

Offshore transmission revenue and incentive reporting – regulatory instructions and guidance

Section 1: Revenue and incentive reporting

Reference: Version 2

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Target Audience:

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

Overview:

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

Context

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

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

Associated documents

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

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

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Executive Summary

This document is the revenue reporting regulatory instructions and guidance established under Amended Standard Condition E12 – D1 (Offshore Regulatory Reporting) of the offshore transmission licence. This document covers provision of information relating to revenues and incentive performance.

The information described in this document is required for a number of reasons:

1. Compliance assurance

This information allows Ofgem¹ to monitor effectively the revenue of the consolidated transmission business and to confirm that the revenues charged are in line with the tender revenue stream (TRS) as adjusted for incentives

2. Monitoring incentives

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

3. Licence compliance

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

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

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

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

1. Revenue Reporting

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

2. Incentives Reporting

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

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

1. Introduction

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

- i. Revenue reporting
- ii. Incentives reporting

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

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

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

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

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

Ilona Groenewald
Senior Manager, Financial Analysis
Ofgem
Ilona.Groenewald@ofgem.gov.uk and offshore.reporting@ofgem.gov.uk.
020 7901 1851

2. Specified information – cost reporting

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

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

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

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

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

$$\text{OFTO}_t = \text{BR}_t + \text{PT}_t + \text{PA}_t - \text{K}_t$$

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

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

$$\text{BR}_t = (\text{TRS}_t + \text{MRA}_t + \text{PTR}_t) \times \text{PR}_t \times \text{RIT}_t$$

with all subsequent terms defined in that condition.

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

$$\text{PT}_t = \text{LF}_t + \text{RB}_t + \text{CEL}_t + \text{DC}_t + \text{IAT}_t + \text{TPD}_t + \text{TCA}_t + \text{MCA}_t$$

with all subsequent terms defined in that condition.

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

$$\text{PA}_t = \text{TSAI}_t + \text{TSAP}_t + \text{ICA}_t$$

with each subsequent term defined in that condition.

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

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

With all subsequent terms defined in that paragraph.

2.8. The specified information for the incentive reporting is:

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

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

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

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

- kW of additional capacity available
- Additional capacity made available

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

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

Ilona Groenewald
Senior Manager, Financial Analysis
Ofgem

Ilona.Groenewald@ofgem.gov.uk and offshore.reporting@ofgem.gov.uk
0207 901 1851

3. Specified information – equity transaction reporting

3.1. The Authority has modified all electricity transmission licences by adding a new amended standard condition, E12 – D2 (Equity Transaction Reporting), in an effort to:

- Increase transparency of equity transactions following licence grant, and
- Provide the Authority with information on the appetite in the secondary equity market for investment in OFTOs.

3.2. Appendix 5 illustrates the template designed for this purpose, which requires details to be completed such as:

- the date of the transaction(s);
- the value of the transaction(s);
- where applicable, the number of shares the licensee transferred, issued or bought back and the percentage of the total shares of the licensee this represents; and
- where applicable, the percentage of the licensee now owned by the new ultimate controller(s).

3.3. This reporting requirement is relevant to OFTO's.

4. Reporting arrangements

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

Provision of an allowed revenue model

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

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

Audit requirements

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

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

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

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

Documents to submit

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

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

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

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

Submission dates

4.9. Submission dates are as follows:

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

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

Submission process

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

Ilona Groenewald
Senior Manager, Financial Analysis
Ofgem
9 Millbank
London
SW1P 3GE

5. Additional guidance for reporting on templates

Introduction

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

Information relating to Appendix 1 – Audited Revenue Return

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

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

For this section each term should be stated as follows:

For £m amounts to 3 decimal places

For percentages to 2 decimal places

For MW amounts to 1 decimal place

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

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

Information relating to Appendix 2 – Forecast Revenue Return

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

For £m amounts to 3 decimal places

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

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

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

For £m amounts to 3 decimal places

For percentages to 2 decimal places

For MW amounts to 1 decimal place

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

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

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

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

Appendices

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1	Audited revenue return	15
2	Forecast revenue return	26
3	Availability incentive reporting	27
4	Incremental capacity incentive reporting	33
5	Equity transaction reporting	35
6	Glossary	36

Universal data

 	<p>OFFSHORE TRANSMISSION - REVENUE reporting pack</p> <p>Project: Demo sands</p> <p>OFTO: [Offshore transmission operator 1]</p> <p>Year: 2012-13</p>
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Universal data

Prepared by: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 20%;">Name of preparer</td><td>Company number:</td></tr> <tr><td></td><td>Company name:</td></tr> <tr><td>Reviewed by:</td><td>Company short name:</td></tr> <tr><td>Name of reviewer</td><td>Project:</td></tr> <tr><td><input type="checkbox"/> Reviewed</td><td>Reporting year: (enter 2011 for 2010/11)</td></tr> <tr><td></td><td>Version (number):</td></tr> <tr><td></td><td>Submitted date:</td></tr> <tr><td></td><td>Date to which last statutory accounts were made up:</td></tr> </table>	Name of preparer	Company number:		Company name:	Reviewed by:	Company short name:	Name of reviewer	Project:	<input type="checkbox"/> Reviewed	Reporting year: (enter 2011 for 2010/11)		Version (number):		Submitted date:		Date to which last statutory accounts were made up:	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="background-color: #ffffcc;"> </td></tr> <tr><td style="background-color: #ffffcc;">[Offshore transmission operator 1]</td></tr> <tr><td style="background-color: #ffffcc;">OFTO1</td></tr> <tr><td style="background-color: #ffffcc;">Demo sands</td></tr> <tr><td style="background-color: #ffffcc;">2013</td></tr> <tr><td style="background-color: #ffffcc;"> </td></tr> <tr><td style="background-color: #ffffcc;"> </td></tr> <tr><td style="background-color: #ffffcc;">31 December 2012</td></tr> </table>		[Offshore transmission operator 1]	OFTO1	Demo sands	2013			31 December 2012
Name of preparer	Company number:																								
	Company name:																								
Reviewed by:	Company short name:																								
Name of reviewer	Project:																								
<input type="checkbox"/> Reviewed	Reporting year: (enter 2011 for 2010/11)																								
	Version (number):																								
	Submitted date:																								
	Date to which last statutory accounts were made up:																								
[Offshore transmission operator 1]																									
OFTO1																									
Demo sands																									
2013																									
31 December 2012																									

Offshore transmission revenue and incentive reporting – regulatory instructions and guidance

1. Inputs

ofgem		OFFSHORE TRANSMISSION - REVENUE reporting pack																							
ofgem E-Serve		Project: Demo sands																							
		OFTO: [Offshore transmission operator 1]																							
		Year: 2012-13																							
5	Index	1. Inputs																							
7	Prepared by:																								
8	Name of preparer:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032		
10	Reviewed by:																								
11	Name of reviewer:	Actual Revenue from NETSO (£m) AR _t																							
12	<input type="checkbox"/> Tracked	Retail Price Index Number																							
13		Retail Price Inflation rate (%) RPI _t																							
14		$RPI_t = (\text{Index}/\text{Index } t-1) - 1$																							
15		Licence Fee cost adj. term (£m) LF _t																							
16		Rates for networks Business cost adj. term (£m) RB _t																							
17		Crown Estate Licence cost adj term (£m) CEL _t																							
18		Decommissioning Cost adj. term (£m) DC _t																							
19		Income Adjusting event adj. Term (£m) IAT _t																							
20		Marine and Coastal Act 2009 adj. term (£m) MCA _t																							
21		Tender Cost Adj. term (£m) TCA _t																							
22		Temporary Physical Disconnection term (£m) TPD _t																							
23																									
24		Incremental Capacity Utilisation term (kW) ICU _t																							
25		Additional Capacity Adjustment term (£m) ACA _t																							
26																									
27		Average specified Interest rate (%) I _t																							
28		0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%		
29		Tender Revenue Stream term (£m, real) TRSt																							
30		Market Rate revenue Adj. term (£m, real) MRAt																							
31		Post Tender Revenue Adj. term (£m, real) PTRAt																							
32		Proportion of Revenue term PR _t																							
33		0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.10		
34		Defined terms from Annex A to Condition E12 - J4																							
35		Month	Licence Condition	1	2	3	4	5	6	7	8	9	10	11	12										
36				January	February	March	April	May	June	July	August	September	October	November	December										
37		TSIR	E12 - J4	120.00%	120.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	120.00%	120.00%	120.00%	120.00%										
38		TSIT	E12 - J4	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%										
39		Defined terms from amended standard condition E12 - J2 and E12 - J4																							
40		Description	Name	Licence Condition	Value																				
41		OFTO Network Capacity (MW)	COOL	E12 - J4	278.0																				
42		Collar		E12 - J4	4.00%																				
43		Transmission System Incentive Factor	TSIF	E12 - J4	10.00%																				
44		Penalty Interest Rate	PI	E12 - J2	4.00%																				
45		Penalty Application Level		E12 - J2	4.00%																				
46		Risk Compensation Factor	RCF	E12 - J4	0.31																				
47		Composite Circuit Rating (kVA)	CCR	E12 - J4	200.0																				
48																									

3a. Excluded and de minimis revenue

ofgem OFFSHORE TRANSMISSION - REVENUE reporting pack
ofgem E-Serve Project: Demo sands
 OFTO: [Offshore transmission operator 1]
 Year: 2012-13

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3a. Excluded and de minimis revenue

Prepared by:

Name of preparer: Excluded Services

Reviewed by:

Please provide a list of all excluded services

Name of reviewer

Reviewed

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

De Minimis Activities

Please provide a list of De Minimis Activities for all items

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

3b. Total revenue (including excluded services)

 	OFFSHORE TRANSMISSION - REVENUE reporting pack Project: Demo sands OFTO: [Offshore transmission operator 1] Year: 2012-13
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3b. Total revenue (including excluded services)

Prepared by:

Reviewed by:

Reviewed

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

Commentary

1	
2	
3	
4	
5	
6	
7	

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

 	<p align="center">OFFSHORE TRANSMISSION - REVENUE reporting pack</p> <p>Project: Demo sands OFTO: [Offshore transmission operator 1] Year: 2012-13</p>
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3c. Reconciliation between OFTO's Regulated Revenue and Allowed Revenue (AR_t)

Prepared by:

Reviewed by:

Reviewed

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

Commentary

1 <input type="text"/>
2 <input type="text"/>
3 <input type="text"/>
4 <input type="text"/>
5 <input type="text"/>
6 <input type="text"/>
7 <input type="text"/>

Offshore transmission revenue and incentive reporting – regulatory instructions and guidance

2a. Components of allowed revenue



OFFSHORE TRANSMISSION - REVENUE reporting pack
 Project: **Dem o sands**
 OFTO: **[Offshore transmission operator 1]**
 Year: **2012-13**

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2a. Components of allowed revenue

Prepared by:

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

Offshore transmission revenue and incentive reporting – regulatory instructions and guidance

2b. Base revenue

OFFSHORE TRANSMISSION - REVENUE reporting pack																							
ofgem		Project: Demo sands																					
ofgem E-Serve		OFTO: [Offshore transmission operator 1]																					
		Year: 2012-13																					
Index																							
2b. Base revenue																							
Prepared by:																							
Name of preparer		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Reviewed by:	Base Revenue term (£m)	BR _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Name of reviewer	$BR_t = (TRSt + MRAt + PTRAt) \times PR_t \times RIT_t$																						
Reviewed	Tender Revenue Stream term (£m, real)	TRSt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Market Rate Revenue adj. term (£m, real)	MRAt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Post Tender Revenue adj. term (£m, real)	PTRAt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Proportion of Revenue term	PR _t	0.900	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.100	-
	Retail Inflation term	RIT _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	$RIT_t = (1 + RPI_t) \times RIT_{t-1}$																						
	Retail Price Inflation rate (%)	RPI _t	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

2c. Pass Through


OFFSHORE TRANSMISSION - REVENUE reporting pack
 Project: **Demo sands**
 OFTO: **[Offshore transmission operator 1]**
 Year: **2012-13**

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2c. Pass through

Prepared by:		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Reviewed by:	Restriction of transmission - Pass Through term (£m)																						
	PT _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Name of reviewer	PT_t = LF_t + RB_t + CEL_t + DC_t + IAT_t + MCA_t + TCA_t + TPD_t																					
L _{Reviewed}	Licence Fee cost adj. term (£m)	LF _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Rates for networks Business cost adj. term (£m)	RB _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Crown Estate Licence cost adj term (£m)	CEL _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Decommissioning Cost adj. term (£m)	DC _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Income Adjusting event adj. Term (£m)	IAT _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Marine and Coastal Act 2009 adj. term (£m)	MCA _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Tender Cost Adj. term (£m)	TCA _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Temporary Physical Disconnection term (£m)	TPD _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

2d. Availability performance

ofgem		OFFSHORE TRANSMISSION - REVENUE reporting pack																					
ofgem E-Serve		Project: Demo sands																					
		OFTO: [Offshore transmission operator 1]																					
		Year: 2012-13																					
Index		2d. Availability performance																					
Prepared by:																							
Name of preparer:		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Reviewed by:		Jul-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Jun	
Name of reviewer:																							
L Reviewed																							
Performance Adjustment term (£m)		PA _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
$PA_t = TSAIt + TSAPt + ICAt$																							
Transmission System Availability Incentive (£m)		TSAIt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
$TSAIt = ((BRT-1)/PRT-1) \times PRT-6 \times TSACy - (BRT-1 \times TSAFT)$																							
Base Revenue transmission (£m)		BR _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proportion of Revenue		PR _t	0.900	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.100	-
Proportion of Revenue (t-6)		PR _{t-6}	-	-	-	-	-	-	0.900	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
$BR_t = (TRSt + MRAt + PTRAt) \times PR_t \times RIT_t$																							
Months			JUL-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-JUN
Transmission System Availability Failure (%)		TSAF _t	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Transmission System Availability Credit (%)		TSAC _t	0.00%	0.00%	0.00%	0.00%	0.00%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%
Transmission System Availability Payment (£m)		TSAP _t																					
$TSAP = Sumff(range=y, criteria=22 to 26, sum function=(BR21/PR21) \times TSACy \times PRT-5)$																							
Incremental capacity incentive adj. term (£m)		ICA _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
$ICA_t = ICUA_t + (ACA_t \times RIT_t)$																							
Capacity utilisation adjustment term (£m)		ICUA _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
$ICUA_t = MAX(0, ICRD_t \times ICUC)$																							
Incremental capacity utilisation driver (£/MW)		ICRD _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
$ICRD_t = BRT / CCR_t \times RCF_t$																							
Risk Compensation Factor		RCF	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31
Composit Circuit Rating (MW)		CCR	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
Incremental Capacity Utilisation term (MW)		ICU _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional Capacity Adjustment term (£m)		ACA _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

2e. Correction factor

ofgem

ofgem E-Serve

OFFSHORE TRANSMISSION - REVENUE reporting pack

Project: Demo sands

OFTO: [Offshore transmission operator 1]

Year: 2012-13

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2e. Correction factor

Prepared by:

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

Appendix 2 – Forecast revenue return

7. Summary of forecast allowed revenue

ofgem		OFFSHORE TRANSMISSION - REVENUE reporting pack			
ofgem E-Serve		Project:	Demo sands		
		OFTO:	[Offshore transmission operator 1]		
		Year:	2012-13		

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7. Summary of forecast allowed revenue

Prepared by:

Reviewed by:


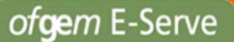
Reviewed

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


		Actual 2012	Forecast 2013
Performance Adj. (£m)		PA _t	-
$PA_t = TSAIt + TSAPt + ICA_t$			
Transmission system availability incentive (£m)		TSAIt	-
$TSAIt = BR_t \times (TSAC_t - TSAF_t)$			
Transmission System Availability Failure (%)	TSAF _y	0.00%	0.00%
Transmission System Availability Credit (%)	TSAC _y	0.00%	0.00%
Transmission System Availability Payment (£m)		TSAP _t	-
$TSAP = \text{Sumif}(range=y, criteria=22 \text{ to } 26, \text{sum function}=(BR_{21}/PR_{21}) \times TSAC_y \times PR_{t-5})$			
Incremental Capacity incentive Adj. term (£m)		ICA _t	-
$ICA_t = ICUA_t - ACA_t$			
Incremental Capacity Utilisation Adjustment term (£m)		ICUA _t	-
$ICUAIt = \text{MAX}(0, ICRDt \times (RIT_t \times ICUt))$			
Incremental Capacity Revenue utilisation Driver (£/MW)		ICRD _t	-
$ICRD_t = RCF \times BR_t / CCR$			
Risk Compensation Factor	RCF	0.31	0.31
Composite Circuit Rating	CCR	200.00	200.00
Incremental Capacity Utilisation term (MW)		ICU _t	-
Additional Capacity Adjustment term (£m)		ACA _t	-
Correction factor on year to year revenue (£m)		K _t	-
$K_t = (AR_{t-1} - OFTO_{t-1}) \times (1 + (I_t + (PI_t \times APT) / 100))$			
Regulated transmission revenue (£m)	AR _t	-	-
Allowed transmission owner revenue (£m)	OFTO _t	-	-
Interest rate (%)	I _t	0.50%	0.50%
IF AR _t >1.04xOFTO _t then apply Penalty Interest	APT	-	-
Penalty Interest rate (%)	PI _t	4.00%	4.00%
(Over/Under) Recovery (£m)		-	-


Appendix 3 – Availability incentive reporting

5a. Planned outages

 OFFSHORE TRANSMISSION - REVENUE reporting pack								
		Project:	Demo sands					
		OFTO:	[Offshore transmission operator 1]					
		Year:	2012-13					
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5a. Planned outages								
Prepared by:								
Name of preparer	Date & time outage starts	Date & Time outage ends	Total reduction in capacity (MWhr)	Cable availability (as % of maximum)	Equipment on which fault occurred	Exclusion Request	Description of Fault	Exclusion Approved by Authority
Reviewed by:	1			n/a				
Name of reviewer	2			n/a				
<input type="checkbox"/> Reviewed	3			n/a				
	4			n/a				
	5			n/a				
	6			n/a				
	7			n/a				
	8			n/a				
	9			n/a				
	10			n/a				
	11			n/a				
	12			n/a				
	13			n/a				
	14			n/a				
	15			n/a				
	16			n/a				
	17			n/a				
	18			n/a				
	19			n/a				
	20			n/a				
	21			n/a				
	22			n/a				
	23			n/a				
	24			n/a				

5b. Unplanned outages





OFFSHORE TRANSMISSION - REVENUE reporting pack

Project: **Demo sands**

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

Year: **2012-13**

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5b. Unplanned outages

Prepared by:


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

Reviewed by:

Name of reviewer

Reviewed

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





OFFSHORE TRANSMISSION - REVENUE reporting pack

Project: **Demo sands**

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

Year: **2012-13**

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

Prepared by:

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


Reviewed by:

Name of reviewer

Reviewed

Offshore transmission revenue and incentive reporting – regulatory instructions and guidance

4a. Monthly performance incentive calculations

	OFFSHORE TRANSMISSION - REVENUE reporting pack
	Project: Demo sands OFTO: [Offshore transmission operator 1] Year: 2012-13

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4a. Monthly performance incentive calculations

Prepared by:

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

Offshore transmission revenue and incentive reporting – regulatory instructions and guidance

4b. Annual performance incentive calculations

ofgem OFFSHORE TRANSMISSION - REVENUE reporting pack
ofgem E-Serve Project: Demo sands
 OFTO: [Offshore transmission operator 1]
 Year: 2012-13

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4b. Annual performance incentive calculations

Prepared by:

Name of preparer	Year	Annual Value of TSICOL	Transmission System Performance Penalty	Transmission System Performance Credit	Total Performance Availability Permits Earned	5 Year Penalty Balance	5 Year Penalty Limit	5 Year Credit Mechanism	Performance Penalty Revenue Offset	Transmission System Availability Penalty Factor	Performance Availability Payout Credit	Transmission System Availability Credit Factor
		AVCOL _y	TSPP _y	TSPC _y	TPAPE _y	SYPB _y	SYPL _y	SYCM _y	PPRO _y	TSAF _y	PAPC _y	TSAC _y
Reviewed by:		SUMIF(MVOLT, i=1 to i=12)	SUMIF(APE _y , i=1 to i=12)	SUMIF(ACE _y , i=1 to i=12)	TPAPE _y -1 + TSPP _y + TSPC _y - SYPL _y - PPRO _y -1 - PAPC _y -1	SYPB _y -1 + TSPP _y + TSPC _y -1 - PPRO _y -1 - PAPC _y -1	IF(AND(TSPP _y -5 + AVCOL _y -5) < 0, (SYPB _y < 0), SYPB _y , 0)	SYCM _y -1 + TSPC _y + TSPP _y + PPRO _y -1 - SYPL _y -1 - PAPC _y -1	IF(TPAPE _y < 0, IF(TPAPE _y < AVCOL _y , -AVCOL _y , TPAPE _y), x TSIF	-PPRO _y / AVCOL _y	IF(SYCM _y > 0, SYCM _y , 0)	PAPC _y / AVCOL _y -5 x TSIF
Name of reviewer	-3											
<input type="checkbox"/> Reviewed	-2											
	-1											
	0											
	1											
	2	97,478	-	48,666	48,666	-		-	-	0.0%	-	
	3	97,478	-	48,666	97,331	48,666		-	-	0.0%	-	
	4	97,478	-	48,666	145,997	97,331		-	-	0.0%	-	
	5	97,478	-	48,666	194,662	145,997		-	-	0.0%	-	
	6	97,478	-	48,666	243,328	194,662		-	-	0.0%	-	
	7	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	8	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	9	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	10	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	11	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	12	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	13	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	14	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	15	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	16	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	17	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	18	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	19	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	20	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	21	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%
	22	97,478	-	48,666	291,993	243,328	-	48,666	-	0.0%	48,666	5.0%

Offshore transmission revenue and incentive reporting – regulatory instructions and guidance

2d. Availability performance

ofgem OFFSHORE TRANSMISSION - REVENUE reporting pack																							
Project: Demo sands																							
OFTO: [Offshore transmission operator 1]																							
Year: 2012-13																							
Index																							
2d. Availability performance																							
Prepared by:																							
Name of preparer		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Reviewed by:																							
Name of reviewer		Jul-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Jun	
Reviewed																							
Performance Adjustment term (£m)		PA _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
$PA_t = TSAIt + TSAPt + ICAt$																							
Transmission System Availability Incentive (£m)		TSAI _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
$TSAIt = ((BRt-1)/PRt-1) \times PRt-6 \times TSACy) - (BRt-1 \times TSAFt)$																							
Base Revenue transmission (£m)		BR _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proportion of Revenue		PR _t	0.900	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Proportion of Revenue (t-6)		PR _{t-6}	-	-	-	-	-	0.900	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
$BR_t = (TRSt + MRAt + PTRAt) \times PR_t \times RIT_t$																							
Months		JUL-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-JUN	
Transmission System Availability Failure (%)		TSAF _y	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Transmission System Availability Credit (%)		TSAC _y	0.00%	0.00%	0.00%	0.00%	0.00%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	
Transmission System Availability Payment (£m)		TSAP _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
$TSAP = \text{Sum}(range=y, criteria=22 \text{ to } 26, \text{sum function}=(BR21/PR21) \times TSACy \times PRt-5)$																							
Incremental capacity incentive adj. term (£m)		ICAt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
$ICAt = ICUA_t + (ACAt - RIT_t)$																							
Capacity utilisation adjustment term (£m)		ICUA _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
$ICUAIt = \text{MAX}(0, ICRDE \times ICUt)$																							
Incremental capacity utilisation driver (£/MW)		ICRD _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
$ICRDE = BRt / CCRt \times RCFt$																							
Risk Compensation Factor		ACF	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	
Composit Circuit Rating (MW)		CCR	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	
Incremental Capacity Utilisation term (MW)		ICU _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Additional Capacity Adjustment term (£m)		ACA _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Appendix 4 – Incremental capacity incentive reporting

1. Inputs

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y
11	ofgem		OFFSHORE TRANSMISSION - REVENUE reporting pack																						
12	ofgem E-Serve		Project: Demo sands																						
13			OFTO: [Offshore transmission operator 1]																						
14			Year: 2012-13																						
15	Index																								
16	1. Inputs																								
17	Prepared by:																								
18	Name of preparer:		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
19	Reviewed by:																								
20	Name of reviewer:																								
21	Reviewed																								
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Defined terms from Annex A to Condition E12 - 34												
Month	1	2	3	4	5	6	7	8	9	10	11	12
TSIR E12 - 34	120.00%	120.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	120.00%	120.00%	120.00%	120.00%
TSIT E12 - 34	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%

Defined terms from amended standard condition E12 - 32 and E12 - 34			
Description	Name	Licence Condition	Value
OFTO Network Capacity (MW)		E12 - 34	278.8
Collar	COL	E12 - 34	4.00%
Transmission System Incentive Factor	TSIF	E12 - 34	10.00%
Penalty Interest Rate	PI	E12 - 32	4.00%
Penalty Application Level		E12 - 32	4.00%
Risk Compensation Factor	RCF	E12 - 34	0.31
Composite Circuit Rating (kVA)	CCR	E12 - 34	200.0

Offshore transmission revenue and incentive reporting – regulatory instructions and guidance

2d. Summary of all components of allowed revenue (including availability performance)

OFFSHORE TRANSMISSION - REVENUE reporting pack																							
ofgem		Project: Demo sands																					
ofgem E-Serve		OFTO: [Offshore transmission operator 1]																					
		Year: 2012-13																					
2d. Availability performance																							
Prepared by:		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Name of preparer		Jul-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Mar	Apr-Jun		
Reviewed by:																							
Name of reviewer																							
Reviewed																							
Performance Adjustment term (€m)		PA _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
$PA_t = TSAIt + TSAFt + ICAt$																							
Transmission System Availability Incentive (€m)		TSAI _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
$TSAIt = ((BRt-1)/PRt-1) \times PRE-6 \times TSACy - (BRt-1 \times TSAFt)$																							
Base Revenue transmission (€m)		BR _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proportion of Revenue		PR _t	0.900	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.100	-
Proportion of Revenue (t-6)		PR _{t-6}	-	-	-	-	-	0.900	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
$BR_t = (TRSt + MRAt + PTRAt) \times PR_t \times RIT_t$																							
Months		JUL-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-DEC	JAN-JUN	
Transmission System Availability Failure (%)		TSAF _y	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Transmission System Availability Credit (%)		TSAC _y	0.00%	0.00%	0.00%	0.00%	0.00%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%
Transmission System Availability Payment (€m)		TSAP _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
$TSAP = \text{Sum}(range=y, criteria=22 \text{ to } 26, \text{ sum function}=(BR21/PR21) \times TSACy \times PRt-5)$																							
Incremental capacity incentive adj. term (€m)		ICA _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
$ICAt = ICUA_t + (ACAt \times RITt)$																							
Capacity utilisation adjustment term (€m)		ICUA _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
$ICUA_t = \text{MAX}(0, ICRD_t \times ICU_t)$																							
Incremental capacity utilisation driver (€/MW)		ICRD _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
$ICRD_t = BRt / CCRt \times RCFt$																							
Risk Compensation Factor		RCF	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31
Composit Circuit Rating (MW)		CCR	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
Incremental Capacity Utilisation term (MW)		ICU _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional Capacity Adjustment term (€m)		ACA _t	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix 6 - Glossary

A

[Authority](#)

The Gas and Electricity Markets Authority

O

[Ofgem](#)

Office of Gas and Electricity Markets

[OFTO](#)

Offshore transmission owner

R

[RIGs](#)

Regulatory instructions and guidance

T

[TRS](#)

Tender revenue stream