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| **Draft Determination Publication** | | |
| **Network Query** | | |
| **Network Reference number** | CADENT\_DDQ\_56 | |
| **Licence** | All Cadent Networks | |
| **Topic/Activity:** | Calculation of adjusted modelled totex in Post Analysis sheets | |
| **Question:** | With regard to the calculation of adjusted modelled totex in the Post\_Analysis models (see sheet Cal\_Totex), could you please explain for our network:   * how the workload adjustments in row 30 have been calculated. * why the “workload adjustment to reverse adjustments” in row 32 is calculated with reference to the reverse regional adjustment in row 20. * “workload adjustment to reverse adjustments” is reduced proportionally to the “ratio of WA modelled cost / modelled cost” in row 31. | |
| **Date query raised** | 30 July 2020 | |
| **Date Sent** |  | |
| **Expected Response Date** |  | |
| **Response Received** |  | |
| **Ofgem response:**  In this workbook ‘workload adjustments’ refer to the difference between modelled costs using submitted cost drivers and modelled costs using adjusted cost drivers. This is calculated in the ‘CostAssessment’ file, then the adjustment is made to modelled costs (which are derived using submitted cost drivers) in the Post Analysis files.  The “workload adjustment to reverse adjustments” calculation is made with reference to the reversed regional adjustment in row 20. For context, the values in row 20 are different to the originally adjusted values (in the Normalisation files), as they are adjusted proportionally to the ratio of modelled costs to normalised adjusted costs. This prevents unfairly adding back too little or too much where a network’s forecast differs from modelled costs. In row 32, a further adjustment is applied to account for the adjustments made to cost drivers (here called workload adjustments). As an example, for the EoE this is a small positive adjustment as the workload adjusted modelled costs are less than the workload unadjusted modelled costs.  In summary, these post-analysis adjustments to the adjustment made at the normalisation stage are intended to account for (1) the difference between the network forecast and modelled costs, and (2) the difference between modelled costs using unadjusted and adjusted cost drivers. | | |
| **Attachments:** | | |