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| **Draft Determination Publication** | |
| **Network Queries** | |
| **Network Reference number** | WWU\_DDQ\_16 |
| **Licence** | DN |
| **Topic/Activity:** | Use it or lose it allowance vulnerable customers and CO |
| **Question:** | On page 25 of the WWU Annex, Ofgem propose to remove £4m of customer vulnerability costs to potential reopeners and other uncertainty mechanism.  These costs are shown highlighted in the Book 1 attachment below.  Of the £0.8m per annum, £50k was for proactive work on theft of gas.  The other £750k was our assumed costs for the use it or lose it allowance for Vulnerable customer and CO and aligned to our Business plan expenditure for this allowance in chapter 7 of our Business plan. We note this has been reduced to £2.68m over 5 years for WWU activities plus our share of the £7.5m pot for joint GDN projects in RIIO GD2.  We believe that we are being treated differently from the other GDNs with regard to this allowance and seek clarification. |
| **DDQ raised by** | Wales & West Utilities |
| **Date query raised** | 30/07/2020 |
| **Expected response date** | 06/08/2020 |
| **Ofgem Response:**  We have not accounted for any costs of individual projects proposed to utilise the Vulnerability/Carbon Monoxide use-it or lose-it allowance.  Similarly, we have not made any decisions within our draft determinations relating to whether a project will be eligible for the allowance.  We have allocated each company their proportion of the allowance based on the forecasted proportion of domestic gas customers each company will serve at the beginning of the RIIO-2 period.  In regards to any allowance for the proactive investigation of gas theft, we have introduced a new mechanism, which will allow the GDNs to share the proceeds of successful gas investigations with consumers. We believe this provides an appropriate incentive to the GDNs to proactively investigate theft.  We believe we have been consistent in our treatment of these costs. | |
| **Attachments:** | |