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1<sup>st</sup> August 2008

Dear Colleague,

## **NOTICE OF REVISED CONNECTION CHARGES**

National Grid is introducing a number of changes to connections charging, pursuant to the relevant objectives within paragraph 5 of Condition 4B of our Gas Transporter Licence:

Standard connection charges for mains connections for UIP / iGT-laid infrastructure will be increased by 13.6% with effect from 1 October 2008. Other existing standard connection charges will remain unchanged. However, a 13.6% increase will also be reflected in all bespoke quotations for connections services from that date. This change is due to the inclusion of a 12% gross profit margin<sup>1</sup> within charges for contestable connections services, in line with paragraph 5(c) of Condition 4B, which now contains a provision for a reasonable profit element, where enabled by the Gas Act.

It is National Grid's view that the inclusion of the above level of margin is an appropriate response to this change in our Licence, given our obligation to facilitate competition in the provision of connection services.

In addition, with effect from 3 November 2008, in line with paragraph 5(c) of Condition 4B, we are introducing more cost-reflective standard charges which aim to directly reflect the gas transporter costs associated with the processing of connection requests in respect of self-connections for UIP / iGT-laid Infrastructure and other bespoke service connections.

The above changes will be reflected in our connections charging methodology, in respect of which a revised statement has been submitted to Ofgem, in accordance with paragraphs 6 and 7 of Condition 4B. This will be published with effect from 1 October 2008.

The new standard charges are shown in the attached appendixes. Should you have any questions or require clarification on the information provided, please contact me.

Yours sincerely

David W Chalmers  
Connections Pricing Manager

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<sup>1</sup> Margin element is calculated as 12% of total recovery, i.e. cost pre margin x  $(1/(1-0.12)) = 113.6\%$

## APPENDIX 1 – Standard Connection Charges Effective from 1 October 2008

Table 1 – UIP/iGT Mains Connection Charges from 1 October 2008 (excl. VAT)

<b>NORTH WEST</b>						
Offtake Dia. (mm)	Parent Main Diameter (PE Mains)					
	63mm	90mm	125mm	180mm	250mm	315mm
63	£840	£840	£840	£840	£840	£840
63+LV	£900	£900	£900	£970	£970	£970
90		£900	£1,010	£1,070	£1,070	£1,140
90+LV		£1,070	£1,140	£1,190	£1,190	£1,260
125			£1,180	£1,490	£2,090	£2,510
125+LV			£1,340	£1,600	£2,200	£2,630
180				£2,220	£3,060	£3,760
180+LV				£2,570	£3,160	£3,860
In line	£840	£840	£1,060	£2,100	£2,230	£3,060

  

Offtake Dia. (mm)	Parent Main Diameter (Metallic Mains)					
	2 inch	3 inch	4 inch	6 inch	8 inch	10 inch
63	£840	£830	£830	£840	£840	£840
63+LV	£900	£890	£890	£900	£900	£900
90		£1,070	£1,070	£1,080	£1,070	£1,140
90+LV		£1,240	£1,250	£1,260	£1,250	£1,260
125			£1,350	£1,500	£1,490	£1,910
125+LV			£1,580	£1,600	£1,600	£2,020
180				£2,470	£2,450	£3,160
180+LV				£2,670	£2,690	£3,400
In line	£840	£1,010	£1,240	£2,220	£2,340	£3,160

  

<b>WEST MIDLANDS</b>						
Offtake Dia. (mm)	Parent Main Diameter (PE Mains)					
	63mm	90mm	125mm	180mm	250mm	315mm
63	£910	£910	£910	£1,260	£1,260	£1,820
63+LV	£970	£970	£970	£1,320	£1,320	£1,940
90		£1,810	£2,070	£3,170	£3,170	£4,010
90+LV		£2,050	£2,180	£3,300	£3,300	£4,140
125			£2,080	£3,310	£3,770	£4,610
125+LV			£2,180	£3,420	£4,020	£4,730
180				£3,330	£4,050	£5,020
180+LV				£3,550	£4,270	£5,260
In line	£980	£1,820	£1,970	£3,230	£3,340	£4,730

  

Offtake Dia. (mm)	Parent Main Diameter (Metallic Mains)					
	2 inch	3 inch	4 inch	6 inch	8 inch	10 inch
63	£910	£900	£970	£1,260	£1,260	£1,820
63+LV	£970	£950	£1,090	£1,320	£1,320	£1,940
90		£2,050	£2,190	£3,180	£3,170	£4,010
90+LV		£2,150	£2,310	£3,300	£3,300	£4,130
125			£2,190	£3,180	£3,310	£4,010
125+LV			£2,420	£3,280	£3,420	£4,130
180				£3,440	£3,430	£4,410
180+LV				£3,780	£3,670	£4,650
In line	£840	£1,920	£2,070	£3,340	£3,450	£4,830

APPENDIX 1 – Standard Connection Charges Effective from 1 October 2008

<b>EAST OF ENGLAND</b>						
Offtake Dia. (mm)	Parent Main Diameter (PE Mains)					
	63mm	90mm	125mm	180mm	250mm	315mm
63	£830	£840	£840	£1,110	£1,110	£1,820
63+LV	£890	£900	£900	£1,170	£1,170	£1,940
90		£1,810	£2,060	£2,890	£2,890	£3,730
90+LV		£1,900	£2,180	£3,010	£3,010	£3,840
125			£2,080	£2,890	£3,490	£4,330
125+LV			£2,170	£3,000	£3,600	£4,440
180				£2,910	£3,750	£4,320
180+LV				£3,260	£3,990	£4,560
In line	£840	£1,680	£1,820	£2,800	£2,910	£4,160

  

Offtake Dia. (mm)	Parent Main Diameter (Metallic Mains)					
	2 inch	3 inch	4 inch	6 inch	8 inch	10 inch
63	£830	£830	£830	£1,180	£1,180	£1,820
63+LV	£890	£890	£890	£1,240	£1,240	£1,940
90		£2,050	£2,050	£2,890	£2,890	£3,730
90+LV		£2,150	£2,160	£3,010	£3,010	£3,840
125			£2,180	£3,020	£3,020	£3,730
125+LV			£2,270	£3,140	£3,140	£3,830
180				£3,150	£3,150	£3,840
180+LV				£3,360	£3,390	£3,940
In line	£840	£1,920	£1,930	£2,910	£3,020	£4,260

<b>LONDON</b>						
Offtake Dia. (mm)	Parent Main Diameter (PE Mains)					
	63mm	90mm	125mm	180mm	250mm	315mm
63	£1,200	£1,190	£1,200	£1,450	£1,450	£2,220
63+LV	£1,260	£1,250	£1,280	£1,520	£1,520	£2,240
90		£1,660	£1,760	£2,150	£2,230	£3,910
90+LV		£1,890	£1,860	£2,250	£2,340	£4,020
125			£1,830	£2,150	£2,750	£4,510
125+LV			£1,970	£2,260	£2,860	£4,630
180				£2,820	£3,020	£4,470
180+LV				£3,160	£3,150	£4,580
In line	£1,190	£1,560	£1,630	£2,480	£2,650	£6,950

  

Offtake Dia. (mm)	Parent Main Diameter (Metallic Mains)					
	2 inch	3 inch	4 inch	6 inch	8 inch	10 inch
63	£1,200	£1,250	£1,280	£1,450	£1,450	£2,230
63+LV	£1,260	£1,350	£1,380	£1,530	£1,530	£2,310
90		£1,890	£1,950	£2,140	£2,230	£4,010
90+LV		£2,010	£2,060	£2,250	£2,340	£4,130
125			£2,050	£2,150	£2,240	£4,020
125+LV			£2,180	£2,260	£2,350	£4,140
180				£2,820	£2,820	£4,030
180+LV				£3,160	£3,150	£4,260
In line	£1,190	£1,770	£1,750	£2,690	£2,820	£7,190

## APPENDIX 2 – New Standard Charges Effective from 3 November 2008

<b>Standard Processing Charges for Mains Connections and Bespoke Service Connections from 3 Nov 2008 (excl. VAT)</b>		
<b>1</b>	<b>Mains Connection - iGT CSEP</b>	<b>£100.00</b>
<b>2</b>	<b>Mains Connection - UIP Connection / Self-Connection</b>	<b>£140.00</b>
<b>3</b>	<b>Bespoke Service Connection</b>	<b>£40.00</b>