

UKOPA/07/0041

Email from Roger Ellis to UKOPA Members dated 17/7/07

Subject: Pipeline Industrial Rates 2010 revaluation

Colleagues,

The 2005 revaluation of industrial rates was a major success for UKOPA and their members. By working together and with the Valuation Office we were able to agree realistic replacement costs for the pipeline portfolio and should have resulted in the majority of members receiving reductions in the rates they would have otherwise been charged and for some substantial rebates on bills already paid in 2005.

The Valuation Office have again approached UKOPA through Phil Glenwright the Shell Property Tax consultant to request that we as UKOPA join the forum. A copy of the letter is attached. It is my belief that this is the correct way to proceed and would recommend it to you.

I propose that we establish a UKOPA working group to represent the members and would like to invite any of you to participate. Although National Grid and the LDZs are not at this time affected by the imposition of pipeline rates in the same way as the petrochemical companies they do form an important source of information and we would therefore welcome some input.

Can you please respond to me by 31 August confirming if your company will be part of the working group and who your representative will be.

Of particular value in this process will be the actual total costs of installation of new pipelines in the period 2003 to 2008, plus any others that will come into service before 2010. The rates (property tax) are derived directly from the agreed estimated replacement cost as at 1 April 2008 the estimate being derived from an examination of actual costs for all pipelines in the period 2003 to 2008.

Phil Glenwright has again agreed to participate in the forum on behalf of Shell and UKOPA for the 2010 revaluation. I am prepared to chair the group, though would welcome any other nominations. Shell will fund Phil's costs and we would visualize members funding their own representatives' participation costs but we will be looking for the costs of any specialist third party services we incur to be recovered jointly from the pipeline operators. There were a small number of companies and largely ourselves that incurred such costs for the 2005 revaluation.

In conclusion I would like you to confirm your support to the plans and if you wish to actively participate in the forum by 31st August 2007 in which case please provide the name and contact details of your representative.

Could you also advise of any new pipelines or diversions that you are aware of that are planned or will be constructed in the 2003-2010 period.

We will arrange our 1st meeting later in 2007 and plan to report progress at the next UKOPA meeting in October 2007

Roger Ellis

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