|  |
| --- |
|  |
| Draft RIIO-ED2 Business Plan Data Template Commentary |
| **Publication date:** | 17 December 2020 | **Contact:** | RIIO-ED Team |
| **Team:** | RIIO-ED Cost Analysis |
|  |  | **Tel:** | 020 7901 7000 |
| **Email:** | RIIOED2@ofgem.gov.uk  |

This document provides a template and instructions for providing supporting commentary for the RIIO-ED2 Business Plan data templates.

This document is for people who are filling out the RIIO-ED2 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 2020

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

**Contents**

[1. Instructions and Guidance 6](#_Toc46931860)

[Background 6](#_Toc46931861)

[Instructions and guidance 6](#_Toc46931862)

[2. Data Table Commentary 9](#_Toc46931863)

[Finance Table Commentary 9](#_Toc46931864)

[I1 – Universal Data 9](#_Toc46931865)

[I2 – BPFM Inputs 9](#_Toc46931866)

[I3 – Licence Values 9](#_Toc46931867)

[F1 – Financial Requirements 9](#_Toc46931868)

[F2 – Debt 9](#_Toc46931869)

[F3 - Interest 9](#_Toc46931870)

[F4 – Tax Inputs 10](#_Toc46931871)

[Cost Table Commentary 10](#_Toc46931872)

[C2 – Connections Inside the Price Control 10](#_Toc46931873)

[C3 – Physical Security 10](#_Toc46931874)

[C4 - Non-Operational IT and Telecoms 10](#_Toc46931875)

[C5 – Property (Non-op) 11](#_Toc46931876)

[C6 – Vehicles and Transport (Non Op) 11](#_Toc46931877)

[C7 - STEPM (Non Op) 11](#_Toc46931878)

[C8 - Remote Generation Opex 11](#_Toc46931879)

[C9 - Core Closely Associated Indirects (CAI) 11](#_Toc46931880)

[C10 - Wayleaves (CAI) 12](#_Toc46931881)

[C11 - Vehicles and Transport (CAI) 12](#_Toc46931882)

[C12 - Core Business Support 12](#_Toc46931883)

[C13 - IT and Telecoms (Business Support) 12](#_Toc46931884)

[C14 - Property Management (Business Support) 12](#_Toc46931885)

[C15 - Atypicals Non Severe Weather 13](#_Toc46931886)

[C16 - Smart Meter Outside PC 13](#_Toc46931887)

[Cost and Volume Table Commentary 15](#_Toc46931888)

[CV1 - Primary Reinforcement 15](#_Toc46931889)

[CV2 - Secondary Reinforcement 15](#_Toc46931890)

[CV3 - Fault Level Reinforcement 15](#_Toc46931891)

[CV4 - New Transmission Capacity Charges (NTCC) 15](#_Toc46931892)

[CV5 - Diversions 15](#_Toc46931893)

[CV6 - Diversions Rail Electrification 16](#_Toc46931894)

[CV7a - Asset Replacement NARM 16](#_Toc46931895)

[CV7b - Asset Replacement Non NARM 16](#_Toc46931896)

[CV8 - Refurbishment no NARM 16](#_Toc46931897)

[CV9 - Refurbishment NARM 16](#_Toc46931898)

[CV10 - Civil Works Condition Driven 17](#_Toc46931899)

[CV11 - Operational IT and Telecoms 17](#_Toc46931900)

[CV12 - Black Start 17](#_Toc46931901)

[CV13 - BT21CN 17](#_Toc46931902)

[CV14 - Legal and Safety 17](#_Toc46931903)

[CV15 - QoS and North of Scotland Resilience 18](#_Toc46931904)

[CV16 - Flood Mitigation 18](#_Toc46931905)

[CV17 - Rising and Lateral Mains (RLMs) 18](#_Toc46931906)

[CV18 - Overhead Clearances 18](#_Toc46931907)

[CV19 - Worst Served Customers (WSC) 18](#_Toc46931908)

[CV20 - Visual Amenity 19](#_Toc46931909)

[CV21 - Losses 19](#_Toc46931910)

[CV22 - Environmental Reporting 19](#_Toc46931911)

[CV23 – RIIO-ED1 High Value Projects 19](#_Toc46931912)

[CV24 - DPCR5 High Value Projects 19](#_Toc46931913)

[CV25 - Moorside 20](#_Toc46931914)

[CV26 - Faults 20](#_Toc46931915)

[CV27 - Severe Weather 1 in 20 20](#_Toc46931916)

[CV28 - Occurrences Not Incentivised (ONIs) 20](#_Toc46931917)

[CV29 - Tree Cutting 20](#_Toc46931918)

[CV30 - Inspections 21](#_Toc46931919)

[CV31 - Repairs and Maintenance 21](#_Toc46931920)

[CV32 - Dismantlement 21](#_Toc46931921)

[CV33 - Substation Electricity 21](#_Toc46931922)

[CV34 - Smart Meter Intervention DNO 21](#_Toc46931923)

[CV35 - Operational Training (CAI) 22](#_Toc46931924)

[CV36 – NIC 22](#_Toc46931925)

[CV36a– Innovation ED2 22](#_Toc46931926)

[CV37– NIA 22](#_Toc46931927)

[CV38– IFI & LCN Fund 22](#_Toc46931928)

[CV39– DRS 23](#_Toc46931929)

[Volume Table Commentary 23](#_Toc46931930)

[V1– Total Asset Movements 23](#_Toc46931931)

[V2– Cleansing 23](#_Toc46931932)

[V3– Connections 23](#_Toc46931933)

[V4– Other Asset Movements 24](#_Toc46931934)

[AP1– Age Profile 24](#_Toc46931935)

[RPEs and Ongoing Efficiency Table Commentary 24](#_Toc46931936)

[RPEs and ongoing efficiency 24](#_Toc46931937)

[Memo Table Commentary 24](#_Toc46931938)

[M1 - Flood Mitigation (site) 24](#_Toc46931939)

[M5 - Severe Weather 25](#_Toc46931940)

[M6 - Metal Theft 25](#_Toc46931941)

[M7 - Protection Summary 25](#_Toc46931942)

[M8 - Link Boxes 25](#_Toc46931943)

[M9a - Trad Streetworks (ex ante) 25](#_Toc46931944)

[M9b - Permot & Lane (ex ante) 26](#_Toc46931945)

[M10 - Shetland (SSEH) 26](#_Toc46931946)

[M11a – Subsea Cable (Proactive) 26](#_Toc46931947)

[M11b – Subsea Cable (Reactive) 26](#_Toc46931948)

[M13 – Uncertainty Mechanisms 26](#_Toc46931949)

[M14 - Drivers 27](#_Toc46931950)

[M15 - MEAV 27](#_Toc46931951)

[M18 - FTE 27](#_Toc46931952)

[M19 – DSO 27](#_Toc46931953)

[M20 - LCT 27](#_Toc46931954)

[M21 - Bespoke & Uncertain Act 28](#_Toc46931955)

[Additional Commentary 28](#_Toc46931956)

[Additional commentary 28](#_Toc46931957)

1. Instructions and Guidance

## Background

* 1. This document, the RIIO-ED2 Business Plan Data Templates Commentary (BPDTC), is a template for DNOs 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-ED2 price control period
		+ explain and justify scenarios used for justifying the forecast workload volumes and costs across the RIIO-ED2 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.
	2. This template should be read alongside the Business Plan data template instructions and guidance for RIIO-ED2, the RIIO-ED2 Business Plan guidance, and the RIIO-ED2 Sector Specific Methodology Decision.

## Instructions and guidance

* 1. Alongside the submission of the RIIO-ED2 BPDT, DNOs 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-ED2 period and the latest information on the historic and forecast position across the RIIO-ED1 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-ED2 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-ED2 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.
	2. The BPDTC template is applicable to all worksheets in the final RIIO-ED2 BPDT, except for any cover, contents or summary sheets, and some finance, asset and other sheets. If DNOs 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 DNO must use reasonable endeavours to provide a commentary for each of the categories above. DNOs 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.
	3. The BPDTC must not exceed 3 pages in length for each worksheet, unless otherwise specified. Where visual representations of information (e.g. waterfall diagrams) may aid understanding these should be included and will not contribute to the page limit.
	4. 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, DNOs will need to clearly explain the reasons why.
	5. The appropriateness and materiality of the commentary provided should be at a level that minimises the need for Ofgem to ask supplementary questions.
	6. DNOs 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 DNO. The BPDTC must therefore provide overview information on the level of activity and costs across the RIIO-ED1 period and the current BPDT forecasts for the RIIO-ED2 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
	1. DNOs must provide commentary for each BPDT worksheet using the templates below.

## Finance Table Commentary

### I1 – Universal Data

*No DNOs input required.*

### I2 – BPFM Inputs

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

### I3 – Licence Values

*No DNOs input required.*

### F1 – Financial Requirements

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

### F2 – Debt

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

### F3 - Interest

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

### F4 – Tax Inputs

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

## Cost Table Commentary

### C2 – Connections

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

### C3 – Physical Security

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

### C4 - Non-Operational IT and Telecoms

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

### C5 – Property (Non-op)

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

### C6 – Vehicles and Transport (Non Op)

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

### C7 - STEPM (Non Op)

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

### C8 - Remote Generation Opex

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

### C9 - Core Closely Associated Indirects (CAI)

|  |
| --- |
| Commentary (up to 7 pages) |
|  |

### C10 - Wayleaves (CAI)

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

### C11 - Vehicles and Transport (CAI)

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

### C12 - Core Business Support

|  |
| --- |
| Commentary (up to 7 pages) |
|  |

### C13 - IT and Telecoms (Business Support)

|  |
| --- |
| Commentary (up to 7 pages) |
|  |

### C14 - Property Management (Business Support)

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

### C15 - Atypicals Non Severe Weather

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

### C16 - Smart Meter Outside PC

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

C17 - Legacy Meters

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

C18 - De Minimis

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

C19 - Other Consented Activity

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

C21 - Out of Area Networks

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

C22 - Pass-through

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

C23 - Other NABC

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

C24 - Related Party Margin

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

C25 – Shetland (SSEH Only)

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

## Cost and Volume Table Commentary

### CV1 - Primary Reinforcement

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

### CV2 - Secondary Reinforcement

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

### CV2a - Secondary Reinforcement

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

### CV3 - Fault Level Reinforcement

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

### CV4 - New Transmission Capacity Charges (NTCC)

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

### CV5 - Diversions

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

### CV6 - Diversions Rail Electrification

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

### CV7a - Asset Replacement NARM

|  |
| --- |
| Commentary (up to 10 pages combined with CV7b) |
|  |

### CV7b - Asset Replacement Non NARM

|  |
| --- |
| Commentary (up to 10 pages combined with CV7a) |
|  |

### CV7c - Asset Replacement Civils Driven

|  |
| --- |
| Commentary (up to 10 pages combined with CV7a) |
|  |

### CV8 - Refurbishment non NARM

|  |
| --- |
| Commentary (up to 7 pages) |
|  |

### CV9 - Refurbishment NARM

|  |
| --- |
| Commentary (up to 7 pages) |
|  |

### CV10 - Civil Works Condition Driven

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

### CV11 - Operational IT and Telecoms

|  |
| --- |
| Commentary (up to 5 pages) |
|  |

### CV12 - Black Start

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

### CV13 - BT21CN

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

### CV14 - Legal and Safety

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

### CV15 - QoS and North of Scotland Resilience

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

### CV16 - Flood Mitigation

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

### CV17 - Rising and Lateral Mains (RLMs)

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

### CV18 - Overhead Clearances

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

### CV19 - Worst Served Customers (WSC)

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

### CV20 - Visual Amenity

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

### CV21 - Losses

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

### CV22 - Environmental Reporting

|  |
| --- |
| Commentary (up to 5 pages) |
|  |

### CV23 – RIIO-ED1 High Value Projects

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

### CV24 - DPCR5 High Value Projects

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

### CV25 - RIIO-ED2 High Value Projects

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

### CV26 - Faults

|  |
| --- |
| Commentary (up to 7 pages) |
|  |

### CV27 - Severe Weather 1 in 20

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

### CV28 - Occurrences Not Incentivised (ONIs)

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

### CV29 - Tree Cutting

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

### CV30 - Inspections

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

### CV31 - Repairs and Maintenance

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

### CV32 - Dismantlement

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

### CV33 - Substation Electricity

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

### CV34 - Smart Meter Intervention DNO

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

### CV35 - Operational Training (CAI)

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

### CV36 – NIA

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

### CV36a– Innovation ED2

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

### CV37– NIC

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

### CV38– IFI & LCN Fund

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

### CV39– DRS

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

## Volume Table Commentary

### V1– Total Asset Movements

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

### V2– Cleansing

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

### V3– Connections

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

### V4– Other Asset Movements

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

### AP1– Age Profile

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

## RPEs and Ongoing Efficiency Table Commentary

### RPEs and ongoing efficiency

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

## Memo Table Commentary

### [M1 - Flood](file:///C%3A/Temp/Temporary%20Internet%20Files/Content.MSO/FA8B771.xlsx#'M4 - Enablers for RIIO-ED2'!A1) Mitigation (site)

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

[M3 - ED1 WSC Schemes](file:///C%3A/Temp/Temporary%20Internet%20Files/Content.MSO/FA8B771.xlsx#'M3 - ED1 WSC Schemes'!A1)

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

### [M5 - Severe Weather](file:///C%3A/Temp/Temporary%20Internet%20Files/Content.MSO/FA8B771.xlsx#'M5 - Severe Weather '!A1)

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

### [M6 - Metal Theft](file:///C%3A/Temp/Temporary%20Internet%20Files/Content.MSO/FA8B771.xlsx#'M6 - Metal Theft'!A1)

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

### [M7 - Protection Summary](file:///C%3A/Temp/Temporary%20Internet%20Files/Content.MSO/FA8B771.xlsx#'M7 - Protection Summary'!A1)

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

### [M8 - Link Boxes](file:///C%3A/Temp/Temporary%20Internet%20Files/Content.MSO/FA8B771.xlsx#'M8 - Link Boxes'!A1)

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

### [M9a - Trad](file:///C%3A/Temp/Temporary%20Internet%20Files/Content.MSO/FA8B771.xlsx#'M8 - Link Boxes'!A1) Streetworks (ex ante)

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

### [M9b - Permit](file:///C%3A/Temp/Temporary%20Internet%20Files/Content.MSO/FA8B771.xlsx#'M8 - Link Boxes'!A1) & Lane (ex ante)

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

### [M9c - Permit](file:///C%3A/Temp/Temporary%20Internet%20Files/Content.MSO/FA8B771.xlsx#'M8 - Link Boxes'!A1) & Lane (Re-opener)

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

### [M13](file:///C%3A/Temp/Temporary%20Internet%20Files/Content.MSO/FA8B771.xlsx#'M8 - Link Boxes'!A1) – Uncertainty Mechanisms

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

### [M14 - Drivers](file:///C%3A/Temp/Temporary%20Internet%20Files/Content.MSO/FA8B771.xlsx#'M14 - Drivers'!A1)

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

### [M15 - MEAV](file:///C%3A/Temp/Temporary%20Internet%20Files/Content.MSO/FA8B771.xlsx#'M14 - Drivers'!A1)

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

### [M18 - FTE](file:///C%3A/Temp/Temporary%20Internet%20Files/Content.MSO/FA8B771.xlsx#'M14 - Drivers'!A1)

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

### M19 – DSO

|  |
| --- |
| Commentary (up to 7 pages) |
|  |

### [M20 - LCT](file:///C%3A/Temp/Temporary%20Internet%20Files/Content.MSO/FA8B771.xlsx#'M14 - Drivers'!A1)

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

### [M21 - Bespoke](file:///C%3A/Temp/Temporary%20Internet%20Files/Content.MSO/FA8B771.xlsx#'M14 - Drivers'!A1) & Uncertain Act

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

### [M23 – Environmental](file:///C%3A/Temp/Temporary%20Internet%20Files/Content.MSO/FA8B771.xlsx#'M14 - Drivers'!A1) Action Plan

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

### M24 Losses Snapshot

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

### [M25 – Company Specific Factors](file:///C%3A/Temp/Temporary%20Internet%20Files/Content.MSO/FA8B771.xlsx#'M14 - Drivers'!A1)

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

### NARM1 – Risk Index Weightings

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

### NARM2 – ED1 NARM Profiles

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

### NARM3 – ED3 NARM Profiles

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

## Additional Commentary

* 1. DNOs 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 |
|  |