



National Grid Metering Charges
Valid from 1st April 2007 until 31st March 2008

THE PROVISION AND MAINTENANCE
OF LEGACY METERING EQUIPMENT

AND

THE PROVISION AND MAINTENANCE
OF NEW / REPLACEMENT METERING
EQUIPMENT

nationalgrid

National Grid Meter Services Agreement - Charges Statement

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Foreword

National Grid offers two alternatives to The Provision and Maintenance of Metering Equipment Contract. These alternative contracts are for the provision of domestic sized meters covering Legacy meters and New / Replacement meters. Details of these contracts, including the relevant charges, are available from Kate Elleman who can be contacted by e-mail to metcom@uk.ngrid.com. This document sets out the charges that will apply from 1st April 2007 until 31st March 2008 for the services covered by these contracts.



1. Introduction

National Grid provides gas transportation, metering and meter reading services throughout Great Britain for the companies that supply domestic, industrial and commercial consumers. National Grid is an Ofgem registered Gas Meter Installer and provides a range of meter provision, installation and maintenance services. For further details of these services, please contact the Commercial Manager responsible for metering services on behalf of National Grid, by e-mail to metcom@uk.ngrid.com.

This publication sets out National Grid's charges for meters provided in accordance with the following contracts: Agreement and General Conditions of Contract for;

- THE PROVISION AND MAINTENANCE OF NEW / REPLACEMENT METERING EQUIPMENT, and
- THE PROVISION AND MAINTENANCE OF LEGACY METERING EQUIPMENT

The Legacy contract is based on a commitment to rent a population of meters that is scheduled to decline over a given period. The New / Replacement meter contract is based on a commitment to rent meters to the end of their useful lives. Customers may choose to contract for meters under either or both of these contracts. Alternatively, customers may continue to take metering services under the Network Code and other metering contracts. For signatories to the above contracts the charges detailed in this document will apply instead of the annual charges for domestic sized meters shown in Section 2.2.1 of the National Grid Metering Charges statement.

The latest versions of this publication and the National Grid Metering Charges document are available from our web site at <http://www.nationalgrid.com/uk/metering/>. The charges statement will continue to be published on our web site so long as National Grid provides meters in accordance with the contracts.

¹ Agreement and General Conditions of Contract for; The Provision and Maintenance of Metering Equipment Contract; Transactional Meter Works not exceeding 7 bar; Above 7 bar Transactional Meter Works; Adversarial Meterworks

2. Charges

2.1 Introduction

This section sets out the charges that will apply from 1st April 2007 until 31st March 2008 for domestic sized meters provided in accordance with the following contracts:

Agreement and General Conditions of Contract for;

- THE PROVISION AND MAINTENANCE OF NEW / REPLACEMENT METERING EQUIPMENT, and
- THE PROVISION AND MAINTENANCE OF LEGACY METERING EQUIPMENT.

This document does not override or vary any of the terms agreed under the contracts.

The charges are adjusted each year to take account of inflation and all charges are shown exclusive of VAT.

The charges for all other metering services, including transactional charges for specific meter works, continue to apply in accordance with the terms of National Grid's Network Code and other metering contracts. Charges for these services are available in the National Grid Metering Charges document available from our web site, <http://www.nationalgrid.com/uk/metering/>. For more information on these charges, please contact the commercial team responsible for metering services on behalf of National Grid by e-mail metcom@uk.ngrid.com.

2.2 Annual Rental Charges

Annual charges apply in respect of all metering equipment provided and maintained by National Grid under each of the contracts on a per meter basis.

2.2.1 Legacy Meters

Legacy meters are defined as domestic sized meters provided and installed by National Grid before 1st January 2004. The Legacy Contract defines the number of meters scheduled to be rented by the customer, which declines to zero over a fixed period. If the actual number of legacy meters rented exceeds this scheduled number, annual rental charges are based on the actual number of meters. In the event that the customer's legacy portfolio is less than the scheduled number, total annual rental charges for the portfolio are based on the scheduled number of meters.

Annual rental charges vary with payment mechanism i.e. whether the meter is a credit or a prepayment meter.

Annual rental charges also vary depending on whether a meter was installed on or after the relevant date on which National Grid introduced transaction based installation charges. Accordingly, there are two categories of Legacy meter.

A **Category 1** Legacy Meter is a Legacy Meter provided and installed:

- (i) before 1st October 2000 (in respect of Supply Points consuming up to 73,200 kWh per annum); or
- (ii) before 1st April 2001 (in respect of Supply Points consuming 73,200 kWh per annum and above).

A **Category 2** Legacy Meter is a legacy Meter provided and installed:

- (i) on or after 1st October 2000 (in respect of Supply Points consuming up to 73,200 kWh per annum); or
- (ii) on or after 1st April 2001 (in respect of Supply Points consuming 73,200 kWh per annum and above).

Other than an adjustment to take account of inflation, the charges are fixed until the end of the contract.

2.2.2 New / Replacement meters

A New / Replacement meter is defined as a domestic sized meter provided and installed by National Grid on or after 1st January 2004. Such a meter is classed as a **New** meter if it is installed at a meter point where there is no metering equipment owned by National Grid already installed; otherwise it is classed as a **Replacement meter**. Different charges apply for New and Replacement meters and the charges vary with payment mechanism i.e. whether the meter is a **credit** or a **prepayment** meter.

These charges apply on a year of install basis, i.e. charges for meters installed in any given year are fixed (other than being adjusted to take account of inflation) until the end of their useful lives. Any subsequent changes to charges affect only meters installed in that year – charges for meters installed in previous years are not affected. Charges are calculated on the basis that the useful life of a credit meter is 20 years from installation, and for a prepayment meter it is 10 years from installation. This life applies unless a particular meter population is deemed to need replacing early, for accuracy or safety reasons.

2.3 Premature Replacement Charges

For Legacy meters, Premature Replacement Charges apply if the actual number of meters in a customer's portfolio falls below 90% of the scheduled rental number. The charge applies in respect of the difference between the actual number of meters and 90% of the scheduled number of meters.

For New / Replacement meters, Premature Replacement Charges apply if such a meter is replaced before the end of its useful life unless:

- it is exchanged for another New / Replacement meter and National Grid has levied a transaction charge in respect of the exchange activity; or
- it is removed for reasons of discontinuance or disconnection of the gas supply.

Premature Replacement Charges for New / Replacement meters already installed are increased annually in line with inflation but are reduced each year to take account of their increased age, and will fall to zero over an appropriate period of time reflecting the estimated useful life of the asset. This is currently 20 years for credit meters and 10 years for prepayment meters.

2.4 Meter Termination Charges

Meter Termination Charges are calculated on a per meter basis if either the customer gives notice to National Grid that it wishes to discontinue the contract or if National Grid has reasonable cause and gives notice that the contract with that customer is terminated.

2.5 Invoicing

National Grid Metering produces and issues the invoices derived from the charges shown in this publication. Invoice queries should normally be submitted via SAP Rainbow using the relevant Transaction Type Reason Code as detailed in the Query Submission section of the MAM Manual.

2.6 Tables of Charges – Legacy meters

Table 2.6.1 Annual Rental Charges

Meter classification	Credit Meter		Prepayment Meter	
	Pence per day	£ per annum	Pence per day	£ per annum
Category 1 Legacy Meters	3.2022	£11.72	8.6366	£31.61
Category 2 Legacy Meters	2.2705	£8.31	7.2104	£26.39

Table 2.6.2 Premature Replacement Charge for Category 1 and Category 2 Legacy meters ³

Relevant period	Credit meters	Prepayment meters
1st April 2007 to 31st March 2008	£48.06	£19.74

Table 2.6.3 Meter Termination Charges for Category 1 meters and Category 2 Legacy meters

Relevant period	Credit meters	Prepayment meters
1st April 2007 to 31st March 2008	£68.35	£49.79

³ This table shows the anticipated charge in respect of an average portfolio. In the event that a disproportionate number of 'younger' meters are removed by or on behalf of the customer, an alternative set of Premature Replacement Charges will apply as determined in accordance with the methodology specified in the contract.

2.7 Tables of Charges – New and Replacement meters

Table 2.7.1(a) Annual Rental Charges for meters installed in the period 1st January 2004 to 31st March 2005

Meter class	Credit Meter		Prepayment Meter	
	Pence per day	£ per annum	Pence per day	£ per annum
New Meter	2.2705	£8.31	7.2104	£26.39
Replacement Meter	3.3388	£12.22	8.6366	£31.61

Table 2.7.1(b) Annual Rental Charges for meters installed in the period 1st April 2005 to 31st March 2006

Meter class	Credit Meter		Prepayment Meter	
	Pence per day	£ per annum	Pence per day	£ per annum
New Meter	2.2705	£8.31	7.2104	£26.39
Replacement Meter	3.3388	£12.22	8.6366	£31.61

Table 2.7.1(c) Annual Rental Charges for meters installed in the period 1st April 2006 to 31st March 2007

Meter class	Credit Meter		Prepayment Meter	
	Pence per day	£ per annum	Pence per day	£ per annum
New Meter	2.2705	£8.31	7.2104	£26.39
Replacement Meter	3.3388	£12.22	8.6366	£31.61

Table 2.7.1(d) Annual Rental Charges for meters installed in the period 1st April 2007 to 31st March 2008

Meter class	Credit Meter		Prepayment Meter	
	Pence per day	£ per annum	Pence per day	£ per annum
New Meter	2.2705	£8.31	7.2104	£26.39
Replacement Meter	3.3388	£12.22	8.6366	£31.61

Table 2.7.2(a) Premature Replacement Charges for meters installed in the period 1st January 2004 to 31st March 2005

Meter class	Credit meter	Prepayment meter
New meter	£48.76	£7.61
Replacement meter	£86.10	£26.82

Table 2.7.2(b) Premature Replacement Charges for meters installed in the period 1st April 2005 to 31st March 2006

Meter class	Credit meter	Prepayment meter
New meter	£51.63	£8.70
Replacement meter	£91.16	£30.65

Table 2.7.2(c) Premature Replacement Charges for meters installed in the period 1st April 2006 to 31st March 2007

Meter class	Credit meter	Prepayment meter
New meter	£54.50	£9.77
Replacement meter	£96.23	£34.48

Table 2.7.2(d) Premature Replacement Charges for meters installed in the period 1st April 2007 to 31st March 2008

Meter class	Credit meter	Prepayment meter
New meter	£57.36	£10.86
Replacement meter	£101.29	£38.32

Table 2.7.3(a) Meter Termination Charges for meters installed in the period 1st January 2004 to 31st March 2005

Meter class	Credit meter	Prepayment meter
New meter	£79.31	£96.88
Replacement meter	£116.66	£116.09

Table 2.7.3(b) Meter Termination Charges for meters installed in the period 1st April 2005 to 31st March 2006

Meter class	Credit meter	Prepayment meter
New meter	£83.97	£110.72
Replacement meter	£123.51	£132.68

Table 2.7.3(c) Meter Termination Charges for meters installed in the period 1st April 2006 to 31st March 2007

Meter class	Credit meter	Prepayment meter
New meter	£88.64	£124.56
Replacement meter	£130.37	£149.26

Table 2.7.3(d) Meter Termination Charges for meters installed in the period 1st April 2007 to 31st March 2008

Meter class	Credit meter	Prepayment meter
New meter	£93.31	£138.40
Replacement meter	£137.23	£165.85

3. Explanation of Principles

3.1 Rental Charges

The Monthly Rental Charge in respect of any month shall represent a charge for provision of those meters that are contained within the customer's relevant portfolio during that month and will be calculated by reference to the relevant Annual Rental Charge. The levels of the Annual Rental Charges reflect the specific terms and conditions of the two contracts on offer – a feature of which is the commitment to rent meters for a defined period. The contracts also set out charges for premature replacement of meters and early termination of the contracts.

3.2 Premature Replacement Charges

Premature Replacement Charges are calculated by means of a formula under which, if they become payable, National Grid will recover the net present value of the expected future revenues that would be delivered in respect of a meter less National Grid's estimate of the costs that will be avoided as a result of the meter being replaced. In aggregate for all domestic meters the charges will not be more than their regulatory value.

For Legacy meters, Premature Replacement Charges apply if the actual number of meters in a customer's portfolio falls below 90% of the scheduled rental number. The charge applies in respect of the difference between the actual number of meters and 90% of the scheduled number of meters. An average value for legacy meters is shown in the table, which represents the charge that would normally apply. In the event that a customer removes a disproportionate number of younger legacy meters, calculation of the charge will be in accordance with the methodology specified in the contract. Where a Premature Replacement Charge has been applied the meter is removed from the customer's portfolio.

3.3 Meter Termination Charges

Meter Termination Charges apply where the contract with a customer has been terminated and represent the net present value of the expected future revenues that would be delivered in respect of a meter. Following the payment of such a charge, and while the meter remains continuously within the customer's portfolio, the customer will not be required to pay a rental charge for any of the meters to which the Meter Termination Charge applies.

3.4 Changes to Charges

The charges are subject to indexation on 1st April each year to take account of general price inflation in accordance with the two contracts. The index used will be the Retail Prices Index (all items) (RPI) with January 1987 = 100 base. The source of the RPI index shall be the monthly Office for National Statistics "Focus on Consumer Prices Indices". National Grid reserves the right to adjust the charges if these assumptions change.

Premature Replacement Charges and Meter Termination Charges are also reviewed annually to reflect variations in the average age of the relevant meter portfolio over time.

When reviewing charges for New and Replacement meters, National Grid may also take account of any other relevant factors, including changes in the costs of providing the services. However, the revised charges shall not apply in respect of New and Replacement meters installed prior to the date the revised charges become effective.



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