

# SGN Third Party Connections Briefing Note 19

## (Guidance on SCJ process)

### 1 Introduction

Where applicable, when new requests for demand undergo Network Analysis, SGN Third Party Connections will design a specific reinforcement scheme and produce a formal quotation outlining costs associated to required reinforcement.

Where proposed reinforcement is deemed '*Sufficiently Complex*', the formal quotation process will not be followed and to enable a feasible solution and firm costs to be ascertained, a detailed 'Design Study' of the proposal will need to be undertaken by SGN Operations, subject to a fee relevant to the complexity of works.

<7bar reinforcement schemes are deemed '*Sufficiently Complex*' when inclusive of any obstacles on the proposed route expected to exceed £10,000, or where the total construction costs including applicable overheads is expected to exceed £250,000.

Where a request is referred to >7bar LTS Planning and it is identified that >7bar LTS reinforcement or a Transmission Regulator Station (*TRS*) requires investigation, upgrade or replacement, works are automatically an SCJ.

Once quotation costs exceed £250,000 or include >7bar works, they no longer apply to SGN Connections Business Rules, nor Statutory Instrument (*SI*) Standards of Service.

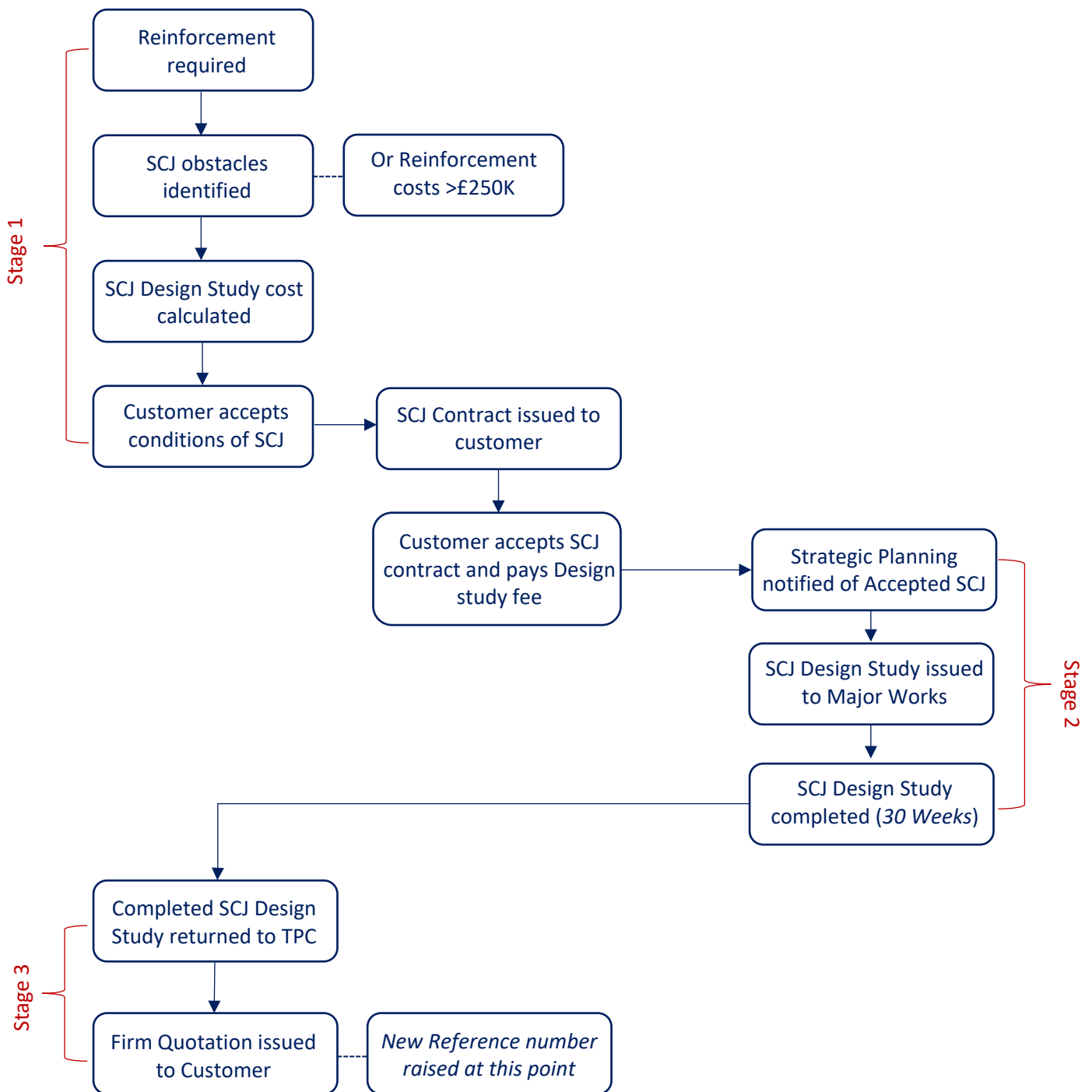
The SCJ Process is split into three stages:

**Stage One:** Stage One determines the least cost reinforcement solution and informs the customer of the requirement to investigate specifically complex issues and costs associated to the Design Study, in the form of an FM078 Letter. If the customer wishes to proceed, a formal SCJ contract is issued, signed and returned alongside payment for the Design Study (*Not yet reinforcement costs*).

**Stage Two:** SGN Strategic Planning are notified of payment of the SCJ Design Study fee and issue works to SGN Major Works, who undertake the Design Study withing 30 Weeks of receipt and return 'firm' reinforcement costs to SGN Strategic Planning.

**Stage Three:** SGN Major projects return costs to SGN Strategic Planning in the form of a completed SCJ Design Study pack – Strategic Planning will appraise the costs and return to Third Party Connections. A new Project Reference Number will be raised at this point, in which the firm costs will be appraised via the economic Test and quoted accordingly.

## 2 Summary of process



### 3 Criteria for SCJ

As per the SGN 4B Standard Charging Methodology Statement, obstacles along the route of proposed reinforcement which warrant an SCJ are the following:

- Works which involve the crossing of, or which are affected by, the presence of motorways, dual carriageways or highways, which have been designated by the Highway Authority to have Special Engineering Difficulties
- Works which involve the crossing of, or which are affected by, the presence of a railway line or tramway
- Works which involve the crossing of, or which are affected by, the presence of a bridge
- Works which involve the crossing of, or which are affected by, the presence of a river, stream, estuary or canal (navigable or otherwise), body of water, aqueduct, or a drainage channel
- Where works are in, or likely to affect, a Site of Special Scientific Interest, nature reserve, scheduled monument or archaeological site
- Where works are situated within, or likely to affect, a woodland, marsh, peat bog or coastal wetland
- A connection to a listed building
- Connections to existing blocks of flats where any service pipe will terminate more than two stories above the adjacent ground level or where internal risers are requested
- Connections to new blocks of flats where any service pipe will terminate more than five stories above the adjacent ground level
- Works which involve any requirement for a public enquiry or planning permission, including planning permission associated with any buildings including meter houses
- Where the route of any apparatus involves a significant (greater than 2m) change in elevation within a short horizontal distance e.g. a cliff or retaining wall
- Where any apparatus will be laid in contaminated ground, disused slag heaps or rubbish dumps
- Where any apparatus will be laid in land likely to suffer from severe subsidence or other significant ground movement including the laying of apparatus near to disused mine shafts / workings
- Where works are likely to be affected by special security provisions, e.g. military bases, prisons etc
- Where works will take place within top tier COMAH (*Control of Major Accident Hazards*) sites
- Where an easement or other legal permit has to be obtained from any person other than the person requesting the works
- Any other works where special difficulties or unusually high costs might occur

## 4 Charging Methodology

Before details of reinforcement works can be formally quoted, a detailed design study must be undertaken by local SGN Operations to ascertain a firm cost and anticipated lead time for the works to be completed. The '*SCJ Design Study charge*' will be ascertained by SGN Third Party Connections and issued to the third party on a formal SCJ FM078 letter. If the third party agrees to the terms in the letter, a subsequent FM079 and SCJ contract is sent to the third party, which once accepted and paid for, initiates the study to be undertaken.

See SGN Third Party Connections Briefing Note 8 (*Guidance on SGN Reinforcement Policy*) for further information.

## 5 Process

SCJs are split into 5 main sections:

### 5.1 Identification of SCJ and customer acceptance of terms

- SGN Third Party Connections undertake Network Analysis of new load and required reinforcement is considered SCJ as per section 2
- SGN issue FM078 letter to the third party stating that SGN will need to produce an SCJ design study before being able to progress the request. Indicative costs and anticipated lead times will be summarised in the letter, which is valid for 30 calendar days
- Third party accept the conditions outlined in the FM078 letter, triggering SGN Third Party Connections to issue a subsequent FM079 letter accompanying the formal SCJ contract
- Third Party accept the cost and conditions of the SCJ contract, signing and returning the physical paperwork and paying the Design Study charge

### 5.2 SCJ Design Study undertaken

- Once the accepted SCJ contract is received by SGN and payment made by the third party, SGN will undertake the required design study. This is a detailed and involved process and may take up to 30 weeks to complete, subject to the complexity of the required reinforcement works

### 5.3 Design Study complete; Firm quote issued

- Once the Design Study is complete, a finalised cost for associated reinforcement will be produced and populated into a formal quotation, under a different reference number to the initial submission

### 5.4 Quotation accepted; reinforcement works undertaken

- Once the firm quotation has been accepted and associated customer costs have been paid in whole or part, where applicable and agreed by SGN, the reinforcement works will begin

## 5.5 Reinforcement complete, third party works may proceed

- Once associated reinforcement has been completed, Third Party Connections will advise the third party that the final connection of third party infrastructure can be made

## 6 Important information

Costs for associated specific reinforcement within a formal quotation are applicable to the SGN Economic Test and therefore may be wholly or partly customer contributable.

During the SCJ process, the requested load and subsequent capacity is not formally secured within SGN systems, and therefore subject to change due to interactivity with associated projects.

Associated reinforcement costs outlined in formal quotations is specific to the requested load, but third parties should be aware that the lead times quoted may related to an SGN-funded enhancement to the solution, not specified within the quote.

As per SGN Terms and Conditions, accepted quotations have a validity period of only 180 days, however where no gas flows within this period due to associated reinforcement, SGN will extend the period beyond this to facilitate the completion of reinforcement works.

Where third party contributable reinforcement costs are excessive, at SGN's discretion, stage payments can be utilised.

As a rough guide, stage payments are usually split into three, as per the below:

- Administration stage – 20% of total cost required
- Materials – 15% of total cost required
- Construction – 65% (*or remainder*) of total cost required

Where available, SGN will permit connections to be made to the SGN network, prior to associated specific reinforcement being completed, subject to an interim load being applicable or a NExA entered into by the end user, under UNC Modification 458 or 420. See SGN Third Party Connections Briefing Note 29 and 30 for further info.

Where reinforcement works are required on the >7bar LTS system, a set of supplementary Terms and Conditions for >7bar LTS works are applicable, available from [www.SGN.co.uk](http://www.SGN.co.uk).

The >7bar Terms and Conditions do not apply to any required <7bar reinforcement works, which are covered by the Standard <7bar Terms and Conditions, also available from [www.SGN.co.uk](http://www.SGN.co.uk).