

## Price Policy

This Price Policy is the current Price Policy mentioned in the Network Construction Contract Project Form (Part 2) and (where applicable) elsewhere in the Contract. The policy is effective from 12 January 2009 and forms part of that Contract and will remain in effect unless superseded. It sets out alternative payment arrangements that apply in those cases where the Contract is varied or deemed varied. These arrangements specify the sums expressly due from you under or in connection with the Contract or the approach used for calculating those sums. All sums are due to the Network Operator ("NWO") from the Client immediately upon presentation of an invoice unless the Contract expressly provides otherwise. Unless separate arrangements exist the NWO may authorise an affiliate to collect these sums on its behalf. The sums payable in this Price Policy are cumulative. Where the Client is liable to pay a sum under any of the headings below this shall not preclude a liability to pay any sum under any of the other headings.

**1. Inflation Assumption Adjustment** - Where construction of buildings at the Project is still in progress more than 12 months after the date the Contract became binding ("the first 12 month period") the NWO reserves the right to require a contribution/increased contribution to reflect any increases in costs of any kind charged to the NWO or any of its contractors by any manufacturer or supplier of funds, Equipment, Materials, goods or services or any other third person ("affected costs"). The right to require a contribution/increased contribution shall be exercisable only once for the Project for each category of affected costs in each period of 12 months following the expiry of the first 12 month period. The Client agrees to pay the NWO the contribution/increased contribution including in circumstances where it has transferred, sold or otherwise conveyed its interest in any or all land at the Project.

**2. Damage to Networks (or any part)** - The sum payable by the Client to the NWO will be the cost of repair (including the cost of any emergency services and any statutory compensation payable by the NWO for loss of or failure to transport any energy, signals or water) plus the standard overhead uplift payable by the NWO to any contractor.

**3. Connections to the Network of an Upstream Network Operator** - Where the performance by the NWO or its contractor of any Works is required in the public highway, unless the Client has indicated on the NWO's Pre-Contract Questionnaire the existence of the following circumstances, the NWO reserves the right to require a contribution/increased contribution to reflect the costs incurred (including the cost to any of the NWO's contractors). The circumstances are: compliance with any necessary traffic management schemes, road opening and closure applications, traffic diversion costs, lane rental costs, the performance of the Works (or any part of the Works) in any non standard road surfaces including 'red tarmac' or other specialist finishes, cobbles, yorkstone slabs or similar. The sum payable by the Client will equal the Network Operator's calculation of the additional cost of installation together with the NWO's standard overhead uplift or that of any contractor to whom it has contracted the work. The Client agrees to pay the NWO the contribution/increased contribution incurred as a result of performing such Works in these circumstances. Unless indicated otherwise, the Contract assumes a given level of costs associated with the design and connection of the Works to the Network of the Upstream Network Operator ("Upstream Connection Costs"). In the event that such costs increase, the Client agrees to reimburse the NWO upon request for any such increase.

**4. Variations to Networks (or any part)/or to the use of contractors** - Unless agreed otherwise in the Contract an additional payment arrangement applies where the route, diameter, length and specification of a Network is to be varied for any reason (including owing to revised proximities of buildings) or existing infrastructure is to be diverted. The sum payable by the Client will equal the NWO's calculation of the additional cost of installation together with the NWO's standard overhead uplift or that of any contractor to whom it has contracted the work. Where the Contract assumes that the NWO is to perform any Works but the NWO (or the contractor retained originally by the NWO) is not permitted to carry out those Works owing to the appointment by the Client or any land owner of a different NWO or contractor then (regardless of whether the NWO becomes the operator of the Network or any part) the following alternative payment arrangements apply: (i) a sum shall be payable by the Client to the NWO which will equal the overhead contribution foregone by the NWO (or the contractor as the case may be) as a result of not being permitted to perform the Works. For the purposes of this Policy the sum payable shall be £185 per connection

where the NWO (or its contractor) was originally instructed to perform Works in respect of both a Gas Network and an Electricity Network and £160 per connection in all other cases, (ii) where the NWO has made a Contribution to Works the Client shall, in addition to any payment under (i) pay to the NWO the sum invoiced by the NWO as the figure which the NWO has calculated (in its sole discretion) as being the appropriate proportion of the Contribution.

**5. Buildings Not Constructed** - The Contract is deemed varied should there be any reduction in the number of contracted Commercial or Domestic buildings to be connected to the Network of the NWO. For each building not constructed the NWO retains the right to require a contribution/increased contribution to reflect any increase in the unit costs for performing the Works in respect of those remaining buildings that are connected to the NWO's Network. Unless agreed otherwise in the Contract the Client agrees to pay the contribution/increased contribution including in circumstances where it has transferred, sold or otherwise conveyed its interest in any or all land at the Project. The sum payable by the Client shall additionally be uplifted to include the NWO's standard overhead uplift or that of any contractor to whom it has contracted the work.

**6. Buildings Connected to Another Network Operator** - For each building contracted to be connected to the Network but which are connected to the Network of a NWO which is not a party to the Contract ("the other NWO") the Client agrees to pay the sum of £61 for each utility connection made to the Network of the other NWO. The sum payable by the Client shall additionally be uplifted to include the NWO's standard overhead uplift or that of any contractor to whom it has contracted the work.

**7. Meters** - If any meter is sourced from a person other than the NWO identified on the Project Form Part 1 as being responsible for this, the Contract is deemed to be varied and the sum payable by the Client is £46 per Gas meter and £46 per Electricity meter. If any meter is to be operated by a person other than the Gas NWO or by the Electricity NWO identified on the Project Form Part 1 as the NWO, the Contract is deemed varied and the sum payable shall be £25 per Gas Meter and £25 per Electricity Meter not operated by the NWO. The above sums payable by the Client shall additionally be uplifted to include the NWO's standard overhead uplift or that of any contractor to whom it has contracted the work.

**8. Particular Excavation Works** - Where the NWO is responsible for excavation and/or backfilling the assumption used is that this will be performed in unmade ground. Where this is not the case an alternative payment arrangement applies. The Client shall pay to the NWO a sum to represent the cost to the NWO (or the cost charged to the NWO by any contractor) for excavating and/or backfilling in any finished surfaces (including any base course) or for excavating and/or backfilling in other material which cannot be excavated using a JCB (or similar). Where the NWO is responsible for excavation the assumption used is that the NWO will place excavated soil adjacent to the trench. Should the Client require the NWO to move or re-locate surplus excavated material (whether in unmade ground or finished surfaces) from or within the area of the Project an additional payment arrangement applies. The sum payable by the Client to the NWO shall represent the cost to the NWO (or the cost charged to the NWO by any contractor) to remove or re-locate the excavated material. Where the NWO is responsible for backfilling trenches the assumption used is that it will do so using as-dug material. Where the NWO is, within the area of the Project, required to backfill using imported material (other than imported bed surround materials) in ground not under the public highway an alternative payment arrangement applies. The sum payable by the Client to the NWO shall represent the cost to the NWO (or the cost charged to the NWO by any contractor) for doing so. Where an alternative payment arrangement applies under this paragraph headed "Particular Excavation Works" the NWO's calculation of the additional cost of installation shall additionally be uplifted to include the NWO's standard overhead uplift or that of any contractor to whom it has contracted the work.

**9. Area of Engineering Difficulty** - Where the performance of the Works requires the crossing of a rail line or is to take place within 30 metres of a rail line or where any high pressure pipeline, river, stream, waterway (of any kind), bridge or underpass needs to be crossed, unless the Client has indicated this on the NWO's Pre-Contract Questionnaire, the NWO reserves the right to require a contribution/increased contribution to reflect the costs incurred (including the cost to any of the NWO's contractors). The sum payable by the Client will equal the Network Operator's calculation of the additional cost of installation together with the Network Operator's standard overhead uplift or that of any contractor to whom it has contracted the work.

**10. Technical Standards Assumptions** - Where any of the Technical Standards documents (including any Field Notes or similar Technical documents) assume that the Client will perform certain Works or that Works have been performed to a particular standard or in a particular way, where the Client has failed to satisfy such assumptions an alternative payment arrangement is due from the Client to the NWO. The Client agrees to pay the cost of the NWO in procuring that the assumptions may be met. The sum payable by the Client shall additionally be uplifted to include the NWO's standard overhead uplift or that of any contractor to whom it has contracted the work.

**11. Aborted Costs** - Where the NWO (or its nominee) orders any necessary Equipment or Materials in respect of the Project so as to meet those date(s) for commencing the Works which have been notified to the NWO by the Client ("the start date") the following requirements apply. Where, as at the start date, the Client: (i) has not returned a signed Project Form; or (ii) has not paid in full any Client Contribution (including any Upfront Contribution) due; or (iii) has changed the construction timetable, layout, design or energy requirements of the buildings to be constructed from those shown on the latest Development Plan in force between the Parties immediately prior to the start date, without affecting the enforceability of any other remedies the NWO may have, the Client agrees to reimburse the NWO (or its nominee) for the full cost to the NWO (including any cost levied upon the NWO by any of its contractors) of procuring (and subsequently removing) the Equipment and Materials. The obligation to reimburse shall not arise to the extent that the construction of all or any of the buildings has not been delayed or in the opinion of the NWO (acting reasonably) is not likely to be delayed by more than 180 days from the date of construction assumed at the date the Project was accepted under the Project Acceptance Form or to the extent that the Equipment and/or Materials may nevertheless be used by the NWO at the Project.