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| **Draft Determination Publication** | |
| **Network Queries** | |
| **Network Reference number** | SGN\_DDQ\_Q47 |
| **Licence** | SGN |
| **Topic/Activity:** | Growth Governors |
| **Question:** | Relating to Draft Determinations - draft\_determinations\_-\_sgn\_annex.pdf - Page 50  It appears that a unit cost of governors has been applied to establish the allowances.  Can you set out the basis of this unit cost assumption and the size of governors assumed when establishing this unit cost? |
| **DDQ raised by** | Danny Symes |
| **Date query raised** | 23/07/2020 |
| **Expected response date** | 30/07/2020 |
| **Ofgem Response:**  As set out in 3.120 of the GD annex, we calculated the weighted average unit cost over RIIO-GD1 for growth governors [ie reinforcement governors] (intermediate pressure (IP) and medium pressure (MP) combined). We used the whole RIIO-GD1 time period in the benchmark to reduce the impact of unit cost volatility between years. Historical data at the industry level shows that unit costs for IP and MP are similar, so we combined these categories, giving a larger data set for the unit cost calculations.  We did not separate growth governors by size (eg physical or flowrate), because we do not receive this data as part of the business plan data templates.  Please refer to the [4] GrowthGovernor model for the full data set used in setting the benchmark. | |
| **Attachments:** | |