

For all licensed Gas Transporters¹

Email: gas.systems@ofgem.gov.uk

Date: 6th August 2025

Notice requiring the production of specified information under section 34A of the Gas Act 1986 (the Gas Act) in relation to existing practices regarding gas disconnections by Gas Distribution Networks (GDNs) and Independent Gas Transporters (IGTs)

Dear Sir/Madam,

We are writing to ask you for information about costs and processes regarding gas disconnection work within Great Britain. We need this information to understand the current and anticipated cost impact of disconnections on transporters and consumers, and appreciate your prompt response to enable us to review and monitor the cost-impact of disconnections more closely.

This letter accompanies a formal Notice under section 34A of the Gas Act requiring the holders of gas transmission licenses to produce the specified information contained within the Notice. This information includes and builds on a set of questions relating to Ofgem's review of the [gas disconnections regulatory framework](#), released on 13 January 2025. Please note that this information must be sent to gas.systems@ofgem.gov.uk no later than 1st October 2025, 17:00 hrs.

Background

The Notice attached to this letter is served in exercise of the Authority's² power to request information from regulated persons in relation to specified activities. The Notice sets out a list of questions directed to Gas Transporters to supply quantitative and qualitative data which is required to better understand costs and system pressures associated with gas disconnections across Great Britain for future monitoring purposes, in addition to finalizing initial information received under Ofgem's Call for Input (CfI) - Exercising Consumer Choice: A review of the gas disconnections framework. Under this review, Ofgem is analysing regulatory arrangements that govern the disconnection process for domestic and small business consumers to make sure the gas disconnection framework is fit for purpose as the use of the gas system continues to evolve.

The Gas Act 1986, its subordinate legislation and related statutory instruments, namely licences and industry codes (which collectively we refer to as the Gas Laws) form a regime of economic regulation for Gas Transporters³ and their networks, for which Ofgem is responsible for monitoring and enforcing. The Gas Laws prescribe certain duties, powers and rights for Gas Transporters, including obligations and requirements imposed on them in relation to the connection and disconnection of consumers in relation to their networks.

¹ This Request for Information is targeted to all Gas Distribution Networks (GDNs) and Independent Gas Transporters (IGTs) and is not intended to cover National Gas Transmission.

² The terms "the Authority", "Ofgem", "our" and "we" are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority

³ By Gas Transporters we refer to GDNs and IGTs.

The Gas Act 1986 requires all Gas Transporters, including Gas Distribution Networks (GDNs), to carry a relevant Gas Transporter licence which imposes on them certain regulatory and financial conditions⁴. At present, GDNs charge customers requesting a gas disconnection a reasonable and cost reflective charge relating to the disconnection. We are aware that this amount varies depending on case or circumstance of the disconnection. We have termed this a “voluntary disconnection”. However, GDNs and IGTs advise they are not able to charge customers for any gas disconnection works required under health and safety legislation⁵, including the disconnection and capping of pipes 12 months after any meter has been removed⁶. We term this parallel and alternate gas disconnection process, which is regulated by the Health and Safety Executive, a “health and safety disconnection”. According to the information received under the CfI, these costs are ultimately passed onto other customers through network charges which in turn leads to higher household bills for those that remain on the gas network.

The CfI sought stakeholder views on the current framework and potential future regulatory frameworks that might operate more effectively to assist in achieving net zero targets. Alongside this, the CfI sought quantitative data from industry on the current and expected costs of carrying out gas disconnection works as well as data on current and future gas disconnection volumes to help us in identifying trends, risks and opportunities.

While GDNs, IGTs and other stakeholders submitted some data in response to the CfI, significant quantitative gaps still remain, particularly in relation to data which would justify the increasing costs of carrying out a disconnection across Great Britain, and the significant cost variances detected between voluntary and health and safety disconnections. According to the CfI, the majority of household and small business disconnections occur via the health and safety disconnection route. While voluntary disconnections are paid for upfront by the consumer, Ofgem understands that health and safety disconnection costs are ultimately passed onto other customers through network charges which in turn leads to higher household bills for those that remain on the gas network. Further information is therefore required from Gas Transporters as the entities that carry out disconnections, for Ofgem to assess the reasonableness of the costs figures provided in response to the CfI. This information will also be used for policy development as part of Ofgem’s RIIO-3 Price Control Final Determinations, as well as Ofgem’s current review of the IGT Relative Price Control.

We consider that we reasonably require the information requested set out below and that this information is necessary for the performance of our statutory functions. As Great Britain’s independent energy regulator, Ofgem’s principal objective is to protect the interests of existing and future gas and electricity consumers, including their interests in the Government’s compliance with the net zero target for 2050 and five-year carbon budgets.

Confidentiality, disclosure and publication

Any information provided to us which relates to the affairs of an individual or a particular business will be subject to statutory restrictions on disclosure under section 105 of the Utilities Act 2000. However, you should note that there are exceptions to the statutory restrictions, including where the disclosure is necessary to facilitate the statutory functions of Ofgem (e.g., publishing information to promote the interests of consumers) or other public bodies.

⁴ This requirement is subject to the exceptions set out in section 6A and Schedule 2A to the Act.

⁵ In particular the Gas Safety Installation and Use Regulations 1998, the Pipeline Safety Regulations 1996 and the Gas Safety (Management) Regulations 1996.

⁶ Gas Safety Installation and Use Regulations (GSIUR) 1998, established under the Health and Safety at Work etc. Act 1974 and regulated by the Health and Safety Executive.

You should note that we cannot provide any assurances in relation to the treatment of information which may be the subject of a request made under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004. However, we can confirm that we will always consider whether the statutory restrictions on disclosure apply to the requested information and therefore whether one or more of the exemptions or exclusions under the relevant legislation apply.

We assume that the information you provide to us is commercially sensitive and we will treat it as such. We advise that you password protect your response and send your response and the password to us in two separate emails.

Our current intention is to publish our findings pursuant to this Request for Information. Before deciding whether to publish any information relating to the affairs of a particular license holder or business, Ofgem is required to consider whether it is appropriate to redact any information on the basis that the information would or might, in our opinion, seriously and prejudicially harm the interest of that person ("Confidential Information"). To help us conduct this assessment (if we are considering publishing information) please indicate in your response whether you consider any information to be Confidential Information and provide brief reasons why this is the case. Where appropriate, we may seek further representations from relevant persons at a later stage in respect of any specific information Ofgem is proposing to publish.

Your response

The information specified in the Notice and the RFI Excel file must be sent to gas.systems@ofgem.gov.uk by no later than 1st October 2025, 17:00 hrs. This information must be provided in an appropriate electronic form using the template provided (Transporter RFI Question Set: Disconnection Framework Review.xlsx).

If you have any questions concerning this Notice, please contact Michelle Keogh at gas.systems@ofgem.gov.uk.



Dr Adrian Richardson
Deputy Director for Energy Systems Management and Security
Duly authorised on behalf of the Gas and Electricity Markets Authority

NOTICE

Request for information pursuant to section 34A of the Gas Act 1986

Whereas:

1. The Licensee ("the licensee") is the holder of a Gas Transporter license granted or treated as granted under section 7 of the Gas Act 1986 (the "Act") and therefore a regulated person for the purposes of the Act.
2. In accordance with section 34A(1) of the Act, the Gas and Electricity Markets Authority ("the Authority") in performing its duty under section 34 of the Act in relation to activities falling within section 34(2A):
 - (a) to keep under review the carrying on both in Great Britain and elsewhere of activities connected to monitoring the, including the following matters specified in **Article 41(1)(j)** of the Gas Directive:

*"monitoring the level and effectiveness of market opening and competition at wholesale and retail levels, including on natural gas exchanges, prices for household customers including prepayment systems, switching rates, **disconnection rates**, charges for and the execution of maintenance services and complaints by household customers, as well as any distortion or restriction of competition, including providing any relevant information, and bringing any relevant cases to the relevant competition authorities"*

- (b) to collect information with respect to the activities and matters mentioned in (a), and the persons by whom they are carried on, with a view to facilitating the exercise of the Authority's functions.

Questions:

Please refer to the instructions in the Transporter RFI Question Set: Disconnection Framework Review.xlsx for important information regarding how to interpret and answer the questions below. This includes information including and not limited to the provision of cost-breakdown data and providing data according to region or date range.

Cost-breakdown average of disconnections

1. What were the average unit rate costs in carrying out a health and safety disconnection (non-mains/simple and complex) and voluntary disconnection across financial year (FY) 2013/14 to 2024/25, and forecast costs up to FY 2034/35, including:
 - Direct Costs**
 - (i) Labour cost and availability
 - (ii) Material costs
 - (iii) Civils cost
 - (iv) Street works cost
 - Indirect Costs**
 - (v) Administration
 - (vi) Any other costs (whether controllable or uncontrollable)

To support our analysis, please provide methodology, assumptions, and if required, additional clarification. Further, please refer to the guidance tab on the template provided for a description of what Ofgem considers as falling into each category, from (i) to (vi). Noting this, please advise whether the costs you have

listed in each category match the guidance tab, and if not, advise in the free text box within the template what the costs may cover.

Cost-breakdown averages of regional disconnections

2. What were the average unit cost rate attributable in carrying out carrying out a health and safety disconnection (non-mains/simple and complex) and a voluntary disconnection across Local Distribution Zones (LDZs) or Geographic References in FY 2024/25, including:

Direct Costs

- (i) Labour cost and availability
- (ii) Material costs
- (iii) Civils cost
- (iv) Street works cost

Indirect Costs

- (v) Administration
- (vi) Any other costs (whether controllable or uncontrollable)

Please provide data (i) through to (vi), according to local distribution zones (LDZs) or Geographic References. To support our analysis, please provide methodology, assumptions, and if required, additional clarification. Further, please refer to the guidance tab on the template provided for a description of what Ofgem considers as falling into each category, from (i) to (vi). Noting this, please advise whether the activity of the costs listed in each category match the guidance tab, and if not, advise in the free text box within the template what the costs may cover.

Unit rate disconnection cost averages

3. What is the average unit rate cost incurred in carrying out a health and safety disconnection (non-mains/simple and complex) and a voluntary disconnection, across Local Distribution Zones (LDZs) or Geographic References between FY 2013/14 to 2024/25. To support our analysis, please provide a forecast of average unit rate cost between FY 2025/26 and 2034/35.

Please provide methodology, assumptions, and if required, additional clarification. If applicable, please provide information for reasons of significant cost variation between LDZs/Geographic References within the free text box provided in the template.

Regional cost variation drivers

4. What are the biggest drivers in regional cost variation in completing health and safety disconnections (non-mains/simple and complex) and voluntary disconnections, which may not be represented in the data above. Please provide reasons for variation.

Labour force

5. What was the historic and anticipated labour force volume and/or average required to complete disconnection works from FY 2013/14 to FY 2034/35. Please answer according to the sub-questions below, and advise:
 - i. The total number of labour available who carried out disconnections for health and safety and for voluntary disconnections,
 - ii. If contractors are used for disconnections, please detail how many disconnections were contracted out, and an average of staff numbers per contractor for each year,
 - iii. On average, what is the cost difference between doing the job internally vs using a contractor,
 - iv. What is the volume split (%) between contracted disconnections vs in-house disconnections,

- v. How many administration specialists have you employed (GSUIR administration specialists),
- vi. What is the total number of people available who carried out disconnections for each Local Distribution Zone (LDZ) or Geographic Reference,
- vii. The average number of people carrying out disconnections on a daily, weekly, monthly basis.
- viii. What is the average length of time (weeks) from job receipt to job completion for GSIUR disconnections.
- ix. *Qualitative question:* What are the main blockers for scalability of disconnections by 2030, if disconnections were to significantly increase beyond current predicted levels. Please consider labour/materials/civil costs/administration demand/any other costs.

To support our analysis, please provide methodology, assumptions, and if required, additional clarification for above questions on labour force. Further, please refer to the guidance tab on the template provided, particularly noting advice on exclusion of legacy disconnections for forecast volume of works.

Disconnection volumes according to pipe diameters

6. Please provide the total disconnection volumes associated with the following pipe diameters for each Local Distribution Zone (LDZ) or Geographic Reference, across FY 2013/14 to 2034/35:
 - i. $\leq 63\text{mm PE} / 2'' \text{ met}$
 - ii. $90\text{mm PE} / 3'' \text{ met}$
 - iii. $125\text{mm PE} / 4'' \text{ met}$
 - iv. $180\text{mm PE} / 6'' \text{ met}$
 - v. $>180\text{mm PE} / >6'' \text{ met}$

Gas Connections Volumes

7. What is the historic and anticipated volume of households that have been and will be connected to the gas network between FY 2013/14 and 2034/35. As part of your response, please provide a breakdown showing the figure for each regulatory year and for each Local Distribution Zone (LDZ) or Geographic Reference. Please provide methodology, assumptions, and if required, additional clarification.

Current Profit

8. Please provide the following company wide information across FY 2020/21 to 2024/25:
 - i. Gross Profit (£m)
 - ii. Gross Profit Margin (%)
 - iii. Net Profit (£m)
 - iv. Net Profit Margin (%)

Now therefore:

1. Pursuant to section 34A(2) of the Act, the Authority hereby requires the licensee to provide to the Authority all the information which is specified or described in the RFI Excel file (Transporter RFI Question Set: Disconnection Framework Review.xlsx) sent with this Notice. Please note, there is additional guidance for the questions in the RFI Excel file, in the form of key terms and descriptions. Responses to all questions (quantitative and qualitative) are to be answered in the RFI Excel file noted above, including methodologies to these questions and any additional explanations required.
2. The information specified or described in the RFI Excel file (Transporter RFI

Question Set: Disconnection Framework Review.xlsx) sent with this Notice must be delivered to Ofgem at gas.systems@ofgem.gov.uk no later than 17:00 hrs., 1st October 2025.

Signed



Dr Adrian Richardson
Deputy Director for Energy Systems Management and Security
Duly authorised on behalf of the Gas and Electricity Markets Authority

Dated: 6th August 2025

Failure to comply with the terms of this Notice may constitute a breach of a relevant requirement and may therefore lead to enforcement action being taken by the Authority pursuant to section 28 of the Gas Act.

The alteration, suppression or destruction of documents or records requested in this Notice may lead to criminal action under section 34A(5) of the Gas Act. The provision of false information may also lead to criminal action under section 43 of the Gas Act.