



**Financial Issues**

**Business Plan Template**

**Commentary Template**

Electricity

Financial Issues BPT

Commentary Template

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# Introduction

## Overview

### A commentary template provides the opportunity for the Licensees to explain why costs have been incurred, any movements between different time periods, and the reasons for variations between forecast costs and outturn costs. As set out in the associated Guidance Notes, the commentary will be used in conjunction with the wider reporting framework (including the Reporting Workbook and Assurance Workbook), to understand the structures and operations of the Licensee, to inform the next price control and to monitor performance against the Authority’s current price control assumptions.

### A full and frank commentary should reduce the number of follow up questions and time spent by both the Authority (UR) and Licensee staff.

### This document has been created such that the Licensee shall insert their comments in the sections identified below in yellow. No additional or freeform document need be created but instead we request the Licensee insert an appropriate chapter heading and commentary box in the body of this document where it is necessary to provide additional commentary.

### Backup documents referenced in the commentary should be attached as Annexes to the submission of this commentary. An electronic copy of any Annex shall be provided. The file name used for the electronic copy of any Annex should include a reference to the relevant section of the commentary and be structured so that the order of the file name is the order they appear in the commentary.

# Commentary tables for the Reporting Workbook

## Introduction

### For the Financial Issues Reporting Workbook we set out the categories of commentary as follows:

## The Universal data worksheet

### Tax input section

|  |
| --- |
| Please detail any suggested edits and rationale for these |
| *Type commentary here* |
| Additional commentary/documentation |
| *Type commentary here* |

## The ‘F1 - P&L’ worksheet

### All columns

|  |
| --- |
| Please detail any suggested edits and rationale for these |
| *Type commentary here* |
| Please provide feedback on the segmental analysis |
| *Type commentary here* |
| Please provide backup for the figures included in row 8 (Revenue) and reconcile: the RP6 years to the overall price control submission; the RP5 years to the licence formulae for RP5. |
| *Type commentary here* |
| Please provide detail on anything included within the ‘Any other (consented) activities’ segment |
| *Type commentary here* |
| Additional commentary/documentation |
| *Type commentary here* |

## The ‘F2 – Bal Sht’ worksheet

### All columns

|  |
| --- |
| Please detail any suggested edits, including any definitions or edits to the definitions provided as per the guidance notes and rationale for these edits or definitions. |
| *Type commentary here* |
| *Please confirm that links have been made to the Cost and Volumes in the placeholders provided, or if not, why not.* |
| *Type commentary here* |
| *Please confirm that the check cells show an ‘OK’ result, or if not, why not.* |
| *Type commentary here* |
| Please provide feedback on the segmental analysis |
| *Type commentary here* |
| Additional commentary/documentation |
| *Type commentary here* |

## The ‘F3 Cashflow’ worksheet

### All columns

|  |
| --- |
| Please detail any suggested edits, including any definitions or edits to the definitions provided as per the guidance notes and rationale for these edits or definitions. |
| *Type commentary here* |
| *Please confirm that the check cells show an ‘OK’ result, or if not, why not.* |
| *Type commentary here* |
| Additional commentary/documentation |
| *Type commentary here* |

## The ‘F4 Net Debt’ worksheet

### All columns

|  |
| --- |
| Please detail any suggested edits and rationale for these edits. |
| *Type commentary here* |
| Please provide any additional backup and information which may be useful to the Authority in understanding the information provided in this worksheet, including any information which may support the NIE business case as presented in other sections of the plan (e.g. WACC). |
| *Type commentary here* |
| Additional commentary/documentation |
| *Type commentary here* |

## The ‘F5 Financing costs’ worksheet

### All columns

|  |
| --- |
| Please detail any suggested edits and rationale for these edits. |
| *Type commentary here* |
| Please provide any reconciliation which may be useful to help the Authority understand the differences between: tables B to E; and the ‘Analysis of interest’ sections. |
| *Type commentary here* |
| Additional commentary/documentation |
| *Type commentary here* |

## The ‘F6 Link to C1 matrix’ worksheet

### All columns

|  |
| --- |
| Please detail any suggested edits and rationale for these edits. |
| *Type commentary here* |
| Please provide feedback on the approach taken in this worksheet. Is there a better way of classifying costs for tax purposes? Is there a better way to link to the C1 Matrix? |
| *Type commentary here* |
| *Please confirm that links have been made to the C1 Matrix in the placeholders provided, or if not, why not.* |
| *Type commentary here* |
| *Please confirm that the check cells show an ‘OK’ result, or if not, why not.* |
| *Type commentary here* |
| Additional commentary/documentation |
| *Type commentary here* |

## The ‘F12 R.Tax allocations’ worksheet

### All

|  |
| --- |
| Please detail any suggested edits and rationale for these edits. |
| *Type commentary here* |
| Please provide feedback on the approach taken in this worksheet. Is there a better way of classifying costs for tax purposes? Is there a better way to link to check the cost entries? |
| *Type commentary here* |
| *Please confirm that the check cells show an ‘OK’ result, or if not, why not.* |
| *Type commentary here* |
| Please confirm if the RP6 addition profiles are appropriate for the Authority to assume for setting RP6 allowances, regardless of whether the Authority assumes a different value of allowances from NIE. If not, why not? |
| *Type commentary here* |
| Additional commentary/documentation |
| *Type commentary here* |

## The ‘F12a CT600 Tax allocations’ worksheet

### All columns

|  |
| --- |
| Please detail any suggested edits and rationale for these edits. |
| *Type commentary here* |
| Please provide information on: any other entities involved in the CT600 return; any other group companies; any special agreements with HMRC; and any other information which may be useful for the Authority to understand the values entered on this worksheet. |
| *Type commentary here* |
| Please explain the difference between: the total costs entered for each of the ‘tax pools’; and the total costs entered as per the C1 matrix. |
| *Type commentary here* |
| *Please confirm that links have been made to the C1 Matrix in the placeholders provided, or if not, why not.* |
| *Type commentary here* |
| Additional commentary/documentation. Please include a copy of relevant CT600 returns to support any other information provided. |
| *Type commentary here* |

## The ‘F13 Tax CA pools’ worksheet

### All columns

|  |
| --- |
| Please detail any suggested edits and rationale for these edits. |
| *Type commentary here* |
| Please provide feedback on the approach taken in this worksheet. Is there a better way of calculating the Capital Allowance pools? Is there a better way to link the value of additions entered in the other worksheets (eg F12)? Should the Deferred Revenue pool be linked to the writing down allowance rate? What changes would the Licensee propose? |
| *Type commentary here* |
| *Please provide reconciliations to the opening pool balances, per segment, to: the pool balances provided as part of the RP5 Financial modelling work; and to the values in the RP5 license formulae.* |
| *Type commentary here* |
| *Please confirm if the balance on the IBA pool should provide benefit to customers in some way, in recognition that customers have funded the costs in this pool. If not, why not? Would the closing balance just remain at that level for ever?* |
| *Type commentary here* |
| *Please confirm that the check cells show an ‘OK’ result, or if not, why not.* |
| *Type commentary here* |
| Additional commentary/documentation |
| *Type commentary here* |

## The ‘F14 Tax comp Licensee’ worksheet

### All columns

|  |
| --- |
| Please detail any suggested edits and rationale for these edits. |
| *Type commentary here* |
| Please provide feedback on the approach taken in this worksheet. Is there a better way of setting out the Tax computation? Is there a better way to link the values entered in the other worksheets (eg F12)? Should the regulatory tax pool for ‘Revenue’ be linked to the subsection ‘Deduct: Capital allowances’? What changes would the Licensee propose? |
| *Type commentary here* |
| *For years 2013 to 2015 inclusive, please provide reconciliations to the tax costs entered in the Financial Data RIGs to the tax costs computed in this worksheet.* |
| *Type commentary here* |
| *Please provide reconciliations to the tax costs entered in the Licensee’s regulatory accounts to the tax costs computed in this worksheet.* |
| *Type commentary here* |
| Additional commentary/documentation |
| *Type commentary here* |

## The ‘F14a Tax comp UoS’ worksheet

### All columns

|  |
| --- |
| Please detail any suggested edits and rationale for these edits. |
| *Type commentary here* |
| Please provide feedback on the approach taken in this worksheet. Is there a better way of setting out the Tax computation? Is there a better way to link the values entered in the other worksheets (eg F12)? Should the regulatory tax pool for ‘Revenue’ be linked to the subsection ‘Deduct: Capital allowances’? What changes would the Licensee propose? |
| *Type commentary here* |
| *For years 2013 to 2015 inclusive, please provide reconciliations to the tax costs entered in the Financial Data RIGs to the tax costs computed in this worksheet.* |
| *Type commentary here* |
| *Please provide reconciliations to the tax costs entered in the Licensee’s regulatory accounts to the tax costs computed in this worksheet.* |
| *Type commentary here* |
| Additional commentary/documentation |
| *Type commentary here* |

## The ‘F15 Recn total costs to reg acs’ worksheet

### All columns

|  |
| --- |
| Please detail any suggested edits and rationale for these edits. |
| *Type commentary here* |
| Please provide feedback on the approach taken in this worksheet. Is there a better way to reconcile to the costs entered in the C1 Matrix? Is there a better way to link to the C1 Matrix or to the values entered in the other worksheets? Is there a better way to reconcile the different segments? What changes would the Licensee propose? |
| *Type commentary here* |
| *Please provide commentary on each of the reconciling items, including why they did not appear in the C1 Matrix and how they appear in the Financial Data RIGs.* |
| *Type commentary here* |
| *Please confirm that links have been made to the C1 Matrix in the placeholders provided, or if not, why not.* |
| *Type commentary here* |
| *Please confirm that the check cells show an ‘OK’ result, or if not, why not.* |
| *Type commentary here* |
| Additional commentary/documentation |
| *Type commentary here* |

## The ‘F16 Recn net debt’ worksheet

### All columns

|  |
| --- |
| Please detail any suggested edits and rationale for these edits. |
| *Type commentary here* |
| Please provide feedback on the approach taken in this worksheet. Is there a better way to reconcile the value of net debt between table F4 and the balance sheet? What changes would the Licensee propose? |
| *Type commentary here* |
| *Please confirm that the check cells show an ‘OK’ result, or if not, why not.* |
| *Type commentary here* |
| Additional commentary/documentation |
| *Type commentary here* |

## The ‘F17 Recn pension costs’ worksheet

### All columns

|  |
| --- |
| Please detail any suggested edits and rationale for these edits. |
| *Type commentary here* |
| Please provide feedback on the approach taken in this worksheet. Is there a better way to reconcile the value of pensions between: the Pension RIGs; the C1 Matrix; and the values entered in the accounts? What changes would the Licensee propose? |
| *Type commentary here* |
| *Is there a way that the pension costs entered in the Pension RIGs can be linked directly into this worksheet? How would the Licensee propose this is done?* |
| *Type commentary here* |
| *Please confirm that links have been made to the C1 Matrix in the placeholders provided, or if not, why not.* |
| *Type commentary here* |
| *Please confirm that the check cells show an ‘OK’ result, or if not, why not.* |
| *Type commentary here* |
| Additional commentary/documentation |
| *Type commentary here* |

# Commentary table for the WACC submission

## Introduction

### This section can be used by the Licensee to submit information and backup related to the RP6 WACC submission.

## WACC submission

### All years

|  |
| --- |
| Please input information or references to backup files here relating to the Licensee’s WACC submission for RP6. |
| *Type commentary here* |
| Additional commentary/documentation |
| *Type commentary here* |

# Commentary tables for the impact on customer charges of the Licensee’s RP6 business plan.

## Introduction

### This section can be used by the Licensee to submit information and backup related to the impact on customer charges of the Licensee’s RP6 business plan.

## Impact on customer charges

### Use of System

|  |
| --- |
| Please input information or references to backup files here relating to the Licensee’s estimated impact on customer charges of the RP6 business plan. (Note that term ‘Use of System’ can refer to final distribution charges and/or transmission charges (ie it ignores the fact that SONI typically make transmission charges to end users), please see general guidance and glossary for more information).  Please ensure that backup files show clearly, and are easily modified, for inputs relating to: volumes; inflation; customer numbers; and the price base.  Please show separately the impact on: overall customer charges; Domestic credit charges; Domestic prepayment charges; SME < 70kVA; SME < 70kVA; and LEU >1MW .  Please show the link from each of these categories to the different customer groups shown on the Use of System charging statements. We would suggest using the following DUoS tariffs: T011; T053; T031; T101; and T303. |
| *Type commentary here* |
| Additional commentary/documentation |
| *Type commentary here* |

### Non Use of System

|  |
| --- |
| Please input information or references to backup files here relating to the Licensee’s estimated impact on customer charges of the RP6 business plan. (Note that term ‘Non Use of System’ refers to anything not captured in the above ‘Use of System’ term. |
| *Type commentary here* |
| Additional commentary/documentation |
| *Type commentary here* |

# Commentary tables for the assumed electricity volumes (consumed and generated) and associated customer numbers (for each) in the Licensee’s RP6 business plan.

## Introduction

### This section can be used by the Licensee to submit information and backup related to the assumed volume and customer numbers within the Licensee’s RP6 business plan.

## Volumes of energy consumption and associated customer numbers

### Use of System

|  |
| --- |
| Please input information or references to backup files here relating to the Licensee’s estimated volumes of energy consumption and associated customer numbers. (Note that term ‘Use of System’ can refer to final distribution charges and/or transmission charges (ie it ignores the fact that SONI typically make transmission charges to end users), please see general guidance and glossary for more information).  Please ensure that backup files show clearly, historical volumes of energy consumption and associated customer numbers from 2008 to 2016 inclusive, and forecast volumes of energy consumption and associated customer numbers from 2017 to 2024 inclusive.  Please show separately the assumed volumes of energy consumption and associated customer numbers for; Domestic credit; Domestic prepayment; SME < 70kVA; SME < 70kVA; and LEU >1MW .  Please show the link from each of these categories to the different customer groups shown on the Use of System charging statements. We would suggest using the following DUoS tariffs: T011; T053; T031; T101; and T303. |
| *Type commentary here* |
| Additional commentary/documentation |
| *Type commentary here* |

## Volumes of energy generation and associated customer numbers

### Use of System

|  |
| --- |
| Please input information or references to backup files here relating to the Licensee’s estimated volumes of energy generation and associated customer numbers. (Note that term ‘Use of System’ can refer to final distribution charges and/or transmission charges (ie it ignores the fact that SONI typically make transmission charges to end users), please see general guidance and glossary for more information).  Please ensure that backup files show clearly, historical volumes of energy generation and associated customer numbers from 2008 to 2016 inclusive, and forecast volumes from 2017 to 2024 inclusive.  Please show separately the assumed volumes of energy generation and associated customer numbers for; Microgeneration; Small scale generation; and Large scale generation.  Please show the link from each of these categories to the different customer groups shown on the Use of System charging statements. We would suggest using the following DUoS tariffs: T502; T505; and T507. |
| *Type commentary here* |
| Additional commentary/documentation |
| *Type commentary here* |