

Industrial Rates 2010 revaluation

A UK property Tax:

UKOPA/08/0024

Industrial Rates 2010 revaluation

Timetable:

- Dec 07 initial meeting
- April 08 further review
- Dec 08 75% of valuations complete
- Mar 09 100% complete
- Oct 2009 Rating list published and valuations issued
- April 2010 New rates come into force

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The implications/challenge:

- Determining a comparable pipelines basis
- Obtaining reliable costs of comparable pipelines
- Evidence
- The construction costs have increased significantly in recent years.
- The increased tax burden of pipelines

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The non NG projects

- Excelerate Energy Teeside 2.8km 8 ins and 6.5Km 24ins
- Immingham Storage 0.25 and 0.95km 12/14ins
- N Gas Networks 4.75km 18 ins
- BP Energy Hythe 1.4km 8ins

All 2 to 3x the 2005 revaluation cost

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The NG projects

	Project	Build	Length (km)	WT (mm)	Diameter (mm)	Status
1	Bacton to Kings Lynn	2003	68.24	14.30	1220	Completed
2	Wormington to Fiddington	2003				Cancelled
3	Aberdeen to Lochside	2004	50.00	15.91	1220	Completed
4	Ashby Folville to Thurcaston (Leicester)	2005				Completed
5	Ganstead to Asselby	2006	53.00	14.27	1220	Completed
6	Garton to Sproatley	2006	8.00	12.70	900	Completed
7	Ilchester to Barrington	2006			600	In Progress
8	Pannal to Nether Kellet	2007	94.00	14.30	1220	In Progress
9	Milford Haven to Aberdulais	2007	118.00	15.90	1220	In Progress
10	Brecon to Tirley	2007	109.00	15.90	1220	In Progress
11	Harefield to Southall West London	2007	18.50	15.90	1220	In Progress
12	River Exe Tunnel Lympstone to Powderham	2007			600	In Progress
13	Ottery St. Mary to Aylesbeare Pipeline	2008			600	In Progress
14	Aylesbeare to Kenn Pipeline	2008			600	In Progress
15	Fishacre to Lyneham Pipeline	2008			600	In Progress
16	Wormington to Honeybourne Pipeline	2008				Cancelled
17	Wormington to Sapperton Pipeline	2008				Deferred
18	Barton Stacey to Lockerley Pipeline	2008	29.30	12.70	900	In Progress
19	Easington to Ganstead	2008	32.30	15.90	1220	In Progress
20	Asselby to Pannal	2008	62.20	15.90	1220	In Progress
21	Isle of Grain to Gravesend	2008	21.40	12.70	900	In Progress
22	Kings Lynn to Wisbech	2008				Cancelled

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Other Factors:

- The rate of de capitalisation currently 5% may increase
- The level of business rate currently 50p may reduce to 40p with increased values

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What happened at the 2005 revaluation

Summary of Revised 2000 Valuation Scale	
Pipelines up to 24"	
<u>VO/SAA Basis</u>	
Line Pipe Cost	No change to agreed 2000 scale
Coating cost	Minimal change but internal will be added if present. See separate sheet.
Pipe Grade Specification	No change to agreed 2000 scale
Cathodic Protection	No change to agreed 2000 scale (£3/m)
Construction Cost	2" to 6" + 40%, 8" + 50%, 10" to 12" +60%, 14" to 24" +70%
Legal Cost	10% increase to £22/m
Design & Administration	No change to agreed 2000 % additions (+20% MAH, +15% Oth)
Easement	15% increase to £23/m
Crossings	15% increase on 2000 costs and scale.
Block Valve	Up to 12" + 62%, 14" to 22" +100%, 24" + 146%
Multi Pipe Allowances	No change to agreed 2000 scale
Different Types of Terrain Adjustment	No change to agreed 2000 scale
Age Allowances	No change other than scale moved on 5 years.