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| **Draft Determination Publication** | |
| **Network Queries** | |
| **Network Reference number** | SGN\_DDQ\_Q104 |
| **Licence** | SGN |
| **Topic/Activity:** | LiMo Errors |
| **Question:** | The following LiMo issues were flagged to Ofgem in our bilateral on 12 August:     1. Non controllable costs need to be updated, in particular the revised NTS Exit Capacity allowances need to be reflected given the significant impact of the recent Mod 678 on Scotland 2. Totex: PCFM actual values should be used for 2018/19, PCFM actuals can be determined for 2019/20 and the latest post Covid forecast should be used for 2020/21. The GD1 RAV functionality needs to be changed to pick up the slow element for these values 3. RPE indexation should start from 2019/20 4. RIIO-GD1 asset disposal not aligned with PCFM, i.e. not delayed to first year of GD2 5. No depreciation applied to GD1 lagged disposals 6. Close out: Tax trigger for corporation tax does not take account of tax clawback |
| **Confidential [Yes/No]** | No |
| **DDQ raised by** | Danny Symes |
| **Date query raised** | 17/08/2020 |
| **Expected response date** | 24/08/2020 |
| **Ofgem Response:**  Note: We have changed the bullets in your query to a numbered list for referencing.   1. We will be issuing a call for information to get refreshed data for non-controllable and pass through costs. 2. Your comments are noted. We need to balance updating RAV additions from RIIO-1 in a way that provides traceability to documents in existence and known issues with the data (more relevant to other sectors). 3. Yes this is a known issue which we are working on with our cost team colleagues. 4. This is part of close-out for GD1, and is not required for FD. 5. We understand the treatment of RIIO-1 disposals true-up in the LiMo was discussed at the ENA working group when developing the Business Plan model. At the time we maintained the position that RIIO-1 disposals true-up would have a 5 year lag, with no depreciation or NPV adjustment applied to the lagged value. Therefore the current treatment in the model remains valid. 6. We will review and update the treatment of all tax adjustments in the model (i.e. TGIE, TTE, TAXA) as part of the Licence Drafting and PCFM2 development and reflect in the models our emerging position. | |
| **Attachments:** | |