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| **Cadent Final Determination** | | | |
| **FDQ Query** | | | |
|  | | **SQ Reference number** | CADENT\_FDQ\_  8 | |
|  | | **Priority** | High – Technical Error | |
|  | | **Document Name** | FD modelling suite | |
|  | | **Topic/Activity:** | Repex synthetic - NW | |
|  | | **Question:** | We believe that we have found a material error in the GD2 Synthetic file which contains calculations of the synthetics used in the CSV.  The tab *Cal Repex SyntheticCost CompAdj,* calculates the value of the repex synthetic for mains, for the workload proposed by FD.  For NW, in rows 132-187, the formulae are anchored, such that all mains, no matter their diameter, have the same synthetic unit cost applied, that for Tier 1 Iron mains up to 75mm – the lowest synthetic unit cost of all mains.  We believe that the formulae should be altered to remove the anchoring and adjust the calculation such that the synthetic unit costs applied match the workload for each category of main, and that the NW repex synthetic, and consequently CSV, is significantly altered by this correction.  From our replication of your models, we identify that this formulae error understates the size of the NW CSV by some 8.7%, which has a material impact on the regression results, NW moving to 2nd ranked (from 6th) and resultant allowance some £57m (6%) higher for NW. This change also materially impacts negatively on other GDNs  Please confirm whether you agree our proposed correction. | |
|  | | **Confidential** | No | |
|  | | **FDQ raised by** | Jeremy Thomson | |
|  | | **Date Sent** | 15/12/2020 | |
|  | | **Response Due Date** | 18/12/2020 | |
|  | | **Attachments:** | | |
|  | | **Response to Cadent:**   * Thanks for pointing this out. We agree this is an error, which we will correct. We will collate all confirmed technical errors to conduct a final error corrected FD model run in January. | | |