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| **Draft Determination Publication** | |
| **Network Queries** | |
| **Network Reference number** | SGN\_DDQ\_Q27 |
| **Licence** | SGN |
| **Topic/Activity:** | Capex – mains reinforcement |
| **Question:** | Relating to draft\_determinations\_-\_gd\_sector.pdf  The GD Sector Annex in section 3.103 suggest that the synthetic cost driver for reinforcement distinguishes between mains above and below 180mm. To understand the basis for the allowances can you separate out the workloads and associated costs broken down into above and below 180mm . In our BPDT submission we have been asked to provide the proposed workloads and associated costs broken down by diameter (above and below 180mm) and by pressure tier LP/MP and IP. If this information is available, it would allow us to better assess basis of the proposed synthetic unit cost.  In addition, it is not clear if the unit costs are reflective of pressure tier. For clarity, if it would be possible to get the same level of information for allowed named projects. Although we know that workloads have been allowed for 10 <7bar named projects, we have not received confirmation what funding has been allowed for each individual project. I would like to understand if there is any change to the submitted project costs. |
| **Confidential** | [Yes/No] |
| **DDQ raised by** | Danny Symes |
| **Date query raised** | 23/07/2020 |
| **Expected response date** | 30/07/2020 |
| **Ofgem Response:**  Reinforcement workloads can be found in model (3) Synthetic Costs (only shared with the GDNs). In the synthetic cost driver calculation, we distinguished between mains below and above 180mm, but not accounted for pressure tier.  Please note we have assessed reinforcement costs as part of our totex model. Whilst we included separate workload drivers for mains above and below 180mm, the proposed allowance for reinforcement presented at DD is based on a top-down allocation. We have not sought to further disaggregate reinforcement allowances beyond this headline activity level, as doing so would again be based on allocation. | |
| **Attachments:** | |