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| **Draft Determination Publication** | |
| **Network Queries** | |
| **Network Reference number** | CADENT \_DDQ\_92 |
| **Licence** | CADENT |
| **Topic/Activity:** | Ongoing Efficiency Data Errors 1 and 2 |
| **Question:** | This DDQ supplements the question CADENT \_DDQ\_91, titled “Ongoing Efficiency Formulae Errors 1 and 2”.  As well as the formulae errors, our review of the file “[10] Ongoing Efficiencies”, in tab Inp\_NetworkOE\_GD identified two errors in data input with regards to Cadent and NGN embedded ongoing efficiencies. We also have a couple of other queries.   1. **Cadent Input figure Error**   In the BPDT we submitted our efficiencies into table 2.12, but there was subsequently an SQ 29 on the topic, responding to the question we submitted a second view on 20 March 2020. This however created concern at Ofgem and Chris Brown wrote on 3 May, which was followed by a call with Adrian Swift to discuss concerns and get full understanding of the interpretation Ofgem required. Adrian Swift responded with the correct interpretation on 11 May 2020.  However, we found that the values for Cadent input into rows 80 to 108 where in fact those of the wrong interpretation included in SQ29. This is an error and should be corrected, with the values in the email of 11th May, a copy of which is attached.  **Can you please confirm that this error will be corrected**   1. **NGN Input figures Error**   After scanning NGN plan and their statements on ongoing efficiency (OE) we noticed that NGN rows 112 to 116 had the same values for all years, as can be seen below    Is this an error, as what it is saying is that NGN had a 0.5% OE in 19/20 and then 0.0% OE for the next six years.  Nb also missing 18/19 value of 1.000  They should be compounding as follows:    **Can you please confirm this is an error**  **Further Queries**  In addition to the above, can you also consider the following two queries and confirm if they are also errors which can be seen from the extract below:     1. WWU: did they have zero productivity in the last two years of RIIO-1 2. SGN: is this an input error, 18/19 year should be 1.000, but it is 0.993.   **Can these be reviewed and confirmed as correct or not** |
| **Confidential** | No |
| **DDQ raised by** | Adrian Swift |
| **Date query raised** | 13/08/2020 |
| **Expected response date** | 18/08/20 |
| **Ofgem Response:**  **Cadent Input figure Error**  We did not use the submitted values provided in Cadent\_SQ\_29 as these only highlighted the ratio differences between the BPDT submitted values (compounded) and annual changes.  It did not provide additional information with regard to why we would include the values from the end of RIIO-GD1, which indicate inefficiencies. (example EoE) below    We have not used the submitted values provided in Cadent\_SQ\_29\_Follow\_up. We noted inconsistences across data provided by some GDNs that was not fully resolved by the SQs raised in time for the Draft Determination.  As a result we used submitted values from the BPDT for all GDNs.  We note however that it may be appropriate that updated values provided in Cadent\_SQ\_29\_Follow\_up (and other GDN SQ responses once verified) to be considered for use in the FD.  **NGN Input figures Error**  We have used data provided by NGN in the BPDT which we agree has not been compounded.  We note it is appropriate that updated values, compounding annual values to be used for the FD.  **Further Queries**  We noted the additional inconsistences in the reported values also provided by WWU and SGN in the year prior to the start of RIIO2.  Our proposed methodology, in estimating the embedded ongoing efficiency using information from the start and end of the RIIO2 period avoids these inconsistences, and calculates an average value for embedded ongoing efficiency across GD2. It does however assume that this average rate is applicable for the remaining years in RIIO-GD1.  If you have issues with our proposed methodology, please raise these in your response detailing any alternative and what advantages this has for consumers. | |
| **Attachments:** | |