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| **Draft Determination Publication** | |
| **Network Queries** | |
| **Network Reference number** | SGN\_DDQ\_Q26 (High Priority) |
| **Licence** | SGN |
| **Topic/Activity:** | Business Support Costs |
| **Question:** | Relating to Draft Determinations - IT and Telecoms Assessment Annex (Atkins).pdf  There has been a reduction in the opex run cost of £31.3m. Can we confirm the basis of this reduction? Specifically can you confirm the cost categories that the reduction was applied to and the basis of that adjustment?  There does not appear to be any related definition of how the Opex run cost reduction of £31.3m was arrived at. No explanation or detail is provided. We need to seek clarity on this. The Atkins report shows Opex reduction at 17% and this appears to be linked to the average GD1 opex spend i.e. 5 x 27.8 = £139m. |
| **Confidential** | [Yes/No] |
| **DDQ raised by** | Danny Symes |
| **Date query raised** | 23/07/2020 |
| **Expected response date** | 30/07/2020 |
| **Ofgem Response:**  The reduction in IT opex does not derive from Atkins assessment but from the results of the proposed totex model. The proposed reduction of Business Support costs comes from the indicative disaggregation of the proposed totex allowance. | |
| **Attachments:** | |