

National Grid gives notice of a change to its Standard Connections prices and pricing structure from 24 November 2014

We have reviewed our costing structure for our connections services (connecting new customers to the gas network, making alterations, such as moving the gas meter, and disconnecting customers at their request).

Why change?

- The structure of our connection charges has been fixed for a number of years. Feedback from our customers and stakeholders has made it clear the products we were offering did not fully meet their requirements.
- In particular, a recurring issue raised has been the perceived value for money and the size of our pricing bands, with smaller jobs being charged the same price as a more time consuming activity.
- As well as reviewing the structure of our connection charges, we have a licence obligation to ensure our charges reflect the cost of doing the work – protecting customers and not distorting competition.
- With over twelve months of operating under new service contracts, we now have a better understanding of our revised cost base in this new period and are now able to reflect these in our restructured charges.
- In reflecting the new market tested cost base, inflationary pressures over the last 2 years will be factored into the new charges.

What is changing?

Every year Gas Distribution connects around 15,000 new customers to the gas network, makes alterations (such as moving the meter) for 6,000 customers, and at their request, disconnects 2,000 customers.

The charge for these services varies. Costs vary depending on the region (typically costs in the North West are the cheapest and those in London the most expensive). For connections and alterations, the cost is based on the amount of pipework involved. For disconnections the price is based on the diameter of the pipe.

Currently all new connections where the property is less than 130 feet (40 metres) from the highway pay the same charge. The new cost structure splits this into six different bands (0 to 5 metres, 5 to 10, 10 to 15, 15 – 20, 20 to 30 and 30 to 40 metres).

The new structure means that all customers whose property is less than 40 feet (15 metres) from the highway will pay less than they currently do for National Grid to complete the connection to the gas network. Cuts in cost will range from £510 (£425 plus VAT) to £12 (£10 plus VAT). Overall two thirds (63%) of customers whose property is less than 150 feet (40 metres) from the highway will pay less they currently do for National Grid to complete the connection to the gas network (assuming the work volumes stay the same).

Costs for customers where the connection pipework is longer, will increase, reflecting the greater amount of work involved. Customers choosing to complete the excavation and reinstatement works themselves will in most cases see an increase due to our latest understanding of the cost savings involved.

The costs for the vast majority of standard alterations will reduce, with many falling to less than half their current price. 91% of alterations customers will pay less than currently (assuming the work volumes stay the same).

Disconnection costs will all increase, reflecting the costs of the work involved.

Overall around half (47%) of connections customers will pay less than under the current structure (assuming work volumes stay the same).

Where do I go if I have a question?

If you have any questions related to this pricing notice, please contact the Customer Centre on 0870 903 9999.