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| **Draft Determination Publication** | |
| **Network Queries** | |
| **Network Reference number** | CADENT \_DDQ\_78 |
| **Licence** | Capital PCD’s |
| **Topic/Activity:** | Proposed repex PCD Allowance Adjustment Mechanism (p62-64 GD Annex) |
| **Question:** | Can Ofgem please provide greater clarity on how the AAM will work with regards to the Totex Incentive Mechanism and NARMs.  Specifically:   * Will TIM be applied to cost variances within the +-2% band? * Will TIM adjustments be applied outside of the +-2% band? * How does the AAM interact with justified over or under delivery with NARMs?   We are seeking to populate a table of outcomes similar to that below, but from the information provided are not clear on how the PCD will work.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  |  | Spend | | | |  |  | Under | On | Over | | Delivery | Under | Down Adjust + TIM + NARMs? | Down Adjust | Down Adjust + TIM + NARMs? | | On | TIM? | No Change | TIM? | | Over | 2% Cap + TIM, Otherwise TIM or NARMS? | 2% Cap, Otherwise TIM or NARMS? | 2% Cap + TIM, Otherwise TIM or NARMS? | |
| **Confidential** | No |
| **DDQ raised by** | Colum Goodchild/Sam McGauley |
| **Date query raised** | 05/08/2020 |
| **Expected response date** | 10/08/2020 |
| **Ofgem Response:**  We plan to cover the interactions of the Tier 1 PCDs and the TIM in the Repex Working Group on Thurs 20 Aug. Please refer to the slides for this meeting for further detail. | |
| **Attachments:** | |