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| **Draft Determination Publication** | |
| **Network Queries** | |
| **Network Reference number** | SGN\_DDQ\_Q53 |
| **Licence** | SGN |
| **Topic/Activity:** | Allocation of costs to different categories |
| **Question:** | Relating to Draft Determinations -Summary\_charts\_of\_baseline\_totex\_adjustments - SGN chart pg 3  The chart presented has significantly greater allowances under the category 'Cost cut' than we had anticipated base on our reading of the draft determination documents and significantly less under 'Vol Cut without UM'. |
| **DDQ raised by** | Danny Symes |
| **Date query raised** | 23/07/2020 |
| **Expected response date** | 30/07/2020 |
| **Ofgem Response:**  The values shown in the SGN waterfall chart in [Summary\_charts\_of\_baseline\_totex\_adjustments - pg 3] differ from the values shown in the DD documents due to the reallocation of disallowed project costs from [Technical Efficiency Adjustments (ie cost cut)] to [Volume-Related Adjustments]. To illustrate:   * [Table 26, p.38, sgn\_annex] SGN reduction due to volume-related adjustments is -£108m. * [Table 49, p.57, sgn\_annex] SGN reduction due to disallowed projects is -£16m. * Treating the disallowed projects as a volume-related adjustment, the total volume cut without UM figure becomes -£124m. * Due to this reallocation (ie moving disallowed projects from [cost cut] to [volume cut without UM]), the cost cut decreases from -£349m [sum of Table 25, p.37, sgn\_annex] to -£333m. | |
| **Attachments:** | |