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| **Cadent Draft Determination** | | |
| **DD Query** | | |
| **SQ Reference number** | CADENT\_DDQ\_21 | |
| **Document Name** | CADENT ANNEX | |
| **Topic/Activity:** | Connections unit Costs  Cadent Annex - Tables 63 to 66 (p72-75) | |
| **Question:** | Connections base costs in table 63 to 66 do not reconcile to the BPDT’s submitted (the cash values are higher in DD).  And upon looking through the models we are unable to ascertain the unit costs that have been used to derive the DD connections base figures.   1. What are the gross unit costs and contributions used for services and mains in Domestic and Non-Domestic Connections along with FPNE? | |
| **Confidential** | [Yes/No] | |
| **DDQ raised by** | James Millar | |
| **Date Sent** | 16/07/2020 | |
| **Response Due Date** | 17/07/2020 | |
| **Response Received** |  | |
| Connections costs have been assessed within the proposed totex regression model. A synthetic cost driver for these costs was included in the totex composite scale variable. The model produces a totex allowance, which is then apportioned to disaggregated activities based on GDNs’ forecast submissions and an adjustment factor. As such, the proposed connections allowances are not directly based on unit rates.  The figures in tables 63 to 66 reflect this apportionment and include ongoing efficiency. For connections, they correspond to cells AG-AK118 on sheet ‘Cal\_[network]’ in the ‘Allowances’ file.  Net figures are obtained by applying a gross to net ratio computed in the Normalisation files from submitted costs. | | |
| Attachments: | | |