

Third Party Connections (IGT & UIP) Standard Administration Charges

1. Introduction

In 2008 an administration charge for processing connections requests to the network from third party companies (Independent Gas Transporters (IGTs) & Utility Infrastructure Providers (UIPs)) was introduced. The purpose of the administration charge is to recover the costs associated with processing connections requests.

Since the implementation of the administration charges, they have been reviewed twice, in 2013 and 2018. This briefing note provides details around the charges and a breakdown of what's included in the cost.

2. Previous Charges

The previous charges shown in Table 1 were previously applied for the administration tasks on both fast tracks and quotations. This did not recognise the additional effort required for quotations. In addition to this, quotations were only charged if accepted, resulting in 74% of the costs involved in producing quotations not being recovered.

Table 1: Previous charges for third party connections administration[#]

Customer Type	Work request method		
	Manual	Portal	Portal & Pre Authorisation
IGT	£66	£50	£43
UIP (<63mm*)	£83	£66	£60
UIP (≥63mm*)	£123	£106	£100

[#]NB. These charges are applied for both fast tracks and quotations

3. New standard administration charges

To reflect the different effort requirements between fast tracks and quotations, there are different administration charges for each (see 3.1 and 3.2 for further detail).

The new prices are calculated in accordance with [Cadent's Charging Methodology](#), as approved by Ofgem. The charges are calculated based upon an end-to-end analysis of the third party connections administration process, carried out primarily by our Customer Performance and Data Assurance teams, which incorporate the following activities:

- Input and processing of connections request
- Land enquiries
- Design authorisation
- Network analysis
- Clearance to proceed
- Payment processing
- Data and completion file validation
- Records update and digitisation

* Pipe diameter

A detailed list of tasks can be found in **Appendix A**.

The current administration charges follow the previous scope, meaning the charge is applied to all requests submitted under the *UIP connection, service disconnection and service alteration agreement* or the *Inter-gas transporter connection agreement*.

These charges are cost reflective and a profit element is not included. To ensure an accurate and fair charge is applied, there are two separate pricing structures for fast tracks and quotations.

3.1. Billing and charges for fast tracks

For fast tracks, charges are applied at fast track acceptance and are billed one month in arrears.

Where a UIP submits a fast track request for a CSEP (governed by the relevant terms and conditions and agency agreement) the IGT will be invoiced for the request. Table 2 outlines who will be invoiced in each scenario and Table 3 shows the current charges.

Table 2: Party to be invoiced for fast tracks

	Submitted by IGT	Submitted by UIP
CSEP	IGT invoiced	IGT invoiced
Non CSEP	N/A	UIP invoiced

Table 3: Third party connections administration charges for fast tracks

Principle Customer	Work request method		
	Manual	Portal	Portal & Pre Authorisation
IGT (CSEP)	£113	£101	£68
UIP (Non CSEP) <63mm*	£134	£122	£89
UIP (Non CSEP) ≥63mm*	£154	£142	£109

3.2. Billing and charges for quotations

The charges for quotations are applied once the quotation is produced and are billed one month in arrears.

Where a UIP submits a quotation request for a CSEP (governed by the relevant terms and conditions and agency agreement) the UIP will be invoiced for the request.

If required, the UIP can amend which IGT will be the Gas Transporter for the site upon acceptance of the quotation. Where an IGT is not specified upon acceptance, the acceptance will not be valid. Cadent will notify the UIP and the job will be acceptance rejected.

* Pipe diameter

Table 4 outlines who will be invoiced in each scenario and Table 5 outlines the current charges.

Table 4: Party to be invoiced for quotations

	Submitted by IGT	Submitted by UIP
CSEP	IGT invoiced	UIP invoiced
Non CSEP	N/A	UIP invoiced

Table 5: Third party connections administration charges for quotations

Principle Customer	Work request method	
	Manual	Portal
IGT (CSEP)	£224	£210
UIP (Non CSEP) <63mm*	£250	£236
UIP (Non CSEP) ≥63mm*	£266	£252

Additional credit checks will be carried out on all UIPs to ensure the maximum allowed credit limit will not be exceeded. If as a result of these checks a concern is identified, it will be raised directly with the UIP to decide the best solution.

4. Land Enquiries

Land enquiries remain free of charge. Land enquiries can be submitted to check load availability on the network for multiple load options and connection points (maximum of 3 each).

5. Change in load requests

A change-in-load request for an existing, connected CSEP is not usually chargeable, unless there is a requirement to change the design of the CSEP, for example an upsize of pipework.

6. Implementation

The revised charges were implemented effective of 22nd January 2018.

7. Review of the charges

These charges will be reviewed initially in July 2018. Once the initial review has been completed these charges will be reviewed annually, and will be subject to RPI increase.

8. Questions

Any queries can be sent to Box.SD.igtanduicontractsupport@cadentgas.com.

* Pipe diameter

Appendix A - Tasks involved in administering third party connections requests

Customer Performance Admin & Design

- Receive request and validate
- Reject job if minimum information not complete[^]
- Receive rejection resolution and validate[^]
- Send for Network Analysis (below 7 bar)
- Send for Network Analysis (above 7 bar)⁺
- Approve/ Reject Design
- Receive rejection resolution, validate and approve design[^]
- Production of a quotation⁺
- Processing of quotation acceptance⁺
- Receive RO/NRO and send to Network Control[^]
- Process Start Date Notification[^]
- Received approved RO/NRO and validate against design approval[^]
- Send approval/ rejection to Network Control
- Administration for Easements[^]
- Determine reinforcement costs⁺
- Calculate if customer contribution to reinforcement cost is required⁺
- Payment processing for Admin Fees

GT UIP Land Enquiry

- Receive request
- Carry out below 7 bar network analysis
- Carry out above 7 bar network analysis[^]
- Administration
- Create and issue response to customer

Network Analysis (below 7bar)

- Carry out Security of Supply network analysis
- Carry out medium pressure tier request^{**}
- Carry out quotation analysis⁺
- Establish reinforcement requirements⁺
- Produce a preliminary reinforcement design⁺
- Carry out RO/NRO network analysis[^]

Network Analysis (above 7bar)

- Carry out above 7 bar network analysis⁺

Network Control

- Administration and Management of the Safe Control of Operations
- Administration of the competency registrations

Data Assurance

- Receive completion file and log on
- Validate completion file
- If additional information is required, reject and notify customer[^]
- Receive rejection resolution and re-validate[^]
- Capture or Digitise pipe(s)[^]
- Administration
- Send final completion letter

**Fast Track Only

[^] Not applicable for all jobs

⁺Quotations Only