

# TSO Business Plan Reporting Requirements – GT17

# Table 1

## Overall Costs

Covering:

Administration, Repex, Planned Maintenance, Unplanned Maintenance, System Operation (both TSO & CJV) 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. 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 CJV cost elements (L20 - L27) which are more detailed in Table 2. As expenses move into the CJV line, it is expected that other TSO line values (support staff, licences, network code etc) will reduce or be removed entirely. It is therefore vital that costs are clearly defined between the CJV and the rest of the TSO business.

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 real terms (2015-16 prices) using the RPI forecast and actual index numbers provided in the Inflation tab. 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 1-3 should contain historic data which reconciles with regulatory accounts at the total level. Columns 4-10 will contain forecast information.

### Company commentary

Alongside the tables the company should provide commentary detailing:

- Rationale for forecast costs in the price control period.
- Justification for any forecast increase above average GT12 levels for individual lines.
- Justification for any forecast real terms increase for overall costs.
- Explanation of the cost allocation methodology between TSO licensees (MEL) and any intra-company charges [GNI (UK)].
- The impact of single system operation.
- Any atypical or 'one-off' costs in the forecasts or historic costs.
- Any exchange rate figures or assumptions used [GNI (UK)].
- Any benchmarking or efficiency estimates proposed by the companies including catch-up efficiency, frontier shift or real price effects.

### Audit Check

Line	Audit Check
T1, L33	Line 33 should equal T3a, L16 plus T4, L15.
T1, L34	Line 34 should equal T7, L2.
T1, L35	Line 35 should equal T3b, L16 plus T5, L24.
T1, L36	L36 should equal T5, L25.
T1, L37	Line 37 should equal sum of L14 – L19.
T1, L38 [MEL]	Line 38 should equal T2a, L26.
T1, L38 [GNI (UK)]	Line 38 should equal T2b, L26.

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

<b>1</b>	<b>Pipeline Insurance</b>	<b>£m</b>	<b>3 dp</b>
<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>	<b>£m</b>	<b>3 dp</b>
<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>• Any other relevant charges.</li> </ul>		
<b>Processing rule</b>	Input		
<b>3</b>	<b>Other Overheads</b>	<b>£m</b>	<b>3 dp</b>
<b>Definition</b>	Includes procurement of goods & services in the support of the business operations i.e. <ul style="list-style-type: none"> <li>• Tendering and contract negotiation;</li> <li>• Establishing tender guidelines and monitoring supplier performance;</li> <li>• Acquisition / warehousing / Transport costs of goods;</li> <li>• Stock management.</li> </ul> Also covers non-pipeline insurance, stationary and any other direct administration cost items e.g. consultancy support (not reported elsewhere).		
<b>Processing rule</b>	Input		

4	Support Staff costs	£m	3 dp
<b>Definition</b>	<p>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 CJV. This includes:</p> <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>• PSA – PAYE Settlement Agreement;</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>	<p>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.</p> <p>Not to be complete by GNI (UK).</p>		
<b>Processing rule</b>	Input		

**B Asset Replacement**

<b>6</b>	<b>Asset Replacement</b>	£m	3 dp
<b>Definition</b>	Captures forecast 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;</li> <li>• HSQ&amp;E management; and</li> <li>• Agricultural liaison.</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, cp 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>• 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>	<p>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 CJV. This includes:</p> <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>• PSA – PAYE Settlement Agreement;</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. When the CJV becomes operational, some of these lines may no longer be required or will simply be nil returns.

<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. This would include projects such as Single System Operation, Common Arrangements for Gas and compliance with the introduction of capacity auctions.		
<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>		
<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 European directives or regulations.		
<b>Processing rule</b>	Input		

**F System Operation (CJV)**

<b>20</b>	<b>CJV Staff Costs</b>	£m	3 dp
<b>Definition</b>	All <b>CJV 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>• PSA – PAYE Settlement Agreement;</li> <li>• Share based schemes; and</li> <li>• Staff Entertainment.</li> </ul>		
<b>Processing rule</b>	Input		

<b>21</b>	<b>CJV Administration</b>	£m	3 dp
<b>Definition</b>	Includes all direct CJV 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. This would include projects such as Single System Operation, Common Arrangements for Gas and compliance with the introduction of capacity auctions.		
<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 and network code development;</li> <li>• Management of Network Code developments, arrangements and processes.</li> </ul>		
<b>Processing rule</b>	Input		

<b>26</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>27</b>	<b>European Compliance</b>	£m	3 dp
<b>Definition</b>	Any costs arising from European directives or regulations.		
<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, CER or Ofgem.		
<b>Processing rule</b>	Input		

<b>30</b>	<b>Compressor Fuel</b>	£m	3 dp
<b>Definition</b>	Costs of gas for compressor stations.		
<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 (CJV)</b>	£m	3 dp
<b>Definition</b>	Total CJV 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

## CJV Costs

Covering:

CJV Staff, CJV Administration, Contracts & Licences, Grid Control, Major IT Projects, Network Codes, SCADA and European Compliance

## Table 2 CJV Costs

### General Purpose

The purpose of this table is to provide a consistent reporting template for single system operation. It will help provide an understanding of cost movements over time and the differing burdens on each party to the CJV. This structure will also be used as the basis for ongoing annual cost reporting.

### Instructions

This table has 26 lines in total. It covers all **direct** CJV cost elements. Centralised costs such as CEO, Board costs, HR functions etc should not be reported here. The table should be completed jointly by MEL and GNI (UK) and will cover all CJV costs. Table 2a and T2b will provide the split between MEL and GNI (UK) respectively. Table 2 should equal the sum of T2a and T2b.

Lines in *red italicised text* (L4a – L4n & L10a – L10n) are for the TSOs to change and customise as required.

All financial costs should be recorded in real terms (2015-16 prices) using the RPI forecast and actual index numbers provided in the Inflation tab. Costs will generally be recorded in £ millions to 3 decimal places (DP), unless otherwise stated.

Columns 1-4 should not be required as the CJV has yet to be established. Columns 5-10 will contain forecast information.

### Company commentary

Alongside the tables the company should provide commentary detailing:

- Rationale for forecast costs in the price control period.
- Justification for any forecast increase/decrease in cost over the price control period.
- Justification for any forecast real terms increase in overall industry system operation costs.
- Explanation of the CJV cost allocation methodology between licensees (MEL) and [GNI (UK)].
- Explanation of the CJV cost allocation methodology within MEL to their TSOs.
- Detail around activities and responsibilities allocated to each party.
- Explanation of system operation costs that remain with the TSO and have not moved to the CJV.
- Information on the costs/benefits, rationale and justification for any expenditure proposed under Section D (IT system upgrade projects).
- Efficiency estimates proposed by the companies.

### Audit Check

Line	Audit Check
T2a, L1 (MEL)	Line 1 should equal T3c, L16.
T2b, L1 [GNI (UK)]	Line 1 should equal T3c, L16.
T2a, L26 (MEL)	Line 26 should equal T1, L38.
T2b, L26 [GNI (UK)]	Line 26 should equal T1, L38.

**Table 2 - Line Guidance**
**A CJV Staff Costs**

1	Staff Costs	£m	3 dp
<b>Definition</b>	All <b>CJV 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>• PSA – PAYE Settlement Agreement;</li> <li>• Share based schemes; and</li> <li>• Staff Entertainment.</li> </ul>		
<b>Processing rule</b>	Input		

**B CJV Administration**

2	Office Costs	£m	3 dp
<b>Definition</b>	Any office or other costs associated with the CJV including <ul style="list-style-type: none"> <li>• Rent;</li> <li>• Cleaning;</li> <li>• Utilities etc.</li> </ul> Any rates associated with a separate office should be reported in the uncontrollable cost table.		
<b>Processing rule</b>	Input		



<b>3</b>	<b>Insurance, Bank Charges &amp; Fees</b>	£m	3 dp
<b>Definition</b>	Direct administrative charges incurred by the CJV including: <ul style="list-style-type: none"> <li>• Insurance;</li> <li>• Bank charges;</li> <li>• Fees; and</li> <li>• Any other costs.</li> </ul>		
<b>Processing rule</b>	Input		

**C Contracts and Licences**

<b>4</b>	<b>System Licences</b>	£m	3 dp
<b>Definition</b>	Cost of any IT licences or contracts managed by and allocated to the CJV budget, if incurred directly for the purposes of system operation.		
<b>Processing rule</b>	Calc: Sum of L4a – L4n		

<b>4a</b>	<b>System Licences</b>	£m	3 dp
<b>Definition</b>	Names and costs of each distinct licence, to be customised by the TSOs as required.		
<b>Processing rule</b>	Input		

<b>5</b>	<b>Subscriptions</b>	£m	3 dp
<b>Definition</b>	Cost of subscriptions and professional fees related to system operation.		
<b>Processing rule</b>	Input		

<b>6</b>	<b>Server Hosting &amp; IT Support</b>	£m	3 dp
<b>Definition</b>	Cost of hosting the server and any professional fees related to support and maintenance of the IT system.		
<b>Processing rule</b>	Input		

<b>7</b>	<b>PSA Admin Fees</b>	£m	3 dp
<b>Definition</b>	Cost of the postalised system administration.		
<b>Processing rule</b>	Input		

**D Grid Control**

<b>8</b>	<b>Contractor Fee</b>	£m	3 dp
<b>Definition</b>	Contractor fee for 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>9</b>	<b>Other Costs</b>	£m	3 dp
<b>Definition</b>	Any other grid control costs not covered by the contractor fee.		
<b>Processing rule</b>	Input		

**E Major IT System Development**

<b>10</b>	<b>Major IT System Upgrades</b>	£m	3 dp
<b>Definition</b>	The sum of any costs related to major system development projects as determined by the UR such as Single System Operation, Common Arrangements for Gas and compliance with the introduction of capacity auctions.		
<b>Processing rule</b>	Calc: Sum of L10a – L10n		

<b>10a</b>	<b>Major IT System Upgrades</b>	£m	3 dp
<b>Definition</b>	Names and costs of each distinct project, to be customised by the TSOs as required.		
<b>Processing rule</b>	Input		

**F Network Code Development**

<b>11</b>	<b>Systems Planning</b>	£m	3 dp
<b>Definition</b>	Management cost of network analysis, network code developments, arrangements and processes. Also includes cost of the preparation of the Gas Capacity Statement and other annual publications required for licence and code compliance		
<b>Processing rule</b>	Input		

<b>12</b>	<b>Shipper Services &amp; Account Management</b>	£m	3 dp
<b>Definition</b>	Includes the costs of shipper services, liaison and account management.		
<b>Processing rule</b>	Input		

<b>13</b>	<b>Network Code IT System Costs</b>	£m	3 dp
<b>Definition</b>	Development and support related to the grid control Gas Transmission Management System (GTMS), and gas transportation services IT systems.		
<b>Processing rule</b>	Input		

<b>14</b>	<b>External Support</b>	£m	3 dp
<b>Definition</b>	Includes the cost of external advisors / consultancy support engaged to implement necessary code modifications.		
<b>Processing rule</b>	Input		

**G SCADA and Comms**

<b>15</b>	<b>SCADA Modifications</b>	£m	3 dp
<b>Definition</b>	SCADA and communications systems and equipment associated with monitoring of transmission system operational performance.		
<b>Processing rule</b>	Input		

<b>16</b>	<b>RTU Support</b>	£m	3 dp
<b>Definition</b>	Remote terminal unit support and modification costs.		
<b>Processing rule</b>	Input		

**G European Compliance**

<b>17</b>	<b>European Compliance</b>	£m	3 dp
<b>Definition</b>	Any costs arising from European directives or regulations.		
<b>Processing rule</b>	Input		

**I Totals**

<b>18</b>	<b>CJV Staff Costs</b>	£m	3 dp
<b>Definition</b>	Cumulative admin costs.		
<b>Processing rule</b>	Copied: copied from L1		

<b>19</b>	<b>CJV Administration</b>	£m	3 dp
<b>Definition</b>	Cumulative admin costs.		
<b>Processing rule</b>	Calc: Sum of L2 – L3		

<b>20</b>	<b>Contracts &amp; Licences</b>	£m	3 dp
<b>Definition</b>	Cumulative contract and licence costs.		
<b>Processing rule</b>	Calc: Sum of L4 – L7		

<b>21</b>	<b>Grid Control</b>	£m	3 dp
<b>Definition</b>	Cumulative grid control costs.		
<b>Processing rule</b>	Calc: Sum of L8 – L9		

<b>22</b>	<b>Major IT System Development</b>	£m	3 dp
<b>Definition</b>	Cumulative IT system development costs.		
<b>Processing rule</b>	Copied: copied from L10		

<b>23</b>	<b>Network Code Development</b>	£m	3 dp
<b>Definition</b>	Total network code costs.		
<b>Processing rule</b>	Calc: Sum of L11 – L14		

<b>24</b>	<b>SCADA &amp; Comms</b>	£m	3 dp
<b>Definition</b>	Cumulative SCADA costs.		
<b>Processing rule</b>	Calc: Sum of L15 – L16		

<b>25</b>	<b>European Compliance</b>	£m	3 dp
<b>Definition</b>	European compliance costs.		
<b>Processing rule</b>	Copied: copied from L17		

<b>26</b>	<b>Total CJV Costs</b>	£m	3 dp
<b>Definition</b>	Cumulative CJV costs		
<b>Processing rule</b>	Calc: Sum of L18 – L25		

# Table 3

## Staff Costs

Covering:

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

## Table 3 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 3a, T3b and T3c will provide the activity split between support staff remaining in the TSO (T3a), engineering staff in the TSO (T3b) and those allocated to the CJV (T3c). Table 3 should equal the sum of T3a, T3b and T3c for all lines.

All staff costs should be recorded in this table. Any labour cost which might be recorded in other tables must be removed and provided for in Table 3 so as to avoid double counting.

All financial costs should be recorded in real terms (2015-16 prices) using the RPI forecast and actual index numbers provided in the Inflation tab. 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 1-3 should contain historic data. Columns 4-10 will contain forecast information. Table 3c will not contain any information in columns 1-4 as the CJV has yet to be established.

### Company commentary

Alongside the tables the company should provide commentary detailing:

- Rationale for forecast costs and resources in the price control period.
- Justification for any real terms forecast increase/decrease in staff cost over the price control period.
- Impact of single system operation on staffing levels.
- Explanation of agency staff usage and costs.
- Detail on bonus payment criteria and justification.
- Information on pension scheme, employers contribution percentage, shortfalls etc
- Any other employee benefit schemes and their cost.
- Background on changes to forecast indirect staff costs.
- Examples of any staff training undertaken.
- Proportion of indirect cost related to travel and subsistence.

### Audit Check

Line	Audit Check
T3, L16	Line 16 should equal T3a, L16 + T3b, L16 + T3c, L16.
T3a, L16	Table 3a, Line 16 should equal T1, L4
T3b, L16	Table 3b, Line 16 should equal T1, L11.
T3c, L16	Table 3c, Line 16 should equal T1, L20.

**Table 3 - 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 4

## Administration Costs

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

## Table 4 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 real terms (2015-16 prices) using the RPI forecast and actual index numbers provided in the Inflation tab. Costs will generally be recorded in £ millions to 3 decimal places (DP), unless otherwise stated.

Columns 1-3 should contain historic data. Columns 4-10 will contain forecast information.

### Company commentary

Alongside the tables the company should provide commentary detailing:

- Rationale for forecast costs in the price control period.
- Justification for any forecast real terms increase/decrease in cost over the price control period.
- 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
T4, L1	Line 1 should equal T1, L1.
T4, L7	Line 7 should equal T1, L2.
T4, L10	Line 10 should equal T1, L3
T4, L14	Line 14 should equal T1, L5.
T4, L15	Line 15 should equal T1, L33 less T1, L4.

**Table 4 - 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 5

## Maintenance Costs

Covering:

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

## Table 5 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 36 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 – L19n & L35a – L35n) are for the TSOs to change and customise as required.

All financial costs should be recorded in real terms (2015-16 prices) using the RPI forecast and actual index numbers provided in the Inflation tab. 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.

Columns 1-3 should contain historic data. Columns 4-10 will contain forecast information.

### Company commentary

Alongside the tables the company should provide commentary detailing:

- Rationale for forecast costs in the price control period.
- Justification for any forecast real terms increase/decrease in cost over the price control period.
- Detail on methodology for undertaking planned maintenance e.g. inspection timings, format etc.
- Explanation of forecast unplanned activity rates e.g. failure probability rates, trend analysis etc.
- Information around the five most cost significant types of maintenance activity.
- Incidents of third party damages to the network.
- The historic average split of maintenance costs by planned and unplanned activity. This should include the forecast proportional split for the GT17 price control period.
- Incidents of gas escapes (historic and forecast).
- Emergency stand-by teams and arrangements in place.

### Audit Check

Line	Audit Check
T5, L4	Line 4 should equal T1, L7.
T5, L9	Line 9 should equal T1, L8.
T5, L13	Line 13 should equal T1, L9.
T5, L20	Line 20 should equal T1, L10.
T5, L24	Line 24 should equal T1, L35 less T1, L11.
T5, L25	Line 25 should equal T1, L36.



**Table 5 - Line Guidance**
**A Asset Management & Compliance**

<b>1</b>	<b>Engineering Compliance</b>	<b>£m</b>	<b>3 dp</b>
<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>	<b>£m</b>	<b>3 dp</b>
<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.</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 and external awareness initiatives</li> </ul> </li> </ol>		
<b>Processing rule</b>	Input		

<b>3</b>	<b>Asset Management</b>	<b>£m</b>	<b>3 dp</b>
<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.</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, cp 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>	Maintenance of the range of transmission system assets to ensure fitness for purpose. This includes: <ul style="list-style-type: none"> <li>• Contract Fixed Costs: The fixed costs associated with mobilization 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/forecast.		
<b>Processing rule</b>	Input		

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

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

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

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

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

<b>32</b>	<b>Emergency Exercises</b>	nr	0 dp
<b>Definition</b>	Number of emergency exercises undertaken/forecast.		
<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 – L35n		

<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		

# Table 6

## Uncontrollable Costs

Covering:

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

# Table 6

## 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 26 lines in total. It covers all types of uncontrollable costs including licence fees, rates, fuel, Scottish costs and offsetting income. Section E relates to the Beattock compressor fuel usage, price and cost. MEL should detail the cost attributed to area. These lines are not required to be completed by GNI (UK).

Section F (L16 – L20) covers the charges MEL incurs for access to the system in Scotland. These lines do not need to be completed by GNI (UK).

Line 21 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 real terms (2015-16 prices) using the RPI forecast and actual index numbers provided in the Inflation tab. Costs will generally be recorded in £ millions to 3 decimal places (DP), unless otherwise stated.

Columns 1-3 should contain historic data. Columns 4-10 will contain forecast information.

### Company commentary

Alongside the tables the company should provide commentary detailing:

- Rationale for forecast costs in the price control period.
- Justification for any forecast real terms increase/decrease in cost over the price control period.
- Detail around rateable value calculations.
- If any gas is used at pressure reduction stations.
- Detail around cost and activity of Scottish services (MEL only).
- Assumptions around forecast income.
- Any other relevant information to support the cost data projections.

### Audit Check

Line	Audit Check
T6, L22	Line 22 should equal T1, L28.
T6, L23	Line 23 should equal T1, L29.
T6, L24	Line 24 should equal T1, L30.
T6, L25	Line 25 should equal T1, L31.
T6, L26	Line 25 should equal T1, L32.



**Table 6 - Line Guidance**
**A Rateable Value**

<b>1</b>	<b>Pipelines &amp; Pipeline Assets - NAV</b>	£m	3 dp
<b>Definition</b>	Net Annual Value (NAV) of pipelines and transmission system assets.		
<b>Processing rule</b>	Input		

<b>2</b>	<b>Head Office - NAV</b>	£m	3 dp
<b>Definition</b>	Net Annual Value (NAV) of the company head office.		
<b>Processing rule</b>	Input		

<b>3</b>	<b>Other Facilities - NAV</b>	£m	3 dp
<b>Definition</b>	Net Annual Value (NAV) of other facilities which contribute to rates e.g. stores.		
<b>Processing rule</b>	Input		

**B Rate Pounding**

<b>4</b>	<b>Pipelines &amp; Pipeline Assets - Rate</b>	£m	6 dp
<b>Definition</b>	Non-domestic rate poundage charge for pipeline assets.		
<b>Processing rule</b>	Input		

<b>5</b>	<b>Head Office - Rate</b>	£m	6 dp
<b>Definition</b>	Non-domestic rate poundage charge for the head office.		
<b>Processing rule</b>	Input		

<b>6</b>	<b>Other Facilities - Rate</b>	£m	6 dp
<b>Definition</b>	Non-domestic rate poundage charge for other facilities.		
<b>Processing rule</b>	Input		

**C Business Rates**

<b>7</b>	<b>Pipelines &amp; Pipeline Assets</b>	£m	3 dp
<b>Definition</b>	Business rates for the pipelines and network.		
<b>Processing rule</b>	Calc: L1 * L4		

<b>8</b>	<b>Head Office</b>	£m	3 dp
<b>Definition</b>	Business rates for the head office.		
<b>Processing rule</b>	Calc: L2 * L5		

<b>9</b>	<b>Other Facilities</b>	£m	3 dp
<b>Definition</b>	Business rates for other facilities.		
<b>Processing rule</b>	Calc: L3 * L6		

<b>10</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		

**D Licence Fees**

<b>11</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>12</b>	<b>CER</b>	£m	3 dp
<b>Definition</b>	Licence fees charged by the Commission for Energy Regulation.		
<b>Processing rule</b>	Input		

<b>13</b>	<b>Ofgem</b>	£m	3 dp
<b>Definition</b>	Licence fees charged by Ofgem.		
<b>Processing rule</b>	Input		

**E Compressor Fuel**

<b>14</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>	Input		

<b>15</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>16</b>	<b>Compressor Fuel</b>	£m	3 dp
<b>Definition</b>	Cost of compressor fuel. N.B. GNI (UK) should not complete this line.		
<b>Processing rule</b>	Calc: (L13 * L14) / 100,000,000		

**F Scottish Costs**

<b>17</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>18</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>19</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>20</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		

#### G Stranraer / Dundalk Income

<b>21</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)] respectfully. N.B. This line should be recorded as a negative value.		
<b>Processing rule</b>	Input		

#### H Totals

<b>22</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 L7 – L10		

<b>23</b>	<b>Licence Fees</b>	£m	3 dp
<b>Definition</b>	Cumulative licence fee costs.		
<b>Processing rule</b>	Calc: Sum of L11 – L13		

<b>24</b>	<b>Compressor Fuel</b>	£m	3 dp
<b>Definition</b>	Compressor fuel costs.		
<b>Processing rule</b>	Copied: copied from L16		

<b>25</b>	<b>Scottish Costs</b>	nr	0 dp
<b>Definition</b>	Net value of other uncontrollable items		
<b>Processing rule</b>	Calc: Sum of L17 – L20		

<b>26</b>	<b>Stranraer / Dundalk Income</b>	nr	0 dp
<b>Definition</b>	Income received by TSOs for transporting gas to Stranraer (MEL) and Dundalk [GNI (UK)] respectfully.		
<b>Processing rule</b>	Copied: copied from L21		

# Table 7

# Repex Projects

Covering:  
Large Replacement Expenditure Projects

# Table 7

## 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 drivers of this expenditure as well as the benefits to consumers.

### Instructions

This table has 2 lines in total. It covers large asset replacement projects which the TSO believes are required to maintain and update the network. By way of a guide, this table should focus on expenditure >£50,000, though TSOs are free to submit detail on smaller projects if they consider it appropriate.

Lines in *red italicised text* (L1a – L1n) are for the TSOs to change and customise as required.

All financial costs should be recorded in real terms (2015-16 prices) using the RPI forecast and actual index numbers provided in the Inflation tab. Costs will generally be recorded in £ millions to 3 decimal places (DP), unless otherwise stated.

Columns 1-3 should contain historic data. Columns 4-10 will contain forecast information. Columns 11-12 should provide dates associated with the project start and the beneficial use. Column 13 should detail the output of the expenditure.

### Company commentary

Alongside the tables the company should provide commentary detailing:

- High level overview of current approach to asset planning.
- Longer term views of asset replacement i.e. forecasts of *total* replacement costs over two price controls from 2017-18 to 2026-27.
- Rationale/objectives for forecast costs in the price control period by project.
- Any statutory or regulatory requirement driving expenditure.
- Needs assessment for individual projects.
- Risk/failure analysis on assets to be replaced including age/status/serviceability assessment etc.
- Any option analysis undertaken for different projects with rationale for preferred option (on a whole life cost basis).
- Breakdown of costs by key project components.
- Analysis of project monetary benefits, including any offsetting reductions to maintenance costs.
- Nominated outputs of each project and the subsequent benefit to consumers.
- Any other relevant information to support the cost data projections.
- TSO views on the efficiency challenge to be applied.

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

### Audit Check

Line	Audit Check
T7, L2	Line 2 should equal T1, L6

**Table 7 - Line Guidance**
**A Replacement projects**

<b>1a</b>	<b>Project Name</b>	£m	3 dp
<b>Definition</b>	Cost of different asset replacement projects.		
<b>Processing rule</b>	Input		

<b>2</b>	<b>Total Cost</b>	£m	3 dp
<b>Definition</b>	Cumulative sum of replacement projects.		
<b>Processing rule</b>	Calc: Sum of L1a – L1n		

# Table 8

## Asset Inventory

Covering:

Pipelines, Entry & Exit Points, Block Valves, Pipeline Inspection Gauge (PIG) Traps and Above Ground Installations (AGIs).



## Table 8 Asset Inventory

### General Purpose

The purpose of this table is to provide a summary of transmission network assets.

### Instructions

This table has 6 lines in total across 5 different columns. It covers network assets such as pipelines, entry and exit points, block valves, AGIs and PIG traps.

Lines in *red italicised text* (L1a – L6n) are for the TSOs to change and customise as required. All relevant assets up to the present date should be recorded in the table.

Column 1 should detail the construction completion date. Column 2 should provide the design life of the relevant asset. Columns 3 & 4 should detail the diameter (mm) and length (km) of pipelines / spurs respectively. Column 5 should provide the design pressure of the relevant asset.

### Company commentary

Alongside the tables the company should provide commentary detailing:

- Whether any of the assets have been stranded or abandoned.

**Table 8 - Line Guidance**
**A Pipelines**

<b>1a – 1n</b>	<b>Pipelines</b>		
<b>Definition</b>	Name of company pipelines and requisite data i.e. date of construction, design life, pipeline diameter, pipeline length and design pressure.		
<b>Processing rule</b>	Input		

**B Exit Points**

<b>2a – 2n</b>	<b>Exit Points</b>		
<b>Definition</b>	Data on exit points and requisite information.		
<b>Processing rule</b>	Input		

**C Entry Points**

<b>3a – 3n</b>	<b>Entry Points</b>		
<b>Definition</b>	Data on entry points and requisite information.		
<b>Processing rule</b>	Input		

**D Block Valves**

<b>4a – 4n</b>	<b>Block Valves</b>		
<b>Definition</b>	Data on block valves and requisite information.		
<b>Processing rule</b>	Input		

**E Pig Trap**

<b>5a – 5n</b>	<b>Pig Traps</b>		
<b>Definition</b>	Data on pipeline inspection gauge traps and requisite information.		
<b>Processing rule</b>	Input		

**F AGIs**

<b>6a – 6n</b>	<b>AGIs</b>		
<b>Definition</b>	Data on above ground installations and requisite information.		
<b>Processing rule</b>	Input		

# Table 9

## Cost of Capital

Covering:

GNI (UK) Cost of Capital, NIEH Cost of Capital and Bond  
Repayments for PTL and BGTL

## Table 9

# Cost of Capital

### General Purpose

The purpose of this table is to provide more detailed reporting around the costs of capital. It will help provide an understanding of the companies view on returns to capital. It should also set out the bond repayments for PTL and BGTL.

### Instructions

This table has 12 lines in three different sections. Section A (L1 – L5) should only be completed by GNI (UK) and focuses on their cost of capital.

Section B (L6 – L10) covers identical information, but is only for completion by Northern Ireland Energy Holdings (NIEH).

Section C (L11 – L13) covers the bond repayments by the other MEL licensees (PTL & BGTL) and should only be completed by them.

All financial costs should be recorded in real terms (2015-16 prices) using the RPI forecast and actual index numbers provided in the Inflation tab. Costs will generally be recorded in £ millions to 3 decimal places (DP), unless otherwise stated.

Columns 1-5 should contain forecast information. No historic data has been requested for this table. L1 – L4 and L6 – L9 should contain identical information for each of the gas years in question.

### Company commentary

Alongside the tables the company should provide commentary detailing:

- Rationale for forecast cost of capital figures.
- Value of the company specific equity beta for the cost of equity.
- How estimates of the equity beta have been derived.
- Supporting information on the cost of debt.
- Any other relevant information to support the cost of capital projections.

**Table 9 - Line Guidance**
**A Cost of Capital – GNI (UK)**

Section A (L1 – L5) should only be completed by GNI (UK).

<b>1</b>	<b>Gearing</b>	%	2 dp
<b>Definition</b>	The ratio measuring the extent to which the company is assumed to be financed through borrowing.		
<b>Processing rule</b>	Input		

<b>2</b>	<b>Cost of Equity</b>	%	2 dp
<b>Definition</b>	The post tax cost of equity i.e. rate of return required by shareholders.		
<b>Processing rule</b>	Input		

<b>3</b>	<b>Cost of Debt</b>	%	2 dp
<b>Definition</b>	The estimated interest rate or cost a company will expect to pay on its debt.		
<b>Processing rule</b>	Input		

<b>4</b>	<b>Vanilla WACC</b>	%	2 dp
<b>Definition</b>	The post tax real weighted average cost of capital i.e. the rate of return expected on capital investment, including cost of debt and cost of equity.		
<b>Processing rule</b>	Calc: Sum of (L2 * {1- L1}) + (L3 * L1)		

<b>5</b>	<b>Regulatory Asset Value (RAV)</b>	£m	3 dp
<b>Definition</b>	The value ascribed to the capital employed in the licensee's transmission business.		
<b>Processing rule</b>	Input		

**B Cost of Capital – NIEH**

Section B (L6 – L10) should only be completed by NIEH.

<b>6</b>	<b>Gearing</b>	%	2 dp
<b>Definition</b>	The ratio measuring the extent to which the company is assumed to be financed through borrowing.		
<b>Processing rule</b>	Input		

<b>7</b>	<b>Cost of Equity</b>	%	2 dp
<b>Definition</b>	The post tax cost of equity i.e. rate of return required by shareholders.		
<b>Processing rule</b>	Input		

<b>8</b>	<b>Cost of Debt</b>	%	2 dp
<b>Definition</b>	The estimated interest rate or cost a company will expect to pay on its debt.		
<b>Processing rule</b>	Input		

<b>9</b>	<b>Vanilla WACC</b>	%	2 dp
<b>Definition</b>	The post tax real weighted average cost of capital i.e. the rate of return expected on capital investment, including cost of debt and cost of equity.		
<b>Processing rule</b>	Calc: Sum of $(L8 * \{1 - L7\}) + (L9 * L7)$		

<b>10</b>	<b>Regulatory Asset Value (RAV)</b>	£m	3 dp
<b>Definition</b>	The value ascribed to the capital employed in the licensee's transmission business.		
<b>Processing rule</b>	Input		

### C Bond Repayments – MEL

Section C (L11 – L13) should only be completed by MEL licensees (PTL and BGTL).

<b>11</b>	<b>PTL Bond Repayments</b>	£m	3 dp
<b>Definition</b>	Bond repayments for Premier Transmission Limited.		
<b>Processing rule</b>	Input		

<b>12</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>13</b>	<b>Total Bond Repayments</b>	£m	3 dp
<b>Definition</b>	Sum of MEL bond repayments.		
<b>Processing rule</b>	Calc: Sum of L13 + L14		