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| **Draft Determination Publication** | |
| **Network Queries** | |
| **Network Reference number** | SGN\_DDQ\_Q23 |
| **Licence** | SGN |
| **Topic/Activity:** | Non operations Capex |
| **Question:** | Relating to Draft Determinations - IT and Telecoms Assessment Annex (Atkins).pdf (section 7.2)  SGN Annex Page 58 3.61 “SGN submitted £57.8m of costs for IT and Telecoms projects” this number does not reconcile with the Atkins report which states £62.8m. The figure referred to in the SGN Annex report is incorrect, SGN requested £62.8m as per the Atkins report.  Can we have an explanation as to the methodology and assumptions used to adjust the allowances from the recommendation suggested in the Atkins report and that made in the draft determination?  We are unable to determine the appropriateness of the allowed capex allowances. |
| **DDQ raised by** | Danny Symes |
| **Date query raised** | 23/07/2020 |
| **Expected response date** | 30/07/2020 |
| **Ofgem Response:**  As mentioned in DDQ\_22 and highlighted in the bilateral on the 11th of August 2020, the difference is due to the DCC membership project, which was assessed separately as a bespoke (please see Normalisation files, row 68 for Sc and row 67 for So in tab ‘Cal\_Other Capex’).  As for the other projects, we have incorporated Atkins’ assessment for the accepted projects and proposed a re-opener for the other ones. Moreover, we applied our proposed ongoing efficiency to the accepted projects. | |
| **Attachments:** | |