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| **Draft Determination Publication** | |
| **Network Queries** | |
| **Network Reference number** | WWU\_DDQ\_7 |
| **Licence** | DN |
| **Topic/Activity:** | Re-opener aggregation |
| **Question:** | Core Document 7.34 page 64 states:  *We propose that a re-opener can be considered for an aggregation process if all of the following criteria are met:*   * *each individual re-opener application must exceed a minimum individual materiality threshold, once the changes to allowances resulting from our assessment, are multiplied by the TIM incentive rate (eg 0.5% of annual average base revenue as set in Final Determinations)* * *when re-opener applications are aggregated, the changes to allowances resulting from our assessment, multiplied by the TIM incentive rate exceeds a higher threshold (eg 3% annual average base revenue as set in Final Determinations)* * *any re-opener that exceeds the proposed common materiality threshold for individual re-opener applications by itself, 59 is excluded from the aggregation process.*   The aggregate re-opener bullet 1 in Core Document 7.34 page 64 refers to individual re-openers being included when they exceed a threshold above a minimum. The example given is that changes to allowance multiplied by TIM exceed 0.5% of annual average base. For some GD re-openers (for example Fuel Poor and Large Loads) the threshold for changes to allowance exceed 1% of annual average base revenues (no application of TIM). As TIM is about 50% this means for those re-openers they could never be included in the aggregate re-opener as they would reach the individual threshold at the same time as triggering the aggregate criteria. Is the individual re-opener application for the aggregate re-opener meant to be 50% of the level of the threshold for the individual re-opener? |
| **DDQ raised by** | Wales & West Utilities |
| **Date query raised** | 23/07/2020 |
| **Expected response date** | 30/07/2020 |
| **Ofgem Response:**  We have not yet made a final decision as to the rules which will govern aggregation and we are interest in stakeholder responses to the potential principles we set out in the Draft Determination. We understand from your question that you have interpreted bullet point 3 such that TIM is not applied in the same way as it is in bullet points 1 and 2. For the avoidance of doubt, our draft proposals are that TIM would apply in the case of all three bullet points in the same way. | |
| **Attachments:** | |