|  |  |  |  |
| --- | --- | --- | --- |
|  | | | |
| RIIO-GD2 Business Plan Data Template Commentary | | | |
| **Publication date:** | 20 September 2019 | **Contact:** | Jonathan Farrier, Senior Manager |
| **Team:** | GD Cost Analysis |
|  |  | **Tel:** | 020 7901 3890 |
| **Email:** | Jonathan.Farrier@ofgem.gov.uk |

This document provides a template and instructions for providing supporting commentary for the RIIO-GD2 Business Plan data templates.

This document is for people who are filling out the RIIO-GD2 Business Plan data templates and this associated commentary template. It explains what information should be provided in the commentary, and where to find more information.

© Crown copyright 2019

The text of this document may be reproduced (excluding logos) under and in accordance with the terms of the [**Open Government Licence**](http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/).

Without prejudice to the generality of the terms of the Open Government Licence the material that is reproduced must be acknowledged as Crown copyright and the document title of this document must be specified in that acknowledgement.

Any enquiries related to the text of this publication should be sent to Ofgem at:

10 South Colonnade, Canary Wharf, London, E14 4PU. Alternatively, please call Ofgem on 0207 901 7000.

This publication is available at [**www.ofgem.gov.uk**](http://www.ofgem.gov.uk). Any enquiries regarding the use and re-use of this information resource should be sent to: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk)

**Contents**

[1. Instructions and Guidance 5](#_Toc19874515)

[Background 5](#_Toc19874516)

[Instructions and guidance 5](#_Toc19874517)

[2. Data Table Commentary 8](#_Toc19874518)

[Data Table Commentary 8](#_Toc19874519)

[2.01 Opex Cost Matrix: Controllable Activity Costs 8](#_Toc19874520)

[2.02 Opex Cost Matrix: Non-Controllable Activity Costs 8](#_Toc19874521)

[2.03 Emergency 8](#_Toc19874522)

[2.04 Maintenance 8](#_Toc19874523)

[2.05 Business Support Group / 2.06 Business Support Allocation 8](#_Toc19874524)

[2.07 IT & Telecoms Group 9](#_Toc19874525)

[2.08 Property Management Group 9](#_Toc19874526)

[2.09 Insurance Group 9](#_Toc19874527)

[2.10 CEO & Corporate: Network Costs 9](#_Toc19874528)

[2.11 Insource Outsource 10](#_Toc19874529)

[2.12 Real Price Effects (RPE) & Ongoing Efficiency 10](#_Toc19874530)

[2.13 Full Time Equivalent 10](#_Toc19874531)

[2.14 Training & Apprentices: Costs 10](#_Toc19874532)

[2.15 Training & Apprentices: Programmes 10](#_Toc19874533)

[2.16 Training & Apprentices: Numbers 11](#_Toc19874534)

[2.17 Shrinkage 11](#_Toc19874535)

[2.18 Street Works 11](#_Toc19874536)

[2.19 Low-Pressure Gasholders 11](#_Toc19874537)

[2.20 Land Remediation 11](#_Toc19874538)

[2.21 Statutory Independent Undertakings (SIU) 12](#_Toc19874539)

[2.22 Smart Metering 12](#_Toc19874540)

[3.01 LTS, Storage & Entry 12](#_Toc19874541)

[3.02 Reinforcement 12](#_Toc19874542)

[3.03 Governors 12](#_Toc19874543)

[3.04 Connections 12](#_Toc19874544)

[3.05 Other Capex 13](#_Toc19874545)

[3.06 Transport & Plant 13](#_Toc19874546)

[4.01 Repex Mains Tier-1 13](#_Toc19874547)

[4.02 Repex Mains Tier-2A 13](#_Toc19874548)

[4.03 Repex Mains Tier-2B & 3 13](#_Toc19874549)

[4.04 Repex Mains Other 14](#_Toc19874550)

[4.05 Repex Mains Diversions 14](#_Toc19874551)

[4.06 Capitalised Replacement 14](#_Toc19874552)

[4.07 Repex Services 14](#_Toc19874553)

[4.08 Repex Multiple Occupancy Buildings 14](#_Toc19874554)

[4.11 Dynamic Growth Tier-1 Mains 15](#_Toc19874555)

[4.12 Robotic Intervention 15](#_Toc19874556)

[5.04 Capacity & Demand 15](#_Toc19874557)

[5.10 Business Carbon Footprint 15](#_Toc19874558)

[5.11 Innovation 15](#_Toc19874559)

[5.12 Cyber Security OT 16](#_Toc19874560)

[5.13 Cyber Security IT 16](#_Toc19874561)

[5.14 Physical Security Capex 16](#_Toc19874562)

[5.15 Physical Security Opex 16](#_Toc19874563)

[5.16 Environmental Action Plan 16](#_Toc19874564)

[5.18 Bespoke Activities & Uncertainties 17](#_Toc19874565)

[Additional Commentary 17](#_Toc19874566)

1. Instructions and Guidance

## Background

* 1. This document, the RIIO-GD2 Business Plan Data Templates Commentary (BPDTC), is a template for GDNs to provide additional information alongside the Business Plan Data Templates (BPDT), to help:
* identify, explain, and justify the main drivers of forecast expenditure and volume profile across the RIIO-GD2 price control period
* explain and justify scenarios used for justifying the forecast workload volumes and costs across the RIIO-GD2 period,
* **explain any assumptions made in populating the tables how any allocations have been applied,**
* **explain any allocation methodologies applied, which haven’t been detailed elsewhere in the business plan submission,**
* assist Ofgem in the process of navigating the data submission and supporting documentation.
  1. This template should be read alongside the Business Plan data template instructions and guidance for RIIO-GD2, the RIIO-2 Business Plan guidance[[1]](#footnote-2), and the RIIO-2 Sector Specific Methodology Decision[[2]](#footnote-3).

## Instructions and guidance

* 1. Alongside the submission of the RIIO-GD2 BPDT, GDNs must, to the best of their ability, complete this BPTDC template for each worksheet in the BPDT. For each worksheet, where appropriate, include commentary on the following:
* Please compare the current forecast across the RIIO-GD2 period and the latest information on the historic and forecast position across the RIIO-GD1 period, and explain any material differences between them. Please include information in terms of run rates, trends, unit costs etc. and explain the reason for any material step change or difference.
* Please summarise and explain the profile of the RIIO-GD2 information.
* Please provide a justification for any unit cost/trend outliers, including any regional and/or site specific factors and where there is material interaction with other areas of the BPDT.
* Please identify and explain the scenario used for planning, the level of sensitivity within the forecasts used and clarify how uncertainty has been considered/tested. Indicate the materiality of these assumptions.
* Explain the interactions with wider governmental policy.
* Please explain the types of internal and external benchmarking exercise (where applicable) that have been undertaken to support the RIIO-GD2 forecasts (eg. internal tendered framework rates and/or international unit cost comparison).
* Please reference areas of the BPDT submission that can be used to further evidence or substantiate the submission (eg. cells A:B of tab “X” of the BPDT or supporting document “Y”).
* Highlight any relevant additional information to aid Ofgem’s understanding and interpretation of the information.
* Where costs have been apportioned across one or more activities, the basis of apportionment must be provided in the cost commentary document. Please also give an indication of the robustness of those assumptions.
  1. The BPDTC template is applicable to all worksheets in the final RIIO-GD2 BPDT, except for any cover, contents or summary sheets, and some finance, asset and other sheets. If GDNs condier it necessary or useful to provide supporting information on any worksheet we haven’t requested commentary on, there is space for this at the end of this document. Each GDN must use reasonable endeavours to provide a commentary for each of the categories above. GDNs should report “n/a” where questions do not apply to the subject matter of the worksheet and should ignore any tables that do not apply to them.
  2. The BPDTC must not exceed 3 pages in length for each worksheet.  Where visual representations of information (e.g. waterfall diagrams) may aid understanding these should be included and will not contribute to the 3 page limit.
  3. Where information that is relevant for the BPDTC is located in the main Business Plan submission or supporting files (e.g. engineering justification, CBA etc.); directions to the relevant information must be clearly signposted in the BPDTC. Where it is not possible to include all information as prescribed, GDNs will need to clearly explain the reasons why.
  4. The appropriateness and materiality of the commentary provided should be at a level that minimises the need for Ofgem to ask supplementary questions.
  5. GDNs should, to the fullest extent possible, ensure that the BPDTC contains all information relevant to Ofgem’s assessment of the plan. This includes providing a proportionate summary of the overall activity level experienced and costs incurred and expected by the GDN. The BPDTC must therefore provide overview information on the level of activity and costs across the RIIO-GD1 period and the current BPDT forecasts for the RIIO-GD2 period. Where a variance is observed in the transition between price control periods, a succinct explanation of the material differences between them and factors driving the variation is required.

1. Data Table Commentary

## Data Table Commentary

* 1. GDNs must provide commentary for each BPDT worksheet using the templates below.

### 2.01 Opex Cost Matrix: Controllable Activity Costs

|  |
| --- |
| Commentary |
|  |

### 2.02 Opex Cost Matrix: Non-Controllable Activity Costs

|  |
| --- |
| Commentary |
|  |

### 2.03 Emergency

|  |
| --- |
| Commentary |
|  |

### 2.04 Maintenance

|  |
| --- |
| Commentary |
|  |

### 2.05 Business Support Group / 2.06 Business Support Allocation

|  |
| --- |
| Commentary  Please also provide an explanation and justification of the allocation of Group Business Support costs to GDNs and other businesses (if applicable). |
|  |

### 2.07 IT & Telecoms Group

|  |
| --- |
| Commentary |
|  |

### 2.08 Property Management Group

|  |
| --- |
| Commentary |
|  |

### 2.09 Insurance Group

|  |
| --- |
| Commentary |
|  |

### 2.10 CEO & Corporate: Network Costs

|  |
| --- |
| Commentary |
|  |

### 2.11 Insource Outsource

|  |
| --- |
| Commentary |
|  |

### 2.12 Real Price Effects (RPE) & Ongoing Efficiency

|  |
| --- |
| Commentary |
|  |

### 2.13 Full Time Equivalent

|  |
| --- |
| Commentary |
|  |

### 2.14 Training & Apprentices: Costs

|  |
| --- |
| Commentary |
|  |

### 2.15 Training & Apprentices: Programmes

|  |
| --- |
| Commentary |
|  |

### 2.16 Training & Apprentices: Numbers

|  |
| --- |
| Commentary |
|  |

### 2.17 Shrinkage

|  |
| --- |
| Commentary |
|  |

### 2.18 Street Works

|  |
| --- |
| Commentary |
|  |

### 2.19 Low-Pressure Gasholders

|  |
| --- |
| Commentary |
|  |

### 2.20 Land Remediation

|  |
| --- |
| Commentary |
|  |

### 2.21 Statutory Independent Undertakings (SIU)

|  |
| --- |
| Commentary |
|  |

### 2.22 Smart Metering

|  |
| --- |
| Commentary |
|  |

### 3.01 LTS, Storage & Entry

|  |
| --- |
| Commentary |
|  |

### 3.02 Reinforcement

|  |
| --- |
| Commentary |
|  |

### 3.03 Governors

|  |
| --- |
| Commentary |
|  |

### 3.04 Connections

|  |
| --- |
| Commentary |
|  |

### 3.05 Other Capex

|  |
| --- |
| Commentary |
|  |

### 3.06 Transport & Plant

|  |
| --- |
| Commentary |
|  |

### 4.01 Repex Mains Tier-1

|  |
| --- |
| Commentary |
|  |

### 4.02 Repex Mains Tier-2A

|  |
| --- |
| Commentary |
|  |

### 4.03 Repex Mains Tier-2B & 3

|  |
| --- |
| Commentary |
|  |

### 4.04 Repex Mains Other

|  |
| --- |
| Commentary |
|  |

### 4.05 Repex Mains Diversions

|  |
| --- |
| Commentary |
|  |

### 4.06 Capitalised Replacement

|  |
| --- |
| Commentary |
|  |

### 4.07 Repex Services

|  |
| --- |
| Commentary |
|  |

### 4.08 Repex Multiple Occupancy Buildings

|  |
| --- |
| Commentary |
|  |

### 4.11 Dynamic Growth Tier-1 Mains

|  |
| --- |
| Commentary |
|  |

### 4.12 Robotic Intervention

|  |
| --- |
| Commentary |
|  |

### 5.04 Capacity & Demand

|  |
| --- |
| Commentary |
|  |

### 5.10 Business Carbon Footprint

|  |
| --- |
| Commentary  If any ‘Other’ rows contain aggregated emissions from multiple sources with different conversion factors, please provide further detail and explanation of how emission figures were calculated. |
|  |

### 5.11 Innovation

|  |
| --- |
| Commentary |
|  |

### 5.12 Cyber Security OT

|  |
| --- |
| Commentary |
|  |

### 5.13 Cyber Security IT

|  |
| --- |
| Commentary |
|  |

### 5.14 Physical Security Capex

|  |
| --- |
| Commentary |
|  |

### 5.15 Physical Security Opex

|  |
| --- |
| Commentary |
|  |

### 5.16 Environmental Action Plan

|  |
| --- |
| Commentary |
|  |

### 5.18 Bespoke Activities & Uncertainties

|  |
| --- |
| Commentary |
|  |

## Additional Commentary

* 1. GDNs should include additional supporting commentary on the BPDT where they consider it necessary to aid Ofgem’s understanding of the BPDT submission. Please insert any additional commentary below using headings and commentary boxes.

**Additional commentary**

|  |
| --- |
| Commentary |
|  |

1. <https://www.ofgem.gov.uk/publications-and-updates/riio-2-business-plans-draft-guidance-document> [↑](#footnote-ref-2)
2. <https://www.ofgem.gov.uk/publications-and-updates/riio-2-sector-specific-methodology-decision> [↑](#footnote-ref-3)