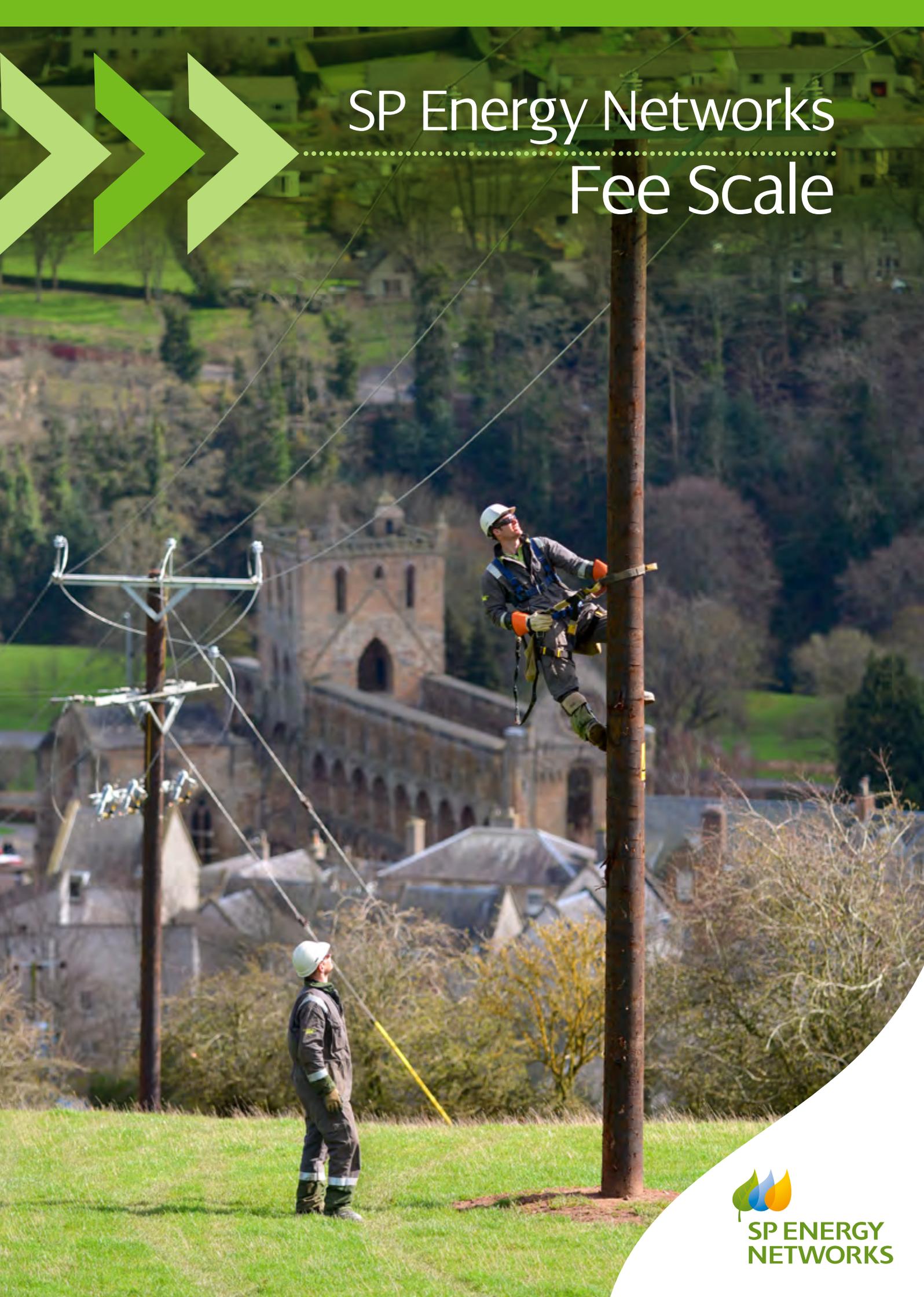




SP Energy Networks Fee Scale



Introduction

SP Energy Networks (the Company), which is formed by the licensed and regulated companies known as SP Distribution Plc, SP Transmission Plc and SP Manweb Plc, manages an extensive network of overhead and underground electricity cables and substations. With ever increasing demands being placed upon our network, SP Energy Networks are planning ahead with a commitment to invest significant financial sums to upgrade and develop our network.

We recognise that in some instances this work may have an impact on land and may require us to pay compensation and to secure additional land and/or rights. This document sets out the basis for calculating the reimbursement due to a claimant for professional surveyors' fees, where the surveyor has been retained by the landowners / occupiers in connection with the facilitation of our works. Such fees incurred in line with this document will be paid directly to the landowner / occupier.

This fee scale is effective from 1st June 2016 and will be applied to all project negotiations starting after this date. The document will be reviewed 3 yearly or earlier, as required by the Company.

Fee Scale General Principles

This Document sets out the basis by which SP Energy Networks will reimburse a landowner / occupier, whereby professional surveyors' fees are properly and reasonably incurred as a result of settling a claim for compensation, agreeing additional rights or granting voluntary consents linked to works by the Company in, on, over or under land.

In order that the Company can operate with full transparency and promote high standards of customer service and given the direct relationship between the Company and the landowners / occupiers who accommodate our assets on their land, these fees must be paid directly to the landowner / occupier.

All 3rd party professional fees incurred, shall comply with the terms as outlined in this document and where applicable, as agreed with any Company representative. All invoices for professional fees should be addressed and issued directly to the landowner / occupier as the instructing party, with evidence of this made available to the Company, to facilitate settlement of these fees, directly to the landowner / occupier.



The Company will reimburse a landowner or occupier for reasonable loss of their time in relation to our works on their land, payable at an agreed rate up to a maximum of £40 per hour and paid on settling the overall compensation claim. All losses must be documented and be reasonably and properly incurred, including evidence on any steps taken to mitigate any loss. Where a landowner / occupier has retained the services of a professional surveyor, the Company will only meet landowner / occupier costs in certain circumstances and where these have been agreed in advance with the Land Officer for the Project, with such agreement to be in writing. For avoidance of doubt, these costs will not be used as compensation in calculating fees in relation to the Scale.

Where a landowner or occupier intends to retain the services of a professional surveyor, the Company will issue correspondence directly to the affected party outlining the terms on which the Company will reimburse them for this service. Any claimant should be aware that the Company has no authority or responsibility for any third party agreements between themselves and a professional surveyor and should be mindful to any decisions or conditions that may result in a shortfall between third party costs and reimbursed costs by the Company.

Claims for losses must be submitted in a timely manner and must be evident by means of supporting photographic or other evidence. The Company reserves the right to refuse any claim which fails to provide adequate supporting evidence or is submitted more than 12 months after the loss has occurred, excluding those claims as identified within the Company's Grantor's Charter relating to land drainage or wind blow.

In the event that the Company does not proceed with a scheme prior to construction, other than as a consequence of representations made by the claimant and the claimant has reasonably engaged a professional surveyor to act for him prior to the abandonment, then the professional surveyors' abortive fee will be reimbursed on a time charge basis. This should be no greater than the fixed fee that would have otherwise been payable.

The cost of the "works" (whether described as "restoration", "reinstatement", "accommodation" or "scheme") proposed by the Company and accepted by the claimant should not be added to the amount of the compensation for the purpose of calculating the fee. Where, however, the surveyor has negotiated additional works or other variations of the proposed works that mitigated the amount of compensation payable, the additional costs of the works (not exceeding the cost of the mitigation) should be aggregated with the compensation for the purpose of calculating the fee.

"Works" include access by the Company or its agents for surveying, construction, excavation or movement of equipment and materials in erecting, installing, constructing or laying electric lines, cables, pipes, drains, manholes, plant, equipment and ancillary apparatus together with their subsequent use, maintenance, repair, renewal, inspection and removal.

If one surveyor were to act in respect of separate interests in the same property, and those interests were owned by connected parties as part of a business arrangement (e.g. family members, trustees/beneficiaries etc) the Company would be entitled to aggregate the compensation for the various interests for the assessment of the professional surveyors' fee, if that were equitable in the circumstances pertaining to the case.

Fees will be paid on completion of any works, settlement of a claim or once Company compliant agreements are formalised, however the Company, at its own discretion may agree to pay fees on an 'interim' basis in circumstances whereby accruing losses are significant and the Company has reached an acceptable key project milestone.

In all cases, the Company expect the professional surveyors to keep detailed records and time ledgers for all work in relation to each instruction and provide copies of these to the Company on request for assessment of fee claims accordingly.

The surveyor should contact the Land Officer involved in the project where there is doubt regarding the application of the fee scale in order to agree the fee.

The Scale

The 'Scale' is to be applied to all works carried out by SP Energy Networks in relation to its statutory obligations including work to use, inspect, protect, repair, alter, replace, renew, maintain and obtain a new consent for existing assets and Stage 3 of New Infrastructure Work / Land Purchase & Lease.

This scale should be used in connection with facilitating and agreeing access routes as well as providing timely permission for the commencement of works on existing infrastructure. The professional surveyor should accurately advise the landowner / occupier as to the basis and reasonable amount of compensation to be sought in relation to all losses incurred as a result of works on the existing asset.

The fee also covers costs in relation to obtaining and collating information necessary to formulate a claim and negotiate a voluntary settlement on the completion of the works and where necessary, covers costs in relation to preparation of a schedule of condition.

The compensation under all heads of claim shall be aggregated and the fee assessed under the Scale.

Where a landowner / occupier reserves the right to subsequent years' claims for compensation for loss or damage, a maximum of 75% of this scale fee will be applicable, providing the professional surveyor can demonstrate and evidence time spent on any subsequent claim. Such loss must be demonstrated and must be claimed at the time when the loss occurs.

In addition to the above, The Company in all cases expects an ethically minded professional surveyor to apply a reasonable fee based on the work involved or undertaken and to ensure that they apply a proportionate fee claim. The professional surveyor should assess each case on an individual basis and where applicable, down scale a fee claim accordingly in any instance whereby the Scale fee is not reflective of the work undertaken or only limited input has been provided e.g administrative task.

In certain circumstances, where no consent exists or it has lapsed and a new consent is required for any existing apparatus, then the Company will pay a fixed administrative fee of £50 per property / landholding to the professional surveyor, in line with the registration of any new landowners leading to the necessary creation of a new wayleave for any of our existing apparatus.

Where a professional surveyor facilitates the grant of a Deed of Servitude or Easement for an existing asset and on the standard capitalisation of the prevailing annual wayleave payment, then the scale fee will be applicable at 50% using the capitalised amount as the compensation value in the table below. The Company will pay for the reasonable and properly incurred landowner / occupier legal fees in relation to the documenting of any legal agreements.

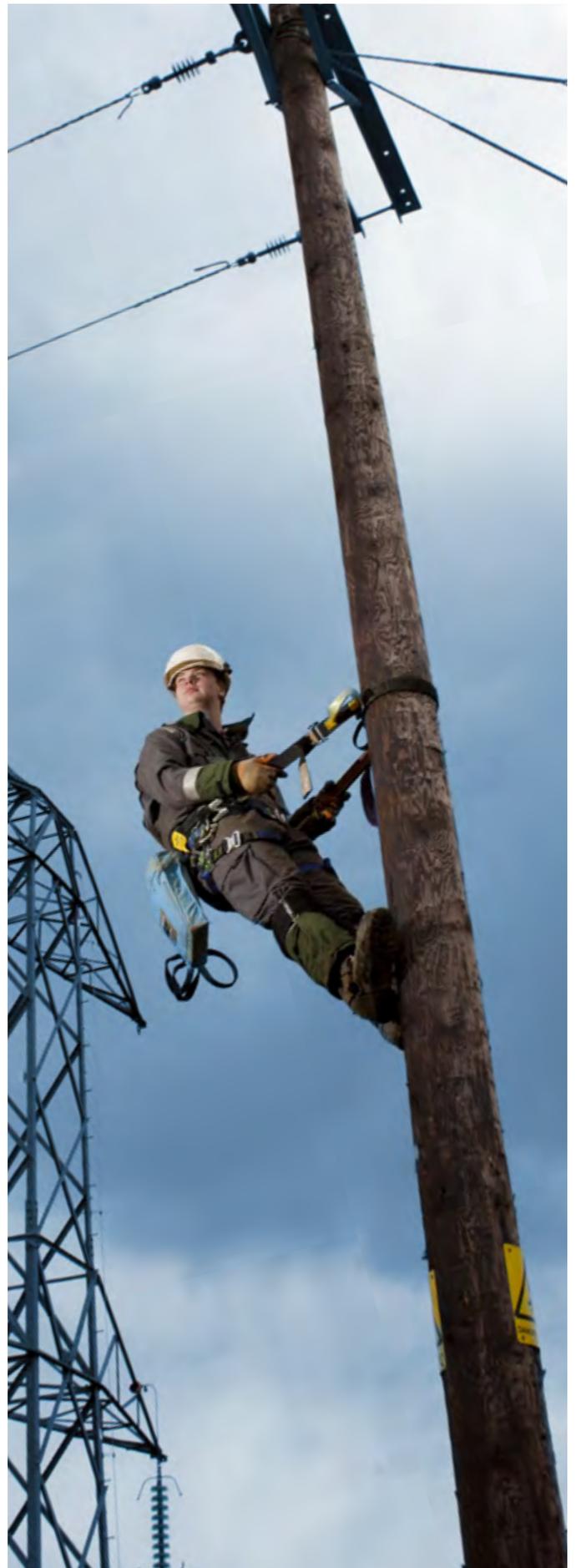
Where an amount of compensation payable has been reduced by set off for betterment, the total fee chargeable shall be calculated on the amount of compensation otherwise payable before deduction of betterment.

In any circumstances whereby professional services are required in connection with physical work on our existing network and no loss or compensation is payable, then reasonable and properly incurred fees will be accepted on a time charge basis, to cover dialogue with the Company and landowner / occupier to facilitate the works, capped at £150 per landholding. In such circumstances, itemised fees and expenses should be supplied to the Company on completion of the works for assessment in advance of any payment.

Having due regard to the scale and duration of the works, the Company may apply a capped time charge basis in certain circumstances and at their discretion, for work in relation to existing assets. Any agreement to proceed on this basis will be confirmed in writing by the Company. See the Company guidelines in relation to what and how fees will be reimbursed in this regard under section "New Infrastructure Work / Land Purchase & Lease"



Amount Of Compensation	FEE
£1 - £99	£245
£100 - £149	£285
£150 - £199	£326
£200 - £249	£367
£250 - £299	£408
£300 - £349	£448
£350 - £399	£489
£400 - £449	£530
£450 - £499	£571
£500 - £599	£611
£600 - £699	£652
£700 - £799	£693
£800 - £899	£734
£900 - £999	£774
£1,000 - £1,499	£815
£1,500 - £1,999	£836
£2,000 - £2,499	£856
£2,500 - £2,999	£877
£3,000 - £3,499	£897
£3,500 - £3,999	£918
£4,000 - £4,499	£937
£4,500 - £5,000	£958
REMAINDER	2.1%



New Infrastructure Work / Land Purchase & Lease

In circumstances whereby the Company is seeking to install new assets on land, the Company will reimburse reasonably and properly incurred professional surveyor fees in 2 stages (as appropriate), on a combination of time charge and scale basis.

It should be understood that the Company will only pay on a time charge basis, which they believe to be reasonable and proportionate, relative to the complexity of the task. The fee should therefore reflect the complexity of any task and be undertaken by a professional surveyor with experience commensurate to the instruction at hand. This is expanded within the RICS Guidance Note Scotland; The calculation of surveyors' fees in relation to the exercise of statutory powers in connection with land and property, effective since 1st May 2014.

Under these circumstances, fee caps will apply per landholding, based on a rate of;

- Up to but not exceeding £95 per hour for work in relation to any new overhead line or underground cable assets; or
- Up to but not exceeding £150 per hour for work in relation to any land purchase or land lease arrangements in connection with new assets.

Stage 1 Determining Consent Requirements

- A** In circumstances whereby a consent for a new asset is agreed to be documented by means of a Company compliant Deed of Servitude / Easement or land purchase / lease: The process outlined under stages 2 and 3 will be followed.
- B** In circumstances whereby a consent for a new asset is agreed to be documented by means of a Company compliant wayleave only, then the Company will pay a fixed fee to the professional surveyor, capped at £150, excluding any reasonably and properly incurred expenses. Stage 3 will then be applied to cover fees in relation to any post consent works.

Stage 2 Pre-Consent (Under Part A Conditions Only)

Fee caps will be presented at the outset by the appropriate Company representative and will be assessed on an individual basis, reflecting the anticipated level of input required by the professional surveyor, to cover all work in connection with the professional surveyor facilitating a voluntary consent/s in relation to the securing of rights for any new infrastructure.

Whilst the following may not be a fully comprehensive list, the fee cap will include;

Receiving instructions, settling the proposals of the Company including a voluntary agreement for the route / location of the apparatus in a timely manner, the return of an acceptable signed voluntary wayleave and an agreement of Heads of Terms to allow instruction to respective legal teams to formulate a Company compliant Deed of Servitude / Easement / land purchase / land lease (where compulsory powers are not being exercised).

In certain exceptional circumstances and / or where the Company expect more complex or specialist input, the Company may agree to negotiate the fee cap, however the onus is on the professional surveyor to suitably demonstrate and justify any increase to the full satisfaction of the Company, in writing and prior to the commencement of any work being undertaken by the professional surveyor.

In all circumstances whereby a professional surveyor is unwilling to accept the Company's fee cap provision and no mutual agreement is reached between the parties in a timely manner, then the Company will clarify in writing to the landowner / occupier the details of any such disagreement, to ascertain whether they are willing to personally accept any financial difference, which exists between the parties.

In the event that these fee caps are reached before the end of stage 2, then the onus is on the professional surveyor to demonstrate this via the provision of itemised fees and expenses, for detailed review by the appropriate Company representative. After such analysis, the Company will advise whether a cap uplift should be introduced, based on the assessment of any exceptional circumstances, which may have caused the cap to be reached early and against any remaining work required to secure the voluntary consent.

In certain exceptional circumstances and / or where the Company expect more complex or specialist input, the Company may agree to negotiate the fee cap, however the onus is on the professional surveyor to suitably demonstrate and justify any increase to the full satisfaction of the Company, in writing and prior to the commencement of any work being undertaken by the professional surveyor.

Stage 3 Post Consent

Professional surveyors fees incurred post consent will be paid in line with the 'Scale', as outlined earlier in the document, on completion of any works or settlement of a claim.

Whilst the following may not be a fully comprehensive list and in addition to the provisions as outlined under the 'Scale', the fee cap will include;

The preparation of a 'Schedule of Condition', agreement on the requirements of working and any restoration and accommodation works, all inspections or meetings during the course of the works and on the completion of the works that might reasonably be expected to be necessary, including the provision of timely permission for the commencement of the works and the obtaining and collating of information necessary to formulate any final claim.

Having due regard to the scale and duration of the works, the Company may apply a capped time charge basis in certain circumstances and at their discretion, for work in relation to stage 3. Any agreement to proceed on this basis will be confirmed in writing by the Company and the stage 2 process will be followed.



Caveats / Exclusions

The Company will not reimburse costs on the basis of a landowner / occupier (independently represented or not) forming a view on any proposals by the Company on their land. The fee scale is only geared towards costs incurred by the landowner / occupier or their retained professional surveyor in connection with facilitating the granting of a voluntary consent and/or settling any compensation claims.

Whilst we fully support that the professional surveyor will be acting in the best interests of their client, the Company reserves the right to refuse or cease fee payments in the unlikely event whereby the Company believes that actions are having a detrimental impact on its ability to meet any contractual requirements or statutory obligations. In such circumstances, the Company will provide clarification of its position to the landowner / occupier in writing.

All fees payable are inclusive of general office expenses (e.g. stationery, postage, telephone calls, typing/transcribing, photocopying and photography). Travelling and other out-of-pocket expenses must be reasonably and necessarily incurred by the surveyor in connection with the facilitation of the Company's requirements and these will be payable in addition to the fee. Mileage will be paid in line with the recommended rates as published by HMRC.

Fees should be calculated on the total amount of the compensation excluding fees incurred solely in connection with the preparation of the claim or settlement of the amount of compensation.

The Company will not pay fees or expenses under any circumstances whereby a surveyor chooses to supervise the execution of our works.

Where the surveyor charges VAT, the Company will reimburse the landowner / occupier, only in so far as the landowner / occupier cannot recover it.

The fee payable does not cover objecting to the Company's proposals or work in connection with objections to Statutory Notices, Compulsory Purchase Orders, Compulsory Works Orders, Necessary Wayleaves, Development Consent Orders, other than those which the Company is expected to cover under its statutory obligations.

Fees are exclusive of preparation of proofs of evidence and attendance at Hearings, Inquiries, Court or before the Lands Tribunal, arbitrators, mediators or umpires. The professional surveyor is entitled to look to the landowner / occupier for an additional fee in respect of such work, but whether or not the additional fee should be reimbursed by the Company as part of the compensation would depend upon the award by the appropriate body.

The SP Energy Network fee scale will not apply to the negotiation of Injurious affection claims. Such claims will be considered on a case by case basis.

