

1st June 2010

Dear Colleague,

Northern Gas Networks' Metering Charges from 1st September 2010

Please find attached schedules showing Northern Gas Networks' revised metering charges to apply from 1st September 2010. This notification is provided 3 months in advance of the effective date consistent with the notice period required in Northern Gas Networks' Metering contracts.

Northern Gas Networks' metering charges are regulated by a price control set by Ofgem, the gas industry regulator. Ofgem has set tariff caps for four key metering services and charges for these services must not exceed the tariff caps, which are increased each year by inflation (RPI).

The revised rental charges effective from 1st September 2010 incorporate a pricing decrease of 1% in respect of inflation. The domestic annual charges are set to the regulated tariff caps and are £14.58 for a credit meter, £34.02 for a prepayment meter. The transactional charge for a customer requested domestic meter exchange is capped at £59.66. The charge for a daily meter reading service is capped at £440.87 has also been reduced by 1%.

Northern Gas Networks is also adjusting its transaction charges for meter works to reflect underlying costs.

The revised charges effective from 1st September 2010 will be published on Northern Gas Networks' Internet site <http://www.northerngasnetworks.co.uk>. If you have any questions about the new charges, please contact:

Gareth Mills
Commercial Manager
Tel: 0113 397 5327
Email: gmills@northerngas.co.uk

Yours sincerely

Stephen Parker
Commercial Operations Director

Annual Rental Charges

The tables in this section show the annual charges, expressed both in £ sterling per annum for general purposes, and in pence per day for billing purposes.

Low, Medium and Intermediate Pressure Metering Installations (<= 7barg)

Domestic Size Meters (Meter capacity less than 11 scmh)

	Credit Meter		Prepayment Meter	
	pence per day	per annum	pence per day	per annum
Provision	2.4411	£8.91	2.6513	£9.68
Installation	1.3883	£5.07	1.3883	£5.07
Maintenance	0.1651	£0.60	5.2809	£19.28
Total	3.9945	£14.58	9.3205	£34.02

Larger Diaphragm Meters

Capacity (scmh)	≥11<21	≥21<29	≥29<51	≥51<79	≥79<121	≥121
per annum						
Provision	£33.24	£57.09	£71.65	£136.27	£209.96	£228.67
Maintenance	£3.47	£3.78	£4.96	£7.28	£14.40	£28.60
Total	£36.71	£60.88	£76.61	£143.55	£224.36	£257.27
Pence per day						
Provision	9.1065	15.6421	19.6309	37.3350	57.5245	62.6486
Maintenance	0.9504	1.0368	1.3586	1.9932	3.9448	7.8359
Total	10.0570	16.6789	20.9895	39.3283	61.4693	70.4845

Rotary Meters

Capacity (scmh)	<28	≥28<57	≥57<113	≥113<170	≥170<226	≥226<396
per annum						
Provision	£98.79	£128.79	£150.90	£225.16	£278.46	£429.95
Maintenance	£134.24	£134.85	£162.77	£164.04	£164.71	£164.96
Total	£233.02	£263.64	£313.67	£389.19	£443.17	£594.91
Pence per day						
Provision	27.0648	35.2854	41.3417	61.6868	76.2910	117.7949
Maintenance	36.7774	36.9454	44.5940	44.9419	45.1247	45.1955
Total	63.8422	72.2308	85.9357	106.6287	121.4157	162.9904

Rotary Meters (cont.)

Capacity (scmh)	≥396<509	≥509<792	≥792<1,358	≥1,358<1,810	≥1,810
per annum					
Provision	£469.29	£631.86	£682.38	£874.91	£1,474.73
Maintenance	£193.83	£195.43	£199.93	£633.27	£637.12
Total	£663.12	£827.29	£882.31	£1,508.18	£2,111.85
Pence per day					
Provision	128.5719	173.1128	186.9533	239.7000	404.0350
Maintenance	53.1035	53.5429	54.7754	173.4990	174.5546
Total	181.6754	226.6556	241.7287	413.1991	578.5896

Turbine Meters

Capacity (scmh)	<283	≥283<509	≥509<792	≥792<1,216	≥1,216<1,952
per annum					
Provision	£309.27	£446.88	£631.13	£806.23	£906.33
Maintenance	£483.71	£502.64	£516.74	£536.80	£557.90
Total	£792.98	£949.52	£1,147.87	£1,343.03	£1,464.23
Pence per day					
Provision	84.7327	122.4330	172.9123	220.8853	248.3098
Maintenance	132.5229	137.7094	141.5720	147.0682	152.8503
Total	217.2556	260.1424	314.4843	367.9535	401.1601

Capacity (scmh)	≥1,952<3,027	≥3,027<4,894	≥4,894<8,119	≥8,119
per annum				
Provision	£1,416.90	£1,877.29	£2,267.26	£2,792.26
Maintenance	£581.56	£603.56	£618.88	£650.43
Total	£1,998.46	£2,480.85	£2,886.14	£3,442.69
Pence per day				
Provision	388.1924	514.3258	621.1668	765.0033
Maintenance	159.3312	165.3581	169.5568	178.1990
Total	547.5236	679.6838	790.7236	943.2023

High Pressure Metering Installations (>7 barg)

Capacity (scmh)	< 10,192	≥10,192<14,906	≥14,906<25,878	≥25,878<36,866
per annum				
Provision	£4,202.50	£4,452.34	£4,452.34	£6,238.69
Maintenance	£6,565.61	£7,208.91	£8,673.82	£6,487.13
Total	£10,768.11	£11,661.25	£13,126.16	£12,725.82
Pence per day				
Provision	1,151.3705	1,219.8183	1,219.8183	1,709.2288
Maintenance	1,798.7971	1,975.0442	2,376.3901	1,777.2962
Total	2,950.1676	3,194.8625	3,596.2084	3,486.5250

Capacity (scmh)	≥36,866<63,524	≥63,524
£ per annum		
Provision	£6,435.47	£5,929.40
Maintenance	£7,774.55	£14,691.74
Total	£14,210.03	£20,621.14
Pence per day		
Provision	1,763.1432	1,624.4931
Maintenance	2,130.0145	4,025.1351
Total	3,893.1576	5,649.6282

Volume converters (Correctors)

	Pence per Day	per annum
Provision	35.2471	£128.65
Installation	14.2091	£51.86
Maintenance	24.0013	£87.60
Total	73.4574	£268.12

Dataloggers (This charge excludes the daily meter reading charge set at the tariff cap)

	Pence per day	£ per annum
Provision	9.7527	£35.60
Installation	43.5225	£158.86
Maintenance	65.8368	£240.30
Total	119.1120	£434.76

Transactional Charges

These charges replace those set out in Table 2.3 of the "Metering Charges statement from 1st September 2009"

Any work downstream of the outlet of the meter is excluded unless specifically mentioned. In all cases, service pipe installation, alteration and disconnection and meter box provision is excluded and will be subject to additional charges.

Domestic-Size Meters

The following charges relate to domestic-size meter installations, where the meter capacity is less than 11 standard cubic metres per hour (scmh).

Installation of domestic meters

Title	Description	Charge
Install domestic credit meter	Includes time and materials (pressure controlling equipment, flexible connector, etc) required to install a domestic credit meter. Excludes the cost of the meter itself.	£69.04
Install domestic prepayment meter	Includes time and materials (pressure controlling equipment, flexible connector, etc) required to install a prepayment meter. Excludes the cost of the meter itself. Includes commissioning of the meter module in current (TGB) format and the use of a blank gas card where no Supplier gas card is on site.	£75.08

Customer requested domestic meter exchange

Title	Description	Charge
Customer requested exchange *	Includes time and materials required to exchange a credit meter to prepayment or a prepayment meter to credit. Excludes the cost of the meter itself. Includes up to 1 metre of additional inlet pipework and up to 2 metres of additional outlet pipework where an ETM cannot be installed in the place of an existing credit meter. Includes testing (excludes any trace and repair work), purging and re-lighting.	£59.66

* Set to level of the tariff cap.

Ofgem domestic meter accuracy test

Title	Description	Charge
Ofgem accuracy test	Includes transportation of the meter and time and materials required to exchange a meter. Includes secure transportation box. Excludes the cost of the meter itself and of the accuracy test. Includes testing (excludes any trace and repair work), purging and re-lighting.	£122.61

Exchange damaged meter

Title	Description	Charge
Exchange damaged meter	Includes time and materials required to exchange a damaged meter. Excludes the cost of the meter itself. Includes testing (excludes any trace and repair work), purging and re-lighting.	£59.04

Meter position alteration

Title	Description	Charge
Alter position of meter only (no service pipe modification) *	Includes time and materials required to exchange a damaged meter. Excludes the cost of the meter itself. Includes testing (excludes any trace and repair work), purging and re-lighting.	£97.62

* Additional outlet pipe work, in excess of 2m, will be charged at current labour and materials rates in addition to the above charges.

Meter removal, clamping and collars

Title	Description	Charge
Remove meter	Remove domestic-size meter.	£50.42
Fit or remove clamp (Lock) *	Fit or remove clamp to/from domestic-size meter.	£57.24
Fit security collar to meter	Fit North of England DN-supplied security collar.	£32.43

* Northern Gas Networks Limited supplied clamps and locks can only be fitted and removed by authorised North of England DN operatives.

Northern Gas Networks Limited Craft Person (CP) hire

Title	Description	Charge
CP Hire – Half Day *	Half day North of England DN Craft Person hire.	£279.52
CP Hire – Full Day *	Full day North of England DN Craft Person hire.	£524.06
CP Hire – Hourly rate (normal hours) *	North of England DN Craft Person hourly rate.	£69.88
CP Hire – Hourly Rate (out of hours) *	North of England DN Craft Person hourly rate.	£104.82

* All work shall be carried out in accordance with “General Conditions of Contract for Adversarial Meter Works”. These charge rates also apply in respect of purging meters and downstream installations.

Large Size Meters

The following charges relate to installation and removal of larger diaphragm meters. These charges apply only in respect of standard low pressure installations, where no enhancements (e.g. bypasses) are required.

Large diaphragm meter installation charges

Capacity (scmh)	≥11<21	≥21<29	≥29<51	≥51<79	≥79<121	≥121
Meter only	£146.51	£175.86	£294.06	£638.01	£808.16	£909.73
Meter and housing	£402.91	£584.89	£721.02	£1,584.19	£1,809.92	£1,911.50

Note 1: These charges also apply where a smaller meter is exchanged for a larger meter. In these cases the applicable rate will be that corresponding to the new meter.

Note 2: Housing charges do not include the costs for explosion relief roofs or for the construction of bases to support the housing. Quotations should be requested if these options are required.

Large diaphragm meter removal charges

Capacity (scmh)	≥11<21	≥21<29	≥29<51	≥51<79	≥79<121	≥121
Meter removal	£152.37	£152.37	£230.29	£230.29	£319.56	£323.37
Adversarial meter removal*	£152.37	£152.37	£230.29	£230.29	£319.56	£323.37

* **Note:** Further charges will apply for any additional time (such as waiting time or purging) or materials in connection with adversarial meter removals.

Large diaphragm meter Accuracy tests

Capacity (scmh)	≥11<21	≥21<29	≥29<51	≥51<79	≥79<121	≥121
Ofgem accuracy test*	£101.16	£106.30	£219.63	£219.63	£321.14	£321.14

* **Note:** Includes transportation of the meter and time and materials required to exchange a meter. Includes secure transportation box. Excludes the cost of the meter itself and of the accuracy test. Includes testing (excludes any trace and repair work), purging and re-lighting.

Other Metering Charges

All other charges for work on industrial and commercial size meter installations, dataloggers and volume converters will be quoted on an individual basis.

Transfer of title of in-situ ancillary equipment

Where a Northern Gas Networks Limited meter is removed and replaced by a meter belonging to another operator the supplier may elect for the transfer of the title to the relevant Supplier of Northern Gas Networks Limited in-situ ancillary equipment in accordance with contract. Conditions apply regarding the components that may be retained in-situ. For clarification this change excludes the meter.

Standard low pressure domestic-sized meters

Standard charge for installation kit (excludes meter)*	£4.01
--	-------

* **Note:** No charge applies for title transfer where the meter installation is exempted from the "install" component of annual rental charges. That is where the installation was made after 1 October 2000.

Standard low-pressure large diaphragm meters – transfer of ancillary equipment

Standard low-pressure diaphragm meter installations are subject to published charge; all other Industrial and Commercial (I&C) Installations are subject to quotation. Charges exclude the meters.

Capacity (scmh)	≥11<21	≥21<29	≥29<51	≥51<79	≥79<121	≥121
Charge *	£126.82	£154.86	£278.60	£535.96	£629.56	£730.88

* **Note:** No charge applies for title transfer where the meter installation is exempted from the “install” component of annual rental charges. That is where the installation was made after 1 April 2001.

Quotation Charges for title transfer of Ancillary Equipment at I&C Installations

Northern Gas Networks Limited will provide quotations, on an individual basis, for the title transfer to the relevant supplier of in-situ ancillary equipment for all medium and high-pressure meters as well as for low-pressure rotary and turbine meters. The charges for making such quotations are;

	Charge per quotation
Quotations based on details of equipment as provided by customer.	£44.54
Quotations based on a North of England DN site survey. *	£111.00

* **Note:** Site survey carried out on request for installations <7 barg.

In the case of Ancillary Equipment with an inlet pressure of 7 barg and above, the cost of the quotation will be on the basis of Northern Gas Networks Limited’s cost of preparing such a quotation. Northern Gas Networks Limited will endeavour to provide a best estimate of such costs in advance.

3. Metering Charging Methodology

In addition to publishing its charges, Northern Gas Networks Limited’s Gas Transporters Licence requires it to publish an explanation of the methods by which and the principles on which its charges are calculated.

Northern Gas Networks Limited’s metering charges are set so that they are in line with the price control set by Ofgem, the gas and electricity market regulator. To achieve price control for metering services, Ofgem has set tariff caps for four key services. Northern Gas Networks Limited’s charges for these services must not exceed the tariff caps, which are increased each year by inflation calculated in accordance with the methodology set out in Northern Gas Networks Limited’s GT licence.

Charges will apply in respect of Northern Gas Networks Limited’s meters in its gas distribution network.

Metering Tariff Caps from 1 September 2010

Service	Tariff Cap
Provide, install and maintain domestic credit meter	£14.58
Provide, install and maintain prepayment meter	£34.02
Customer requested domestic meter exchange	£59.66
DM Daily Meter Reading	£440.87

Charges for domestic meter types

For the 2010/11 formula year, domestic credit and prepayment meter rental charges have been set so that they are equal to the tariff caps. Similarly the customer requested domestic meter exchange and the daily meter reading for daily metered supply points have also been set to the tariff caps.

Charges for Non-Domestic meter types

Other, non-tariff capped, charges are regulated through a non-discrimination condition in Northern Gas Networks' Transporter licence. Northern Gas Networks has reviewed its meter rental charges for larger meters and charges have been amended accordingly. The charges reflect the meter asset management costs which have been experienced. Annual charges have been set to recover these costs over the economic life of the metering assets to minimise the within year increases and resultant impact on customer charges. The charges also reflect some rebalancing between meter asset types to better reflect the underlying costs.

Annual charges for the provision, installation and maintenance of Industrial and Commercial meters vary with meter type and capacity.

Non-domestic meter types

There are presently three main types of Industrial and Commercial meters – diaphragm, rotary and turbine. Other meter types, such as orifice plate meters, are used for specialist applications.

Installations connected to high-pressure systems operating above 7 bar are considerably more complex. They typically include a flow computer and may comprise additional equipment, such as multi-stage pressure reduction, slam shut discrimination and pre-heaters.

Different meter types have different costs, particularly with respect to purchase price and maintenance costs. For example, rotary meters tend to have higher purchase prices than the equivalent turbine meter. Diaphragm meters do not need regular maintenance, unlike rotary and turbine meters, which need to be serviced according to manufacturer's specifications.

Meter capacity

Meter capacity is the main cost driver for a particular meter type. Larger meters have higher purchase prices and typically take longer to install. Larger, higher capacity metering installations also have larger, more costly regulators, valves and connecting pipe work. They may include additional equipment, such as pressure protection systems and filters.

Capacity bands

In order to move from a structure reflecting the costs of individual meter models to one that may be applied to all models of a given type, the charges are expressed in terms of capacity bands. The upper and lower limits of each band were chosen so that the mid-point of the band corresponds to the capacity of the model on which the charge for that band is based.

Model	U16	U25	U40	U65	U100	U160
Capacity	16	25	40	65	100	160
Capacity band	11 to 21	21 to 29	29 to 51	51 to 79	79 to 121	≥121

To assist customers, Northern Gas Networks Limited's meter rental charges are shown broken down to component parts.