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| **Draft Determination Publication** | |
| **Network Queries** | |
| **Network Reference number** | SGN\_DDQ\_Q111 |
| **Licence** | SGN |
| **Topic/Activity:** | Cost efficiency |
| **Question:** | With reference to the detail provided in your response to DDQ109, the stata code provided has been run using the data within the spreadsheet ‘[6] Regression’, tab ‘Cal\_StataIN’. However, we are unable to replicate the weights on spreadsheet ‘[3] CSV’, tab ‘Local’, rows 14-20. Please could Ofgem clarify if this is an error and also confirm that the following is true:   * The provided Stata code should be applied to the data in the ‘[6] Regression’ spreadsheet, tab ‘Cal\_StataIN’. * Normalised and adjusted and unsmoothed totex (i.e. column E of ‘[6] Regression’ spreadsheet, tab ‘Cal\_StataIN’) is used to calculate the CSV weights   All other cost data (e.g. connections, mains reinforcement) used to calculate the weights is sourced from ‘[6] Regression’ spreadsheet, tab ‘Cal\_StataIN’ and is unsmoothed |
| **Confidential [Yes/No]** | No |
| **DDQ raised by** | Danny Symes |
| **Date query raised** | 25/08/2020 |
| **Expected response date** | 31/08/2020 |
| **Ofgem Response:**  Yes, the provided Stata code should be applied to the unsmoothed variables in the ‘[6] Regression’ spreadsheet, tab ‘Cal\_StataIN’.  By re-running the code we found minor differences (fourth decimal point) with the weights in the CSV file. We will explore the reasons behind this discrepancy. Thanks for pointing this out. | |
| **Attachments:** | |