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SGN Connections Charging Methodology & 4B Statement - Southern

- Either the twenty year network extension period has expired, or
- The mains contribution has been recovered, or
- They fund sufficient reinforcement to enable the remaining not above 2.196MWh (75,000 therms) per annum premises within the network extension which might connect to gas, to be connected without there being any requirement for any additional reinforcement within the twenty year period.

Illustrative examples of system extensions to fuel poor communities

Example 1

- Existing premises in a village with no gas supply that is classed as fuel poor
- 100 premises in the village, all domestic
- No anticipated difficulties associated with the construction work
- Anticipated aggregate annual consumption (provided all premises in the village connect) is 1,900,000kWh
- Anticipated peak flow rate: 92 standard cubic metres per hour
- Anticipated number of connections within five years is 100
- No requirement for mains reinforcement

Quote details

Based on the assumed penetration level, the individual value of the fuel poor voucher is calculated from the fuel poor test. This is then used to offset the cost of the mains and service infrastructure as described below.

| | |
|---------------------------------------|----------|
| NPV of future transportation | £1,500 |
| Individual value of fuel poor voucher | £1,500 |
| Mains infrastructure | £100,000 |
| Cost of mains per property | £1,000 |
| Cost of services per property | £ 500 |
| Total cost per property | £1,500 |

Each eligible consumer within the project will receive an individual voucher equal in value to the NPV of future transportation income. Within the first five years of the project the consumers may use their voucher to offset the cost of connection. In this example the value of the voucher equals the individual cost of connection. Therefore, no further customer contribution is required.

Example 2

- Existing premises in a village with no gas supply that is classed as fuel poor
- 100 premises in the village, all domestic
- No anticipated difficulties associated with the construction work
- Anticipated aggregate annual consumption (provided all premises in the village connect) is 1,900,000kWh
- Anticipated peak flow rate: 92 standard cubic metres per hour
- Anticipated number of connections within five years is 100
- No requirement for mains reinforcement

Quote details

Based on the assumed penetration level, the individual value of the fuel poor voucher is calculated from the fuel poor test. This is then used to offset the cost of the mains and service infrastructure as described below.

| | |
|---------------------------------------|----------|
| NPV of future transportation | £1,500 |
| Individual value of fuel poor voucher | £1,500 |
| Mains infrastructure | £100,000 |
| Cost of mains per property | £1,000 |

| | |
|-------------------------------|--------|
| Cost of services per property | £ 900 |
| Total cost per property | £1,900 |

Each eligible consumer within the project will receive a voucher equal in value to the NPV of future transportation income. Within the first five years of the project the consumers may use their voucher to offset the cost of connection. In this example the value of the voucher is less than the individual cost of connection. Therefore an additional contribution of £400 per property is required.

Example 3

- Existing premises in a village with no gas supply that is classed as fuel poor
- 80 premises in the village, all domestic, all eligible
- 20 premises in the village non-domestic and not eligible
- No anticipated difficulties associated with the construction work
- Anticipated aggregate annual consumption (provided all premises in the village connect) is 2,500,000kWh
- Anticipated peak flow rate is 115 standard cubic metres per hour
- Anticipated number of connections within five years is 100
- No requirement for mains reinforcement

Quote details

Based on the assumed penetration level, the value of the individual fuel poor voucher is calculated from the fuel poor test. This is then used to offset the cost of the mains and service infrastructure as described below:

| | |
|---------------------------------------|----------|
| NPV of future transportation | £1,500 |
| Individual value of fuel poor voucher | £1,500 |
| Mains infrastructure | £100,000 |
| Cost of mains per property | £1,000 |
| Cost of services per property | £500 |
| Total cost per property | £1,500 |

Each eligible consumer within the project will receive a voucher equal in value to the NPV of future transportation income. Within the first five years of the project the consumers may use their voucher to offset the cost of connection. In this example the value of the voucher equals the individual cost of connection and no additional contribution is required from the domestic consumers. Non-domestic consumers however, will be required to pay their shared mains contribution charge and the full cost of their service, which in this example is £1,500.

Example 4

One-off connection standard charge eligible.

Eligible premise within 23m of a relevant main.

| | |
|-----------------------|--------|
| Fuel poor voucher | £1,500 |
| Gross cost of service | £1,200 |

Gross cost of service is less than the fuel poor voucher. No additional charge is required. Where the gross cost of the service is greater than the fuel poor voucher, a customer contribution will be required to make up the difference.

The value of the Domestic Connection Load Allowance is included in the gross cost of the service connection.

Example 5

Community based project connecting to an IGT where cost of connection is less than NPV of future transportation income:

| | |
|---|--------|
| Cost of mains and services (per customer) | £1,200 |
| NPV of future transportation income | £1,500 |
| IGT receives 40% of NPV of future transportation income | £600 |
| SGN receives 60% of future transportation income | £900 |
| SGN connection contribution to IGT = £1,200 x 60% | £720 |
| Amount put into RAV | £720 |

SGN will make a contribution of £720 towards the fuel poor voucher, which the IGT will use to discount the cost of the connection. This leaves a shortfall of £480 in the cost of the connection, which the IGT can meet by offering a connection discount to the customer.

Example 6

Community based project connecting to an IGT where cost of connection is more than NPV of future transportation income:

| | |
|---|--------|
| Cost of mains and services (per customer) | £1,600 |
| NPV of future transportation income | £1,500 |
| IGT receives 40% of NPV of future transportation income | £600 |
| SGN receives 60% of future transportation income | £900 |
| SGN connection contribution to IGT = 1,500 x 60% | £900 |
| Amount put into RAV | £900 |

SGN will make a contribution of £900 towards the fuel poor discount which the IGT will use to discount the cost of the connection. This leaves a shortfall of £600 in the cost of the connection, which the IGT can meet by offering a connection discount to the customer.

Example 7

One-off connection to an IGT:

One premise located 12m away from the relevant main.

| | |
|--|--------|
| Gross cost of service pipe (standard connection charge plus 10m allowance) | £800 |
| NPV of future transportation income | £1,500 |
| IGT receives 40% of NPV of future transportation income | £600 |
| SGN receives 60% of future transportation income | £900 |
| SGN connection contribution to IGT = £800 x 60% | £480 |
| Amount put into the RAV | £480 |

SGN's connection contribution to the IGT is £480, which leaves a shortfall of £320 in the cost of the connection, which the IGT can meet.

Appendix G - Contact information

Please contact our Customer Service Centre where our dedicated team will be happy to deal with your enquiry:

Post: SGN
Stroma Suite, Grampian House
200 Dunkeld Road
Perth
PH1 3GH

Telephone: 0800 912 1700

Fax: 0800 912 1701

Email: customer@sgn.co.uk

Appendix H - Complaint handling procedure

We always aim to provide the best possible service and if there is a problem, we will do all we can to put things right for you.

If you have a problem with the service you have received, we want to resolve it for you as soon as possible and our Customer Service team is on hand to help.

Step 1

Get in touch with us

You can contact our Customer Service team by emailing customer@sgn.co.uk, or you can use our can live chat facility by using our website sgn.co.uk. You can also reach us on social media by searching for [SGN on Facebook](#) or [@SGNgas on Twitter](#).

If you'd prefer, you can write to us at SGN Customer Service, Stroma Suite, Grampian House, 200 Dunkeld Road, Perth PH1 3GH. Alternatively, if you wish to speak with us you can call 0800 912 1700.

When you contact us, it would be helpful if you could provide us with the following information so we can deal with your complaint more efficiently:

- Full contact details (name, company name (if applicable), address, telephone number and email address)
- Full site location address and postcode
- Any relevant reference numbers

How we aim to put things right

We treat all complaints seriously and confidentially. We will fully investigate your complaint in line with our complaints handling procedure, and we will do this in a courteous, prompt and straightforward manner. Your complaint will be reviewed by our Customer Service team or local depot management team.

We'll provide a substantive response within 5 working days or 10 working days where a site visit or third-party enquiry is required.

What resolution can you expect?

The different resolutions you can expect from our complaints are:

- An apology where we have failed to provide a satisfactory level of service
- An explanation addressing the issue(s) you have raised
- Where required, appropriate remedial action
- Awarding compensation, in the appropriate circumstances, under our Guaranteed Standards of Service as prescribed and monitored by our regulator Ofgem
- If appropriate to the circumstances, award a goodwill payment

Step 2

Escalation to our Head of Customer Experience

If you cannot reach agreement with our Customer Service team or our local depot management team, you can escalate your complaint to our Head of Customer Experience for review.

Our Head of Customer Experience will investigate your complaint fully and provide a substantive written response within 5 working days or 10 working days where a site visit or third-party enquiry is required. Please be aware as part of the review, our Head of Customer Experience may ask for assistance from a local senior manager.

You can contact our Head of Customer Experience by emailing headofcustomerexperience@sgn.co.uk. Alternatively, you can also write to Head of Customer Experience, SGN Customer Service, Stroma Suite, Grampian House, 200 Dunkeld Road, Perth, PH1 3GH.

Step 3

Independent review by the Energy Ombudsman

We recognise we may not always succeed in wholly resolving your complaint. If we cannot agree a satisfactory resolution within eight weeks of you making your complaint, your complaint can be 'deadlocked'. This means we'll send you a letter explaining we've been unable to resolve your complaint to your satisfaction.

If your complaint has been deadlocked or more than eight weeks have passed since your initial complaint, you can contact the Energy Ombudsman. This is a free and independent dispute resolution service for domestic customers, approved by the energy regulator Ofgem. The Energy Ombudsman will investigate your complaint but will expect you to have first approached us and followed our complaints handling procedure. The Energy Ombudsman will make a final decision and inform you of the outcome.

You can contact the Energy Ombudsman by calling 0330 440 1624. Alternatively, you can write to; Ombudsman Services: Energy, PO Box 966, Warrington, WA4 9DF. For further information about the Energy Ombudsman, please visit ombudsman-services.org.

Additional Help and Support

Extra support for those who need it most

We're here to keep you safe and warm all day, every day, whether we're upgrading our network or repairing a gas leak. We offer a range of services to provide extra help for those who need it most, including:

- Our locking cooker valve, which helps keep people with dementia safe in their own home
- Advice on how to protect your family from carbon monoxide poisoning
- Connecting you to our gas network for free or for less through our Help to Heat scheme, if you're struggling to afford keeping your home warm
- Registering you on your energy supplier's Priority Services Register, so you'll receive priority support in a

gas emergency or power cut

If you, or anyone you know, could benefit from any of our free extra help services, please visit sgn.co.uk/extra-help or call our Careline on **0800 975 1818**

Citizens Advice Consumer Helpline

Citizens Advice provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. Its consumer helpline offers advice on issues around your energy supply.

If you are a domestic customer, you can speak to Citizens Advice at any point regarding your complaint by calling **03454 040 506**. For more information and details of other ways to contact Citizens Advice, please visit citizensadvice.org.uk.

At SGN we are always committed to respecting your privacy. For details on how we use your data, please refer to our Privacy Notice on our website sgn.co.uk/privacy-policy.

Our complaints handling procedure is available in different formats and languages by calling our Careline on 0800 975 1818 or emailing customer@sgn.co.uk.