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| **SGN Final Determination** | |
| **FDQ Query** | | | |
| **Reference number** | | SGN\_FDQ\_006 | |
| **Document Name** | | RIIO-2 Final Determinations – SGN Annex | |
| **Topic/Activity:** | | BPI Calculation – REPEX [REDACTED] and Cams Hall | |
| Question: | | There is an error in the assignment of the Cams Hall replacement project to a penalty in Table 69. The text that sets out the reason is;  *“*We have decided to implement our Draft Determinations position of allowing costs for [REDACTED] in full while disallowing costs for Cams Hall in full. SGN submitted these as a combined bespoke PCD in its Business Plan, but we assessed the projects separately, as we considered them to be clearly distinct from one another. SGN supported our position on [REDACTED], but disagreed with our assessment of Cams Hall, arguing the project should be funded, as it was unable to access the pipe to undertake inspections. Our engineering review found that the needs case for the project had not been justified.”  These two projects were not submitted as a combined bespoke PCD in our business plan. There were two EJPs submitted   * SGN Repex – 011 Kings FerrySo – EJP Dec 19 * SGN Repex – 012 Cams HallSo – EJP Dec 19   Both were supported by separate CBAs   * SGN Repex – 011 Kings FerrySo – CBA Dec 19 * SGN Repex – 012 Cams HallSo – CBA Dec 19   As is clearly set out in the **separate** EJPs and CBAs the cost of Kings Ferry is £4.9m and the cost of Cams Hall is £1.4m.  Table 68 of the SGN Annex identified a lower cost confidence of £4.6m which does not align to either of the sums above or the total.  If Cams Hall is deemed to be lower confidence the total value should be £1.4m which is then below the £2m threshold.  Can Ofgem confirm that they will correct the error in the value assessed?  Can Ofgem also confirm that assessing a project below the £2m threshold is an error and their intention is not to penalise network companies for providing more information than otherwise required as set out in the business plan guidance?  If Ofgem disagree that this is an error, then can Ofgem set out   1. How the value of £4.6m used in the assessment is derived. 2. How their decision to penalise networks that have provide more information and greater transparency aligns with the business plan guidance? | |
| **Confidential** | | No | |
| **FDQ raised by** | | SGN | |
| **Date Sent** | | 11/12/2020 | |
| **Ofgem Response** | | The £4.6m value included in Table 69 appears to be a table input error within the SGN Annex write up. However, the correct values for each project have been used within the model suite itself and therefore we believe the BPI calculation has been calculated correctly, reflecting the decisions made on each project.  We note that while separate EJPs and CBAs were provided for Kings Ferry and Cams Hall, the costs for these projects were submitted as a single line item with the BPDTs (table 5.18), hence our reference to the single submission. We assessed both projects separately, based on the information provided by SGN. | |