

# Gas TSOs Regulatory Instructions & Guidance (RIGs): 2017-18 to 2021-22

# General Instructions

This document sets out the Utility Regulator's (the Authority) Regulatory Instructions and Guidance (RIGs) for the annual reporting of gas transmission system operator (TSO) costs and outputs. These RIGs provide a framework for the Authority to collect consistent information from TSOs on an annual basis. The information will help the Authority monitor performance and, over time, will provide a database of performance that will inform subsequent price controls.

## Legal Framework

The information required in these RIGs shall be provided under Condition 1.21 (Regulatory Instructions and Guidance) of the gas TSOs licence.

## Components of the RIGs

The RIGs comprise:

- a) A data reporting template (in MS Excel format), which contains various spreadsheets for completion by the TSO. The template has been developed consistent with the GT17 price control.
- b) This document, which contains specific guidance on completion of the data reporting template and also the requirements for supporting commentary.

The annual reporting submission should be well-justified, self-explanatory, consistent in itself and with other submissions the TSO has made. The TSOs submission, completed in accordance with these RIGs, will comprise:

- a) A completed data reporting template (in MS Excel format).
- b) Supporting commentary to the various completed worksheets (in MS Word format).
- c) Any additional information or documentation requested in the RIGs and / or which the TSO deems appropriate to provide.

The submission must be accompanied by a letter and statement signed by a Director on behalf of the licensee confirming that to the best of their knowledge data is accurate, complete and has been provided in accordance with the RIGs.

## Reporting period and timescales

The relevant reporting year for the provision of information runs from 1 October to 30 September of the following calendar year. For example, a reporting year of 2015/16 means the year ended on 30 September 2016. The template and guidance covers the entirety of the existing price control. The UR does not intend issuing guidance each year, unless something is incorrect or changes are required.

TSOs must provide its submission, completed in accordance with these RIGs, no later than 31 January immediately following the end of the reporting year; that is, four months after the end of the reporting year. For example, information for the reporting year ended 30 September 2018, must be provided by 31 January 2019.

TSOs must provide a submission annually. In order to provide a consistent historical database, TSOs should complete information [without commentary] on the last two years of the previous price control in their first return. That is, the submission for reporting year 2017/18 (due no later than 31 January 2019) must also include data on reporting years 2015/16 and 2016/17.

For future years, TSOs can simply update the existing template with current year information. No changes should be made to historic information without the express consent of the UR.

## Submission

Completed submissions should be submitted electronically to: [Gas\\_networks\\_responses@uregni.gov.uk](mailto:Gas_networks_responses@uregni.gov.uk)  
cc: [veronika.gallagher@uregni.gov.uk](mailto:veronika.gallagher@uregni.gov.uk)

Further to the initial submission there may be optional further steps:

- Questions and queries.
- Site visit(s) to discuss and understand information.
- Re-submission (only at the express permission/request of UR).
- UR reserves the right to appoint an “examiner” to substantively look at specified areas of the reporting and audit any issues that may arise from time to time.

### **Workbook Content**

The data reporting template is an MS Excel workbook. This workbook contains:

- a) Reference worksheets, including:
  - i) An index
  - ii) A key
  - iii) Inflation figures for converting monetary values from nominal to real terms
  
- b) Worksheets for TSOs to complete, covering the following areas:
  - i) Overall costs (by licensee)
  - ii) Staff costs (by support, engineering and GMO staff)
  - iii) Administration costs
  - iv) Maintenance costs and activity
  - v) Uncontrollable costs
  - vi) Replacement (repex) costs and activity
  - vii) Capital repayment costs and tariff inputs

The worksheets must be completed by taking into account the requirements set out in this guidance document. This chapter provides some general instruction for the workbook. Subsequent chapters contain more detailed guidance on each of the worksheets.

### **Data entry**

For ease of use, the cells of the worksheet are colour coded, with a key provided in the workbook. TSOs should enter data into the yellow input cells on an annual basis, providing year end actuals. Future years are shown but should not be completed until after the relevant year end.

Pink cells represent historical data. In order to provide a consistent historical database, TSOs should complete information [without commentary] on the last two years of the previous price control. Historic data should not be changed unless numbers previously provided were wrong. If this is the case, the change must be identified and described in the supporting commentary.

More generally, the structure of the worksheets should not be changed, nor should worksheets be deleted or additional ones added, without the instruction of the Authority.

Unless stated otherwise, prices should be entered in nominal terms and provided in units of £m (displayed to three decimal places). If conversion is required between nominal and real terms then the information provided in the ‘Inflation’ workbook of the template should be used. Any values of zero should be entered as such (and not just left blank unless otherwise instructed).

TSOs should provide data for the current reporting year and, for the first submission under this guidance two previous reporting years in the last price control period.

Unless stated otherwise in the RIGs, TSOs should use the same policies and procedures to estimate and allocate costs as in the preparation of the GT17 submission to the Authority. Where this is not the case, any divergences from previous policies and procedures must be stated in the supporting commentary.

Descriptions of methodologies used to apportion or allocate costs (e.g. between individual categories of work, outputs, organisational entities or time periods) must be provided, including the calculations for such methodologies. Costs at the total level [Table 1 & Table 7] should reconcile with information provided in the relevant TSO regulatory accounts.

TSOs may append additional information to their submission, and describe this in the supporting commentary

if it considers this is needed to provide an understanding of the information provided in the template and the associated context.

### **Template errors**

In the event of TSOs identifying errors in the templates after they have been sent out for completion, the following procedure shall be followed:

Upon identifying an error, TSOs should send details to the Authority using this email: [Gas\\_networks\\_responses@uregni.gov.uk](mailto:Gas_networks_responses@uregni.gov.uk) cc: [veronika.gallagher@uregni.gov.uk](mailto:veronika.gallagher@uregni.gov.uk).

- a) TSOs should not correct the error in the version to be submitted without the Authority confirming they should do so.
- b) The Authority will assess the details provided to establish if there is an error.
- c) If the Authority considers it feasible and appropriate for the current reporting year, the Authority will correct the error by amending the template and /or clarifying the guidance, and confirm to TSOs that they should use these for their submission.
- d) If the Authority considers it is *not* feasible and appropriate for the current reporting year, the Authority will log the error and address it when preparing templates for the following reporting year.

In the event that UR identifies an error, we will follow the above steps b) to d).

# Table 1

## Overall Costs

Covering:

Administration, Repex, Planned Maintenance, Unplanned Maintenance, System Operation (both TSO & GMO) and Uncontrollable Opex

# Table 1

## Overall Costs

### General Purpose

The purpose of this table is to provide a consistent reporting template for TSOs. It will help provide comparability, certainty and an understanding of cost movements over time. This structure will also be used as the basis for ongoing annual cost reporting and future price controls. The table is designed as a summary with more disaggregated information requested in follow-up tables.

### Instructions

This table has 40 lines in total. It covers all costs including the high level GMO cost elements (L20 - L27) allocated to the TSO. More detailed market operator costs will be subject to separate reporting by the GMO. This however should align with what is included in the TSO submissions.

MEL is required to complete this table for each of their licensees (T1a, T1b and T1c). For MEL, Table 1 should equal the sum of the three subsidiary tables.

All financial costs should be recorded in nominal prices. Costs will generally be recorded in £ millions to 3 decimal places (DP), unless otherwise stated.

Mutualisation costs (L5) and some uncontrollable cost lines (L30 – L31) should not be completed by GNI (UK). Any income received from Stranraer or Dundalk should be recorded as a negative value.

Columns -2 and -1 should contain historic data from the previous price control which reconciles with regulatory accounts at the total level. Columns 1-5 will contain actual information from GT17 completed on an annual basis. This should also align with regulatory accounts.

### Company commentary

Alongside the tables the company should provide commentary detailing:

- Explanation of movement in cost lines with emphasis on any changes +/-20% on the previous year.
- Any atypical or 'one-off' costs that have incurred.
- Any additional details explaining cost movements e.g. workload, timings of activity etc.
- Differences between actuals and GT17 allowances of +/-10% on the summary lines (Section H).
- Description of TSO internal processes to provide accuracy and ensure no 'double counting' occurs.
- Description of any changes in the period to the cost allocation methodology between TSO licensees (MEL) and intra-company charges [GNI (UK)]. This should reference when change occurred, why it occurred and when/where old methodology was previously reported.
- Any exchange rate figures used [GNI (UK)].

### Audit Check

Line	Audit Check
T1, L33	Line 33 should equal T2a, L16 plus T3, L15.
T1, L34	Line 34 should equal T6, L13.
T1, L35	Line 35 should equal T2b, L16 plus T4, L24.
T1, L36	L36 should equal T4, L25.
T1, L37	Line 37 should equal sum of L14 – L19.
T1, L38	Line 38 should equal L20 – L27

**Table 1 - Line Guidance**
**A Administration**

<b>1</b>	<b>Pipeline Insurance</b>	£m	3 dp <sup>1</sup>
<b>Definition</b>	Insurance related solely to the pipeline assets and AGIs. This includes: <ul style="list-style-type: none"> <li>• Insurance premiums;</li> <li>• Insurance contract negotiating and monitoring;</li> <li>• Insurance risk management; and</li> <li>• Payments relating to uninsured claims.</li> </ul>		
<b>Processing rule</b>	Input		
<b>2</b>	<b>Intra-Company Recharge</b>	£m	3 dp
<b>Definition</b>	Recharge for cost/activity provided by another company group entity. This will include: <ul style="list-style-type: none"> <li>• Marketing;</li> <li>• Audit/Finance/Regulation;</li> <li>• Human Resources &amp; Training;</li> <li>• IT &amp; Telecoms;</li> <li>• Property Management;</li> <li>• Legal fees;</li> <li>• Board members travel and expenses;</li> <li>• Any other relevant charges.</li> </ul>		
<b>Processing rule</b>	Input		
<b>3</b>	<b>Other Overheads</b>	£m	3 dp
<b>Definition</b>	Includes procurement of goods & services in the support of the business operations. Also covers: <ul style="list-style-type: none"> <li>• Non-pipeline insurance;</li> <li>• Stationary; and</li> <li>• Any other direct administration cost items e.g. consultancy support (not reported elsewhere).</li> </ul>		
<b>Processing rule</b>	Input		

<sup>1</sup> DP refers to decimal points.  
 Regulatory instructions and guidance definitions manual 2018  
 Version 2.0 – October 2018

4	Support Staff costs	£m	3 dp
<b>Definition</b>	All <b>support staff</b> labour related costs incurred by the licence holder including inter-company recharges but <i>excluding</i> those labour costs which relate to engineering and the direct activity of the . This includes: <ul style="list-style-type: none"> <li>• Gross salaries and wages of all employees;</li> <li>• Bonus payments;</li> <li>• Overtime, Standby and Other Allowances;</li> <li>• Employer’s National Insurance contributions;</li> <li>• Salary sacrifice payments;</li> <li>• Training costs;</li> <li>• Sick pay;</li> <li>• Pension Costs;</li> <li>• Sickness benefits;</li> <li>• Private health insurance;</li> <li>• (Non pension related) retirement awards;</li> <li>• Death in service benefits;</li> <li>• Paid leave;</li> <li>• Travel and Subsistence;</li> <li>• Medical insurance costs;</li> <li>• Childcare assistance;</li> <li>• Welfare costs;</li> <li>• Car allowances;</li> <li>• Share based schemes; and</li> <li>• Staff Entertainment.</li> </ul>		
<b>Processing rule</b>	Input		

5	Mutualisation Costs	£m	3 dp
<b>Definition</b>	Costs directly attributable to the management of the mutual bond including the provision of liquidity as well as legal and other professional fees required to manage the financiers.  Not to be completed by GNI (UK).		
<b>Processing rule</b>	Input		



**B Asset Replacement**

<b>6</b>	<b>Asset Replacement</b>	£m	3 dp
<b>Definition</b>	Captures expenditure for replacement of (major) assets, e.g. due to expiry of design life and/or operational performance issues.		
<b>Processing rule</b>	Input		

**C Planned Maintenance**

<b>7</b>	<b>Asset Management &amp; Compliance</b>	£m	3 dp
<b>Definition</b>	Include a variety of activities such as: <ul style="list-style-type: none"> <li>• Engineering Compliance;</li> <li>• Engineering management;</li> <li>• Asset management;</li> <li>• Work planning and management;</li> <li>• System planning and design; and</li> <li>• HSQ&amp;E management.</li> </ul>		
<b>Processing rule</b>	Input		

<b>8</b>	<b>Emergency Response</b>	£m	3 dp
<b>Definition</b>	Includes: <ul style="list-style-type: none"> <li>• Fixed costs incurred to ensure 24/7/365 availability of the emergency response resources;</li> <li>• Variable costs from emergency response activities;</li> <li>• Arrangements and service provider contractors to ensure emergency spares, materials and equipment; and</li> <li>• Emergency training exercises.</li> </ul>		
<b>Processing rule</b>	Input		

<b>9</b>	<b>Pipeline Inspection</b>	£m	3 dp
<b>Definition</b>	Can include: <ul style="list-style-type: none"> <li>• Sub-sea survey (periodic) of underwater pipeline, including side scan sonar, multi beam echo sound, sacrificial anode stabbing, checking for spans, scars, cathodic protection system, debris etc.</li> <li>• Land inspections often carried out by pigging the pipeline and sometimes known as Online Inspection (OLI).</li> <li>• Walk / vantage point / river crossing surveys; and</li> <li>• Aerial pipeline inspections.</li> </ul>		
<b>Processing rule</b>	Input		

10	Routine Maintenance	£m	3 dp
<b>Definition</b>	Maintenance of the range of transmission system assets to ensure fitness for purpose and compliance with relevant regulations, industry recognized standards and best practice. Includes: <ul style="list-style-type: none"> <li>• The fixed costs associated with mobilization of resources at commencement of the contract operations;</li> <li>• Cost charged by the contractor for ongoing management;</li> <li>• Planned/routine maintenance e.g. surveillance, functional checks and maintenance, site husbandry.</li> <li>• Maintenance activities not included in the foregoing e.g. investigations following OLI, Close Interval Potential Surveys (CIPS);</li> <li>• Sub-sea maintenance activities [for MEL only];</li> <li>• Routine/planned inspection and maintenance of AGIs, metering assets and other assets;</li> <li>• Routine inspection and maintenance of SCADA equipment and communication systems;</li> <li>• Utilities costs associated with operation of the transmission system assets, e.g. electricity supply;</li> <li>• Agricultural / Landowner liaison;</li> <li>• Security related costs; and</li> <li>• Provision of specialist maintenance services by equipment manufacturers / vendors, e.g. gas heating equipment / systems, pest control etc.</li> </ul>		
<b>Processing rule</b>	Input		

11	Engineering Staff Costs	£m	3 dp
<b>Definition</b>	All <b>engineering staff</b> labour related costs incurred by the licence holder including inter-company recharges but <i>excluding</i> those labour costs which relate to support staff and the direct activity of the GMO. This includes: <ul style="list-style-type: none"> <li>• Gross salaries and wages of all employees;</li> <li>• Bonus payments;</li> <li>• Overtime, Standby and Other Allowances;</li> <li>• Employer's National Insurance contributions;</li> <li>• Salary sacrifice payments;</li> <li>• Training costs;</li> <li>• Sick pay;</li> <li>• Pension Costs;</li> <li>• Sickness benefits;</li> <li>• Private health insurance;</li> <li>• (Non pension related) retirement awards;</li> <li>• Death in service benefits;</li> <li>• Paid leave;</li> <li>• Travel and Subsistence;</li> <li>• Medical insurance costs;</li> <li>• Childcare assistance;</li> <li>• Welfare costs;</li> <li>• Car allowances;</li> <li>• Share based schemes; and</li> <li>• Staff Entertainment.</li> </ul>		
<b>Processing rule</b>	Input		

#### D Unplanned Maintenance

12	Drainage	£m	3 dp
<b>Definition</b>	Drainage and legal cost associated with drainage. Licence holder liable for drainage issues arising from original construction. Costs include actual drainage and legal cost to remove liability.		
<b>Processing rule</b>	Input		

13	Other Unplanned Costs	£m	3 dp
<b>Definition</b>	Any other unplanned costs such as vehicle fault repairs, plant repairs, communication issues etc.		
<b>Processing rule</b>	Input		

**E System Operation (TSO)**

Lines 14-19 focus on system operation costs incurred by the network company. Some of these lines may no longer be required or will simply be nil returns given GMO is now operational.

<b>14</b>	<b>Contracts and Licences</b>	£m	3 dp
<b>Definition</b>	Includes: <ul style="list-style-type: none"> <li>• The ongoing costs of IT licences;</li> <li>• Server hosting and IT support;</li> <li>• ENTSO-G Membership fee;</li> <li>• Subscriptions;</li> <li>• Postalised System Administrator Fee; and</li> <li>• Moffat Agent.</li> </ul>		
<b>Processing rule</b>	Input		

<b>15</b>	<b>Grid Control</b>	£m	3 dp
<b>Definition</b>	System control room services to monitor and control the operational performance of the transmission network, and manage the gas supply interface with the upstream and downstream transporters.		
<b>Processing rule</b>	Input		

<b>16</b>	<b>Major IT System Development</b>	£m	3 dp
<b>Definition</b>	Costs related to major system development projects as determined by the UR.		
<b>Processing rule</b>	Input		

<b>17</b>	<b>Network Code Development</b>	£m	3 dp
<b>Definition</b>	Includes cost associated with: <ul style="list-style-type: none"> <li>• Gas Capacity Statement - Annual preparation of this and other annual publications required for licence and Network Code compliance</li> <li>• Development and support related to the grid control Gas Transmission Management System (GTMS), and gas transportation services IT systems.</li> <li>• Shipper services and network code development;</li> <li>• Management of Network Code developments, arrangements and processes.</li> </ul> N.B. This only relates to external cost for such activity. Internal costs will be captured in the staff categories.		
<b>Processing rule</b>	Input		

<b>18</b>	<b>SCADA and Comms</b>	£m	3 dp
<b>Definition</b>	Cost associated with SCADA and communications systems and equipment used to monitor the transmission system operational performance.		
<b>Processing rule</b>	Input		

<b>19</b>	<b>European Compliance</b>	£m	3 dp
<b>Definition</b>	Any costs arising from ensuring compliance with European directives or regulations not covered by any other line.		
<b>Processing rule</b>	Input		

**F System Operation (GMO)**

<b>20</b>	<b>GMO Staff Costs</b>	£m	3 dp
<b>Definition</b>	All <b>GMO staff</b> labour related costs incurred by the licence holder including the general manager. This includes: <ul style="list-style-type: none"> <li>• Gross salaries and wages of all employees;</li> <li>• Bonus payments;</li> <li>• Overtime, Standby and Other Allowances;</li> <li>• Employer's National Insurance contributions;</li> <li>• Salary sacrifice payments;</li> <li>• Training costs;</li> <li>• Sick pay;</li> <li>• Pension Costs;</li> <li>• Sickness benefits;</li> <li>• Private health insurance;</li> <li>• (Non pension related) retirement awards;</li> <li>• Death in service benefits;</li> <li>• Paid leave;</li> <li>• Travel and Subsistence;</li> <li>• Medical insurance costs;</li> <li>• Childcare assistance;</li> <li>• Welfare costs;</li> <li>• Car allowances;</li> <li>• Share based schemes; and</li> <li>• Staff Entertainment.</li> </ul>		
<b>Processing rule</b>	Input		

<b>21</b>	<b>GMO Administration</b>	£m	3 dp
<b>Definition</b>	Includes all direct GMO operational costs such as: <ul style="list-style-type: none"> <li>• Head Office rent;</li> <li>• Utilities &amp; cleaning;</li> <li>• Insurance, bank charges &amp; fees etc.</li> </ul>		
<b>Processing rule</b>	Input		

<b>22</b>	<b>Contracts and Licences</b>	£m	3 dp
<b>Definition</b>	Includes: <ul style="list-style-type: none"> <li>• The ongoing costs of IT licences;</li> <li>• Server hosting and IT support;</li> <li>• ENTSO-G Membership fee;</li> <li>• Subscriptions;</li> <li>• Postalised System Administrator Fee; and</li> <li>• Moffat Agent.</li> </ul>		
<b>Processing rule</b>	Input		

<b>23</b>	<b>Grid Control</b>	£m	3 dp
<b>Definition</b>	System control room services to monitor and control the operational performance of the transmission network, and manage the gas supply interface with the upstream and downstream transporters.		
<b>Processing rule</b>	Input		

<b>24</b>	<b>Major IT System Development</b>	£m	3 dp
<b>Definition</b>	Costs related to major system development projects as determined by the UR.		
<b>Processing rule</b>	Input		

<b>25</b>	<b>Network Code Development</b>	£m	3 dp
<b>Definition</b>	Includes cost associated with: <ul style="list-style-type: none"> <li>• Gas Capacity Statement - Annual preparation of this and other annual publications required for licence and Network Code compliance</li> <li>• Development and support related to the grid control Gas Transmission Management System (GTMS), and gas transportation services IT systems.</li> <li>• Shipper services;</li> <li>• Management of Network Code developments, arrangements and processes.</li> </ul> N.B. This only relates to external cost for such activity. Internal costs will be captured in the staff categories.		
<b>Processing rule</b>	Input		

<b>26</b>	<b>SCADA and Comms</b>	£m	3 dp
<b>Definition</b>	Cost associated with SCADA, RTU support and communications systems and equipment used to monitor the transmission system operational performance.		
<b>Processing rule</b>	Input		

<b>27</b>	<b>European Compliance</b>	£m	3 dp
<b>Definition</b>	Any costs arising from ensuring compliance with European directives or regulations not covered by any other line.		
<b>Processing rule</b>	Input		

## G Uncontrollable Costs

<b>28</b>	<b>Business Rates</b>	£m	3 dp
<b>Definition</b>	Annual property taxes paid to various levels of government, local regional and central. Also includes seabed wayleave costs.		
<b>Processing rule</b>	Input		

<b>29</b>	<b>Licence Fees</b>	£m	3 dp
<b>Definition</b>	Licence fees paid to the UR, CRU or Ofgem.		
<b>Processing rule</b>	Input		

<b>30</b>	<b>Fuel/Shrinkage/Imbalance Costs</b>	£m	3 dp
<b>Definition</b>	Costs of: <ul style="list-style-type: none"> <li>• Gas for compressor stations;</li> <li>• Shrinkage gas for unaccounted losses; and</li> <li>• Imbalance charges.</li> </ul>		
<b>Processing rule</b>	Input (to be completed by MEL/PTL only)		

<b>31</b>	<b>Scottish Costs</b>	£m	3 dp
<b>Definition</b>	Charges associated with the arrangements in Scotland e.g. <ul style="list-style-type: none"> <li>• TA capacity payments;</li> <li>• Beattock compressor station costs (excluding fuel);</li> <li>• Beattock major capital works costs; and</li> <li>• SWSOS pipeline maintenance or modification costs.</li> </ul>		
<b>Processing rule</b>	Input (to be completed by MEL/PTL only)		

<b>32</b>	<b>Stranraer / Dundalk Income</b>	£m	3 dp
<b>Definition</b>	Any offsetting income received from the services provided to Stranraer or Dundalk. Should be recorded as a negative value.		
<b>Processing rule</b>	Input (to be completed by MEL/PTL and GNI (UK) only)		

## H Totals

<b>33</b>	<b>Administration</b>	£m	3 dp
<b>Definition</b>	Cumulative admin costs.		
<b>Processing rule</b>	Calc: Sum of L1 – L5		

<b>34</b>	<b>Asset Replacement</b>	£m	3 dp
<b>Definition</b>	Cumulative replacement costs.		
<b>Processing rule</b>	Copied: copied from L6		
<b>35</b>	<b>Planned Maintenance</b>	£m	3 dp
<b>Definition</b>	Cumulative planned maintenance costs.		
<b>Processing rule</b>	Calc: Sum of L7 – L11		
<b>36</b>	<b>Unplanned Maintenance</b>	£m	3 dp
<b>Definition</b>	Cumulative unplanned maintenance costs.		
<b>Processing rule</b>	Calc: Sum of L12 – L13		
<b>37</b>	<b>System Operation (TSO)</b>	£m	3 dp
<b>Definition</b>	Cumulative system operation costs remaining in the network business.		
<b>Processing rule</b>	Calc: Sum of L14 – L19		
<b>38</b>	<b>System Operation (GMO)</b>	£m	3 dp
<b>Definition</b>	Total GMO costs.		
<b>Processing rule</b>	Calc: Sum of L20 – L27		
<b>39</b>	<b>Uncontrollable costs</b>	£m	3 dp
<b>Definition</b>	Cumulative pass through costs.		
<b>Processing rule</b>	Calc: Sum of L28 – L32		
<b>40</b>	<b>Grand Total</b>	£m	3 dp
<b>Definition</b>	Total costs.		
<b>Processing rule</b>	Calc: Sum of L33 – L39		



# Table 2

## Staff Costs

Covering:

Staff Numbers by Salary Band, Direct Staff Costs, Indirect Staff Costs and Agency Staff

## Table 2 Staff Costs

### General Purpose

The purpose of this table is to provide more detailed reporting around one of the principal cost lines i.e. staff. It will help provide an understanding of cost and resource movements over time.

### Instructions

This table has 16 lines in total. It covers all direct and indirect staff cost elements. It further asks for full time equivalent (FTE) staff numbers by pay band and activity. Table 2a, T2b and T2c will provide the activity split between support staff remaining in the TSO (T2a), engineering staff in the TSO (T2b) and those allocated to the GMO (T2c). Table 2 should equal the sum of T2a, T2b and T2c for all lines.

All staff costs should be recorded in this table. Any labour cost which might be captured in other table lines must be removed and provided for in Table 2 so as to avoid double counting. For the avoidance of doubt, summary labour costs should still be reported in Tables 1 & 7 respectively.

All financial costs should be recorded in nominal prices. Costs will generally be recorded in £ millions to 3 decimal places (DP), unless otherwise stated.

FTE staff numbers should be reported to 1dp based on how resources are allocated.

Columns -2 and -1 should contain historic data from the previous price control which reconciles with regulatory accounts at the total level. Columns 1-5 will contain actual information from GT17 completed on an annual basis.

Table 2c will not contain any information in column -2 as the GMO was yet to be established in 2015/16.

### Company commentary

Alongside the tables the company should provide commentary detailing:

- Explanation of movement in cost lines with emphasis on any changes +/-20% on the previous year.
- Any atypical or 'one-off' costs that have incurred.
- Differences between actuals and GT17 allowances of +/-10% on the totals.
- Any additional details explaining cost movements e.g. workload, timings of activity etc.
- Explanation of agency staff usage and costs.
- General detail on bonus policies and payment levels.
- Information on pension scheme, employers contribution percentage, shortfalls etc.
- Any other employee benefit schemes which explain cost performance.
- Examples of any staff training undertaken (if required to explain cost performance).

### Audit Check

Line	Audit Check
T2, L16	Line 16 should equal T2a, L16 + T2b, L16 + T2c, L16.
T2a, L16	Table 2a, Line 16 should equal T1, L4
T2b, L16	Table 2b, Line 16 should equal T1, L11.
T2c, L16	Table 2c, Line 16 should equal T1, L20.

Table 2 - Line Guidance

**A Number of Staff by Salary Band**

<b>1</b>	<b>&gt;= £150,000</b>	nr	1 dp
<b>Definition</b>	Number of full time equivalent (FTE) staff employed at a cost greater than or equal to £150,000.		
<b>Processing rule</b>	Input		
<b>2</b>	<b>£80,000 - £149,999</b>	nr	1 dp
<b>Definition</b>	Number of full time equivalent (FTE) staff employed at a cost between £80,000 and £149,999.		
<b>Processing rule</b>	Input		
<b>3</b>	<b>£40,000 - £79,999</b>	nr	1 dp
<b>Definition</b>	Number of full time equivalent (FTE) staff employed at a cost between £40,000 and £79,999.		
<b>Processing rule</b>	Input		
<b>4</b>	<b>£20,000 - £39,999</b>	nr	1 dp
<b>Definition</b>	Number of full time equivalent (FTE) staff employed at a cost between £20,000 and £39,999.		
<b>Processing rule</b>	Input		
<b>5</b>	<b>&lt;£20,000</b>	nr	1 dp
<b>Definition</b>	Number of full time equivalent (FTE) staff employed at a cost less than £20,000.		
<b>Processing rule</b>	Input		
<b>6</b>	<b>Total FTE Employees</b>	nr	1 dp
<b>Definition</b>	Total number of full time equivalent employees.		
<b>Processing rule</b>	Calc: Sum of L1 – L5		

**B Direct Staff Costs**

<b>7</b>	<b>Staff Salaries &amp; Overtime</b>	£m	3 dp
<b>Definition</b>	Labour costs incurred by the licence holder including inter-company recharges which relates to: <ul style="list-style-type: none"> <li>• Gross salaries and wages of all employees; and</li> <li>• Overtime, Standby and Other Allowances.</li> </ul>		
<b>Processing rule</b>	Input		
<b>8</b>	<b>Bonus Payments</b>	£m	3 dp
<b>Definition</b>	Labour costs incurred by the licence holder which relates to bonus payments.		
<b>Processing rule</b>	Input		

<b>9</b>	<b>Pension Costs</b>	£m	3 dp
<b>Definition</b>	Labour costs incurred by the licence holder which relates to pension costs.		
<b>Processing rule</b>	Input		

<b>10</b>	<b>Other Direct</b>	£m	3 dp
<b>Definition</b>	Labour costs incurred by the licence holder which relates to other direct staff costs such as: <ul style="list-style-type: none"> <li>• Employer's National Insurance contributions;</li> <li>• Salary sacrifice payments;</li> <li>• Sick pay;</li> <li>• Sickness benefits;</li> <li>• Private health insurance;</li> <li>• (Non pension related) retirement awards;</li> <li>• Medical insurance costs;</li> <li>• Childcare assistance;</li> <li>• Welfare costs;</li> <li>• Death in service benefits; and</li> <li>• Paid leave.</li> </ul>		
<b>Processing rule</b>	Input		

<b>11</b>	<b>Total Direct Costs</b>	£m	3 dp
<b>Definition</b>	Cumulative direct staff costs.		
<b>Processing rule</b>	Calc: Sum of L7 – L10		

### C Indirect Staff Costs

<b>12</b>	<b>Training</b>	£m	3 dp
<b>Definition</b>	Labour costs incurred by the licence holder which relates to staff training.		
<b>Processing rule</b>	Input		

<b>13</b>	<b>Other Indirect</b>	£m	3 dp
<b>Definition</b>	Labour costs incurred by the licence holder which relates to other indirect staff costs such as: <ul style="list-style-type: none"> <li>• Car allowances;</li> <li>• Share based schemes;</li> <li>• Travel and subsistence; and</li> <li>• Staff Entertainment etc.</li> </ul>		
<b>Processing rule</b>	Input		

<b>14</b>	<b>Total Indirect Costs</b>	£m	3 dp
<b>Definition</b>	Total indirect labour costs.		
<b>Processing rule</b>	Calc: Sum of L12 – L13		

**D Agency Staff**

<b>15</b>	<b>Agency Staff</b>	£m	3 dp
<b>Definition</b>	Cost of temporary and agency staff not permanently employed by the licence holder.		
<b>Processing rule</b>	Input		

**E Totals**

<b>16</b>	<b>Total Staff Costs</b>	£m	3 dp
<b>Definition</b>	Cumulative staff costs		
<b>Processing rule</b>	Calc: Sum of L11 + L14 + L15		

# Table 3

## Administration Costs

Covering:

Pipeline Insurance, Intra-Company Recharges, Other  
Overheads and Mutualisation Costs

## Table 3 Administration Costs

### General Purpose

The purpose of this table is to provide more detailed reporting around centralised functions and how they are allocated to licence holders. It will help provide an understanding of cost movements over time.

### Instructions

This table has 15 lines in total. It covers centralised functions such as board costs, insurance, HR functions, audit, legal fees etc. For each of the TSOs, such activities are largely undertaken by the controlling company (MEL and GNI) and recharged to the licence holder. This table breaks down these costs and the allocation methodology.

Section D is focused specifically on mutualisation costs and management. It is therefore not required to be completed by GNI (UK).

All financial costs should be recorded in nominal prices. Costs will generally be recorded in £ millions to 3 decimal places (DP), unless otherwise stated.

Columns -2 and -1 should contain historic data from the previous price control which reconciles with regulatory accounts at the total level. Columns 1-5 will contain actual information from GT17 completed on an annual basis.

### Company commentary

Alongside the tables the company should provide commentary detailing:

- Explanation of movement in cost lines with emphasis on any changes +/-20% on the previous year.
- Any atypical or 'one-off' costs that have incurred.
- Differences between actuals and GT17 allowances of +/-10% on the totals.
- Any additional details explaining cost movements e.g. workload, timings of activity etc.
- Detail on any large costs in the **other** functions / overheads / mutualisation lines.
- Allocation methodology for intra-company recharges and the percentage value that the licence holder is required to bear.
- Activities associated with bond management and mutualisation costs (MEL only).

### Audit Check

Line	Audit Check
T3, L1	Line 1 should equal T1, L1.
T3, L7	Line 7 should equal T1, L2.
T3, L10	Line 10 should equal T1, L3
T3, L14	Line 14 should equal T1, L5.
T3, L15	Line 15 should equal T1, L33 less T1, L4.

**Table 3 - Line Guidance**
**A Pipeline Insurance**

1	<b>Pipeline Insurance</b>	£m	3 dp
<b>Definition</b>	Insurance related to the pipeline assets and AGIs used in pursuance of the licence objectives. This includes: <ul style="list-style-type: none"> <li>• Insurance premiums;</li> <li>• Insurance contract negotiating and monitoring;</li> <li>• Insurance risk management; and</li> <li>• Payments relating to uninsured claims.</li> </ul>		
<b>Processing rule</b>	Input		

**B Intra-Company Recharges**

2	<b>Board Members &amp; Expenses</b>	£m	3 dp
<b>Definition</b>	Cost associated with group management including: <ul style="list-style-type: none"> <li>• Board Members;</li> <li>• Board and shareholder meetings; and</li> <li>• Members travel and expenses.</li> </ul>		
<b>Processing rule</b>	Input		

3	<b>Property Management</b>	£m	3 dp
<b>Definition</b>	Cost of head office and buildings including: <ul style="list-style-type: none"> <li>• Rent / service charges;</li> <li>• Utility bills;</li> <li>• Cleaning;</li> <li>• IT and telecoms; and</li> <li>• Any other relevant costs.</li> </ul>		
<b>Processing rule</b>	Input		

4	<b>Audit / Finance / Regulation</b>	£m	3 dp
<b>Definition</b>	Performing the statutory, regulatory and internal management of cost and performance reporting requirements; and customary financial and regulatory compliance activities. This includes: <ul style="list-style-type: none"> <li>• Processing payments and receipts;</li> <li>• Financial / Management / Investment accounting;</li> <li>• Statutory and Regulatory reporting;</li> <li>• Tax compliance and management;</li> <li>• Internal / External audit; and</li> <li>• Any other relevant costs.</li> </ul>		
<b>Processing rule</b>	Input		



<b>5</b>	<b>Legal Fees</b>	£m	3 dp
<b>Definition</b>	Costs of legal advice.		
<b>Processing rule</b>	Input		

<b>6</b>	<b>Other Functions</b>	£m	3 dp
<b>Definition</b>	Any other relevant centralised functions such as: <ul style="list-style-type: none"> <li>• Marketing and advertising;</li> <li>• HR Functions;</li> <li>• Procurement; and</li> <li>• Any other relevant costs.</li> </ul>		
<b>Processing rule</b>	Input		

<b>7</b>	<b>Total Recharge Cost</b>	£m	3 dp
<b>Definition</b>	Total cost of centralised services (excluding internal staff costs).		
<b>Processing rule</b>	Calc: Sum of L2 – L6		

### C Other Overheads

<b>8</b>	<b>Non-Pipeline Insurance</b>	£m	3 dp
<b>Definition</b>	Non-pipeline related insurance costs including: <ul style="list-style-type: none"> <li>• Building and contents;</li> <li>• Motor vehicles;</li> <li>• Employers liability;</li> <li>• Insurance risk management;</li> <li>• Payments relating to uninsured claims;</li> <li>• Broker fees; and</li> <li>• Any other associated costs.</li> </ul>		
<b>Processing rule</b>	Input		

<b>9</b>	<b>Other Overheads</b>	£m	3 dp
<b>Definition</b>	Any other overheads not covered e.g. consultancy support (not reported elsewhere).		
<b>Processing rule</b>	Input		

<b>10</b>	<b>Total Other Overheads</b>	£m	3 dp
<b>Definition</b>	Cumulative sum of other overheads.		
<b>Processing rule</b>	Calc: Sum of L8 – L9		

**D Mutualisation**

<b>11</b>	<b>Bond Management</b>	£m	3 dp
<b>Definition</b>	Costs directly attributable to the management of the mutual bond including the provision of liquidity.		
<b>Processing rule</b>	Input		

<b>12</b>	<b>Legal &amp; Professional Fees</b>	£m	3 dp
<b>Definition</b>	Legal and other professional fees required to manage the financiers.		
<b>Processing rule</b>	Input		

<b>13</b>	<b>Other Mutualisation Costs</b>	£m	3 dp
<b>Definition</b>	Any other costs associated with mutualisation.		
<b>Processing rule</b>	Input		

<b>14</b>	<b>Total Mutualisation Costs</b>	£m	3 dp
<b>Definition</b>	Cumulative mutualisation management costs.		
<b>Processing rule</b>	Calc: Sum of L11 – L13		

**E Totals**

<b>15</b>	<b>Total Admin Costs</b>	£m	3 dp
<b>Definition</b>	Cumulative administration costs.		
<b>Processing rule</b>	Calc: Sum of L1 + L7 + L10 + L14		

# Table 4

## Maintenance Costs

Covering:

Asset Management & Compliance, Emergency Response,  
Pipeline Inspection, Routine Maintenance, Unplanned  
Maintenance and Planned / Unplanned Activity Levels

# Table 4

## Maintenance Costs

### General Purpose

The purpose of this table is to provide more detailed reporting around maintenance costs, activities and the split between pro-active and reactive work. It will help provide an understanding of cost drivers and movements over time.

### Instructions

This table has 38 lines in total. It covers all types of maintenance costs (both planned and unplanned) as well as activity levels which drive these costs. TSOs should specify any other maintenance activity not covered by the table which results in costs being incurred.

Lines in *red italicised text* (L19a – L19d & L35a – L35d) are for the TSOs to change and customise as required.

All financial costs should be recorded in nominal prices. Costs will generally be recorded in £ millions to 3 decimal places (DP), unless otherwise stated.

Sections G and H relate to activity (both planned and unplanned) levels in terms of maintenance tasks. Such activities will be the driver of costs and as such should be captured in the table.

Section I records network data on the carbon footprint and gas losses (or shrinkage).

Columns -2 and -1 should contain historic data from the previous price control which reconciles with regulatory accounts at the total level. Columns 1-5 will contain actual information from GT17 completed on an annual basis. Column 6 contains GT17 activity level targets.

### Company commentary

Alongside the tables the company should provide commentary detailing:

- Explanation of movement in cost lines with emphasis on any changes +/-20% on the previous year.
- Any atypical or 'one-off' costs that have incurred.
- Differences between actuals and GT17 allowances of +/-10% on the totals.
- Any additional details explaining cost movements e.g. workload, timings of activity etc.
- Explanation of unplanned activity and detail on work not in the price control.
- Incidents of third party damages to the network.
- Explanation of activity levels and variance from GT17 forecasts.
- Changes in phasing of planned maintenance activity.
- Breakdown of any particularly costly maintenance activities i.e. >£300k

### Audit Check

Line	Audit Check
T4, L4	Line 4 should equal T1, L7.
T4, L9	Line 9 should equal T1, L8.
T4, L13	Line 13 should equal T1, L9.
T4, L20	Line 20 should equal T1, L10.
T4, L24	Line 24 should equal T1, L35 less T1, L11.
T4, L25	Line 25 should equal T1, L36.

**Table 4 - Line Guidance**
**A Asset Management & Compliance**

<b>1</b>	<b>Engineering Compliance</b>	£m	3 dp
<b>Definition</b>	Activities necessary to ensure compliance with specific engineering legislation, regulations and standards, e.g. <ul style="list-style-type: none"> <li>• Development of Written Schemes of Examination (WSOE);</li> <li>• Other operational policies / procedures under the Pressure Systems Safety Regulation (PSSR);</li> <li>• Any other compliance related activity.</li> </ul>		
<b>Processing rule</b>	Input		

<b>2</b>	<b>Work Planning</b>	£m	3 dp
<b>Definition</b>	Processes for system planning and management of direct activities. This includes: <ol style="list-style-type: none"> <li>1) Transmission system planning and design activities, for example:                         <ul style="list-style-type: none"> <li>• Development of network models to analyse demand, capacity growth issues and constraints.</li> <li>• Design of system assets and modifications to existing assets.</li> </ul> </li> <li>2) Management of Health Safety Quality &amp; Environmental processes and activities, including:                         <ul style="list-style-type: none"> <li>• Development of policies and procedures (not covered elsewhere).</li> <li>• Audit processes to assess compliance with policies/procedures.</li> <li>• Development of information systems to monitor/report HSQ&amp;E performance.</li> <li>• Internal awareness initiatives</li> </ul> </li> </ol>		
<b>Processing rule</b>	Input		

<b>3</b>	<b>Asset Management</b>	£m	3 dp
<b>Definition</b>	Interaction with and provision of asset information to third parties and other asset management activities, for example: <ul style="list-style-type: none"> <li>• Maintaining a comprehensive asset data base, asset management processes and information systems.</li> <li>• Determination of optimum asset maintenance policies.</li> <li>• Managing projects and contracts.</li> <li>• Development of engineering procedures (not covered elsewhere).</li> </ul>		
<b>Processing rule</b>	Input		

<b>4</b>	<b>Total Management &amp; Compliance Costs</b>	£m	3 dp
<b>Definition</b>	Cumulative asset management and compliance costs.		
<b>Processing rule</b>	Calc: Sum of L1 – L3		

## B Emergency Response

<b>5</b>	<b>MERC Fixed Costs</b>	£m	3 dp
<b>Definition</b>	Costs incurred to ensure 24/7/365 availability of the necessary emergency response resources appropriate to the scale of the transmission system and assets.		
<b>Processing rule</b>	Input		

<b>6</b>	<b>MERC Variable Costs</b>	£m	3 dp
<b>Definition</b>	Cost resulting from emergency response activities.		
<b>Processing rule</b>	Input		

<b>7</b>	<b>Emergency Spares</b>	£m	3 dp
<b>Definition</b>	Arrangements and service provider contractors to ensure availability of emergency spares, materials and equipment when required.		
<b>Processing rule</b>	Input		

<b>8</b>	<b>Emergency Exercise</b>	£m	3 dp
<b>Definition</b>	Cost of emergency simulation exercises.		
<b>Processing rule</b>	Input		

<b>9</b>	<b>Total Emergency Costs</b>	£m	3 dp
<b>Definition</b>	Cumulative costs of emergencies.		
<b>Processing rule</b>	Calc: Sum of L5 – L8		

## C Pipeline Inspections

<b>10</b>	<b>Sub-Sea Surveys</b>	£m	3 dp
<b>Definition</b>	Sub-sea surveys (periodic) of underwater pipeline, including side scan sonar, multi beam echo sound, sacrificial anode stabbing, checking for spans, scars, cathodic protection system, debris etc.		
<b>Processing rule</b>	Input		

<b>11</b>	<b>On-Land Inspections</b>	£m	3 dp
<b>Definition</b>	On land pipeline inspections (periodic) often carried out by pigging the pipeline and sometimes known as Online Inspection (OLI). Further includes walk, vantage point and river crossing survey costs.		
<b>Processing rule</b>	Input		

<b>12</b>	<b>Aerial Inspections</b>	£m	3 dp
<b>Definition</b>	Cost of aerial pipeline inspections.		
<b>Processing rule</b>	Input		

<b>13</b>	<b>Total Pipeline Inspection Costs</b>	£m	3 dp
<b>Definition</b>	Cumulative costs of pipeline inspections.		
<b>Processing rule</b>	Calc: Sum of L10 – L12		

#### D Routine Maintenance

<b>14</b>	<b>Pipeline Maintenance</b>	£m	3 dp
<b>Definition</b>	<p>Maintenance of the range of transmission system assets to ensure fitness for purpose. This includes:</p> <ul style="list-style-type: none"> <li>• Contract Fixed Costs: The fixed costs associated with mobilisation of resources at commencement of the contract operations.</li> <li>• Management Fee: Cost charged by the contractor under the terms of the contract for ongoing management of contract operations</li> <li>• Planned/routine maintenance: Frequently recurring, annually, maintenance of pipeline assets, e.g. regulator functional checks and maintenance, site husbandry.</li> <li>• Other: Maintenance activities not included in the foregoing, e.g. work following on from OLI, Close Interval Potential Surveys (CIPS) etc.</li> <li>• Metering: Routine/planned inspection and maintenance of metering assets.</li> </ul>		
<b>Processing rule</b>	Input		

<b>15</b>	<b>Sub-Sea Maintenance</b>	£m	3 dp
<b>Definition</b>	Maintenance costs on the sub-sea pipeline.		
<b>Processing rule</b>	Input		

<b>16</b>	<b>AGI Maintenance</b>	£m	3 dp
<b>Definition</b>	Maintenance costs on the range of above ground installation assets.		
<b>Processing rule</b>	Input		

<b>17</b>	<b>Landowner Liaison</b>	£m	3 dp
<b>Definition</b>	Routine liaison with landowners to ensure ongoing awareness of the presence of the transmission pipelines in terms of agricultural activities, e.g. avoidance of interference damage as a consequence of land drainage operations, and pipeline maintenance activities. Also includes easement / way leave management and administration processes.		
<b>Processing rule</b>	Input		

<b>18</b>	<b>Specialist Equipment</b>	£m	3 dp
<b>Definition</b>	Provision of specialist maintenance services by equipment manufacturers/vendors, e.g. gas heating equipment/systems, pest control etc.		
<b>Processing rule</b>	Input		

<b>19</b>	<b>Non-MERC Contracts</b>	£m	3 dp
<b>Definition</b>	Cumulative sum of non-MERC contract costs.		
<b>Processing rule</b>	Calc: Sum of L19a – L19n		

<b>19a</b>	<b>Non-MERC Contracts</b>	£m	3 dp
<b>Definition</b>	TSOs to specify any maintenance contracts or costs not covered by MERC.		
<b>Processing rule</b>	Input		

<b>20</b>	<b>Total Routine Maintenance Costs</b>	£m	3 dp
<b>Definition</b>	Cumulative routine maintenance costs.		
<b>Processing rule</b>	Calc: Sum of L14 - L19		

#### E Unplanned Maintenance

<b>21</b>	<b>Drainage</b>	£m	3 dp
<b>Definition</b>	Drainage and legal cost associated with drainage. Licence holder liable for drainage issues arising from original construction. Costs include actual drainage and legal cost to remove liability.		
<b>Processing rule</b>	Input		

<b>22</b>	<b>Fault Repairs</b>	£m	3 dp
<b>Definition</b>	Cost associated with ad hoc repairs of faulty equipment, vehicles, machinery etc.		
<b>Processing rule</b>	Input		

<b>23</b>	<b>Other Unplanned Maintenance</b>	£m	3 dp
<b>Definition</b>	Any other unplanned maintenance costs not captured by the other unplanned activity lines.		
<b>Processing rule</b>	Input		

#### F Cost Totals

<b>24</b>	<b>Total Planned Maintenance Costs</b>	£m	3 dp
<b>Definition</b>	Cumulative planned maintenance costs.		
<b>Processing rule</b>	Calc: Sum of L4 + L9 + L13 + L20		

<b>25</b>	<b>Total Unplanned Maintenance Costs</b>	£m	3 dp
<b>Definition</b>	Cumulative unplanned maintenance costs.		
<b>Processing rule</b>	Calc: Sum of L21 – L23		



**G Planned Activity**

<b>26</b>	<b>Online Inspections (OLI)</b>	nr	0 dp
<b>Definition</b>	Number of inspections undertaken.		
<b>Processing rule</b>	Input		

<b>27</b>	<b>Close Interval Protection Surveys</b>	nr	0 dp
<b>Definition</b>	Number of surveys undertaken.		
<b>Processing rule</b>	Input		

<b>28</b>	<b>Metering Asset Inspections</b>	nr	0 dp
<b>Definition</b>	Number of inspections undertaken.		
<b>Processing rule</b>	Input		

<b>29</b>	<b>SCADA Inspections</b>	nr	0 dp
<b>Definition</b>	Number of inspections undertaken.		
<b>Processing rule</b>	Input		

<b>30</b>	<b>Aerial Pipeline Inspections</b>	nr	0 dp
<b>Definition</b>	Number of inspections undertaken.		
<b>Processing rule</b>	Input		

<b>31</b>	<b>Sub-Sea Surveys</b>	nr	0 dp
<b>Definition</b>	Number of surveys undertaken.		
<b>Processing rule</b>	Input		

<b>32</b>	<b>Emergency Exercises</b>	nr	0 dp
<b>Definition</b>	Number of emergency exercises undertaken.		
<b>Processing rule</b>	Input		

<b>33</b>	<b>Other</b>	nr	0 dp
<b>Definition</b>	Any other planned maintenance activities which impact on costs.		
<b>Processing rule</b>	Input		

**H Unplanned Activity**

<b>34</b>	<b>Emergency Call Outs</b>	nr	0 dp
<b>Definition</b>	Number of emergency call outs.		
<b>Processing rule</b>	Input		

<b>35</b>	<b>Fault Repairs</b>	nr	0 dp
<b>Definition</b>	Cumulative number of fault repairs.		
<b>Processing rule</b>	Calc: Sum of L35a – L35d		

<b>35a</b>	<b>Fault Repairs</b>	nr	0 dp
<b>Definition</b>	The number of different types of fault repairs, to be customised as required by TSOs.		
<b>Processing rule</b>	Input		

<b>36</b>	<b>Other</b>	nr	0 dp
<b>Definition</b>	Any other unplanned maintenance activity which results in costs being incurred.		
<b>Processing rule</b>	Input		

## I Network Data

<b>37</b>	<b>Carbon Footprint</b>	Tonnes CO2e	0 dp
<b>Definition</b>	Carbon footprint as recorded based on tonnes of carbon dioxide equivalent.		
<b>Processing rule</b>	Input		

<b>38</b>	<b>Gas Shrinkage</b>	kWh	0 dp
<b>Definition</b>	Losses of gas on the respective transmission networks due to leakage, theft etc.		
<b>Processing rule</b>	Input		

# Table 5

## Uncontrollable Costs

Covering:

Rateable Values, Rate Poundage, Business Rates, Licence Fees, Compressor Fuel, Scottish Costs and Income

# Table 5

## Uncontrollable Costs

### General Purpose

The purpose of this table is to provide more detailed reporting around uncontrollable costs. It will help provide an understanding of the cost breakdown and the drivers of uncontrollable expenditure.

### Instructions

This table has 22 lines in total. It covers all types of uncontrollable costs including licence fees, rates, fuel, Scottish costs and offsetting income. Section C relates to the Beattock compressor fuel usage, price and cost. It also covers imbalance charges and shrinkage gas costs. MEL should detail the relevant cost attributed to this area. Some of these lines are not required to be completed by GNI (UK).

Section D (L13 – L16) covers the charges MEL incurs for access to the system in Scotland. These lines do not need to be completed by GNI (UK).

Line 17 relates to income received by MEL for supplying gas to Stranraer. It also covers forecast income GNI (UK) expects to receive for connecting RoI customers in Dundalk to the South North pipeline. This income should be recorded as a negative offsetting value in the table.

All financial costs should be recorded in nominal prices. Costs will generally be recorded in £ millions to 3 decimal places (DP), unless otherwise stated.

Columns -2 and -1 should contain historic data from the previous price control which reconciles with regulatory accounts at the total level. Columns 1-5 will contain actual information from GT17 completed on an annual basis.

### Company commentary

Alongside the tables the company should provide commentary detailing:

- Explanation of movement in cost lines with emphasis on any changes +/-20% on the previous year.
- Differences between actuals and GT17 allowances of +/-10% on the totals.
- Detail around rateable value calculations.
- If any gas is used at pressure reduction stations.
- Detail around cost and activity of Scottish services over £0.5m in materiality (MEL only).
- Changes in income levels.
- Any other relevant information.

### Audit Check

Line	Audit Check
T5, L18	Line 18 should equal T1, L28.
T5, L19	Line 19 should equal T1, L29.
T5, L20	Line 20 should equal T1, L30.
T5, L21	Line 21 should equal T1, L31.
T5, L22	Line 22 should equal T1, L32.

**Table 5 - Line Guidance**
**A Business Rates**

<b>1</b>	<b>Pipelines &amp; Pipeline Assets</b>	£m	3 dp
<b>Definition</b>	Business rates for the pipelines and network.		
<b>Processing rule</b>	Input		

<b>2</b>	<b>Head Office</b>	£m	3 dp
<b>Definition</b>	Business rates for the head office.		
<b>Processing rule</b>	Input		

<b>3</b>	<b>Other Facilities</b>	£m	3 dp
<b>Definition</b>	Business rates for other facilities.		
<b>Processing rule</b>	Input		

<b>4</b>	<b>Seabed Wayleaves</b>	£m	3 dp
<b>Definition</b>	Cost of access consent to the seabed. N.B. GNI (UK) should not complete this line.		
<b>Processing rule</b>	Input		

**B Licence Fees**

<b>5</b>	<b>Utility Regulator</b>	£m	3 dp
<b>Definition</b>	Licence fees charged by the Utility Regulator for Northern Ireland.		
<b>Processing rule</b>	Input		

<b>6</b>	<b>CRU</b>	£m	3 dp
<b>Definition</b>	Licence fees charged by the Commission for Regulation of Utilities.		
<b>Processing rule</b>	Input		

<b>7</b>	<b>Ofgem</b>	£m	3 dp
<b>Definition</b>	Licence fees charged by Ofgem.		
<b>Processing rule</b>	Input		

**C Fuel/Shrinkage/Imbalance Costs**

<b>8</b>	<b>Fuel Volume</b>	kwh	0 dp
<b>Definition</b>	Volume of compressor fuel required. N.B. GNI (UK) should not complete this line.		
<b>Processing rule</b>	Input		

<b>9</b>	<b>Compressor Fuel Cost</b>	£m	3 dp
<b>Definition</b>	Cost of compressor fuel. N.B. GNI (UK) should not complete this line.		
<b>Processing rule</b>	Input		

<b>10</b>	<b>Compressor Fuel – Unit Cost</b>	p/kwh	3 dp
<b>Definition</b>	Unit cost of compressor fuel. N.B. GNI (UK) should not complete this line.		
<b>Processing rule</b>	Calc: (L9 * 100,000,000) ÷ L8		

<b>11</b>	<b>Shrinkage Costs</b>	£m	3 dp
<b>Definition</b>	Costs of shrinkage gas for unaccounted losses.		
<b>Processing rule</b>	Input		

<b>12</b>	<b>Imbalance Charges</b>	£m	3 dp
<b>Definition</b>	Imbalance charges in relation to the upstream network. N.B. GNI (UK) should not complete this line.		
<b>Processing rule</b>	Input		

#### D Scottish Costs

<b>13</b>	<b>TA Capacity Charge Payments</b>	£m	3 dp
<b>Definition</b>	Capacity charges incurred by MEL through the Transportation Agreement. N.B. GNI (UK) should not complete this line.		
<b>Processing rule</b>	Input		

<b>14</b>	<b>Beattock Operating Costs</b>	£m	3 dp
<b>Definition</b>	Operating cost recharged in relation to Beattock Compressor Station. Fuel cost should be recorded separately in L15. N.B. GNI (UK) should not complete this line.		
<b>Processing rule</b>	Input		

<b>15</b>	<b>Beattock Major Capital Works</b>	£m	3 dp
<b>Definition</b>	Capital costs recharged in relation to Scottish facilities at Beattock. N.B. GNI (UK) should not complete this line.		
<b>Processing rule</b>	Input		

<b>16</b>	<b>SWSOS Pipeline Costs</b>	£m	3 dp
<b>Definition</b>	Cost recharged in relation to the SWSOS pipeline. This includes both opex and capex costs. N.B. GNI (UK) should not complete this line.		
<b>Processing rule</b>	Input		

**E Stranraer / Dundalk Income**

<b>17</b>	<b>Stranraer / Dundalk Income</b>	£m	3 dp
<b>Definition</b>	Income received by TSOs for transporting gas to Stranraer (MEL) and Dundalk [GNI (UK)] respectively. N.B. This line should be recorded as a negative value.		
<b>Processing rule</b>	Input		

**F Totals**

<b>18</b>	<b>Business Rates</b>	£m	3 dp
<b>Definition</b>	Cumulative rates costs and any seabed wayleaves.		
<b>Processing rule</b>	Calc: Sum of L1 – L4		

<b>19</b>	<b>Licence Fees</b>	£m	3 dp
<b>Definition</b>	Cumulative licence fee costs.		
<b>Processing rule</b>	Calc: Sum of L5 – L7		

<b>20</b>	<b>Fuel/Shrinkage/Imbalance Costs</b>	£m	3 dp
<b>Definition</b>	Costs of: <ul style="list-style-type: none"> <li>• Gas for compressor stations;</li> <li>• Shrinkage gas for unaccounted losses; and</li> <li>• Imbalance charges.</li> </ul>		
<b>Processing rule</b>	Calc: Sum of L9 + L11 + L12		

<b>21</b>	<b>Scottish Costs</b>	£m	3 dp
<b>Definition</b>	Value of other uncontrollable Scottish cost items.		
<b>Processing rule</b>	Calc: Sum of L13 – L16		

<b>22</b>	<b>Stranraer / Dundalk Income</b>	£m	3 dp
<b>Definition</b>	Income received by TSOs for transporting gas to Stranraer (MEL) and Dundalk [GNI (UK)] respectively.		
<b>Processing rule</b>	Copied: copied from L17		

# Table 6

# Repex Projects

Covering:  
Large Replacement Expenditure Projects



# Table 6

## Repex Projects

### General Purpose

The purpose of this table is to provide more detailed reporting around large asset replacement projects. It will help provide an understanding of the costs and the performance against GT17 targets.

### Instructions

This table is not generic but has been tailored for each TSO. It covers large asset replacement projects which have been provided for as part of GT17.

Lines in *red italicised text* are for the TSOs to change and customise as required. This should focus on work undertaken which was not allowed for or not foreseen at the price control stage.

All financial cost inputs should be recorded in nominal prices. Costs will generally be recorded in £ millions to 3 decimal places (DP), unless otherwise stated. For L1 – L12 [not lettered lines], Columns 1-5 will contain hardcoded GT17 allowances. These should not be amended. UR will re-issue template if an interim allowance is given. Column 6 includes allowances over the entire price control for each project. Actual spend against project should be recorded in L1a – L11a.

Each project has the format of the following example:

Line Number	Description	Input to Columns 1-5
1	Name & FD Allowance	<b>No input required:</b> GT17 allowance already hardcoded in the columns.
1a	Actual Spend	<b>Input:</b> Actual repex spend on the project [in nominal terms].
1b	Actual Spend [Real]	<b>Calc:</b> Conversion of spend to March 2016 prices [using inflation tab].
1c	Differential from GT17	<b>Calc:</b> Percentage over/underspend from GT17 allowance.
1d	Repex Activity 1	<b>Input:</b> Number of assets replaced associated with the cost in L1a.
1e	Repex Activity 2	<b>Input:</b> Number of assets replaced associated with the cost in L1a.

Summary lines are captured at the end of the table.

### Company commentary

Alongside the tables the company should provide commentary detailing:

- Explanation of costs and activity against GT17 forecasts.
- Any statutory or regulatory requirement driving expenditure.
- Breakdown of costs by key project components.
- Details of each project completed, output and the subsequent benefit to consumers.
- Any additional details explaining cost movements e.g. workload, phasing, timings of activity etc.
- Any other relevant information.

The level of detail on each project should be commensurate to the value of the projected spend.

**Audit Check**

<b>Line</b>	<b>Audit Check</b>
T6, L13	Line 13 should equal T1, L6

Table 6 - Line Guidance

**A Replacement projects**

<b>1</b>	<b>Project Name &amp; FD Allowance</b>	£m	3 dp
<b>Definition</b>	GT17 allowance for different asset replacement projects.		
<b>Processing rule</b>	GT17 Data: No input required		

<b>1a</b>	<b>Actual Spend (Nominal)</b>	£m	3 dp
<b>Definition</b>	Nominal cost of replacement projects.		
<b>Processing rule</b>	Input		

<b>1b</b>	<b>Actual Spend (Real)</b>	£m	3 dp
<b>Definition</b>	Converting costs to March 2016 prices.		
<b>Processing rule</b>	Calc: $L1a \div L3$ [Inflation table]		

<b>1c</b>	<b>Percentage Differential from GT17</b>	%	1 dp
<b>Definition</b>	Comparison of costs in real terms against GT17 allowance.		
<b>Processing rule</b>	Calc: $(L1b - L1) \div L1$		

<b>1d</b>	<b>Outputs</b>	nr	0 dp
<b>Definition</b>	Number of assets replaced associated with the cost line. N.B. There may be further lines of outputs (e, f, g etc.) associated with the costs recorded in L1a.		
<b>Processing rule</b>	Input		

Inputs are repeated by project.

<b>12</b>	<b>Total Repex - FD Allowance</b>	£m	3 dp
<b>Definition</b>	Total repex allowed in GT17 – March 2016 prices.		
<b>Processing rule</b>	Calc: Sum of L1 – L11		

<b>13</b>	<b>Total Actual Spend (Nominal)</b>	£m	3 dp
<b>Definition</b>	Total repex spend – nominal prices.		
<b>Processing rule</b>	Calc: Sum of L1a – L11a		

<b>14</b>	<b>Total Actual Spend (Real)</b>	£m	3 dp
<b>Definition</b>	Total repex spend – March 2016 prices.		
<b>Processing rule</b>	Calc: Sum of L1b – L11b		

<b>15</b>	<b>Total Repex Over/(Underspend)</b>	£m	3 dp
<b>Definition</b>	Actual spend less FD allowance – March 2016 prices.		
<b>Processing rule</b>	Calc: Sum of L14 – L12		

# Table 7

# Summary

Covering:

Bond / Capital Repayments, Tax, Cost Summary and Opex  
Comparisons with GT17 Allowances.

# Table 7

## Asset Inventory

### General Purpose

The purpose of this table is to provide a summary of overall costs including capital repayments. Comparison is also provided for controllable opex against GT17 allowances [in much the same way as repex in Table 6]. The table will aid ongoing monitoring.

### Instructions

This table has 30 lines in total. It covers MEL bond repayments, GNI (UK) capital repayments, tax payments, total TSO costs and a comparison of controllable opex against GT17 allowances. Section A (L1 – L4) should only be completed by MEL. Section B (L5 – L10) should only be completed by GNI (UK).

Section C is related to tax payments and should only be completed by MEL. Section D gives a summary of all costs including capital repayments. Section E provides for a comparison of controllable costs (excluding repex) against GT17 allowances.

For Section E each line has the format of the following example:

Line Number	Description	Input to Columns 1-5
1	Name & FD Allowance	<b>No input required:</b> GT17 allowance already hardcoded in the columns.
1a	Actual Spend	<b>Copied:</b> Actual spend on the line item [in nominal terms].
1b	Actual Spend [Real]	<b>Calc:</b> Conversion of spend to March 2016 prices [using inflation tab].
1c	Differential from GT17	<b>Calc:</b> Percentage over/underspend from GT17 allowance.

All financial cost inputs should be recorded in nominal prices. Costs will generally be recorded in £ millions to 3 decimal places (DP), unless otherwise stated. For Section E, Columns 1-5 will contain hardcoded GT17 allowances for each area of spend. These should not be amended. UR will re-issue template if an interim allowance is given.

### Company commentary

No commentary is required with this table, though the TSO is free to provided detail if it so wishes.

### Audit Check

Line	Audit Check
T7, L30a	Line 30a should equal (T1, L40 minus T1, L39 minus T1, L34)

**Table 7 - Line Guidance**
**A Bond Repayments – MEL**

Section A (L1 – L4) should only be completed by MEL licensees.

<b>1</b>	<b>PTL Bond Repayments</b>	£m	3 dp
<b>Definition</b>	Bond repayments for Premier Transmission Limited.		
<b>Processing rule</b>	Input		

<b>2</b>	<b>BGTL Bond Repayments</b>	£m	3 dp
<b>Definition</b>	Bond repayments for Belfast Gas Transmission Limited.		
<b>Processing rule</b>	Input		

<b>3</b>	<b>WTL Bond Repayments</b>	£m	3 dp
<b>Definition</b>	Bond repayments for West Transmission Limited.		
<b>Processing rule</b>	Input		

<b>4</b>	<b>Total Capital Repayments</b>	£m	3 dp
<b>Definition</b>	Sum of MEL bond repayments.		
<b>Processing rule</b>	Calc: Sum of L1 + L2 +L3		

**B Capital Repayments – GNI (UK)**

Section B (L5 – L10) should only be completed by GNI (UK).

<b>5</b>	<b>North West Pipeline</b>	£m	3 dp
<b>Definition</b>	Capital repayments for NWP.		
<b>Processing rule</b>	Input		

<b>6</b>	<b>North West Spurs</b>	£m	3 dp
<b>Definition</b>	Capital repayments for NWSPS.		
<b>Processing rule</b>	Input		

<b>7</b>	<b>South North Pipeline</b>	£m	3 dp
<b>Definition</b>	Capital repayments for SNP.		
<b>Processing rule</b>	Input		

<b>8</b>	<b>South North Spurs</b>	£m	3 dp
<b>Definition</b>	Capital repayments for SNSPS.		
<b>Processing rule</b>	Input		

<b>9</b>	<b>Kernan-Derryhale</b>	£m	3 dp
<b>Definition</b>	Capital repayments for Kernan spur.		
<b>Processing rule</b>	Input		

<b>10</b>	<b>Total Capital Repayments</b>	£m	3 dp
<b>Definition</b>	Sum of GNI (UK) capital repayments.		
<b>Processing rule</b>	Calc: Sum of L5 – L9		

**D Tax**

<b>11</b>	<b>Tax Payments</b>	£m	3 dp
<b>Definition</b>	Tax payments by the TSO.		
<b>Processing rule</b>	Input		

**D Cost Summary**

<b>12</b>	<b>Administration (Excluding Staff)</b>	£m	3 dp
<b>Definition</b>	Administration costs excluding the staff element.		
<b>Processing rule</b>	Copied: copied from T3, L15		

<b>13</b>	<b>Planned Maintenance (Excluding Staff)</b>	£m	3 dp
<b>Definition</b>	Planned maintenance costs excluding the staff element.		
<b>Processing rule</b>	Copied: copied from T4, L24		

<b>14</b>	<b>Unplanned Maintenance</b>	£m	3 dp
<b>Definition</b>	Unplanned maintenance costs.		
<b>Processing rule</b>	Copied: copied from T4, L25		

<b>15</b>	<b>System Operation (TSO)</b>	£m	3 dp
<b>Definition</b>	System operation costs remaining in the network business.		
<b>Processing rule</b>	Copied: copied from T1, L37		

<b>16</b>	<b>System Operation (GMO) – (Excluding Staff)</b>	£m	3 dp
<b>Definition</b>	Total GMO costs excluding the staff element.		
<b>Processing rule</b>	Calc: T1, L38 minus T1, L20		

<b>17</b>	<b>Staff Costs – (All)</b>	£m	3 dp
<b>Definition</b>	All staff costs, including admin, engineering and GMO staff costs.		
<b>Processing rule</b>	Copied: copied from T2, L16		

<b>18</b>	<b>Controllable Opex</b>	£m	3 dp
<b>Definition</b>	Total controllable opex.		
<b>Processing rule</b>	Calc: Sum of L12 – L17		

<b>19</b>	<b>Controllable Repex</b>	£m	3 dp
<b>Definition</b>	Total controllable repex.		
<b>Processing rule</b>	Copied: copied from T6, L13		

<b>20</b>	<b>Uncontrollable Costs</b>	£m	3 dp
<b>Definition</b>	Total controllable opex.		
<b>Processing rule</b>	Copied: copied from T1, L39		

<b>21</b>	<b>Capital Repayments</b>	£m	3 dp
<b>Definition</b>	Total controllable opex.		
<b>Processing rule</b>	Copied: For MEL - copied from L4 Copied: For GNI (UK) - copied from L10		

<b>22</b>	<b>Tax Payments</b>	£m	3 dp
<b>Definition</b>	Tax payments by the TSO.		
<b>Processing rule</b>	Copied: copied from T7, L11		

<b>23</b>	<b>Total Costs</b>	£m	3 dp
<b>Definition</b>	Includes all opex, repex and capex expenditure.		
<b>Processing rule</b>	Calc: Sum of L18 – L22		

**D GT17 Comparisons - Opex**

<b>24</b>	<b>Admin (Excluding Staff) – FD Allowance (Real)</b>	£m	3 dp
<b>Definition</b>	GT17 allowance in March 2016 prices for administration costs excluding staff payments.		
<b>Processing rule</b>	GT17 data: No input required		

<b>24a</b>	<b>Actual Admin Opex – (Nominal)</b>	£m	3 dp
<b>Definition</b>	Actual administration opex by the TSO in nominal prices.		
<b>Processing rule</b>	Copied: copied from L12		

<b>24b</b>	<b>Actual Admin Opex – (Real)</b>	£m	3 dp
<b>Definition</b>	Actual administration opex by the TSO in March 2016 prices.		
<b>Processing rule</b>	Calc: L24a ÷ L3 [Inflation table]		

<b>24c</b>	<b>Percentage Differential from GT17</b>	%	1 dp
<b>Definition</b>	Performance against GT17 allowances in terms of the percentage of over or underspend.		
<b>Processing rule</b>	Calc: (L24b – L24) ÷ L24		

Comparisons are repeated by opex line item.