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| **Draft Determination Publication** | |
| **Network Queries** | |
| **Network Reference number** | SGN\_DDQ\_Q21 (Medium Priority) |
| **Licence** | SGN |
| **Topic/Activity:** | IT Technology Readiness - Capex |
| **Question:** | Relating to draft Determinations - IT and Telecoms Assessment Annex (Atkins).pdf  Table 7.1 of the atkins reports shows all projects under PCD as green, however SGN DD Annex Pg 23, states - "Reject: We have adopted a common IT&T cost approach and proposed new licence conditions for Digitalisation Strategies and for meeting Data Best Practice. Therefore, we do not consider it is necessary to set an additional bespoke PCD. Refer to Chapter 3 of the GD Annex for the technical assessment of 'IT&T capex'".  It is unclear if these have been disallowed as part of the funding reduction or are part of the uncertainty mechanism. Can we confirm that it is the latter?  The above statement is referenced as the rationale for rejecting several of the IT PCDs in pages 23 and 34 but it does not explain it. We need this number broken down and clarified. We need clarity on what projects have been included within uncertainty mechanism and why.  Unable to determine allowed capex allowances without this information. |
| **DDQ raised by** | Danny Symes |
| **Date query raised** | 23/07/2020 |
| **Expected response date** | 30/07/2020 |
| **Ofgem Response:**  We propose to reject the four PCDs as outputs but have not rejected the associated costs. The costs are included in the baseline through:   * Technical assessment: Applies to IT Technology Readiness and Open Data sharing capex, which is in our proposed £20.4m for IT & Telecoms without any adjustment. * Regression analysis: Applies to IT Technology Readiness and Open Data sharing opex. The reduction in IT opex does not derive from Atkins assessment but from the results of the proposed totex model.   Note: totex (modelled or technically assessed) is subject to Ongoing Efficiency adjustments. | |
| **Attachments:** | |