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| **Draft Determination Publication** | | |
| **DD Query** | | |
| **Network Reference number** | CADENT\_DDQ\_31 | |
| **Licence** | QEM GD2 Engineering Justification Paper Reviews  P23 | |
| **Topic/Activity:** | Cathodic Protection | |
| **Question:** | The table states for cathodic protection: *‘Accept (Modify Volume) & Uncertainty Mech’*   1. Please explain what volume adjustment has been made based on this assessment, for each of our regions? 2. Has the QEM proposed UM been discarded? | |
| **DDQ raised by** | Ali Hamdani | |
| **Date Sent** | 21/07/20 | |
| **Expected Response Date** | 24/07/20 | |
| **Response Received** |  | |
| 1)  The paper identifies uncertainty in the volumes of type of interventions as stated in the extract from Unit Cost Derivation Page 19.  ‘*These interventions are low cost high volume activity. The exact blend of interventions required in RIIO-2 is unknown. We have chosen to calculate a blended-average cost per intervention, based on RIIO-1 out-turn costs, to inform future CP interventions costs.’*  Detailed numbers of intervention type and associated costs have not been provided for RIIO 1. Only one year of data (2019) has been used and that is for a period of high workload to achieve compliance.  This level of intervention would not be expected across RIIO2 to maintain a steady state compliance of >90% for both HP/IP and MP/LP once the target level has been achieved. On current performance this should be possible by early 2021 for MP/LP and before the start of RIIO2 for HP/IP.  Note: Ofgem has assessed maintenance opex and other capex costs as part of our totex model. Since these cost categories are represented in our totex model by a scale rather than workload driver, no workload adjustments have been applied.  2)  Since we have included this activity in our assessment of base opex costs, we have proposed to fund it as part of base opex allowances without an uncertainty mechanism. | | |
| Attachments: | | |