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| **Cadent Final Determination** | | | |
| **FDQ Query** | | | |
|  | | **SQ Reference number** | CADENT\_FDQ\_26 | |
|  | | **Priority** | High | |
|  | | **Document Name** | FD modelling suite | |
|  | | **Topic/Activity:** | Normalisation – Electric vehicles | |
|  | | **Question:** | We have found a mathematical error in the Normalisation treatment of Electric Vehicles.  Paragraph 3.175 of the GD Annex states that “*We have decided to include the costs associated with three bespoke outputs (Cadent’s EAP, SGN’s responsible demolition and climate change adaptation opex) in the regression analysis because we consider the related activities to be business as usual*.”  However, the costs associated with EVs, £56m, have been removed as part of the Normalisation of Other Capex as an Exclusion for Cadent’s GDNs, and are therefore not in the regression.  Consequently, the modelling does not reflect Ofgem’s stated intention.  Please confirm that Ofgem will correct the mathematical error, and include the costs of EVs in the regression. | |
|  | | **Confidential** | No | |
|  | | **FDQ raised by** | Jeremy Thomson | |
|  | | **Date Sent** | 11/01/2021 | |
|  | | **Response Due Date** | 14/01/2021 | |
|  | | **Attachments:** | | |
|  | | **Response to Cadent:**  This is not an error. As noted on p. 93 of the Cadent Annex, “we have decided to reject this output [carbon neutral operations] for the following reasons. We’ve moved costs for EVs and associated charging infrastructure into a common PCD […].”  This resulted in a partial disallowance of capex (see Cal\_Other Capex in the Normalisation files). A share of capex and all related opex, instead, were assessed via regression. Moreover, we included an allowance for EVs (see Technical Assessment file). | | |