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| **SGN Final Determination** | |
| **FDQ Query** | | | |
| **Reference number** | | SGN\_FDQ\_005 | |
| **Document Name** | | RIIO-2 Final Determinations – SGN Annex | |
| **Topic/Activity:** | | BPI Calculation – SIU Capex Replace Atmospheric Vaporisers | |
| Question: | | There is an error in the assignment of Atmospheric Vaporisers to a penalty in Table 69. The text that sets out the reason is:  *“We have decided to classify this project as lower confidence and disallow submitted costs due to an insufficient needs case, as set out in Table 50. SGN disagreed with our Drat Determinations proposal to disallow this project, but we have not received substantive evidence to justify changing our approach.”*  The value of the SIU capex (replaced atmospheric vaporisers) is below the £2m minimum threshold established by Ofgem late in the business plan submission process.  It is an error that networks should be subject to a business plan incentive penalty for having provided more information than required by Ofgem.  Can Ofgem confirm this 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, can Ofgem set out   1. the basis of this assessment that the costs are considered low confidence as requested in our draft determination response (pg175)? 2. how their decision to penalise networks that have provided more information and greater transparency aligns with the business plan guidance? | |
| **Confidential** | | No | |
| **FDQ raised by** | | SGN | |
| **Date Sent** | | 11/12/2020 | |
| **Ofgem Response** | | We do not agree that this is an error. We note SGN’s view but the GD annex sets out Ofgem’s position on this for Final Determinations. | |