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| **Draft Determination Publication** | | |
| **Network Query** | | |
| **Network Reference number** | CADENT\_DDQ\_57 | |
| **Licence** | All Cadent Networks | |
| **Topic/Activity:** | Synthetic costs and totex regression model | |
| **Question:** | With regard to repex workload adjustments could you please explain for our networks:   * How you have adjusted totex (both modelled and allowed totex) for the repex workload adjustments you have made – specifically, could you explain the calculations for the adjustments you have made with reference to unit costs and workload. * How the repex mains and services workloads used in the repex synthetic costs reconcile to the numbers you report in tables 33-38 of the Cadent Annex as we are unable to reconcile all of the numbers in those tables to the workloads used to calculate the synthetic costs. For example, for tier 1 mains in EoE:   + the synthetic cost sheet shows submitted and adjusted lengths as 2,834 km and 2,790 km respectively (which are neither commissioned or decommissioned workloads); whereas   + table 33 reports these values as 2,809km and 2,765km. | |
| **Date query raised** | 30 July 2020 | |
| **Date Sent** |  | |
| **Expected Response Date** |  | |
| **Response Received** |  | |
| **OfGEM Response:**   * *How you have adjusted totex (both modelled and allowed totex) for the repex workload adjustments you have made – specifically, could you explain the calculations for the adjustments you have made with reference to unit costs and workload.*   Please refer to ‘[7] CostAssessment’ shared model. When comparing the values between sheets ‘Cal\_ModelledCosts’ and ‘Cal\_ModelledCostsAdj’ you will be able to see the difference due to CSV adjustments. Additionally, from shared model ‘[9] Allowances’ you will be able to see how the totex allowance was disaggregated. Please also refer to the slides for the CAWG working on 13 Aug, which outline our approach to disaggregating repex activity costs.   * *How the repex mains and services workloads used in the repex synthetic costs reconcile to the numbers you report in tables 33-38 of the Cadent Annex as we are unable to reconcile all of the numbers in those tables to the workloads used to calculate the synthetic costs. For example, for tier 1 mains in EoE:*   + *the synthetic cost sheet shows submitted and adjusted lengths as 2,834 km and 2,790 km respectively (which are neither commissioned or decommissioned workloads); whereas*   + *table 33 reports these values as 2,809km and 2,765km.*   Thank you for pointing this out. We can confirm that this is due to the Tier 1>250mm category not been included in the Synthetic Costs calculations at Draft Determinations. We will revise the model accordingly ahead of Final Determinations. | | |
| **Attachments:** | | |