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| **Cadent Draft Determination** | | |
| **DD Query** | | |
| **SQ Reference number** | CADENT\_DDQ\_14 | |
| **Document Name** | RIIO-GD2 Engineering Justification Paper Reviews Annex (QEM) (002). | |
| **Topic/Activity:** | EJP Review, table page 23. Row ‘LTS Pipelines (Piggable and Non Piggable)’ | |
| **Question:** | For LTS Pipelines (Piggable and Non Piggable), it states ‘accept (Modify Volume) & Uncertainty Mech’.  Please can you elaborate on this outcome and the modifications required? What is the volume modification, what is the proposed UM and what is the basis for the proposed change. | |
| **DDQ raised by** | Rachel Slater | |
| **Date Sent** | 16/07/2020 | |
| **Response Due Date** | 24/07/2020 | |
| **Response Received** |  | |
| The EJP was assessed and the needs case is met but only 4 years of data was used to forecast future workload when there are many more available. Also the range of costs used is significant. There is no doubt that interventions will be required, but there needs to be more accuracy in volumes and cost justification.  In answer the specific questions  1 What is the volume modification?  We have not suggested a number unless further work is done by Cadent on a wider data set (more than the last 4 years). Until then it is not possible to suggest a volume modification.  2 What is the proposed Uncertainty Mechanism UM?  The uncertainty is associated with the accuracy of the costs and the numbers of intervention types. The Engineering Review recommended that this was a potential area where a UM may be appropriate. This recommendation was one of several factors considered by Ofgem when determining whether to include a UM at DDs and what form, if any, a UM might take. The recommendation alone does not mean that we have included a UM for a specific investment.  3 What is the basis for the proposed change  The basis is a combination of the two issues identified in answers to question 1 and 2 above. | | |
| Attachments: | | |