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05 August 2015

Dear [redacted]

Open letter consultation on proposals to develop and introduce RIIO accounts

National Grid Electricity Transmission plc (NGET) owns and operates the electricity transmission system in England and Wales. National Grid Gas plc (NGG) owns and operates the gas transmission system throughout Great Britain and through our gas distribution business we distribute gas to approximately 11 million offices, schools and homes. This response is on behalf of both NGET and NGG.

National Grid already provides financial results prepared on a basis consistent with the way our revenues and costs are treated under RIIO. This additional information includes a view of our regulatory financial performance and position. We provide this information because we believe that our stakeholders find additional disclosures, such as our Regulatory Asset Value and performance under the RIIO incentives, beneficial. For this reason we agree that replacing regulatory accounting statements with RIIO accounts would be a positive development. Our experience in considering what information would be useful, and the basis of preparation of that information, leaves us well placed to help shape the development of RIIO accounts.

For the scope currently envisaged, we believe the timeline proposed is unrealistic. As outlined in the appendix, based on our experience, we believe that for RIIO accounts to be meaningful they will need to be based on forecast data such as forecast outputs and, most importantly, forecast allowances. If the RIIO accounts are to be restricted to using historical data only they will fail to fairly present the performance of some networks and are likely to misinform and mislead. The use of forecast data makes the preparation and audit of RIIO accounts more complex and we believe more time will be required to ensure the framework developed is fit for purpose.

The development of the Regulatory FRS in a matter of months is particularly ambitious. We advocate the development of high level principles only rather than a detailed framework. Developing such a set of principles retains the key benefits of the RIIO accounts project while potentially avoiding some of the challenges that a more prescriptive framework would encounter. These challenges will include the treatment of revisions to prior year values, judgements and assumptions made with regard to future allowances, and consistency with current regulatory reporting performance measures.

We also believe that it will be impractical to prepare and audit RIIO accounts to the same July deadline currently reserved for the regulatory accounts. The RIIO accounts will take longer to prepare. Extending the deadline to 30 September will ensure the RRP data, which is prepared on a broadly consistent basis, is available to assist with any validation and audit processes. Producing the RIIO accounts sequentially after the RRP rather than in parallel will be more efficient and less costly.

We support the principle of ensuring high standards of regulatory corporate governance. Our licences already require the networks to include a business review, corporate governance statement and directors' report in the regulatory accounts as though the licensee were a quoted company. This is an appropriate level of disclosure which already meets most of the stated objectives in relation to governance. We believe any additional requirements relevant to a regulated network should be made on a case-by-case basis and individually identified rather than replacing the current requirements with a statement of compliance with the UK Corporate Governance Code.

Consideration should be given to a two stage approach to the implementation of RIIO accounts. The first stage could see the development of a set of high level principles and expectations. The experience gathered from implementing these principles could then inform further development of the RIIO accounts concept.

Our detailed responses to the consultation can be found in the appendix to this response in the format requested. We encourage Ofgem to engage far more with the networks, audit firms, and other stakeholders of the RIIO accounts using workshops and discussion groups as appropriate.

There are a number of challenges to overcome in the development of RIIO accounts and we have sought to identify some of them in this response. We believe RIIO accounts are the right way forward and look forward to working closely with Ofgem to find the optimal approach.

This response is not confidential.

Yours sincerely

By email

[redacted]

Appendix - FEEDBACK QUESTIONNAIRE

Section 1 - About you	
Question	**Response**
What is your name	[redacted]
What is your job title	Financial Controller, RIIO Optimisation
What is your contact detail	[redacted]
What is your company name	National Grid, including National Grid Electricity Transmission and National Grid Gas.
What is the name of your group (applicable only if you are representing a user group)	

Section 2 – RIIO Accounts	
Questions	**Response**
1. Do you have any comments on the withdrawal of the current regulatory accounts as specified in standard special licence conditions A30 on Regulatory accounts for Gas Distribution and Transmission, standard condition B1 on Regulatory accounts for Electricity Transmission and standard condition 44 on Regulatory accounts for Electricity Distribution?	We agree that the regulatory accounts as currently specified should be withdrawn if licensees are going to be required to produce RIIO accounts. We believe Ofgem should also take the opportunity to remove those parts of the current RRP / RIGS requirements that overlap, e.g. income statement etc. If a set of accounts based on RIIO principles is considered more relevant than IFRS values the IFRS numbers currently included in the RRP that are taken from the current Regulatory accounts should also be withdrawn. If this consistent step is not taken the intention to replace one set of financial results with another will not be met and networks and customers will suffer the increased costs and regulatory burden of preparing numbers on both bases. In taking the opportunity to update the current licence conditions it would be wise to also change the due date for RIIO accounts. We would propose the RIIO accounts be required by 30 September rather than 31 July.

	The RIIO accounts will reflect numbers prepared on a consistent basis with the RRP. The RRP is subject to additional data assurance (DAG) licence conditions that the auditors will be able to review and / or place reliance on. It will be more efficient both for the networks preparing the accounts and the auditors for the accounts to be prepared and audited after the RRP has been completed. To prepare the RIIO accounts in parallel with the RRP rather than sequentially would increase costs with no clear customer benefit. Moving the due date from July to September is not only preferable from a control and cost perspective, it is also likely to be necessary to reflect the fact that RIIO accounts will be prepared on a different basis to the accounting ledgers and are likely to take longer to produce.
2. Do you agree with the use of RFRS principles as a basis for the preparation of RIIO accounts? If not, please give further information why.	We agree that providing information, such as a view of financial performance, based on the way costs and revenues are treated in the RIIO regulatory framework makes sense. As acknowledged in the consultation letter, National Grid already provides additional disclosures based on regulatory treatments. Whether or not we agree with the development of a Regulatory FRS (RFRS) depends on the nature and content of any proposed RFRS. These, in turn, will depend on the purpose and objectives of the RIIO accounts. The experience we have gained from preparing disclosures on a regulatory basis has helped us to identify and resolve a number of complex issues in the detailed preparation of our own regulatory performance numbers.

	If the RIIO accounts are intended to give a meaningful representation of financial performance, we believe that they will need to be based, in part, on forecast data and judgements. This is because the actual totex performance of a network in a single year requires a comparison of spend to allowances. Under RIIO, the allowances (including for prior years) depend both on future decisions by the regulator and, for some networks, outputs not yet delivered. If the allowances reflected in the RIIO accounts do not reflect forecasts of outputs, the accounts will be comparing incompatible allowances and expenditure. This context of requiring forecast information may make it very challenging to achieve consensus between the various interested parties on the detailed content and requirements of the RFRS. We also believe it is highly unlikely that an RFRS can be developed as quickly as the timeline in appendix 3 suggests. We note that it typically takes the IASB many years to develop a new accounting standard. For example, IFRS 15 on revenue recognition will have taken 10 years from the first discussion paper in 2008 to the revised effective date of 1 January 2018. Also, for standards issued in the last four years, companies have had between one and a half and four years to prepare for any changes once the standard has been issued. Given the significant changes expected to the reporting framework we would expect, as a minimum, the RFRS to be finalised before the start of the financial year for which the first RIIO accounting

	numbers would be produced (i.e. the comparative period). An RFRS developed by March 16 could then be used for a set of accounts for the year ending March 18 with comparatives for the year to March 17. The IASB's ongoing work on the Financial Effects of Rate Regulation is also relevant because it could change the basis of the IFRS reported results. The development of a set of RIIO accounts that is different to an IFRS set of accounts reflecting (at a future date) the nature of a rate regulated entity has the potential to be confusing and misleading for the users of accounts. We therefore believe the objectives of the RIIO accounts concept would be best served by setting out only very high level principles and requirements, leaving the majority of the issues and challenges to be resolved by the networks individually. By retaining flexibility, such an approach may reduce the consistency of RIIO accounts but this can be mitigated by two compensating measures: • A requirement for networks to provide a number of disclosures, such as key judgements and assumptions (concerning forecast allowances for example). This will aid the comparability of the accounts by an informed user. • An expectation that the RFRS would be reviewed at a later date to see if further developments are required based on the experiences of the first few years. The users of the published accounts of the regulated networks are familiar

	with IFRS reported results and these results will continue to need to be produced. A reconciliation of the RIIO accounts to accounts prepared under IFRS will be required (initially at least) to give users additional comfort in the accounts and a reference point that they understand and recognise. The introduction and implementation of RIIO accounts will increase costs to networks and consumers because an up-skilling of personnel in the networks and audit firms will be required. These teams currently focus on an IFRS basis of reporting rather than the less familiar and more intricate detailed workings of the RIIO price controls. <u>Detailed RFRS issues</u> The remainder of our response to this question focuses on a number of detailed issues that would need to be considered in any RFRS if it goes beyond a statement of high level principles and requirements. The inclusion of incentive performance earned but not yet received in revenues is, on the face of it, one of the simplest differences between IFRS and RIIO accounts and should be easily accommodated. However, these incentives are typically received 2 years later, adjusted for RPI and uplifted for the time value of money, albeit the time value of money adjustment sometimes uses the allowed return and in other cases uses the Bank of England official base rate. • How should the uplifts for RPI and the time value of money be reflected in the statement of financial performance? Three options include excluding them, including an estimate, or recognising the uplift in the

	intervening two years until the revenue is received. • What about incentives such as the stakeholder discretionary reward that relate to and are therefore earned in a given year but are not determined by the Authority until the following year? Should they be recognised based on an estimate or excluded until the value is known? The most complex area for the RFRS and RIIO accounts will be the judgements and assumptions concerning the allowance values that should be used to generate the RIIO accounts. By July (or September) the factual / historical data available will include the allowances determined by the Authority and used in the annual iteration in the previous November (using data that is typically one year old by the time the RIIO accounts are produced), the actual costs incurred by the network for the year concerned, and the outputs the network has delivered in the year (but which will not yet have flowed through to allowance adjustments). For some networks, the outputs reported in the July RRP are likely to result in future changes in current year and historic totex allowances that can be calculated based on the uncertainty mechanisms stipulated in the licence. The outputs reported in future years will also result in changes to allowances for historic years. For example, NGET has a number of material uncertainty mechanisms where the totex allowance for 2015/16 will be finally known based on outputs delivered up to and including 2018/19, reported in July 2019 and directed by the Authority in November 2019. If

	RIIO accounts can only be based on confirmed data and allowances, the performance for 2015/16 would not be accurately known and fairly reported until the 2019/20 RIIO accounts were prepared. Any set of RIIO accounts that fails to take into account the allowances that are expected to be eventually awarded for a year would be materially misleading. To be relevant and reliable a set of RIIO accounts would therefore need to make use of forecast data relating to future output delivery and future allowance adjustments. The RIIO frameworks include a number of re-opener uncertainty mechanisms where costs already incurred, and projected to be incurred, may give rise to future allowance adjustments. Where a network has incurred costs that are eligible for such an uncertainty mechanism, a fair reflection of performance would include an assumption that an allowance will be received against those costs. The value of those allowances is usually based on a review by Ofgem of a claim made by the network. An issue to consider is what value should be used for the associated allowance in the RIIO accounts in advance of Ofgem's review. If judgements on the values to be included are to be audited, Ofgem are likely to have to set out much clearer, quantifiable, criteria in advance by which any future cost submissions will be judged. As highlighted above, we believe the RIIO accounts will not be relevant or meaningful unless they make use of forecast data and allowance projections. The eventual actual results may not match the forecasts. A material issue to consider in the RFRS is how such forecasting differences

	should be treated. Should prior year values be updated, should the impact flow through to the current year performance, or should adjustments relating to prior years be treated in some other way (disclosure perhaps)? These differences could be material in some cases and the treatment of them is highly relevant to the objectives and purpose of the RIIO accounts. Finally, the current Regulatory accounts can be easily reconciled to the statutory accounts of a company prepared under IFRS. RFRS can only meaningfully apply to the RIIO regulated parts of the company. Clarity should be given on whether the RIIO accounts are intended to apply to the RIIO regulated parts of the network companies only or whether the non-RIIO elements should be included but reported on an IFRS basis.
3. Do you agree that the new framework for reporting on Network's financial position and performance would be more beneficial to users and stake holders? If you don't please explain.	As explained in our response to question 2, we agree that reporting financial results based on the way costs and revenues are treated in the RIIO regulatory framework is useful to users and stakeholders and that is why National Grid already provides additional disclosures based on regulatory treatments. However, many investors can choose where to invest their capital in global financial markets and can choose between different industries and countries etc. Results reported on an IFRS basis provide a generally understood and consistent basis of reporting, and comparison, for international investors, and are consistent with the requirements under company law. For this reason, users and stakeholders will continue to value

	results prepared on an IFRS basis. Preparing additional disclosures on a regulatory basis on top of IFRS results retains the consistency and familiarity of IFRS results with the additional insight provided by the regulatory view of performance and position. As explained elsewhere in this response, we believe there are a number of complex issues that need to be addressed in developing a consistent RFRS framework. A robust consideration of these issues is required if the objective of producing better information, reflecting the regulatory performance of the networks, is to be provided. National Grid, as the owner of a number of regulated networks, is experienced in the application of international accounting standards to regulated entities. We look forward to using our experience to help Ofgem develop the RFRS. National Grid already prepares disclosures. If the new framework is too prescriptive it may result in results being prepared that are inconsistent with the disclosures we currently prepare. We believe it would be confusing rather than beneficial to users and stakeholders if the framework enforced a treatment that we do not agree with, potentially causing us to provide two sets of regulatory numbers in addition to our IFRS based results. A very high level statement of principles rather than a prescriptive framework would help to mitigate this risk. Consideration should also be given to

	the option of not obliging networks to publish RIIO accounts information in a prescribed way. Networks already provide information to stakeholder groups such as those referred to in the consultation based on the requirements of those stakeholders. A quicker and more efficient way to deliver the RIIO accounts concept may be to establish a framework of best practice guidelines and to then encourage networks to publish financial information on a RIIO accounting basis. National Grid has already demonstrated that networks will voluntarily prepare such information if they believe it will be of value to their stakeholders.
4. Do you have any comments on the principles stated in the statement of regulatory corporate governance contained in Appendix 1 of this letter and do you support the development of such principles?	We support the principle of ensuring high standards of regulatory corporate governance. The consultation letter is not clear as to whether it is proposing that licensees should report in full in accordance with the UK Corporate Governance Code (the Code), or whether the proposal is to further develop the corporate governance requirements in the licence but not go quite as far as full implementation of the Code. We would be concerned about the practicalities involved with effective implementation of an obligation on the networks to report in accordance with the Code and believe the objectives of the Statement of Regulatory Corporate Governance can be met in a different way. Our licences already require the networks to include a business review, corporate governance statement and directors' report in the regulatory accounts as though the licensee were a

	quoted company. This is an appropriate level of disclosure which already meets most of the objectives in relation to governance in the new consultation. Any additional requirements should be made on a case-by-case basis and individually identified rather than replacing the current requirements with a statement of compliance with the Code. As described in the consultation letter the draft principles of regulatory corporate governance are "intended to be an interpretation of the UK Code in a regulatory context not an attempt to extend it". Amending the current licence requirements to cover any perceived gaps would be a more effective and cost efficient way to implement the principles than to enforce compliance with the Code for all networks whether they are listed companies or not, particularly when you consider that some of the draft principles are different to the current scope of the Code. The nine principles included in Appendix 2 to the consultation would require significant additional internal process, monitoring and reporting. The requirements to explain how consumers have benefited from performance and how the principal risks affecting consumers, both in terms of tariff and service levels, are being managed and mitigated are significantly different to the current scope of the Code reinforcing the argument to build on the current requirements rather than to replace them with the Code. In this respect we support the development of the principles as a regulatory equivalent of the Code. Where possible we would prefer

	networks be given the option of referring to other documents in the public domain that explain how the corporate governance requirements are met, for example referring to the corporate governance framework in place for National Grid plc, which NGG and NGET are also part of. We believe such an approach would be less expensive, for both networks and consumers, as well as less time consuming. We note though that Ofgem's feedback on regulatory accounts has tended to prefer more disclosures within the document rather than references to elsewhere.
5. Do you have any comments on the proposed time line in Appendix 3?	The timeline currently ends in quarter 1 2015/16 indicating that the RIIO accounts project will be complete by March 2016. The statement in the consultation letter that says "RIIO accounts will be further developed for implementation by March 2016" indicates that the first set of RIIO accounts will be produced in the summer of 2016 for 2015/16 reporting. We do not believe such a timescale is achievable. Nor do we believe this is Ofgem's intention either. [redacted] While this clarification is helpful, we do not believe this timeline gives sufficient time to develop and embed the proposed RFRS. As explained in our response to question 2, it is reasonable to expect a new accounting framework to be developed in advance of the first year for which results will be required. In this case, an RFRS developed by March 16 could then be used for a set

of accounts for the year ending March 18 with comparatives for the year to March 17.

Notwithstanding the comments above, our greater concerns are that the timeline to March 2016 is very ambitious and, as yet, the development has been with limited engagement with the networks.

At the time of responding to the consultation, and as confirmed by the timeline, drafts of the proposed financial statements, PCFM support modules, audit opinion, and the RFRS have not been completed or, most significantly, shared or discussed with the networks.

Many of these documents are likely to require significant engagement to develop them into documents and tools that will be fit for purpose and agreed with the networks.

The risk is that the RIIO accounts requirements will not adequately reflect and consider the implementation issues that are currently best understood by the networks reporting their results. Such an outcome would result in a suboptimal framework and set of RIIO accounts or, worse, a set of accounts the networks choose to disown.

For this reason we believe the objectives of the RIIO accounts project would be best met by allowing more time for engagement with the networks, and by restricting the RFRS to a high level principles document that will allow the RIIO accounts to continue to evolve based on the experience of the first few years.

Such an approach could evolve into a

	two stage process whereby Ofgem introduce the concepts and expectations, review the experience of the first couple of years, and then further develop or clarify the RIIO accounts requirements with the benefit of that experience. We also note that the timeline in appendix 3 is lacking in detail. There is no guidance on what the "activities" are to develop the RFRS between May 2015 and March 2016, the role of the networks and other stakeholders in developing that framework, or the next steps.
6. Do you have any comments on our proposal to develop an audit opinion that provides assurance on the proposed RIIO accounts on a 'fairly presents' basis?	We understand from discussions with representatives of the larger audit firms that a 'fairly presents' opinion requires a clear basis of preparation to be in place. There are a number of aspects of the RIIO accounts that could potentially be subjected to a 'fairly presents' opinion, including the costs incurred to date. With appropriate guidance, incentive performance could also fall into this category. As explained elsewhere in our response, to be meaningful, we believe the RIIO accounts will require the use of forecast information, particularly when considering the values to assume for totex allowances. Providing an audit opinion on forecast data is likely to be more challenging. Given our preference for the RFRS to be a high level principles document consideration should be given to providing a different form of independent assurance initially, such as agreed upon procedures. There may then be potential to move towards

	a 'fairly presents' opinion when networks, and the audit profession, have more experience of RIIO accounts. Also, our experience of the regulatory accounts and RRP is that the audit profession and Ofgem have different views on materiality. We would encourage Ofgem to engage with the audit profession to better understand the possibilities and challenges when it comes to external assurance. Auditors are not currently familiar with the detailed regulatory treatments, some of which are complex, and will require up-skilling in a regulatory accounting framework that may only apply to one or two clients for any given auditor. This training requirement will increase costs to consumers. There is a significant difference between understanding the basics and understanding the full complexity, timing issues, and judgements involved. There is also likely to be very limited overlap with their other audit activities as these are numbers that have never required an audit before. The introduction of a 'fairly presents' audit opinion can be expected to increase costs, both for networks and customers.
7. What are your expectations on how NWO boards should report on their governance (comments from investors are particularly welcome)?	There needs to be consideration of the cost to networks and consumers of comprehensive governance reporting in accordance with the Code (as one would expect from a listed company) and the practical implementation of the limited principles included in Appendix 1 to the consultation letter. Should the intent be for wider compliance with the Code, the additional internal reporting

	required to network boards would be significant, with additional committees possibly needing to be created, and associated reporting and time commitments for board members. Our preference is for limited reporting on governance such as a statement that the board believes that the nine principles of corporate governance have been applied effectively during the year. Even just making this statement will require additional reporting over and above what is currently reported in the regulatory accounting statements, reflecting the specific details included in the nine principles. If the networks are required to include substantial additional disclosures on governance within the RIIO accounts, the document is likely to be heavily dominated by the governance content. For example, excluding the directors remuneration report, the corporate governance section of the National Grid plc 2014/15 Annual Report was 18 pages long. Including the remuneration report increases this to 34 pages. As explained in our response to question 4 we would prefer networks be given the option of referring to other documents in the public domain that explain how the corporate governance requirements are met.
8. Please use this section to let us know of any other thoughts you might have on the introduction of RIIO accounts.	**July completion date** Elsewhere in this response we have commented that the RIIO accounts are unlikely to be complete by 31 July and we have proposed 30 September as an alternative. We note that the informal issues log maintained by Ofgem includes a

	number of comments where Ofgem's response is that data and / or commentaries should be taken from the RRP. Clearly, this can only happen if the RIIO accounts are prepared sequentially after the RRP has been completed, especially if the RIIO accounts are to be audited. **PCFM comments** We understand that Ofgem are developing PCFM support modules to handle some of the more complex calculations and to generate a number of key inputs for the RIIO accounts. We agree that the PCFM can be used to help generate some of the values to use in the accounts. We also believe that the PCFM could be included within the scope of any audit requirement. The PCFM was deliberately developed for the purposes of calculating one element of the allowed revenue of the networks (the MOD or SOMOD value). At the time Ofgem specifically ruled out using the PCFM for wider purposes. We have not yet seen the PCFM support modules that are under development and so do not know whether the limitations of the PCFM have been fully considered and addressed. A few of those issues are covered below. The PCFM has a fixed RPI assumption that is not intended to be (and has not been) updated on an annual basis so it is not clear how the PCFM support modules will handle the inflation calculations as outlined in the consultation letter. Equally, in its current form the PCFM cannot be used to generate inputs for the statement of regulatory financial

	position. The mechanics of the PCFM are such that, by design, it overwrites and replaces prior year values as part of the iteration of the model. It does not store the values previously recorded for the RAV. In essence the PCFM constantly updates prior year values. Also, the PCFM operates for the notional network. The tax and debt values in the PCFM are for the notional network and are not intended to represent actual tax and debt values. The PCFM does not include the full suite of costs and revenues for the network and so cannot be used to develop the majority of items for the statement of financial position. If the PCFM is to be a substantial input to the RIIO accounts it is reasonable to ask where ownership of the PCFM and associated RIIO accounts lies. If a network, or the auditor, disagrees with a calculation in the PCFM or support module we will need to understand whether Ofgem or the network should be making any proposed adjustment. Equally, Ofgem currently update the PCFM as part of the annual iteration process. The wider process includes Ofgem making adjustments to the PCFM during the summer months. If the network is expected to use the PCFM to develop the RIIO accounts, some of these changes may have to be completed (by Ofgem) to an earlier timescale. We are concerned that by focussing on the mechanics of how the PCFM can be used to generate inputs to the RIIO accounts, there is a risk of not giving sufficient attention to the inputs to the PCFM itself. As explained elsewhere in

	this response, the allowances that are used are highly material and subject to significant uncertainty and judgement. **Notional versus real company** It is unclear from the consultation letter whether the RIIO accounts are expected to report the real or notional company results. Previous measures of regulatory financial performance, including Ofgem's RORE measure, currently use the notional network by, for example, assuming gearing is equal to the notional rate and that interest costs match the cost of debt index. Stakeholders such as investors are likely to place more value on a set of accounts for the real company rather than a notional network but interest costs and tax costs and liabilities only really exist at the level of the statutory entity and not the RIIO regulated sub-elements of the entity. **Disclosure of key risks and judgements** The consultation letter suggests that, as part of the Statement of Regulatory Corporate Governance networks should provide further information about risks. Disclosure of key judgements (including in relation to key risks) may also be required to assist readers in understanding and interpreting the RIIO accounts. While there can be benefits from increased disclosure, there is a risk that these disclosures could increase the external perception of risks that networks face. This could increase the cost of capital and so increase costs to consumers.

	Additional timing adjustments In National Grid's regulatory performance reporting we use forecast data on outputs and costs, for the reasons outlined above, to derive a 'foresight' view of allowances. We describe these as foresight allowances because they are the allowances we eventually expect to be awarded for a given year after the delivery of our outputs and operation of uncertainty mechanisms assuming that our current forecasts for output delivery etc. prove to be correct. We then perform further adjustments to re-profile those foresight allowances. We do this to better match the profile of expenditure to allowances to recognise the fact that many of our outputs cover multiple years so the profile of expenditure and allowance can be mismatched unless an appropriate adjustment is made. We believe these adjustments make our regulatory performance measures more meaningful and relevant to users and stakeholders. It would be our strong preference that the RFRS should allow sufficient flexibility for networks to perform timing adjustments such as these.