

INTRODUCTION OF A NEW CONNECTION RELATED CHARGE FOR THE ADOPTION OR TAKING OWNERSHIP OF BELOW 7 BARG. ASSETS FROM NON GIRS REGISTERED UTILITY INFRASTRUCTURE PROVIDERS (UIPs). (UIP/GT Briefing Note 5)

1.0 Introduction.

Cadent offers a service to adopt or take ownership of gas pipes where they are laid by UIPs. Cadent has always charged in respect of the taking ownership of above 7 bar assets, however no charge has been made in respect of below 7 bar assets. Cadent is now introducing cost reflective charges in respect of below 7 bar assets as a result of the establishment of the GIRS.

GIRS is a cost effective way of ensuring that UIPs wishing to construct apparatus have the required capability to design and construct assets that are fit for purpose. UIPs who are GIRS registered follow a streamlined job specific validation process. Non GIRS registered UIPs must provide a full safety, quality, competency and method statement submission on a job by job basis for validation by Cadent. In addition, projects constructed by non GIRS registered UIPs must be audited on a job specific basis to ensure fitness for purpose prior to adoption or taking ownership by Cadent.

From 1st January 2003 Cadent's business processes in respect of asset adoption, will change to reflect the progress that has been made within the connections industry and ensure cost reflectivity between projects submitted by GIRS registered and non GIRS registered UIPs. The key changes are as follows:

- Cadent will continue to adopt or take ownership of below 7 bar assets from GIRS registered UIPs with the appropriate GIRS scope, free of charge.
- Cadent will levy a charge for the additional validation and on site auditing when it is requested to adopt below 7 bar assets from non GIRS registered UIPs.

To reduce administration costs, standard charges for the validation of assets from non GIRS registered UIPs will be applied subject to eligibility. Bespoke charges will be applied in respect of ineligible below 7 bar assets that are proposed for adoption or taking ownership.

This change in charging methodology has been the subject of a public consultation during which time the proposals received support from various participants in the gas connections industry.

Cadent's Condition 4 Statement and Cadent's Connection Services Charges Document will be amended as appropriate to reflect the changes prior to the effective date.

Cadent's Connection Services Charges Document is available by accessing [www.cadentgas.com /Gas/Charging/Connection Charges/Publications](http://www.cadentgas.com/Gas/Charging/Connection%20Charges/Publications).

2.0. Notification of charge, and the Processing of Payments for the Adoption of Assets from Non GIRS registered UIPs received by Cadent.

The new arrangements will apply for all UIP quotation requests received by Cadent after close of business on 31st December 2002.

The appropriate charge for the adoption of assets from non GIRS registered UIPs will be detailed in the “other costs” section of the charged costs breakdown within the quotation where applicable. The UIP will be notified of charge in “Adoption of Assets Charge Letter (CONN_FM157)”, which will be issued to the UIP with the quotation documentation where applicable.

The charge is as detailed in the Cadent Connection Services Charges Document.

Payment for the additional work in respect of the adoption of assets service from UIPs not registered with the GIRS, will need to be submitted by the UIP as part of the acceptance documentation as detailed in the “Payment Schedule” where the UIP has not passed credit checking. A cheque for either the charge (including VAT as applicable) should be submitted, made payable to 'Cadent Gas Ltd'. Cadent will process the acceptance as normal and issue a pre - paid invoice as receipt of payment of the adoption of assets charge.

Where Cadent receives either an incorrect payment or no payment in respect of an applicable adoption of assets charge and the UIP has not passed credit checking, then Cadent will issue an “Invalid Acceptance Letter” detailing the reason and the outstanding amount required. The acceptance will not be progressed until payment in full of the applicable adoption of assets charge has been received by Cadent.

3.0 Contacts

In the first instance UIP customers should contact the relevant Network Customer Manager for guidance.