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| **SGN Final Determination** | |
| **FDQ Query** | | | |
| **Reference number** | | SGN\_FDQ\_008 | |
| **Document Name** | | GD Annex (Section 2.180) | |
| **Topic/Activity:** | | RIIO-GD2 Shrinkage Incentive Mechanisms (ODI-R and ODI-F) | |
| **Question:** | | ***RIIO-2 Final Determinations – GD Annex; Section 2.180 (Delivering an Environmentally Sustainable Network – Shrinkage and Environmental Emissions); Page 70.***  Regarding the asymmetric Deadband (**for average LDZ system pressures only**) of +0.6mbar and -0.3mbar, SGN agree that this mechanism provides greater protection for GDN’s against exogenous factors such as extreme weather events and network growth, as well as enabling more customer focused network development.  **Just for clarification, will any annual reward or penalty accrued outside of these Deadband parameters, be based on the GWh differentials from the (+/-) calculated Deadband volumes, or from RIIO-2 baseline values?** *– For example, if a GDN was to reduce pressures by 0.5mbar in any given year, would the incentive value be applied to the full 0.5mbar or 0.2mbar only?* | |
| **Confidential** | | No | |
| **FDQ raised by** | | SGN | |
| **Date Sent** | | 11/12/2020 | |
| **Ofgem Response** | | The differential will be calculated in comparison to the deadband volume, rather than the baseline volume - so in the example given, it would apply to the 0.2mbar rather than the 0.5mbar. | |