



**WALES & WEST
UTILITIES**

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13th October 2006

Dear Mr Hopkins

Re: Extension to Gas supply to St Mary Church

Thank you for your letter dated 7th October 2006 to Graham Edwards. As this falls under my responsibility Graham has asked for me to reply to your letter.

Gas mains extensions in to areas not currently supplied by the gas network are known as infills. When we receive a request from a number of customers in a no gas area we look at the community, its layout and design a pipework infrastructure that would supply them.

This is then costed and the infill contribution per customer is determined. WWU are required by Ofgem to recover the costs of mains extensions from customers and in order for a project to go ahead, WWU requires 25% of the customers to pay in advance. Each customer that subsequently connects to the new infrastructure pays the infill contribution. From historical data, only 70% of the number of properties in the catchment area connect. These charges are levied until the cost of the project has been recovered or 20 years have elapsed.

It must also be remembered that the overall cost of connecting to natural gas will include not only the WWU infill contribution for the mains and services, but also the cost of installing or converting the central heating system and appliances.

Whilst there is a high pressure main near the village the cost of connecting to main is expensive (approximately £100,000). The nearest relevant main is 2.5km away in Llamihangel Rise, Llanfeiddan. As this main is so far away the cost of bringing the gas to the village would also be high.

In this case, the individual cost for the mains infrastructure is likely to be in excess of £3000 per property even factoring any opportunity to share excavations with Welsh Water. To this, the cost of the service and installation or conversion of the heating system must be added. In our experience, projects with contributions over £1200 are unlikely to proceed. As such we do not believe that customers will be willing to pay this level of contribution.

24 hour gas escape number
Rhif 24 awr os bydd nwy yn gollwng

0800 111 999*

*calls will be recorded and may be monitored

Wales & West Utilities Limited
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We are currently opening discussions with Ofgem with a proposal to change the way that mains extensions are funded. This would move from individuals funding mains extensions to WWU funding the mains extensions, subject to economic tests, and recovering the costs through transportation charges for all gas users in the WWU Network. Should we be successful in changing the charging methodology we will revisit all infill requests to assess their viability.

I am sorry that I can not offer better news at this time and hope that in the future we may be able to bring gas to the village.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Studley', written in a cursive style.

Andrew Studley

Connections Manager
Wales & West Utilities Ltd