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| **Draft Determination Publication** | |
| **Network Queries** | |
| **Network Reference number** | CADENT \_DDQ\_79 |
| **Licence** | All Cadent Networks |
| **Topic/Activity:** | Error 6 in MEAV calculation - Pressure Reduction kit unit costs |
| **Question:** | In your response to DDQ 6 you explained that you had applied the throughput adjusted unit costs for Pressure Reduction kit for each GDN at the levels from the RIIO-1 price control review, as uprated for inflation, because the split of volumes across GDNs in the RIIO-1 period has been similar to the historic level.  The number of Pressure Reduction assets reported by GDNs has been restated since the last price control, mainly down in Cadent’s case, with the result that, throughput adjusted unit costs calculated today would be quite different by GDN – typically significantly higher for Cadent.  Mixing the old unit costs, based on old throughput per asset, with the new asset numbers, produces a materially incorrect answer.  Please can you confirm that you will update the throughput adjusted unit costs for the Pressure Reduction assets of NTS Offtakes, PRSs, and District Governors. |
| **Confidential** | No |
| **DDQ raised by** | Jeremy Thomson |
| **Date query raised** | 05/08/20 |
| **Expected response date** | 07/08/20 |
| **Ofgem Response:**  Thank you for pointing this out. As per discussions in our call on the 10th of August and at CAWG 15 on the 14th of August 2020, we will review the adjustment factors of the unit replacement values of these assets in order to account for both throughput and number of assets. | |
| **Attachments:** | |