

Catherine Warrilow
The Office of Gas and Electricity Markets
10 South Colonnade,
Canary Wharf,
London,
E14 4PU



Correspondence sent by email to catherine.warrilow@ofgem.gov.uk

Dear Kate,

Statutory consultation on proposed modifications to Special Conditions 1.1 and 3.18 of the gas transporter licences: (SpC 3.18 Tier 1 Stubs Repex policy Re-opener (STUBt))

I am writing in response to Ofgem's proposal to modify the Special Conditions (SpCs) of the gas transporter licence by amending SpC 3.18 Tier 1 Stubs Repex policy Re-opener (STUBt) to implement the decisions from Ofgem's Final Determination of Cadent's March 2024 Tier 1 Stubs Repex policy submission.

We accept the Authority's Final Determination in respect of this re-opener. However, we have identified an anomaly between the intent of the Final Determination and its implementation in the licence drafting relating to SpC 3.18 Appendix 1 that requires amendment.

The Final Determination, paragraph 3.23, aligns only the funding for Tier 1 Stubs Remediations (£14.58m) to a Price Control Deliverable (PCD). However, Appendix 1 of the proposed licence modification erroneously also includes the funding associated with on-site assessments (£6.26m) to the PCD. This is not aligned with the Final Determination and as such SpC 3.18 Appendix 1 should be updated to only include the allowances related to the 1,551 Tier 1 Stub remediations (£14.58m). For the avoidance of doubt, the funding associated with on-site assessments (£6.26m) should be provided within Totex allowances not associated with a PCD.

To aid this modification, we have provided a corrected view of the PCD allowances for inclusion in SpC 3.18 Appendix 1. These corrections ensure that the Licence modifications align to the decision in the Final Determination and are set out in the Annex to this letter.

We have valued Ofgem's constructive engagement throughout the re-opener process, and hope you find our feedback helpful. If you would like to discuss any of our comments further, please do not hesitate to contact me.

Yours sincerely,

[By email]

Stephen Hassall

Head of Regulatory Operations

Annex – Correction to SpC 3.18 Appendix 1:

Tier 1 Stubs Repex Policy Price Control Deliverable allowances by Regulatory Year (£m)

GDN	Output	Delivery date	2021/22	2022/23	2023/24	2024/25	2025/26	Total
EoE	Tier 1 Stubs remediations	31/03/26	0.28	1.17	0.82	0.98	0.98	4.22
Lon	Tier 1 Stubs remediations	31/03/26	0.01	0.11	0.66	0.49	0.38	1.65
NW	Tier 1 Stubs remediations	31/03/26	0.52	0.62	0.72	1.33	1.33	4.53
WM	Tier 1 Stubs remediations	31/03/26	0.02	0.71	0.43	1.66	1.36	4.18