

Gate two query process

Strategic solution(s)	Minworth
Query number	MIN009
Date sent to company	14/12/2022
Response due by	16/12/2022

Query

Please outline how indirect costs have been accounted for in your calculations of CAPEX.

Have you considered annual operational maintenance costs by considering common assumptions used across the water industry for such infrastructure? E.g. with civil maintenance being calculated as 0.30% of the infra and non-infra civil costs, whilst mechanical and electrical (M&E) maintenance being calculated as 1.5% of infra and non-infra M&E costs. If not could you explain your methodology, including what assumptions you have used and how these were applied

Solution owner response

Indirect costs, both Client & Contractor related, either form part of our cost models or are a percentage addition to items which are costed on a 'bottom-up' basis. Please refer to A.2 of Minworth Annex 4 Cost and Carbon report of the Minworth gate 2 submission.

Yes, we have considered annual operational maintenance costs, but we have not used common assumptions used across the water industry for such infrastructure. Annual operational maintenance costs have been calculated on a 'bottom-up' basis based on an assessment of labour and material costs and are

included in the fixed OPEX component in A.6 of Minworth Annex 4 Cost and carbon report of the Minworth gate 2 submission.

Date of response to RAPID	16/12/22
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