payment within 20 working days. GTs failing to comply with this standard must make a payment of £20 to the customer.

1.112. GSOP1 provides that a GT can be liable for payments to a customer whose premises are not connected to its pipe-line system. In these circumstances, the liable GT is required to make those payments, or make payments to the GT whose pipe-line system is connected to the customer’s premises to be passed on to the customer. The liable GT is required to do so within 10 working days. GTs failing to comply with this standard must make a payment of £20 to the customer.

1.113. Where a GT receives such a payment to be passed on to the customer, GSOP 12 provides that the GT receiving payment must pass this payment on to the customer within 5 working days. GTs failing to meet this standard are required to make a payment of £20 to the customer.

1.114. A GT is exempt from this standard if there is a genuine dispute between that GT and the customer over whether a payment is due.

1.115. GTs can comply with the requirements of GSOP 12 by making the payment to the relevant shipper, provided that it does so in compliance with the terms of standard condition 20 of the GT licence.

### **GSOP13 (Regulation 10A) – Notice of planned interruption**

1.116. Where a GT intends to carry out planned maintenance or replacement work to its pipe-line system that will cause an interruption to the supply of customers’ premises, GSOP13 provides that the GT must give each affected customer no less

than 5 working days' notice of when the interruption is expected to commence and stating the need for the interruption. GTs failing to meet this standard must pay the customer £20.

1.117. GTs are exempt from making payments under GSOP13 if the customer fails to submit a valid compensation claim within three months of the interruption to the supply.

### **GSOP14 (Regulation 10B) – Responding to complaints**

1.118. This standard requires that GTs receiving written complaints or verbal complaints to a specified customer service telephone number to which the GT reasonably expects that the customer will anticipate a response shall provide a substantive response within 10 working days. GTs failing to meet this standard must make a payment of £20 to the customer.

1.119. Where a GT receives such a complaint and is unable to provide a substantive response within 10 working days, either because a site visit is required or because it needs to make enquiries of a person who is not one of its officers, employees or agents, it shall, within that 10-day period, write to the customer including the name, telephone number and address of the employee whom the customer can contact regarding the complaint. It shall also state that a substantive response will be provided within 20 days of receipt of the complaint. GTs failing to meet this standard must make a payment of £20 to the customer.

1.120. The GT is then required to provide a substantive response within this 20-day period. GTs failing to meet this standard must make a payment of £20 to the customer.

1.121. In any instance where a payment is due to a customer under this standard, a further payment of £20 shall be due to the customer for each period of five working days that the failure continues, up to a maximum of £100.

1.122. GTs are not required to make payments under GSOP14 if:-

- the customer informs the GT before the relevant response is due that they do not wish the GT to take any action in relation to the complaint
- where a GT needs to contact the customer or a person who is not one of its officers, employees or agents, the GT has not received a reply from the relevant person or has not been able to contact them, having taken all reasonable steps to have done so, and having notified the customer within the relevant period that this is the case
- where a site visit is required, the customer has requested an appointment after the time when the response would have been due or
- the GT reasonably considers that the complaint was frivolous or vexatious.

1.123. GTs should also be aware of the implications of the new complaint handling standards. Under the Consumers, Estate Agents and Redress Act 2007, Ofgem is

required to make regulations covering the handling of consumer complaints to the regulated Gas and Electricity companies. The new standards came into effect on 1 October 2008. For further information, please read Ofgem's document entitled 'Complaint handling standards', details of which can be found in the 'Associated Documents' section above.

### **Generic exemptions from payments under these standards**

1.124. In addition to the exemptions described above, GTs are exempt from the requirement to make payments under GSOP 1 – 13 if:

- the customer informs the GT before the payment becomes due that they do not wish for the GT to take any action in relation to the matter;
- the customer agrees with the GT that action taken by the GT before payment becomes due shall be treated as the action required by the regulation and, if the action taken includes a promise to do something, the GT keeps that promise;
- the customer has failed to provide the GT with information necessary for it to meet a standard, has failed to provide the information to the address or via the telephone number specified to the customer by the GT;
- it was not reasonably practicable for the GT to meet the standard due to:
  - severe weather conditions;
  - industrial action by the GT's employees or contractors;
  - the act or default of a person other than an officer, employee or agent of the GT, or a person acting on behalf of an agent of the GT;
  - the inability on the part of the GT to obtain necessary access to premises;
  - there being a situation where the GT would breach or be likely to breach an enactment in meeting a standard;
  - the effects of an event for which regulations have been made under Part 2 of the Civil Contingencies Act 2004;
  - delays caused by the need for the GT to seek a permit for street works under the Traffic Management Act 2004; or
  - other exceptional circumstances beyond the control of the GT but only where the GT has taken all reasonable steps to prevent the circumstances from occurring and to prevent them from having that effect;
  - the GT reasonably considers information provided by the customer to be frivolous or vexatious;
- the customer has:
  - committed an offence under paragraph 10 or 11 or Schedule 2B of the Act; or

- failed to pay charges to the GT after receiving a notice under paragraph 7 of Schedule 2B to the Act and any action taken or not taken by the GT is in accordance with the relevant section of the Act; or
- the GT has disconnected or refused to connect the customer's premises under Schedule 2B of the Act.

1.125. In relation to GSOP4-11, all of these exemptions apply. However, in the case of the exemption at sub-paragraph 4 of paragraph 2.53, only if the GT has given the customer at least one working days' notice that it would be unable to keep the timed appointment unless it was not reasonably practicable to do so.

1.126. In relation to GSOP13, only the generic exemptions at sub-paragraphs 1, 2, 4, 6 and 7 of paragraph 2.53 apply.

### **Disputes**

1.127. Decisions by GTs not to make a payment under the Regulations can be disputed by customers under section 33AB of the Gas Act 1986.

1.128. Such a dispute may be referred to Ofgem for determination. The determination will be made in accordance with the procedure detailed at Schedule 2 to the Regulations.

### **Guaranteed Standards of Performance - voluntary scheme**

1.129. Ofgem has agreed with DNs, to extend the connections guaranteed standards (GSOP4 – GSOP11) to apply to customer groups that are not covered under the Regulations through a voluntary scheme. For ease of reporting the Regulation's references have been adopted for reporting performance under the voluntary scheme.

1.130. These customer groups include:

- gas suppliers;
- shippers;
- independent connection providers (ICPs); and
- IGTs.

1.131. Reporting against the voluntary scheme (connections guaranteed standards, GSOP4 – GSOP11) for these customer groups should be separate to the non-voluntary scheme.

### **Guaranteed Standards of Performance – Notice of Rights**

1.132. Regulation 15(2) of the Regulations requires GTs to prepare a statement describing customers' rights under the guaranteed standards. The statement should cover regulations 7 - 14 and should explain the GSOPs and exemptions from those standards.

1.133. GTs are required to :

- provide a copy of the statement and of any revision to the statement to Ofgem and the National Consumer Council before sending the statement to gas suppliers (see below);
- not less than once in any 12 month period, send a copy of the statement to each gas supplier which supplies gas to customers' premises connected to the GTs pipeline system so that it can pass it on to its customers;
- make a copy of the statement available for inspection at its premises; and
- send a copy of the statement in its current form to anyone who requests it.

1.134. It is the GT's responsibility to ensure that the Notice of Rights ("the Notice") is issued to the suppliers so that the information contained in the Notices can be relayed to customers. Under Regulation 15, the Notice should explain the guaranteed standards and any exemptions that may apply.

1.135. It is the responsibility of suppliers to ensure that their customers are fully informed of the GT standards of performance. When forwarding information on to customers on behalf of the relevant GT, a supplier is not compelled to issue copies of the GTs document – the requirement is that they should issue the information on how the standards work and apply. The format of these statements is a matter for suppliers to consider.

**Table A10.2 Summary of Payments per GSOP**

<b>GSOP</b>	<b>Sub-criteria</b>	<b>Payment Value</b>
GSOP 1	Domestic	£30
	Non-Domestic	£50
GSOP 2	Domestic	£50
	Non-Domestic	£100
GSOP 3		£24
GSOP 4		£10
GSOP 5		£10
GSOP 6		£20
GSOP 7		
GSOP 8		£40
GSOP 9		£20
GSOP 10		£40
GSOP 11	Up to and including £1000	£20
	Over £1000 but not exceeding £4000	
	Over £4,000 but not exceeding £20,000	£100

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	Over £20,000 but not exceeding £50,000	£100
	Over £50,000 but not exceeding £100,000	£150
GSOP 12		£20
GSOP 13	Domestic	£20
	Non-Domestic	£50
GSOP 14		£20