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| **Draft Determination Publication** | |
| **Network Queries** | |
| **Network Reference number** | SGN\_DDQ\_Q52 |
| **Licence** | SGN |
| **Topic/Activity:** | Governors under [9] Allowances.xls |
| **Question:** | Relating to Draft Determinations - GD Cost assessment files (1-10) - Cal\_Sc and Cal\_So  Can we confirm the detail of what is included within the Governor line?  In particular have Ofgem added in the governors line costs associated with IP Steel Reconfigurations (Repex) and Reinforcement (Capex) or have they been kept within the lines as per our BP submissions? |
| **DDQ raised by** | Danny Symes |
| **Date query raised** | 23/07/2020 |
| **Expected response date** | 30/07/2020 |
| **Ofgem Response:**  Assuming [GD Cost assessment files (1-10) - Cal\_Sc and Cal\_So] refers to the allowances file, the governors line in the allowances file aligns with the governors activity in the BP submission. To illustrate, see row 61 (Governors) in sheet Cal\_Sc within the [9] Allowances model. The total allowance of £14.2m is derived by multiplying the Implied adjustment factor for Sc (cell R14) by the submitted amount for governors (accounting for any normalisations and adjustments). If you then refer to the [2] Normalisation\_Sc model, sheet Cal\_Governors, it can be seen that adjustment for governors is for regional labour – ie we have not added in costs for IP services or reinforcement. | |
| **Attachments:** | |