



SONI Annual Reporting: Regulatory Instructions and Guidance for 2020-25

Annex A – Draft for Consultation
November 2022



About the Utility Regulator

The Utility Regulator is the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Queens House in the centre of Belfast. The Chief Executive leads a management team of directors representing each of the key functional areas in the organisation: Corporate Affairs, Markets and Networks. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.



Our mission

To protect the short- and long-term interests of consumers of electricity, gas and water.



Our vision

To ensure value and sustainability in energy and water.



Our values

- Be a best practice regulator: transparent, consistent, proportionate, accountable and targeted.
- Be professional – listening, explaining and acting with integrity.
- Be a collaborative, co-operative and learning team.
- Be motivated and empowered to make a difference.



Abstract

This document sets out the Utility Regulator's (UR) Regulatory Instructions and Guidance (RIGs) for the annual reporting of electricity transmission system operator (TSO) costs and outputs. The guidance has been updated to reflect the changes made because of the 2020-25 price control final determination.

Audience

This document will be of interest to SONI, its customers, consumers and other stakeholders.

Consumer impact

Annual reporting has been a part of the regulatory framework for SONI for a number of years. These RIGs provide a framework for the UR to collect consistent information from SONI on an annual basis. This information will help monitor SONI's performance and, over time, will provide a database that will inform SONI's subsequent price controls.



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1. Introduction

Background

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

Legal Framework

- 1.3 The information required in these RIGs shall be provided under Condition 41 (Regulatory Instructions and Guidance) of SONI's transmission system operator licence.
- 1.4 The information requested may not exceed that which could be requested from the Licensee by the UR under Condition 7 (Provision of Information to the Authority).

Components of the RIGs

- 1.5 The RIGs comprise:
 - a) A data reporting template (in MS Excel format), which contains various spreadsheets for completion by SONI. The data template has been revised to be consistent with SONI's 2020-25 price control framework.
 - b) This document, which contains specific guidance on completion of the data reporting template and the requirements for a supporting commentary.
- 1.6 SONI's submission, completed in accordance with these RIGs, will comprise:
 - a) A completed reporting template (in MS Excel format).
 - b) Supporting commentary to the submission and the various completed worksheets (in MS Word format).
 - c) Any additional information or documentation requested in the RIGs and / or which SONI deems appropriate to provide.
- 1.7 SONI's submission must be signed off by a Director of SONI confirming that to the best of their knowledge the information in the submission is correct.

Reporting Period and Timescales

- 1.8 The relevant reporting year for the provision of information runs from 01 October to

30 September of the following calendar year. For example, a reporting year of 2020/21 means the year beginning on 01 October 2020 and ended on 30 September 2021.

- 1.9 SONI 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 2021, must be provided by 31 January 2022.
- 1.10 SONI must provide its submission annually. As the new RIGs were introduced after the start of the 2020-25 price control, SONI's first submission must include information on all the prior years of the current price control. That is, SONI's submission for reporting year 2021/22 (due no later than 31 January 2023) must also include data on reporting year 2020/21.

Submission

- 1.11 SONI's completed submission should be submitted electronically to:

SONIUREGNI@uregni.gov.uk

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

- Questions and queries.
- Site visit(s) to SONI to discuss and understand information.
- Re-submission by SONI allowed (only with the express permission of UR).

Structure of this Document

- 1.13 The remainder of this document is structured as follows:

- a) Chapter 2 sets out overarching guidance for the completion of the data template.
- b) Chapter 3 provides overarching guidance for the supporting commentary.
- c) Chapters 4 to 24 provides detailed guidance on the completion of individual worksheets (tables) within the data template workbook and corresponding commentary.

2. General Instructions for Completion of Data Template Workbook

Contents

2.1 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 monetary values from nominal to real terms.
- b) Worksheets for SONI to complete, covering the following areas:
 - 1) Summary spreadsheet of opex spend, capital spend and full-time equivalent (FTE) resource used (both internal, recharged from the wider EirGrid group and agency or staff substitution).
 - 2) Opex staff costs provided in the B_t element of SONI's price control.
 - 3) Non-staff opex costs provided in the B_t term.
 - 4) Baseline opex costs (BO_t).
 - 5) Enhancement opex costs (UO_t).
 - 6) Uncertainty mechanism opex subject to cost sharing (E_t).
 - 7) Network planning, scoping & feasibility studies opex (SF_t).
 - 8) Connection fee costs and income (non-price control related).
 - 9) Connection projects costs and income (non-price control related).
 - 10) Pension costs (PR_t).
 - 11) Collection agent revenues for purposes of calculating the margin allowance ($CARV_t$).
 - 12) Up-To-A-Cap uncertainty mechanism opex (D_t).
 - 13) Up-To-A-Cap uncertainty mechanism capex (Z_t).
 - 14) Transmission network pre-construction projects (TNPPs) and abandoned project (AB_PC_t) spend.
 - 15) Base capex on buildings (BC_BD_t) and non-buildings (BC_NB_t).

- 16) Enhancement capex spend on buildings (UC_BDt) and non-buildings (UC_NBt).
- 17) Uncertainty mechanism capex subject to cost sharing (V_t).
- 18) RAB summary including the TNPP side-RAB.
- 19) Cost of ancillary services (A_t).
- 20) Price control projects delivery status report.
- 21) Staff reporting by role and service area.

2.2 The worksheets must be completed by SONI 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 for SONI on each of the worksheets.

Data Entry

- 2.3 For ease of use, the cells of the worksheet are colour coded, with a key provided in the workbook. SONI should enter data into the yellow input cells only. Grey cells are not to be completed and green cells represent copied information. Pink cells represent historical data and 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.
- 2.4 More generally, the structure of the worksheets should not be changed, and nor should worksheets be deleted, or additional ones added, without UR approval.
- 2.5 Unless stated otherwise, prices should be entered in nominal terms and provided in units of £000s (rounded to the nearest thousand pounds). If conversion is required between nominal and real terms, then the information provided in the 'Inflation' workbook of the template should be used.
- 2.6 SONI should provide data for the current reporting year and, for the first submission under this guidance, previous reporting years in the 2020-25 price control. Historic data reporting will not be required for Table 20.
- 2.7 Unless stated otherwise in the RIGs, SONI should use the same policies and procedures to estimate and allocate costs as in the preparation of other submission to the UR. Where this is not the case, any divergences from previous policies and procedures must be stated in the supporting commentary.
- 2.8 The data provided should include that from any affiliate or related undertaking of the licensee that either directly or indirectly provides goods and/or services to the licensee or forms part of the licensee's business, either separately or consolidated.
- 2.9 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.

- 2.10 SONI 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 data provided in the template and the associated context.
- 2.11 SONI must provide a reconciliation to the relevant year's regulatory accounts.

Template Errors

- 2.12 In the event of SONI identifying errors in the templates after they have been sent out for completion, the following procedure shall be followed:
- a) Upon identifying an error, SONI should send details to the UR using this email: ciara.brennan@uregni.gov.uk and SONIUREGNI@uregni.gov.uk. SONI should not correct the error in the version to be submitted without the UR confirming it should do so.
 - b) The UR will assess the details provided to establish if there is an error.
 - c) If the UR considers it feasible and appropriate for the current reporting year, UR will correct the error by amending the template and /or clarifying the guidance and confirm to SONI that it should use these for their submission.
 - d) If the UR considers it is not feasible and appropriate for the current reporting year, UR will log the error and address it when preparing templates and guidance for future years.
- 2.13 If the UR identifies an error, we will follow the above steps b) to d). There are audit check formulas in the template, which should be used to check that numbers align where appropriate.

Publication and Use

- 2.14 The workbook data and commentary will be used to assess SONI performance throughout the price control period. UR may publish information SONI provide in the RIGs. This will primarily be to inform stakeholders of performance against the price control commitments. UR will not publish information that is commercially sensitive.
- 2.15 Given SONI has responsibility for producing the data and commentary, the TSO should endeavour to publish the annual return, subject to commercially sensitive redactions. However, it would be the UR intention at a minimum to publish the summary spreadsheet (T1) and the price control delivery status report (T19) on an annual basis. This would follow the precedent set for the gas TSOs.¹
- 2.16 The annual data will be used in undertaking Cost & Performance Reports in relation to SONI. It would be anticipated that such reports would be completed after year 3 and year 5 of the price control. This frequency may however be subject to change.

¹ See gas TSO summary cost [information](#).

3. General Instructions for Supporting Commentary

- 3.1 SONI's submission must include supporting commentary (in MS Word format) to the submission and the various completed worksheets.
- 3.2 In this chapter, we provide general instructions and requirements for this supporting commentary. The subsequent chapters contain more detailed guidance on the commentary required in relation to each of the completed workbooks. We do not provide a template for this submission.

Structure of Supporting Commentary

- 3.3 The supporting commentary must contain:
- a) An executive summary – providing an overview of performance, including material changes to costs from price control allowances, as well as summarising the commentary. This overview should provide the context to understand the key aspects of SONI's performance in the price control.
 - b) Table by table commentary – including explanations of trends, output delivery, performance against allowances and any challenges in implementing (or deviations from) the RIGs.

Requirements and Guidance on Commentary

- 3.4 The supporting commentary provides an opportunity for SONI to provide additional details, explanations and background information that should enable the UR to understand the data submitted in the workbooks and to put it in context.
- 3.5 The requirements detailed in this chapter are the minimum that SONI should provide. The supporting commentary should generally include:
- 1) A discussion on performance, including explanations of changes in values against previous years.
 - 2) Additional details that may not be provided for within the workbooks, but which provides a fuller understanding of performance.
 - 3) Changes to service performance or outputs that may explain cost movements.
 - 4) Highlighting any exceptional and/or atypical items included within costs.
 - 5) Describe the basis of any apportionments, recharges and allocations of costs and any changes in these, either from previous years or as applied in other reporting to the UR.
 - 6) Any revision of historical numbers – along with explanation of what occurred

and what lessons have been learned.

7) Any data that the licensee has been unable to report.

8) Any comments on ways of improving the workbook.

3.6 Specific guidance in relation to each individual table is set out in the remaining chapters of this guidance.

Conditional Cost Sharing

3.7 The CCS submission established under the 2020-25 price control should be completed as a standalone document. As per CCS [Guidance](#) (p10, para 3.4), this should be provided alongside the RIGS. The requirements of this element of annual reporting are fully detailed in the guidance document.

4. **Table 1: Summary**

Purpose and overview

- 4.1 The purpose of this table is to summarise SONI opex / capex spend in the various business areas and staff resource used, including both internal FTEs and resource recharged from the wider EirGrid group.
- 4.2 Staff utilised should align with the numbers reported for the particular reporting year in Table 21 (Staff Resource Matrix). There are audit check formulas included in the workbook to this effect.
- 4.3 UR would expect to publish this information on an annual basis for the purpose of price control transparency.

Instructions

- 4.4 The table comprises 27 lines, which are all automatically calculated from inputs provided in other tables.

Company commentary

- 4.5 No supporting commentary is required for this table. All relevant detail should be captured in reporting against other input tables.

5. Table 2: Operational Staff Costs

Purpose and overview

- 5.1 The purpose of this table is to provide detailed reporting around operational staff costs, one of the principal TSO cost items. This will help provide an understanding of staff costs and resource movements over time.

Instructions

- 5.2 The staff cost component in this table only relates to opex staff as determined by the B_t element of SONI's price control. Other opex or capex staff costs or FTE numbers should not be captured in this table. The exception is defined benefit employer pension cost contributions. These particular direct pension costs should not therefore be reported in any other tables.
- 5.3 The table is comprised of 26 lines in total. These lines cover direct staff costs, indirect staff costs, agency staff costs, and any other staff costs not reported in other worksheets.
- 5.4 The table also requires SONI to provide the number of full time equivalent SONI staff numbers. Separate provision has also been made in Lines 2 and 12 to capture the net FTE staff recharged to/from the wider EirGrid group.
- 5.5 All B_t staff costs should be recorded in this table. Opex staff costs included in connections, network planning or D_t projects should be expressly excluded to avoid double counting.
- 5.6 The staff cost and FTE numbers should align with the sum of the staff costs recorded in Tables 4, 5 & 6. There are audit check formulas included in the workbook to this effect. This approach aligns with the new price control licence drafting as set out below.

$$B_t = \left((BO_t + UO_t + E_t) \times \frac{CPIH_t}{CPIH_{2019}} \right)$$

- 5.7 For clarification, FTE numbers and costs only relate to those staff employed by SONI, recharged from the EirGrid group or agency staff. Any labour costs from private consultancy work should be captured under the professional fees lines. However, if a consultant has been engaged by SONI to perform a staff substitution role, these costs and resources should be captured under the relevant agency cost lines (Line 21 and 22).
- 5.8 All financial costs should be recorded in nominal terms. FTE staff numbers should be reported to 1 decimal place (dp) based on how resources are allocated. SONI must provide both historical data and current reporting year values.

Company commentary

- 5.9 For the supporting commentary on the B_t staff cost tables, SONI should provide:
- 1) Explanation for changes over time in the out-turn number of internal and recharged staff and / or the associated costs.
 - 2) The methodologies for apportionment and allocation of staff costs, including any change in approach and its effect on out-turn values (i.e. a comparison of numbers under the previous approach and under the new approach).
 - 3) The reasons for any increase / decrease in staff numbers and / or costs over the price control period.
 - 4) Explanation of variance against price control and uncertainty mechanism (E_t) opex staff allowances.
 - 5) An explanation of agency staff usage and costs.
 - 6) Detail on bonus payment criteria and justification.
 - 7) Information on any other employee benefit schemes and their cost.
 - 8) Background on changes to out-turn and / or forecast indirect staff costs.
 - 9) Examples of any staff training undertaken.

6. Table 3: (Non-staff) Operating Costs

Purpose

- 6.1 The purpose of this table is to provide detailed reporting on the B_t non-staff operating costs. This will help provide an understanding of operating costs over time for IT and telecoms, professional fees, facilities, group recharges not related to staff and other expenses.

Instructions

- 6.2 Table 3 comprises 32 lines in total. These lines cover:
- a) Telecoms and IT costs.
 - b) Professional fees.
 - c) Facilities costs.
 - d) Recharges.
 - e) Other operating costs.
- 6.3 All (non-staff) operating costs should be recorded in this table, except for those costs remunerated through other mechanisms. All Castlereagh House facility costs are funded via this licence term and should not be captured under other business areas. The negative facilities recharge (Line 21) should only relate to building costs allocated to SEMO activity.
- 6.4 The non-staff cost in this table should align with the sum of the non-staff costs recorded in Tables 4, 5 & 6. There are audit check formulas included in the workbook to this effect. This approach aligns with the new price control licence drafting as set out below.

$$B_t = \left((BO_t + UO_t + E_t) \times \frac{CPIH_t}{CPIH_{2019}} \right)$$

- 6.5 Financial costs should be recorded in nominal terms. SONI must provide both historical data and current reporting year values.

Company commentary

- 6.6 For the supporting commentary on non-staff operating costs, SONI should provide:
- 1) Commentary on and explanation of changes in out-turn operating costs, including highlighting any atypical / exceptional costs
 - 2) Details of any cost items over £100,000 not individually listed in the existing

line items.

- 3) The methodologies for apportionment and allocation of costs, including any change in approach.
- 4) A breakdown and details of intra-company recharges, including the allocation methodology
- 5) The rationale for deviations against the price control allowance.
- 6) The reasons for any increase / decrease in operating costs over the price control period.
- 7) Background on any changes to previously provided out-turn values.

7. Table 4: Baseline Operating Costs

Purpose

- 7.1 The purpose of this table is to provide detailed reporting of the base opex (BO_t) staff and non-staff costs. This detail is also required in order to implement the Conditional Cost Sharing (CCS) approach as set out in the final determination and supporting CCS [Guidance](#).
- 7.2 The conditional cost-sharing approach builds on a conventional mechanistic cost sharing incentive approach, with a 25% incentive rate to any over or underspend against ex ante allowances.
- 7.3 However, the application of the incentive rate is not automatic. Rather, it is conditional on evidence about the nature and source of any over-spend or under-spend and will depend on the outcome of a regulatory assessment, using the process set out in the CCS Guidance document.

Instructions

- 7.4 Table 4 comprises 15 lines in total. These lines cover:
- a) Internal (and agency) staff numbers and costs.
 - b) Recharged staff numbers and costs.
 - c) Non-staff operating costs.
- 7.5 As per the CCS Guidance, the costs reported in this table should include base opex falling under the AO_t licence term with the exception of spend related to delivering initiatives as specified in the “*hypothecated funding*” tab of the spreadsheet “*SONI FD deliverables*”, which was published alongside the UR’s final determination. Any spend related to the E_t uncertainty mechanism should also be excluded.
- 7.6 Financial costs should be recorded in nominal terms. SONI must provide both historical data and current reporting year values.

Company commentary

- 7.7 For the supporting commentary on the BO_t cost table, SONI should provide:
- 1) Explanation for changes over time in out-turn base costs and explanation of variance against budgets.
 - 2) The methodologies for apportionment and allocation of costs.

8. Table 5: Enhancement Operating Costs

Purpose

- 8.1 The purpose of this table is to provide detailed reporting on the enhancement or uplifted opex (UO_t) for staff and non-staff costs. This detail is required in order to assess SONI spend and performance against specifically funded projects and activities in the 2020-25 final determination.

Instructions

- 8.2 Table 5 comprises 15 lines in total. These lines cover:
- a) Internal (and agency) staff numbers and costs.
 - b) Recharged staff and costs.
 - c) Non-staff operating costs.
- 8.3 The costs reported in this table should include enhancement opex falling under the AO_t licence term related to spend in delivering initiatives as specified in the “*hypothecated funding*” tab of the spreadsheet “SONI FD [deliverables](#)”, which was published alongside the UR’s final determination.
- 8.4 Financial costs should be recorded in nominal terms. SONI must provide both historical data and current reporting year values.

Company commentary

- 8.5 For the supporting commentary on the UO_t cost table, SONI should provide:
- 1) Explanation for changes over time in the out-turn costs and explanation of variance against budgets and outputs.
 - 2) The methodologies for apportionment and allocation of costs.
 - 3) Explanation of variance against price control timings and delivery.
- 8.6 Reference can be made to Table 20 commentary on price control deliverables where detailed explanation of price control performance should be provided.

9. Table 6: Uncertainty Mechanism Opex

Purpose

- 9.1 The purpose of this table is to provide detailed reporting on uncertainty mechanism opex (E_t) for staff and non-staff costs subject to cost sharing. This detail is required in order to assess SONI spend and performance against specifically funded uncertainty mechanism projects.

Instructions

- 9.2 Table 6 comprises 20 lines in total. These lines cover:
- a) Internal (and agency) staff numbers and costs.
 - b) Recharged staff and costs.
 - c) Non-staff operating costs.
 - d) Spend by project.
- 9.3 The costs reported in this table should only include opex related to uncertainty mechanism spend (E_t) subject to cost sharing. Spend is split by the various staff and non-staff costs and captured by project. These lines (L15 & L20) should return the same financial amount. Additional lines can be added to Section E (Spend by Project) as required if additional projects are approved.
- 9.4 Financial costs should be recorded in nominal terms. SONI must provide both historical data and current reporting year values.

Company commentary

- 9.5 For the supporting commentary on the E_t cost table, SONI should provide:
- 1) Explanation for variance against budgets, timings and outputs.
 - 2) Impact of the spend on project objectives or targets as detailed in the relevant uncertainty mechanism requests.
- 9.6 Reference can be made to Table 20 commentary on price control deliverables where detailed explanation of price control and non-price control funded outputs should be provided.

10. Table 7: Network Planning Opex

Purpose

- 10.1 The purpose of this table is to provide detailed reporting on the network planning, scoping and feasibility studies opex (SF_t) for staff and non-staff costs. This detail is required in order to assess SONI spend and performance in advancing TNPP projects to the point of regulatory approval.

Instructions

- 10.2 Table 7 comprises 15 lines in total. These lines cover:
- a) Network planning internal (and agency) staff numbers and costs.
 - b) Network planning recharged staff and costs.
 - c) Network planning non-staff operating costs.
- 10.3 The costs reported in this table should include actual costs that are reasonably attributable to transmission network planning, scoping and feasibility activities. This should include staff resource and consultancy work incurred in developing these projects.
- 10.4 Financial costs should be recorded in nominal terms. SONI must provide both historical data and current reporting year values.

Company commentary

- 10.5 For the supporting commentary on the SF_t cost table, SONI should provide:
- 1) Explanation for changes over time in the out-turn costs and explanation of variance against budgets.
 - 2) The methodologies for apportionment and allocation of costs.
- 10.6 There is no requirement in this table to report spend by individual project. SONI should however provide detail on the relevant projects and the type of consultancy support that has been necessary to procure in order to advance schemes.

11. Table 8: Connection Fee Costs & Income

Purpose

- 11.1 The purpose of this table is to provide detailed reporting on connection fee costs and income. Within the final determination, UR expressed a concern that SONI may be remunerated twice for overheads, once through the SSS/TUoS regulated revenue stream and once through the connection charge income.
- 11.2 A new licence term (CIO_t) has since been introduced to make such adjustments if considered necessary. This table will provide the relevant cost and income detail to determine if such an adjustment is required.

Instructions

- 11.3 Table 8 comprises 22 lines in total. These lines cover:
- a) Internal connection (and agency) staff numbers and costs.
 - b) Recharged connection staff and costs.
 - c) Non-staff connection operating costs.
 - d) Internal SONI connection costs.
 - e) External spend on connections including NIE Network costs and other third-party expenses.
 - f) Total connection costs.
 - g) Connections fee income.
- 11.4 The costs reported in this table should include actual costs that are reasonably attributable to connection fees. Costs should reflect actual spend and resource. It should not be based on forecast staff resource as set out in the final determination.
- 11.5 Income should relate to connection fee charges and any revenue receivable from customer pre-construction work requests. SONI should detail the different revenue streams as required. Financial costs and income should be recorded in nominal terms. SONI must provide both historical data and current reporting year values.

Company commentary

- 11.6 For the supporting commentary on the connection fee cost table, SONI should provide:
- 1) Detail on the level of connection fee costs and income.
 - 2) Detail on the number and type of connections in each year.

- 3) Explanation of why connection fee income may be greater or less than the connection costs.
- 3) The methodologies for apportionment and allocation of costs to connections.
- 4) Methodology for remuneration NIEN and other third parties for their connection expenses.
- 5) Explanation of any non-SONI related expenditure on connections.
- 6) SONI views on whether a CIO_t adjustment is required.

12. **Table 9: Connection Projects Costs & Income**

Purpose

- 12.1 The purpose of this table is to provide detailed reporting on connection project costs and income. This relates to any SONI pre-construction project work which is directly charged to connection customers but does not form part of the connection fee.
- 12.2 These projects cover all SONI pre-construction connection work which is not recovered via TNPP allowances. Both cost and income are therefore not price control related.

Instructions

- 12.3 Table 9 comprises 22 lines in total. These lines cover:
- a) Internal connection project (and agency) staff numbers and costs.
 - b) Recharged connection project staff and costs.
 - c) Non-staff connection operating costs.
 - d) Total connection project costs.
 - e) Connections project income.
- 12.4 The costs reported in this table should include actual costs that are reasonably attributable to connection project pre-construction work. Costs should reflect actual spend and resource.
- 12.5 Income should relate to connection project charges and revenue receivable from customer pre-construction work requests. SONI should detail the different revenue streams as required. Financial costs and income should be recorded in nominal terms. SONI must provide both historical data and current reporting year values.

Company commentary

- 12.6 For the supporting commentary on the connection project cost table, SONI should provide:
- 1) Detail on the level of connection project costs and income.
 - 2) Detail on the number and type of connection projects in each year.
 - 3) Explanation of why connection project income may be greater or less than the reported costs.

- 7) The methodologies for apportionment and allocation of costs to connection projects.
- 8) Explanation of any non-SONI related expenditure on connections.

13. Table 10: Pensions

Purpose

- 13.1 The purpose of this table is to provide detailed reporting of all of SONI's pension schemes. The detail will cover the membership profile, ongoing contributions of all schemes and the valuation and recovery plan for the Defined Benefit (DB) pension scheme.

Instructions

- 13.2 Table 10 comprises 19 lines in total. These lines cover:
- a) SONI defined benefit scheme membership.
 - b) DB deficit value and deficit repair payment.
 - c) Salary roll of members and ongoing contributions.
 - d) SONI defined benefit scheme – post deficit cut off March 2019.
 - e) Defined contribution (DC) scheme membership.
 - f) DC salary roll, contribution rate and ongoing contributions.
- 13.3 Values are as at year end unless otherwise stated. Detail on the pension schemes will cover all SONI staff including those involved in market operations. However, for the purposes of calculating the ongoing SONI TSO pension contributions, the salary roll information (L7 & L15) must exclude SEMO / SEMOpx staff. This is due to market operation pension costs being separately remunerated via the relevant SEMO price controls.
- 13.4 All financial costs should be recorded in nominal terms. SONI must provide both historical data and current report year information.

Company commentary

- 13.5 For the supporting commentary on pensions, SONI should provide:
- 1) Commentary on and explanation of changes in out-turn pension expenditure i.e. changes in contribution rates or amounts as compared to either actuarial valuation or price control allowances.
 - 2) The reasons for any increase / decrease in pension costs over the price control period.
 - 3) How funds provided for any deficit repair are otherwise allocated in the event of a surplus in the Defined Benefit scheme.
 - 4) Detail on the split of ongoing contributions recovered via opex and capex.

14. Table 11: Collection Agent Revenues

Purpose

- 14.1 The purpose of this table is to capture spend in relation to revenue which SONI collects on others behalf. This reporting will ensure consistent information is used in the calculation of SONI's margin (CARV_i) as defined by the licence.

Instructions

- 14.2 Table 11 comprises 4 lines in total. These lines cover:
- a) Ancillary service costs.
 - b) TUoS revenue.
 - c) Imperfection costs.
- 14.3 The costs reported in this table will be used for the purpose of calculating SONI margin for collection agent activities.

Company commentary

- 14.4 No commentary is required for this table.

15. **Table 12: Up-To-A-Cap Uncertainty Mechanism Opex**

Purpose

- 15.1 The purpose of this table is to provide detailed reporting on uncertainty mechanism opex (D_t) for staff and non-staff costs subject to a cap. This detail is required in order to assess SONI spend and performance against specifically funded uncertainty mechanism projects.

Instructions

- 15.2 Table 12 comprises 26 lines in total. These lines cover:
- a) Internal staff (and agency) numbers and costs.
 - b) Recharged staff and costs.
 - c) Non-staff operating costs.
 - d) Spend by project.
- 15.3 The costs reported in this table should only include opex related to uncertainty mechanism spend (D_t) subject to a cap. Spend is split by the various staff / non-staff costs and captured by project. These lines (L15 & L26) should return the same financial amount. Additional lines can be added to Section E (Spend by Project) as required, if more projects are approved.
- 15.4 Financial costs should be recorded in nominal terms. SONI must provide both historical data and current reporting year values.

Company commentary

- 15.5 For the supporting commentary on the D_t cost table, SONI should provide:
- 1) Explanation for variance against budgets, timings and outputs.
 - 2) Impact of spend on project objectives or targets as detailed in the relevant uncertainty mechanism requests.
- 15.6 Reference can be made to Table 20 commentary on price control deliverables where detailed explanation of price control and non-price control funded outputs should be provided.

16. Table 13: Up-To-A-Cap Uncertainty Mechanism Capex

Purpose

- 16.1 The purpose of this table is to provide detailed reporting on uncertainty mechanism capex (Z_t) for staff and non-staff costs subject to a cap. This detail is required to assess SONI spend and performance against specifically funded uncertainty mechanism projects.

Instructions

- 16.2 Table 13 comprises 26 lines in total. These lines cover:
- a) Internal staff (and agency) numbers and costs.
 - b) Recharged staff and costs.
 - c) Non-staff capital costs.
 - d) Capital spend by project.
- 16.3 The costs reported in this table should only include capex related to uncertainty mechanism spend (Z_t) subject to a cap. Spend is split by the various staff and non-staff costs and captured by project. These lines (L15 & L26) should return the same financial amount. Additional lines can be added to Section E (Spend by Project) as required, if more projects are approved.
- 16.4 Financial costs should be recorded in nominal terms. SONI must provide both historical data and current reporting year values.

Company commentary

- 16.5 For the supporting commentary on the Z_t cost table, SONI should provide:
- 1) Explanation for variance against budgets, timings and outputs.
 - 3) Impact of spend on project objectives or targets as detailed in the relevant uncertainty mechanism requests.
- 16.6 Reference can be made to Table 20 commentary on price control deliverables where detailed explanation of price control performance and non-price control funded outputs should be provided.

17. Table 14: TNPP Capex

Purpose

- 17.1 The purpose of this table is to provide an overview of the costs of Transmission Network Pre-construction Projects (TNPP). This detail is required in order to monitor SONI spend against specifically funded pre-construction activity. The table also captures detail on any projects that are subject to abandonment.

Instructions

- 17.2 Table 14 comprises 30 lines in total. These lines cover:
- a) Internal staff (and agency) numbers and costs.
 - b) Recharged staff and costs.
 - c) Non-staff capital costs.
 - d) TNPP spend by project.
 - e) Detail on abandoned project costs (AB_PC_t).
- 17.3 The costs reported in this table should only include capex related to TNPP projects subject to a cap. Spend is split by the various staff / non-staff costs and captured by project. These lines (L15 & L26) should return the same financial amount. Additional lines can be added to Section E (Spend by Project) as required, if more projects are approved.
- 17.4 Financial costs should be recorded in nominal terms. SONI must provide both historical data and current reporting year values.

Company commentary

- 17.5 Individual TNPPs are subject to separate annual reporting arrangements. The RIGs data on these items are therefore intended to be a summary. They are also to provide costs split into relevant years for individual projects to aid overall reporting.
- 17.6 For the supporting commentary on this cost table, SONI only needs to provide detail should there be an abandoned project. Under such circumstances, SONI should detail why this issue has arisen and why abandonment is considered the best course of action.

18. Table 15: Baseline Capex

Purpose

- 18.1 The purpose of this table is to provide an overview of the base capital spend attributable to the buildings (BC_BDt) and non-buildings (BC_NBt) RAB. This detail is also required in order to implement the Conditional Cost Sharing (CCS) approach as set out in the final determination and supporting CCS [Guidance](#).
- 18.2 The conditional cost-sharing approach builds on a conventional mechanistic cost sharing incentive approach, with a 25% incentive rate to any over or underspend against ex ante allowances. However, the application of the incentive rate is not automatic. Rather, it is conditional on evidence about the nature and source of any over-spend or under-spend and will depend on the outcome of a regulatory assessment, using the process set out in the Guidance document.

Instructions

- 18.3 Table 15 comprises 26 lines in total. These lines cover:
- a) Internal capex (and agency) staff numbers and costs.
 - b) Recharged capex staff and costs.
 - c) Non-staff capital costs.
 - d) Baseline capital spend on buildings by project.
 - e) Baseline non-building capital spend by project
- 18.4 As per the CCS Guidance, the costs reported in this table should include base capex falling under the AC_Rt licence term with the exception of spend related to delivering initiatives as specified in the “*hypothecated funding*” tab of the spreadsheet “SONI FD [deliverables](#)”, which was published alongside the UR’s final determination. Any spend related to the Vt mechanism should also be excluded.
- 18.5 Financial costs should be recorded in nominal terms. SONI must provide both historical data and current reporting year values.

Company commentary

- 18.6 For the supporting commentary on base capex (BC_Rt), SONI should provide:
- 1) Explanation for changes over time in out-turn base costs and explanation of variance against budgets.
 - 2) The methodologies for apportionment and allocation of costs.

19. Table 16: Enhancement Capex

Purpose

- 19.1 The purpose of this table is to provide an overview of the enhancement or uplifted capital spend attributable to the buildings (UC_BDt) and non-buildings (UC_NBt) RAB. This detail is required in order to assess SONI spend and performance against specifically funded projects and activities in the 2020-25 final determination.

Instructions

- 19.2 Table 16 comprises 32 lines in total. These lines cover:
- a) Internal capex (and agency) staff numbers and costs.
 - b) Recharged capex staff and costs.
 - c) Non-staff capital costs.
 - d) Enhancement capital spend on buildings by project.
 - e) Enhancement non-building capital spend by project
- 19.3 The costs reported in this table should include enhancement capex falling under the AC_Rt licence term related to spend in delivering initiatives as specified in the “*hypothecated funding*” tab of the spreadsheet “*SONI FD deliverables*”, which was published alongside the UR’s final determination. The lines captured in sections E and F represent the specific capex projects funded via the 2020-25 price control.
- 19.4 Financial costs should be recorded in nominal terms. SONI must provide both historical data and current reporting year values.

Company commentary

- 19.5 For the supporting commentary on enhancement capex (UC_Rt), SONI should provide:
- 1) Explanation for changes over time in the out-turn costs and explanation of variance against budgets and outputs.
 - 2) The methodologies for apportionment and allocation of costs.
 - 3) Explanation of variance against price control timings and delivery.
- 19.6 Reference can be made to Table 20 commentary on price control deliverables where detailed explanation of price control performance should be provided.

20. Table 17: Uncertainty Mechanism Capex

Purpose

- 20.1 The purpose of this table is to provide an overview of the uncertainty mechanism capital spend attributable to the buildings (V_BDt) and non-buildings (V_NB_i) RAB but subject to cost sharing. This detail is required to assess SONI spend and performance against specifically funded uncertainty mechanism projects

Instructions

- 20.2 Table 17 comprises 26 lines in total. These lines cover:
- a) Internal capex (and agency) staff numbers and costs.
 - b) Recharged capex staff and costs.
 - c) Non-staff capital costs.
 - d) UM capital spend on buildings by project.
 - e) UM non-building capital spend by project
- 20.3 The costs reported in this table should include UM capex falling under the V_t licence term. These costs relate to spend in delivering initiatives funded outside the price control but subject to cost sharing. Spend is split by the various staff / non-staff costs and captured by project. The lines captured in sections E and F can be added to as additional projects are approved.
- 20.4 Financial costs should be recorded in nominal terms. SONI must provide both historical data and current reporting year values.

Company commentary

- 20.5 For the supporting commentary on the V_t cost table, SONI should provide:
- 1) Explanation for variance against budgets, timings and outputs.
 - 2) Impact of spend on project objectives or targets as detailed in the relevant uncertainty mechanism requests.
- 20.6 Reference can be made to Table 20 commentary on price control deliverables where detailed explanation of price control and non-price control funded outputs should be provided.

21. Table 18: RAB Summary

Purpose

- 21.1 The purpose of this table is to provide an overview of the size of the Regulatory Asset Base (RAB) applicable to SONI. The table breaks down capital assets by spend and the expected returns from each RAB.

Instructions

- 21.2 Table 18 comprises 40 lines in total. These lines cover:
- a) Buildings RAB.
 - b) Non-buildings RAB.
 - c) Special projects RAB.
 - d) The 2015-20 capital overspend.
 - e) Total RAB.
 - f) TNPP side-RAB.
- 21.3 Financial costs should be recorded in nominal terms. SONI must provide both historical data and current reporting year values. Data should be provided back to the 2015-16 tariff year.

Company commentary

- 21.4 Detailed commentary is not required for this table. SONI is however asked to detail how RAB additions have been arrived at where they differ from actual expenditure.

22. Table 19: Ancillary Services

Purpose

- 22.1 The purpose of this table is to provide an overview ancillary service costs (A_t) incurred by the TSO.

Instructions

- 22.2 Table 19 comprises 19 lines in total. These lines cover the various system services provided by generators.
- 22.3 Financial costs should be recorded in nominal terms. SONI must provide both historical data and current reporting year values.

Company commentary

- 22.4 For the supporting commentary on the A_t cost table, SONI should provide:
- 1) Explanation for changes in costs over time.
 - 2) Any detail on changes to services provided and issues which may affect costs.

23. Table 20: Price Control Deliverables

Purpose

- 23.1 The purpose of this table is to provide an update on delivery against price control outputs, service expectations and uncertainty mechanism projects. The detail is required to monitor SONI performance and delivery against the regulatory contract and consumer expectations.

Instructions

- 23.2 Table 20 comprises 44 lines in total and two columns. The lines cover the various agreed outputs from the price control as well as service expectations and uncertainty mechanism projects. Projects reflect those as defined in the SONI business plan / final determination or subsequently approved via uncertainty mechanisms. The lines captured in sections G (Non-Price Control Funded Outputs) can be added to as additional projects are approved.
- 23.3 For each work area, SONI is asked to provide two pieces of information. The first column is a status report as to how delivery against the project is progressing. This includes three possible responses:
- 1) Not Started.
 - 2) In Progress.
 - 3) Completed.
- 23.4 The second column is a delivery date for project completion. If the status update is 'Not Started' or 'In Progress', the delivery date should reflect an estimate of when the output or service will be provided. If the project is already completed, the date will reflect the timing of delivery.

Company commentary

- 23.5 SONI should provide detailed commentary by project on output and service expectation delivery. This should include detail on:
- 1) Explanation of variance against forecast delivery for each project / activity in terms of timings, outputs, delays etc.
 - 2) Impact of any spend on project objectives or targets.
 - 3) Details of sub-initiative² delivery (if applicable), output changes and explanation of lessons learned.

² Sub-initiatives refer to distinct elements of a project output. For instance, in the D1 (End of Life Assets) project the sub-initiatives would refer to the desktop refresh, software upgrades, operating system upgrades etc.

24. Table 21: Staff Resource Matrix

Purpose

- 24.1 The purpose of this table is to capture staff numbers by role / service area. The detail will help fulfil some of the requirements for enhanced transparency as set out in [Annex 3](#) (see para 3.4, p34) of the final determination. The information will allow for greater understanding of SONI staff allocations to different business areas.
- 24.2 The table will help support understanding of resource allocation by business area and should help set future allowances. Detail has also been asked for Standard Occupational Classification (SOC) equivalents. This detail will help enable future staff salary benchmarking.

Instructions

- 24.3 Table 21 comprises 64 lines and numerous columns. Lines 1-24 cover the SONI staff split by role and service. They also detail how many of the headcount staff are capitalised.
- 24.4 Lines 25-64 cover the SOC equivalents. SONI should endeavour to match their headcount staff to the corresponding standard occupational classification. This detail will be used for benchmarking purposes and to help understand resource requirements.
- 24.5 The data in this table only covers the current reporting year. The FTE resource should align with that reported in the Table 1 summary information.
- 24.6 The columns relate to the different service areas as identified under each role. These areas are based on those identified in the SONI forward work plan for 2021-22. These areas can however be amended should SONI wish.

Company commentary

- 24.7 SONI should provide commentary on the role / service staff matrix. This should include:
- 1) Explanation of staff allocation process.
 - 2) Detail on SOC2 equivalent decisions.
 - 3) Details of change in resource activity by role / service over time and reasons for these changes.