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| **Draft Determination Publication** | |
| **Network Queries** | |
| **Network Reference number** | SGN\_DDQ\_Q107 |
| **Licence** | SGN |
| **Topic/Activity:** | Cost Efficiency |
| **Question:** | Included with the [2] normalisations, currently for a number of DNs we are unable to determine how the streetworks normalisation has been derived.  We are aware a number of DNs responded to SQs, however, we believed this was addressed in the detail in the ‘DataAdjustment20200417’ file provided before the draft determination.  When checking against this detail we are unable to reconcile certain DNs. London would be a specific example whereby £48.09m for GD2 was advised of in ‘DataAdjustments2000417’ but in the [2] Normalisations\_Lon it would appear an adjustment of £91.94m is being made (this in total for Capex, Repex and opex). Further to this on review of [4] Streetworks tab ‘Cal\_SWBreakdown’ The costs identified in this tab are per the detail provided in the DataAdjustments2000417 which we believe to be the BPDT plus the SQ responses.  However, within the [4] Streetworks file there is a tab called Cal\_SQs detailing a number of the DNs SQ responses, this does however not include the responses for SGN provided in SGN\_SQ\_CA\_10. Where DNs SQ responses are included these appear to subsequently be added into the streetworks costs being assessed in tab Cal\_SWSubmitted. An example of this would be in Row 63 where by the formula is as follows ‘=Cal\_SWBreakdown!AG63+Cal\_SQs!AG67’.  Can you please advise if this is an error and what the correct streetworks normalisations should be for each DN? |
| **Confidential [Yes/No]** | No |
| **DDQ raised by** | Danny Symes |
| **Date query raised** | 16/08/2020 |
| **Expected response date** | 26/08/2020 |
| **Ofgem Response:**  In the ‘DataAdjustment20200417’ file we circulated before draft determinations, we tried to normalise out the streetworks costs including the admin and productivity costs submitted to us in SQ responses. We did not correctly incorporate the SQ costs for Cadent and NGN, so there are some intentional changes between the streetworks figures in the ‘DataAdjustment20200417’ file and the draft determination [2] Normalisation files:   * For Cadent networks, the position in the ‘DataAdjustment20200417’ included some of the costs submitted to us in the SQ, but the admin and productivity costs were missed out, so we have corrected this for DD in the [2] Normalisation files. These admin and productivity SQ costs are added in the [4] Streetworks model in the Cal\_SWSubmitted tab as you pointed out. * For NGN, the position in the ‘DataAdjustment20200417’ file included the streetworks costs from BPDT plus the SQ admin and productivity costs. This double counted the admin costs, and included uncertain productivity values in error. This was corrected for draft determinations. The correct productivity values are added to the BPDT costs in the Cal\_SWSubmitted tab of the [4] Streetworks model.   In the SGN [2] Normalisation files, the BPDT and SQ costs for have been normalised out for separate assessment, as per the ‘DataAdjustment20200417’ file. These BPDT and SQ costs are input to the [4]Streetworks model in the Cal\_SWBreakdown tab. Therefore no additional SQ costs for SGN are added in the [4] Streetworks file, because they are already included. | |
| **Attachments:** | |