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| **SGN Final Determination** | | |
| **FDQ Query** | | |
| **Reference number** | SGN\_FDQ\_015 |
| **Document Name** | RIIO-2 Final Determinations Normalisation\_Sc & Normalisation\_So |
| **Topic/Activity:** | Embedded ongoing efficiency adjustment - Normalisation |
| **Question:** | There is an incorrect formula in the Cal\_SubmittedCostsOEAdj rows 15:34 and 99:118  Whereby the determination of the increase for embedded OE is calculated as =Cal\_SubmittedCosts!AG99/INDEX(Inp\_SubOngoingEfficiency!$T$21:$AK$24,MATCH($F99&"\_Direct",Inp\_SubOngoingEfficiency!$H$21:$H$24,0),MATCH(AG$7,Inp\_SubOngoingEfficiency!$Y$7:$AK$7,0))  However in Normalisation\_EoE the formula is =Cal\_SubmittedCosts!AG99/VLOOKUP($F99,Inp\_SubOngoingEfficiency!$F$20:$AK$22,MATCH(AG$7,Inp\_SubOngoingEfficiency!$F$7:$AK$7,0),FALSE). This error appears to have resulted in the Opex values from 2022 to 2025 not reflecting an increase for embedded ongoing efficiency.  We are aware that an adjustment to the formula is required to enable the different efficiencies for 'direct opex' and 'indirect opex' to be picked up however the current formula does not appear to be picking up the correct detail |
| **Confidential** | No |
| **FDQ raised by** | SGN |
| **Date Sent** | 17/12/2020 |
| **Ofgem Response** | Thanks for pointing this out. We agree that there is an error in this formula and have picked this up in our Dec model run. Refer to the latest issued error log for details of the error and correction. |