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| **Draft Determination Publication** | |
| **Network Queries** | |
| **Network Reference number** | WWU\_DDQ\_58 |
| **Licence** | DN |
| **Topic/Activity:** | OFGEM REPEX Disaggregated Allowance Model |
| **Question:** | **Please refer to DDQ\_56 which was not answered fully.** OFGEM have stated that <=2” Steel mains allowances are within the Tier 1 allowances in the Out\_DisagAllow\_Efficient.  **Can you split out the <=2” Steel allowance and provide this by year please?**  We have found a number of areas where workload has been approved but no allowance provided.  The tables below demonstrate what we submitted, what was available to reconcile in the Draft Determination Document, and what is missing from the allowances as set out in file GD2\_Disag\_Allow\_Model\_(huddle upload).xlsx tab “Out\_DisagAllow\_Efficient”.  **Could you please provide these allowances on an annual basis. They are not shown in the “Out\_DisagAllow\_Efficient” tab**    **Could you please provide these allowances on an annual basis for Tier 3 Services.**    **Could you please provide these allowances on an annual basis for >2” Steel Services and Other Policy & Condition Services**    **Discrepancy between MOB allowance, can you confirm which is correct please and provide this on an annual basis.** |
| **Confidential:** | No |
| **DDQ raised by** | Wales & West Utilities |
| **Date query raised** | 25/08/2020 |
| **Expected response date** | 31/08/2020 |
| **Ofgem Response:**  In workbook ‘GD2\_Disag\_Allow\_Model\_(huddle upload)’ in sheet ‘Out\_DisagAllow\_Efficient’ row 758 has tier 1 including steel <=2”. The difference between this row and the sum of rows 752 and 753 provides an implied allowance for steel <=2” total mains.  With reference to the discrepancy between MOBs allowance please refer to section 3.28 in WWU DD annex and specifically “*Where we present modelled costs in the tables below, these are pre-application of benchmarking and ongoing efficiency adjustments*.” Referenced table is table 37 which includes the £2.7m value referenced which is pre benchmarking and ongoing efficiency, £2.55m is post benchmarking and ongoing efficiency.  In general, we have not sought to break out all repex categories into annual allowances at each stage of the modelling process. It should be noted that this is indicative only because, other than the Tier 1 PCDs and Tier 2A, repex allowances are not defined explicitly elsewhere in the price control (ie. within the licence). | |
| **Attachments:** | |