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| **Draft Determination Publication** | |
| **Network Queries** | |
| **Network Reference number** | SGN\_DDQ\_Q40 (Medium Priority) |
| **Licence** | SGN |
| **Topic/Activity:** | Cost assessment - transmission |
| **Question:** | Relating to draft\_determinations\_-\_sgn\_annex.pdf (table 48)  In the RIIO-2 Draft Determinations – SGN document under the heading Capex proposals LTS (Local Transmission System), storage & entry Table 48 (Technical assessment of LTS, storage & entry projects) indicated cost reductions on a project by project basis. Below this para 3.47 states “We have made £28.18m of cost reductions to SGN's LTS, storage and entry projects. The proposed cost reductions for these projects are explained below”  Whilst broad areas of for the assessment are given in para 3.48 to 3.57 we do not have a sufficient level of detail to allow an effective assessment or the provision additional information. Examples of the explanation include;   * 3.53 RO2 Dunkeld project costs for design, project management, indirect company costs and contingency were deemed excessive and have been reduced accordingly. * 3.57 For the remaining projects, the cost reductions come from overheads, contingency, or other unspecified costs that were deemed to be excessive and poorly justified.   Can we itemise the £28.18m of cost reductions on a project by project basis and item by item basis in order to permit an assessment of the funding allowed/disallowed?  We cannot fully assess the impact of the allowances for the Transmission projects without further information. |
| **DDQ raised by** | Danny Symes |
| **Date query raised** | 23/07/2020 |
| **Expected response date** | 30/07/2020 |
| **Ofgem Response:**  We have shared the project deep dive assessments, which contain details of proposed adjustments and the rationale behind them. This should resolve this query. | |
| **Attachments:** | |