

# **The Statement for Gas Transmission Connection Charging**

**Effective from 1<sup>st</sup> August 2012**

**Document Revision History**

Version	Date of Issue	Notes
1.0	June 2010	Uniform Network Code (UNC) Modification 0322V implemented: Inclusion of 'The Gas Transmission Connection Charging Methodology' within the UNC.
2.0	July 2012	a) Removed the Gas Transmission Connection Charging Methodology from this document as it duplicates that contained within UNC Section Y – Connection Charging.  b) Gas Transmission Statement of Connection Charging revised as a consequence of UNC Modification Proposal 0373 ' <i>Governance of the NTS connection processes</i> '

## Contents

<b>INTRODUCTION</b> .....	4
<b>SECTION 1 – CONNECTION APPLICATION FEES</b> .....	6
Summary of NTS Connection Application Fees .....	6
NTS Connections – Application Fee Matrix.....	6
Reconciliation of NTS Connection Application and Modification Application Fees	7
Connection Criteria.....	8
<b>SECTION 2 – INDICATIVE CONNECTION CHARGES AND EXAMPLES</b> .....	9
Example 1: Pre-Connection Study - Several potential sites to be considered for a new onshore storage facility and associated NTS connection points .....	10
Example 2: Initial Connection Offer - New offshore storage facility connection to an existing entry facility .....	10
Example 3: Full Connection Offer - Minimum Offtake Connection for a Power Station .....	11
Example 4: Full Connection Offer - Connection for a CCGT Power Station with system extension.....	12
Example 5: Full Connection Offer - Connection for a System Entry Facility – Onshore Storage .....	13
Example 6: Full Connection Offer - Connection at an existing National Grid Site .....	14
Example 7: Full Connection Offer - Modification to an existing Exit Connection with National Grid metering installed .....	15
Example 8: Full Connection Offer - Modification to an existing Exit Connection with customer owned metering.....	16
<b>Annex B – Contact information</b> .....	17

## INTRODUCTION

1. This document is published by National Grid NTS (“National Grid”) in accordance with Standard Licence Condition 4B of the Licence and is approved by the Gas and Electricity Markets Authority (the “Authority”).
2. This document sets out the fees charged by National Grid in relation to applications for a connection to the National Transmission System (the “NTS”) in Great Britain and also includes scenarios outlining the indicative costs that might be incurred by a customer for a new (or revised) connection to the NTS.
3. This Statement applies to Connection Applications submitted by a customer to National Grid from the Effective Date and remains effective until superseded by any future Statement approved by the Authority; and which will be published by National Grid.
4. This Statement applies to Connection Applications for:
  - (a) new NTS connections;
  - (b) modifications to existing NTS connection apparatus
5. If a customer requires National Grid to undertake a Pre-Connection Study to explore several potential NTS connection sites for an onshore storage facility, it would be appropriate to submit a request for a Pre-Connection Study to the Gas Connections Team rather than submit an Application for an Initial Connection Offer or Full Connection Offer (both of which require the customer to specify its desired NTS connection point).
6. The methodology that National Grid in its role as holder of the Gas Transporter Licence in respect of the NTS (the “Licence”) employs to levy charges for connection to the National Transmission System (the “NTS”) in Great Britain; is contained in the Uniform Network Code – Transportation Principal Document Section Y - Charging Methodologies.
7. For any *disconnections* of existing NTS connection apparatus or *diversions* of sections of the NTS please contact the Gas Connections Team using the contact details in Annex B for advice on how this would be progressed.
8. This Statement is complementary to National Grid’s Incremental Entry Capacity Release (IECR) methodology statement, which details the criteria by which National Grid will release incremental NTS entry capacity.
9. This Statement is also complementary to National Grid’s Exit Capacity Release (ExCR) methodology statement, which details the criteria by which National Grid will release NTS exit capacity.
10. It should be noted that in addition to a physical connection to the NTS, the following additional requirements also need to be satisfied before gas can flow through that connection as specified in the Network Code:
  - (a) National Grid will require gas shippers at the connection point (or DN’s

in the case of Exit capacity for NTS/LDZ Offtakes) to acquire the appropriate Entry and/or Exit capacity in accordance with the Network Code and the IECR and ExCR methodology statements;

- (b) National Grid will require a customer to enter into a Supply Point Network Exit Agreement (NExA), Connected System Exit Point (CSEP) NExA, NTS/LDZ Supplemental Agreement, Network Entry Agreement (NEA), Interconnector Agreement or Storage Connection Agreement (SCA), as appropriate.
11. It should also be noted that system reinforcement will be triggered as a result of the release of Entry and Exit capacity and not as part of the physical connection process as follows:
- (a) For Entry capacity – all necessary reinforcement;
- (b) For Exit capacity – only that reinforcement that is needed upstream of the Connection Charging Point (“CCP”).
12. This document is organised in the following sections:
- (a) Section 1 contains the fees associated with making an application for connection to the National Transmission System (the “NTS”) in Great Britain.
- (b) Section 2 contains indicative charges and connection charging examples.
13. Further information relating to the connection process and the National Grid connection services and the IECR and ExCR methodology statements may be obtained from the National Grid web site, [www.nationalgrid.com](http://www.nationalgrid.com), or by writing to the address given in Annex B.
14. This document is one of a suite of documents that describe the charges levied by National Grid and the methodologies behind them. The other documents that are available include:
- **Statement of Gas Transmission Transportation Charges**
  - **The Statement of the Gas Transmission Transportation Charging Methodology**
  - **Incremental Entry Capacity Release Methodology Statement**
  - **Exit Capacity Release Methodology Statement**
  - **Metering Charging Statement**

These are available on our charging website at:

<http://www.nationalgrid.com/uk/Gas/Charges/statements/>

15. This statement is effective from 1<sup>st</sup> August 2012, the “Effective Date”.
16. Terms and expressions defined in the Uniform Network Code shall have the same meanings, interpretations or constructions in this document.

## SECTION 1 – CONNECTION APPLICATION FEES

### Summary of NTS Connection Application Fees

17. A Connection Application Fee is payable in respect of a new Initial Connection Offer application, a Full Connection Offer application and, for a customer application for requesting a change to a previously signed Full Connection Offer.
18. The Connection Application Fee for a Connection Offer will reflect the average National Grid fully absorbed costs required to produce the information contained in a Connection Offer.
19. Typical National Grid activities required to produce a Connection Offer include, but are not limited to: the administration of the application, desktop design activities, network analysis, costing activities, internal governance and legal review. In addition, National Grid will acquire external analytical consultancy services, for example, to produce a conceptual design study.
20. The Connection Application Fee that the customer is required to pay is based on the type of NTS Connection, the Offer Type and connection criteria. The timescales given are from the receipt of all information required by National Grid together with the Connection Application being cleared into the National Grid bank account.
21. All NTS Connection Application Fees are subject to VAT.

### NTS Connections – Application Fee Matrix

**Table 1.0 - Initial Connection Offer – Application Fee and Timescale**

Connection Criteria	Timescales to provide an Initial Connection Offer	Application for any category of new or existing NTS Connection		
		Entry	Exit	Storage
Simple	Up to 2 months	£14,000		
Medium				
Complex				

Table 1.1 - Full Connection Offer – Application Fee and Timescale

Connection Criteria	Timescales to provide a Full Connection Offer	Application for a new NTS minimum offtake connection in a 'green-field' site	Application for any other category of new or existing NTS Connection		
		Exit	Entry	Exit	Storage
Simple	Up to 6 months	£62,000*	n/a		
Medium	Up to 9 months	n/a	£121,000 <sup>#</sup>		
Complex	Up to 9 months	n/a	£400,000 <sup>#</sup>		

\* A feasibility study is not required for this type of NTS Connection Offer

# A feasibility study is required for this type of NTS Connection Offer and the cost is included in the Application Fee.

22. Should any combination be applied for (for example, Exit and Storage), the fee will be the higher of the individual fees.
23. A Modification Connection Application Fee is payable in respect of a customer requiring a modification to a **previously accepted Full Connection Offer** only and the fee will be based on one of the following criteria:

Table 1.2 – Modifications to a Full Connection Offer – Application Fee

Criteria	Value of Fee
An amount mutually agreed by the Connection Applicant and National Grid NTS (reconciled)	Agreed amount
In the absence of a mutually agreed amount	0.75 * Original FCO Fee

### Reconciliation of NTS Connection Application and Modification Application Fees

24. Connection Application Fees and Modification Application Fees for Full Connection Offers will be reconciled in accordance with Section V, paragraph 13.2 of the Uniform Network Code.
25. The Application Fee for an Initial Connection Offer (ICO) is fixed and therefore not subject to reconciliation.

**Connection Criteria**

26. The level of the Connection Application Fee that will be paid by a customer is subject to qualification against connection criteria as shown below:-

Simple	Medium	Complex
<p><b><u>All</u> of the following are satisfied:</b></p> <ul style="list-style-type: none"> <li>• the proposed connection will <i>offtake</i> (exit) gas from the high-pressure National Transmission System (NTS)</li> </ul> <p><b>and;</b></p> <ul style="list-style-type: none"> <li>• the proposed NTS connection will be located in a greenfield (undeveloped) site</li> </ul> <p><b>and;</b></p> <ul style="list-style-type: none"> <li>• the proposed NTS connection will <i>offtake</i> gas at a ramp-rate of &lt;= 50 MW per minute</li> </ul> <p><b>and;</b></p> <ul style="list-style-type: none"> <li>• the proposed NTS connection will not have a physical influence on existing NTS connection points</li> </ul> <p><b>and;</b></p> <ul style="list-style-type: none"> <li>• the proposed NTS connection will not have a physical influence on existing NTS compressor stations</li> </ul> <p><b>and;</b></p> <ul style="list-style-type: none"> <li>• National Grid is not required to construct the customer’s pipeline connection from the NTS to the customer facility</li> </ul>	<p><b>One</b> or more of the following are satisfied:</p> <ul style="list-style-type: none"> <li>• the proposed connection is an NTS entry point e.g. beach terminal</li> </ul> <p><b>or;</b></p> <ul style="list-style-type: none"> <li>• the proposed connection is a storage facility directly connected to the NTS</li> </ul> <p><b>or;</b></p> <ul style="list-style-type: none"> <li>• the proposed NTS connection will <i>offtake</i> gas at a ramp-rate of &gt; 50 MW per minute</li> </ul> <p><b>or;</b></p> <ul style="list-style-type: none"> <li>• the proposed NTS connection will have a physical influence on the existing NTS connection points</li> </ul> <p><b>or;</b></p> <ul style="list-style-type: none"> <li>• the proposed NTS connection will have a physical influence on the existing NTS compressor stations</li> </ul> <p><b>or;</b></p> <ul style="list-style-type: none"> <li>• the proposed connection is at the extremity of the NTS</li> </ul> <p><b>or;</b></p> <ul style="list-style-type: none"> <li>• National Grid is required to construct the customer’s pipeline from the NTS to the customer facility</li> </ul>	<p><b><i>In addition</i> to meeting one or more of the connection criteria for ‘Medium’:</b></p> <ul style="list-style-type: none"> <li>• the proposed connection will require significant changes in operational requirements to an existing National Grid above ground installation (AGI) and/or Metering Installation</li> </ul> <p><b>and/or;</b></p> <ul style="list-style-type: none"> <li>• the proposed connection will require extensive infrastructure changes to the NTS e.g. re-routing or re-siting</li> </ul>



## SECTION 2 – INDICATIVE CONNECTION CHARGES AND EXAMPLES

Indicative charges for connection works are outlined in the table below. As stated previously, the customer will be required to pay National Grid for the actual costs incurred by undertaking the agreed works.

### Indicative Connection Charges:

Construction Works for a new minimum offtake connection (“MOC”) at a National Grid greenfield site	~ £1,500,000 to £2,000,000
Construction Works for a connection at an existing National Grid site	This is wholly dependent on the complexity of the site. Feasibility and conceptual design studies will provide an estimate of the potential cost.
Construction Works for System Extension pipeline (Exit only)	Approx. £2,000,000 per km in good soil and even topography with 48 inch diameter pipeline. The charges will vary according to pipeline diameter and will increase for difficult ground conditions and/or terrain. Additional charges might also arise as a result of the planning obligations introduced by the Planning Act 2008.

## Examples:

### Example 1: Pre-Connection Study - Several potential sites to be considered for a new onshore storage facility and associated NTS connection points

A customer requires National Grid to undertake a Pre-Connection Study to explore several potential NTS connection sites for an onshore storage facility. The customer has narrowed the site for the new onshore storage facility to two locations.

#### Notes:

1. In this example, National Grid would advise the customer that due to the nature of the customer requirements, it would be appropriate to submit a request for a Pre-Connection Study; rather than submit an Application for an Initial Connection Offer or Full Connection Offer (both of which require the customer to specify its desired NTS connection point).
2. There are no pre-determined fees/costs for a Pre-Connection Study as it is a bespoke study and the scope will be dependent on the customer's requirements.
3. All costs incurred by National Grid in producing the Pre-Connection Study, including, where contracted, the costs of third party design consultancy services, will be paid by the customer on a cost pass-through basis.
4. Should the customer wish to progress its project further, it would be required to submit a Connection Application to National Grid for either an Initial Connection Offer or a Full Connection Offer.

### Example 2: Initial Connection Offer - New offshore storage facility connection to an existing entry facility

A customer requires an early quotation (including layout, price, program of works) to connect a new offshore storage facility in close proximity to an existing beach entry facility.

#### Indicative Costs (at the time of publication):

Application Fee for an Initial Connection Offer	£14,000
<i>(Connection Criteria is Complex)</i>	(full and final)
Construction Works	Not applicable
Total Cost	£14,000

#### Notes:

1. In this example the customer requires an early indication of the potential layout, costs and program of works for use in its initial project assessment.
2. The customer will submit an Application for an Initial Connection Offer to National Grid. National Grid will provide the customer with an Initial connection Offer within 2 months of the application being deemed competent (as defined within UNC Section V.13).
3. An Initial Connection Offer is non-binding and incapable of acceptance by the customer and National Grid; and is provided for guidance purposes only.
4. Should the customer wish to progress its project further, it would be required to submit a Connection Application to National Grid for a Full Connection Offer.
5. The charge shown in this example does not include VAT, which may be applicable.

### Example 3: Full Connection Offer - Minimum Offtake Connection for a Power Station

A customer requires an NTS minimum offtake connection (MOC) for its CCGT power station; the customer will build the system extension from the power station to the MOC. The customer has indicated that it requires an offtake ramp-rate of less than 50 MW per minute.

National Grid will build the connection apparatus connecting to the NTS in a greenfield site.

Indicative Costs (at the time of publication):

One ROV Installation

Application Fee for a Full Connection Offer	£62,000
<i>(Connection Criteria is Simple)</i>	(reconciled against FCO outturn costs)
Construction Works	£1,700,000
Total Estimate	£1,762,000

#### Notes:

1. In this example the customer would provide metering instrumentation in accordance with National Grid's technical specifications.
2. All costs shown include applicable overheads and are estimated costs and are provided for guidance purposes only.
3. The fee is paid by the customer at the time it submits its Connection Application. The Application Fee will be reconciled against the outturn costs incurred by National Grid in providing the Full Connection Offer. The customer will either pay, or be refunded, the cost differential three months after the offer is accepted, rejected (or lapses).
4. The example is for indicative purposes only and may be affected by the customer's requirements or complexity associated with specific projects. The actual costs will be charged (in full) to the customer.
5. The charges shown in this example do not include the gas flow and energy measurement equipment, as National Grid does not offer new transmission connection metering installations.
6. Additional charges may arise in respect of the System Extension as a result of the planning obligations introduced by the Planning Act 2008.
7. Charges shown in this example do not include VAT, which may be applicable.

### Example 4: Full Connection Offer - Connection for a CCGT Power Station with system extension

A customer's CCGT power station is located approximately 20 km from the nearest NTS pipeline across an area with good ground conditions and level terrain. National Grid will build the connection apparatus connecting to the NTS in a greenfield site and the System Extension pipeline from the NTS connection to the power station site.

Indicative Costs (at the time of publication):

Connection apparatus (for the avoidance of doubt this does not include any System Extension and Reinforcement):

Two ROV Installations (one at each end of the System Extension)

Application Fee for a Full Connection Offer	£400,000
<i>(Connection Criteria is Complex)</i>	(reconciled against FCO outturn costs)
Construction Works (covering two sites)	£1,800,000 - £2,000,000
Subtotal	£2,200,000 - £2,400,000

System Extension and Reinforcement works downstream of the Connection Charging Point:

Construction Works	£40,000,000
Total Estimate	£42,200,000 - £42,400,000

#### Notes:

1. In this example the customer would provide metering instrumentation to National Grid's technical specification.
2. The fee is paid by the customer at the time it submits its Connection Application. The Application Fee will be reconciled against the outturn costs incurred by National Grid in providing the Full Connection Offer. The customer will either pay, or be refunded, the cost differential three months after the offer is accepted, rejected (or lapses).
3. The example is for indicative purposes only and may be affected by the customer's requirements or complexity associated with specific projects. Actual costs will be charged (in full) to the customer.
4. The charges shown in this example do not include the gas flow and energy measurement equipment, as National Grid does not offer new transmission connection metering installations.
5. Additional charges may arise in respect of the System Extension as a result of the planning obligations introduced by the Planning Act 2008.
6. For a System Extension an ROV Installation will be needed at each end of the System Extension to allow for isolation of the pipeline. The indicative cost includes this.
7. Charges shown in this example do not include VAT, which may be applicable.

### Example 5: Full Connection Offer - Connection for a System Entry Facility – Onshore Storage

A customer is developing a new onshore storage facility – National Grid will provide the connection apparatus connecting to the NTS at a greenfield site.

Indicative Costs (at the time of publication):

Connection apparatus: ROV Installation

Application Fee for a Full Connection Offer	£121,000
<i>(Connection Criteria is Medium)</i>	(reconciled against FCO outturn costs)
Construction Works (covering two sites)	£ tbd
Total Estimate	£ tbd

#### Notes:

1. In this example the customer would provide the metering and Gas Quality Instrumentation to National Grid's technical specification
2. The customer would not be asked for a capital contribution towards any System Extension pipeline between the NTS and the ROV, or Reinforcement as these would be provided subject to the rules of the IECR methodology statement.
3. All costs shown include applicable overheads and are Estimated Costs and are provided for guidance purposes only.
4. The Fee is paid by the customer at the time it submits its Connection Application. The Application Fee will be reconciled against the outturn costs incurred by National Grid in providing the Full Connection Offer. The customer will either pay, or be refunded, the cost differential three months after the offer is accepted, rejected (or lapses).
5. This example is for indicative purposes only and may be affected by the customer's requirements or complexity associated with specific projects. Actual costs will be charged (in full) to the customer.
6. The charges shown in this example do not include the gas flow and energy measurement equipment, as National Grid does not offer new transmission connection metering installations.
7. Charges shown in these examples do not include VAT, which may be applicable.

### Example 6: Full Connection Offer - Connection at an existing National Grid Site

A customer requires a new entry connection at existing beach terminal

Indicative Costs (at the time of publication):

Connection apparatus: To be determined during study work.

Application Fee for a Full Connection Offer	£400,000
<i>(Connection Criteria is Complex)</i>	(reconciled against FCO outturn costs)
Construction Works	Determined by the feasibility and conceptual design studies
Total Estimate	£ tbd

#### Notes:

1. In this example the customer would provide the Gas Quality Instrumentation to National Grid's technical specification.
2. The customer would not be asked for a capital contribution towards a System Extension pipeline (for entry purposes) between the NTS and the ROV, or Reinforcement as these would be provided subject to the rules of the IECR methodology statement.
3. All costs shown include applicable overheads and are Estimated Costs.
4. The Fee is paid by the customer at the time it submits its Connection Application. The Application Fee will be reconciled against the outturn costs incurred by National Grid in providing the Full Connection Offer. The customer will either pay, or be refunded, the cost differential three months after the offer is accepted, rejected (or lapses).
5. The example is for indicative purposes only and may be affected by the customer's requirements or complexity associated with specific projects. Actual Costs will be charged (in full) to the customer.
6. The charges shown in this example do not include the gas flow and energy measurement equipment, as National Grid does not offer new transmission connection metering installations.
7. Charges shown in these examples do not include VAT, which may be applicable.

### Example 7: Full Connection Offer - Modification to an existing Exit Connection with National Grid metering installed

A customer requires a modification to an existing power station connection e.g. Amendment of pressure, flow rate, gas temperature, ramp rates etc) where National Grid owns both the ROV Installation and the Metering Installation.

Indicative Cost (at the time of publication):

Application Fee for a Full Connection Offer	£121,000
<i>(Connection Criteria is Medium)</i>	(reconciled against FCO outturn costs)
Construction Works	Determined by the feasibility and conceptual design studies
Total Estimate	£ tbd

#### Notes:

1. All costs shown include applicable overheads and are Estimated Costs.
2. The Fee is paid by the customer at the time it submits its Connection Application. The Application Fee will be reconciled against the outturn costs incurred by National Grid in providing the Full Connection Offer. The customer will either pay, or be refunded, the cost differential three months after the offer is accepted, rejected (or lapses).
3. The example is for indicative purposes only and may be affected by the customer's requirements or complexity associated with specific projects. Actual Costs will be charged to the customer.
4. The charges shown in this example do not include the gas flow and energy measurement equipment, as National Grid does not offer new transmission connection metering installations.
5. Charges shown in these examples do not include VAT, which may be applicable.

### Example 8: Full Connection Offer - Modification to an existing Exit Connection with customer owned metering

A customer requires a modification e.g. amendment of flow rate and , ramp rates to an existing Industrial Consumer where National Grid owns the ROV installation but the Metering Installation is owned by a 3<sup>rd</sup> party.

Indicative Costs (at the time of publication):

Application Fee for a Full Connection Offer	£121,000
<i>(Connection Criteria is Medium)</i>	(reconciled against FCO outturn costs)
Construction Works	Determined by the feasibility and conceptual design studies
Total Estimate	£ tbd

#### Notes:

1. The scope of works above will only consider the impacts to the National Grid owned connection assets. The customer will be responsible for ensuring that the customer owned Metering assets are fit for purpose following the connection modification.
2. All costs shown include applicable overheads, are Estimated Costs and are provided for guidance purposes only.
3. The Fee is paid by the customer at the time it submits its Connection Application. The Application Fee will be reconciled against the outturn costs incurred by National Grid in providing the Full Connection Offer. The customer will either pay, or be refunded, the cost differential three months after the offer is accepted, rejected (or lapses).
4. The example may be affected by the customer's requirements or complexity associated with specific projects. The actual costs will be charged (in full) to the customer.
5. Charges shown in these examples do not include VAT, which may be applicable.



## **Annex B – Contact information**

### **Address for specific connection enquiries**

Any enquiries relating to specific connection projects should be sent to the address given below.

Gas Customer Manager

Transmission Commercial  
Customer Services  
National Grid  
Warwick Technology Park  
Warwick  
CV34 6DA

[www.nationalgrid.com](http://www.nationalgrid.com)

or by email to

[transmissionconnections@nationalgrid.com](mailto:transmissionconnections@nationalgrid.com)