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| **Draft Determination Publication** | |
| **Network Queries** | |
| **Network Reference number** | CADENT \_DDQ\_103 |
| **Licence** | Cadent |
| **Topic/Activity:** | Capex and repex synthetic unit cost model – related to CADENT\_DDQ\_29 |
| **Question:** | Thank you for sharing the capex and repex synthetic unit cost models  We are still reviewing the models, but we are concerned that you may have provided us with the incorrect versions of the models for the following reasons:   * the final repex synthetic unit costs in sheet “Out\_RepexSyntheticUnitCosts” do not reconcile with the synthetic unit costs used in the model (3)SyntheticCosts * the capex synthetic unit costs in the model provided do not reconcile with those used in model (3) SyntheticCosts for reinforcements or connections, * the capex synthetic unit costs model does not show how the services unit costs are calculated for connections (though we note their appears to be draft calculations in the repex model but we can’t trace the source of these calculations- see sheet “GD1\_synthetic\_unit\_costs”)   We are, therefore, concerned that the models you have provided are not the final version. Could you please confirm you have provided us with the wrong models in error and provide us with the correct versions. |
| **Confidential** | No |
| **DDQ raised by** | Kate Haycock |
| **Date query raised** | 25/08/2020 |
| **Expected response date** | 28/08/2020 |
| **Ofgem Response:**  After the publication of Draft Determinations, we started an internal review of the repex and capex synthetic unit cost files. This resulted in several amendments to the synthetic unit costs calculations, which affected both repex (excluding services) and capex (the latter for the wrong application of regional factors adjustments). The files shared in August 2020 reflect these post Draft Determinations corrections and are thus to be considered the most up to date.  More into the details of the capex synthetic unit cost file, please note that:   * for mains reinforcement, cells AG12-13 in tab “ReinforceUnitCosts\_Final” are the updates to the figures in cells AG13-14 in tab “Inp\_Capex\_SyntheticUnitCosts” in model [3] Synthetic Costs; * For connections mains, please refer to cells AG14, AG17 and AG21 in tab for updates to cells AG18, AG24 and AG27 in tab “Inp\_Capex\_SyntheticUnitCosts” in model [3] Synthetic Costs “ConnectionsUnitCosts\_AfterRule1”, respectively; * The remaining synthetic unit costs (including connection services) were derived by applying scaling factors reflecting RIIO-GD1 proportional differences between synthetic unit costs.   Given the additional issues highlighted in Cadent\_DDQ\_101, we will be sharing revised models with the companies. | |
| **Attachments:** | |