**National Grid Elecltricity System Operator (NGESO)**

**Reporting year:**

## Executive Summary

## Chapter 1 – Table commentary

* 1. **Fixed asset disposals**

|  |
| --- |
| **Allocation methodologies** |
|  |
| **Systems used to populate worksheet** |
|  |
| **Additional commentary** |

**2.1 Provisional Price Control Financial Model (PCFM) Inputs**

|  |
| --- |
| **Allocation methodologies** |
|  |
| **Systems used to populate worksheet** |
|  |
| **Additional commentary** |
|  |

**2.2 Totex Forecast**

|  |
| --- |
| **Allocation methodologies** |
|  |
| **Systems used to populate worksheet** |
|  |
| **Summary views** (maximum words: 800 per summary section) |
| 1. Graphs illustrating the profile of actual expenditure incurred within the RIIO-T1 period for all TO TOTEX, compared with (i) Final Proposals baseline TOTEX allowance, (ii) baseline TOTEX allowance including the impact of the November AIP (the latest published PCFM), (iii) revised allowances that reflect the outcome of revisions to the allowed TOTEX as a result of the company’s latest 8-year figures. 2. Identification of the main reasons and drivers of under or over-performance (costs versus allowances) in the current year reporting year and over the eight years of RIIO-T1.   For both 1 and 2; provide an explanation of:  the extent to which forecasts have changed since last year  the reasons and drivers for any significant changes and variances against (i) the information provided as part of last year’s RIGs submission, and  (ii) the expectations upon which the Final Proposals Baseline allowances were set, and a summary of the impact of material variances in both economic and technical terms.  Please provide all excel sheets that were used to create the above graphs and include confirmation of the source material of the data contained in each graph (the cell(s), column and row of the relevant tab of the Regulatory Reporting pack used to populate the data). |
|  |
| **Additional commentary** |
|  |

**2.3a Forecast Allowances**

|  |
| --- |
| **Allocation methodologies** |
|  |
| **Systems used to populate worksheet** |
|  |
|  |
| **Summary views** (maximum words: 600 per summary section) |
| 1. Current year:    1. a. Comparison of the allowances (the company’s latest 8-year figures) against RIIO T1 baseline values (as per the latest published PCFM) with main drivers of variances explained for:       * load related capex base allowances (the sum of the variant and non-variant load allowances).       * revised load related allowances; this will include a summary of forecast allowances by Uncertainty Mechanism and a “trued up” view of non-variant allowances.       * asset replacement capex base allowances;       * other capex base allowances;       * revised other capex allowances;       * non-operational capex;       * opex base allowances allowance       * revised opex allowances.    2. Comparison of forecast allowance in previous year against this year’s allowances. |
|  |
| 1. Eight year view:    1. a. Comparison of the allowances (the company’s latest 8-year figures) against RIIO T1 baseline values (as per the latest published PCFM) with main drivers of variances explained (for the areas listed in 1 above).    2. Comparison of forecast allowance in previous year against this year’s forecast allowances (as mentioned above).   For both a and b; provide an explanation of:   * + the extent to which forecasts have changed since last year   + the reasons for any significant changes and variances, and   + a summary of the impact of material variances in both economic and technical terms.   Please refer to the “commentary” tab of the RRP template.  Please provide all excel sheets that support all graphs and tables used in the supporting narrative and include confirmation of the source material of the data contained in each graph (the cell(s), column and row of the relevant tab of the Regulatory Reporting pack used to populate the data). |
|  |
| **Additional commentary** |
|  |

**2.3b Forecast Volumes**

|  |
| --- |
| **Allocation methodologies** |
|  |
| **Systems used to populate worksheet** |
|  |
| **Summary views** (maximum words: 600 per summary section) |
| For each mechanism:   1. Current year: 2. Absolute volumes and volumes compared to what was expected from the business plan. 3. Main drivers for over/under delivery and/or re-profiling of work against the business plan. |
|  |
| For each mechanism:   1. Year-on-year comparison of: 2. Volumes of output. 3. The main drivers of over/under delivery and/or re-profiling of work against last year’s forecast. 4. The reasons for year-on-year change. |
|  |
|  |
|  |
| For each mechanism:   1. Eight year view: 2. Absolute volumes and volumes compared to what was expected from business plan. 3. Main drivers for over/under delivery and/or re-profiling of work against the business plans. 4. The change in the eight year view since last year’s report. 5. Drivers of change in the eight year view since last year’s report. |
|  |
| **Additional commentary** |
| Please refer to the “commentary” tab of the RRP template. |

**2.4 Published Totex**

|  |
| --- |
| **Allocation methodologies** |
| Where a restated table 2.4 has been submitted the licensee must   * detail the profile of all adjustments that have been made by the licensee, * identify the categories of cost that are involved, * explain the rationale for the movement (including links to all relevant Ofgem decisions/correspondence – can be provided on a confidential basis if required), * explain the extent to which the level of restatement has changed since the levels reported in the previous year and the reasons for any significant changes and variances, and * the impact of the restatement on the level of under or over-performance in the current year and the eight-year view. |
| **Systems used to populate worksheet** |
|  |
| **Additional commentary** |
| The Licensee will summarise the forecast spend and allowances against the seven main activity areas (TO LR capex, TO asset replacement capex, TO other capex, TO non-operational capex, TO opex, SO capex and SO opex) and (re)apply the tables and graphs in tables 2.2, 2.3a and 2.3b to assist in the explanation. |

* 1. **Input Prices**

|  |
| --- |
| **Allocation methodologies** (Methodology and assumptions used to complete the table. If the current methodology and/or assumptions are different than those used to provide the RPE’s forecast in the business plan, please explain those differences and the rationale for change) |
|  |
| **Systems used to populate worksheet** (Data sources and assumptions that were used to complete this table. If the current data sources and/or assumptions are different than those used to provide the RPE’s forecast in the business plan, please explain those differences and the rationale for change) |
|  |
| **Summary views** (maximum words: 250 per summary section) |
| 1. Current year: 2. What Real Price Effects (RPEs) have been realised this year? How do these figures compare to the business plan? How do these figures compare with allowances? |
|  |
|  |
|  |
| 1. Eight year view: 2. What RPEs do you expect to realised over the price control? How do those figures compare to the business plan? How do these compare with allowances? |
|  |
| **Additional commentary** (if a third party consultant was used to complete table 2.7 then a consultant’s report should be included here or in the appendices). |
|  |

**3.1 Opex Summary and 3.2 Year-on-Year Movement in Controllable Costs**

|  |
| --- |
| **Allocation methodologies** |
|  |
| **Systems used to populate worksheet** |
|  |
| **Summary views** (maximum words: 300 per summary section) |
| 1. Current year: 2. Spend against allowance. 3. Main drivers of over/under spend. |
|  |
| 1. Year-on-year comparison of: 2. Spend against allowance. 3. Main drivers of over/under spend 4. The reasons for year-on-year change. |
|  |
|  |
|  |
| **Additional commentary** |
|  |

**3.10 Provisions**

|  |
| --- |
| **Allocation methodologies** |
|  |
| **Systems used to populate worksheet** |
|  |
| **Additional commentary** |
|  |

**3.11 Related Party Transactions**

|  |
| --- |
| **Allocation methodologies** |
|  |
| **Systems used to populate worksheet** |
|  |
| **Additional commentary** |
|  |

**3.12 Innovation Rollout Mechanism (IRM) Expenditure**

|  |
| --- |
| **Allocation methodologies** |
|  |
| **Systems used to populate worksheet** |
|  |
| **Summary views** (maximum words: 400 per summary section) |
| Current year:   1. Brief description and current status of successful IRM projects. 2. Comparison of Allowed Expenditure for the relevant year to determine if it is different to the IRM value in the PCFM for the corresponding relevant year. |
|  |
| Comparison of total allowed expenditure and forecast total expenditure on project(s), explaining any over or under expenditure. |
|  |
| **Additional commentary** |
|  |

**3.13 Network Innovation Allowance (NIA) Expenditure**

|  |
| --- |
| **Allocation methodologies** |
|  |
| **Systems used to populate worksheet** |
|  |
| **Summary views** (maximum words: 250 per summary section) |
| * + 1. Please list the successfully completed and reported NIA projects. |
|  |
| **Additional commentary** |
|  |

**3.14 Network Innovation Competition (NIC) Expenditure**

|  |
| --- |
| **Allocation methodologies** |
|  |
| **Systems used to populate worksheet** |
|  |
| **Summary views** (maximum words: 600 per summary section) |
| * + - 1. Current year:  1. Summary and status of successful NIC projects including a brief summary of whether conditions set by Ofgem have been met 2. NIC funding allowance for each project – breaking down innovation funding and funding by licensee. 3. NIC expenditure on each project (net and gross) explaining royalties/revenues. 4. Reasons for over or under expenditure. |
|  |
| **Additional commentary** |
|  |

**3.16 System Operator EMR Data Volumes**

|  |
| --- |
| **Allocation methodologies** |
|  |
| **Systems used to populate worksheet** |
|  |
| **Additional commentary** |
|  |

**Load Related: 4.1 Capex Summary and 4.2 Expenditure on Load Related Schemes**

|  |
| --- |
| **Allocation methodologies** |
|  |
| **Systems used to populate worksheets** |
|  |
| **Summary views** (maximum words: 750 per summary section) |
| 1. Current year, by mechanism: 2. Comparisons across the portfolio between absolute output delivered and that expected from the business plan. Some individual explanation of the most significant schemes, to explain changes from the business plan, changes in scope of works, substitutions, or whether these schemes are no longer necessary, with reasons why and commentary on the economic impact of these delays/deferral decisions. 3. As above, for expenditure. 4. For each mechanism, at the portfolio level (unless changes driven by significant individual schemes, for which individual commentary is necessary) the main drivers of over/under delivery and over/under spend against business plans, and/or re-profiling of work. Explain the impact of material variances in both economic and technical terms. 5. Commentary on how the portfolio composition has changed since the baseline as agreed (view in 2012) and with the view presented in the previous financial year. |
|  |
| 1. Year-on-year comparison, by mechanism, of: 2. Output and spend, both absolute and vs. allowance/targets. 3. Main drivers of over/under performance. 4. The reasons for year-on-year change. Explain the impact of material variances in both economic and technical terms. 5. Commentary on how the average portfolio basis has changed from the previous reporting year and against the original business plan expectations. |
|  |
|  |
|  |
| 1. Eight year view, by mechanism: 2. Output and spend, both absolute and vs. allowance/targets. 3. Main drivers of over/under performance. 4. Change in the forecast since last year’s report. 5. Drivers of change in forecast since last year’s report. 6. Explanation of the impact of material variances in both economic and technical terms. 7. Commentary on how the portfolio composition (for each mechanism) has changed since the baseline as agreed (view in 2012) and with the view presented in the previous financial year. |
|  |
| **Additional commentary** |
| Please refer to the “commentary” tab of the RRP template. |
|  |

**4.6 System Operator (SO) Capex**

|  |
| --- |
| **Allocation methodologies** |
|  |
| **Systems used to populate worksheet** |
|  |
| **Additional commentary** |
|  |

**5.1 System Characteristics and Activity Indicators**

|  |
| --- |
| **Allocation methodologies** |
|  |
| **Systems used to populate worksheet** |
|  |
| **Summary views** (maximum words: 150 per summary section) |
| * + 1. Year-on-year comparison (where something notable) of:  1. Asset inventory. 2. Activity levels. 3. The reasons for year-on-year change. |
|  |
| **Additional commentary** |
|  |

**6.2 Business Carbon Footprint (BCF)**

|  |
| --- |
| **Allocation methodologies** |
|  |
| **Systems used to populate worksheet** |
|  |
| **Summary views** (maximum words: 200 per summary section) |
| 1. Current year: 2. Emissions levels and how this compares to business plan. 3. Main drivers of any notable differences between actual emissions and business plan projections. |
|  |
| 1. Year-on-year comparison of: 2. Emissions levels and how this compares to business plan (both absolute and within category). 3. The main drivers of any notable differences between actual emissions and business plan projection. |
|  |
| **Additional commentary** |
|  |