

## National Grid Gas Distribution

### Standard administration charges for UIP/IGT work requests on National Grid's gas distribution network

#### 1.0 – Introduction

In November 2008 National Grid introduced a standard charge for all self connections to its gas distribution network. The charge applied to new connections undertaken by authorised UIP or IGTs in accordance with the applicable general conditions of contract and the UIP/IGT connection, service disconnection and service alteration agreement. They are levied against our contractual customer and reflect the gas transporter costs associated with the processing of self connection requests.

This charge has not being updated since it was introduced in 2008 and this briefing note provides details of how National Grid intends to review and implement changes to the administration charge within the existing UIP and IGT self connection processes.

#### 2.0 – Background

Since the introduction of self connections in 2002 and changes in 2004 to the service National Grid offers its IGT customers requesting new CSEP connections, the way in which our customers complete the physical connection to our gas distribution network has changed significantly. Prior to 2002 all final connections were completed by National Grid and we were able to recover our overheads for the administration aspect through the physical connection charges.

As the competitive market has evolved, the number of UIP/IGT connections has increased to several thousand jobs each year, with National Grid now only completing the physical connection for approximately 1% of these connections. As National Grid is not completing the physical connection, there needs to be a mechanism for the recovery of these costs from the requesting connection customer. National Grid achieved this by introducing a cost reflective administration charge to recover these costs from the relevant customer group.

#### 3.0 - Standard connection charges

The administration charge will be applied to each UIP and IGT request on receipt of a valid acceptance. Separate charges will apply to UIP (asset for adoption by National Grid) and IGT (CSEP) requests, as set out in our Gas Distribution Statement of Standard Connection Charges (available on the [National Grid website](http://www.nationalgrid.com/uk/Gas/Charges/statements/connection/publications/) - <http://www.nationalgrid.com/uk/Gas/Charges/statements/connection/publications/>).

This charge is based on analysis of the end-to-end gas transporter administration activities undertaken by our Network Strategy and Data Assurance teams and is the cost we reasonably expect to incur undertaking the following activities;

- Input and processing of request
- Design authorisation
- Clearance to proceed
- Data and Completion File validation
- Records update and Digitisation
- Overheads and uplifts

Note: The charge for UIP connections is marginally higher to account for the additional design and records update work associated with the adoption of the full project infrastructure.

#### 4.0 – Scope

The standard administration charge will apply to all works on National Grid's network where a change in the design of the network is required. This charge will be reviewed annually.

#### 5.0 - High level payment process

1. At the start of each calendar month ('reporting month') National Grid will run a report to identify all UIP/IGT jobs (where a charge is applicable) where an acceptance was received during the previous calendar month ('charge period').
2. The contractual customer will receive a copy of the report, via covering email by the 5th working day of each reporting month, detailing all acceptances for them during the previous charge period.
3. The report will be presented in XL format and will include the following minimum information for each acceptance;
  - Contractual customer name - UIP or IGT (and nominated agent)
  - Unique CRM job reference
  - Customer job reference, where known.
  - Project address
4. The contractual customer will then have a further 15 working days to provide a response to the email – the response should include any jobs that they wish to dispute and their confirmation of acceptance of the remaining jobs within the report.
5. National Grid will validate any disputes raised - where the dispute is valid, the job will be placed in the dispute process and excluded from the invoice charge, until resolved.
6. An invoice will then be raised for the charge period, based on the jobs agreed within the report.
7. Payment terms are in accordance with the applicable general conditions of contract including (but not limited to) National Grid requesting pre-payment of the administration charge.

#### 6.0 - UIP/IGT acceptance form

Customers will be required to input the charge applicable to their request on section A 'Complete the self connection' of the appropriate form (FM153a for IGTs and FM138a for UIPs).

#### 7.0 – Implementation

The revised standard administration charges will apply from 1st August 2013. All acceptances received from UIP/IGT customers for self connections where the initial request was received on or before 31st July 2013 will be subject to the old standard charge.

**Appendix 1 – Current charges and additional notes**

The below table provides details of the current administration charge, accurate at the time of writing;

Customer Type	Request Method Charges (exc VAT)		
	Manual	Portal	Portal and Pre-Authorisation
IGT – CSEP	£66	£50	£43
UIP – Self-connect (<63mm)	£83	£66	£60
UIP – Self-connect (=>63mm)	£123	£106	£100

- Any VAT exempt job must be highlighted in the report described in section 5. Any jobs not highlighted will have VAT applied at the appropriate rate.
- Any jobs cancelled after design approval will still be subject to the administration charge.
- Change in loads where there is no change to the original design will not incur the administration charge
- Where an existing service is to be disconnected and replaced with a new service, this can be submitted as a single alteration request incurring one administration charge. If the request is submitted as a disconnection followed by another request for a new service, the administration charge will apply to both requests. (Note - a new MPRN will still be required where the connection point has changed).
- Customers wishing to benefit from the Portal reductions will need to submit all requests and submissions via the Portal where the facility is available.
- Only customers who are accepted onto the Pre-Authorised design scheme will be eligible for the reduced Portal & Pre-Authorisation administration charge.