

Uniform Network Code (UNC) 0887: Facilitating Bi-Directional Connections Between IGT Pipelines and the NTS (UNC0887)

Decision: The Authority¹ directs this modification to be made²

Target audience: UNC Panel, Parties to the UNC and other interested parties

Date of publication: 19 August 2025

Implementation date: To be confirmed by the code administrator

Background

Currently, the Uniform Network Code³ (UNC) lays out provisions for bi-directional flows between the National Transmission System (NTS) and Storage Connection Points or Interconnection Points. UNC rules define the "Total System" as including the NTS and Local Distribution Zones (LDZs), but not Independent Gas Transporters (IGTs). This means that the UNC does not contemplate a definition of – or provisions for – bi-directional flows between the NTS and IGTs, resulting in gas flows from an IGT into the NTS being treated as new gas entering the system, despite having already been in the physical network. Consequently, this leaves open the risk for double-counting, due to the gas being treated as having entered the GB network twice. If the connection is unmetered, the amount of gas is estimated using meters further downstream.

A number of developers are considering injecting new biomethane gas from Anaerobic Digestion (AD) plants to potential IGT networks which would be connected to the NTS thus potentially creating a requirement to flow from an IGT to the NTS. There is therefore a need to address NTS-IGT bi-directional flow within the UNC.

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.

³ The Uniform Network Code can be found here: <u>UNC Document | Joint Office of Gas Transporters - Gas Governance</u>



The modification proposal

UNC0887, raised by National Gas Transmission (The Proposer) on 18 July 2024, proposes to modify the UNC to ensure provisions are in place to allow for bi-directional flows between the NTS and IGTs. The UNC currently considers two types of bi-directional System Points: Storage Connection Points and Interconnection Points.

The Modification proposes to explicitly provide for a new unmetered bi-directional connection point on the NTS to an IGT pipeline, named in the Final Modification Report (FMR) as an "Unmetered IGT NTS Connection Point", and sets out the following commercial transportation arrangements applicable at Unmetered IGT NTS Connection Points:

- Point Definition
- NTS Access: NTS Entry and NTS Exit Capacity
- Measurement and Energy Balancing
- NGT Transportation Charges.

UNC Panel⁴ recommendation

At the UNC meeting on 19 June 2025, the UNC Panel unanimously considered that UNC0887 would better facilitate the UNC objectives and the Panel therefore recommended its approval. The Panel Members also unanimously considered that no new issues were identified as part of the consultation and unanimously agreed that there are Cross Code Changes for this Modification.

Our decision

We have considered the issues raised by the modification proposal and the FMR dated 20 June 2025. We have also considered and taken account of the responses to the industry consultation on UNC0887 which are attached to the FMR.⁵ We have concluded that:

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⁴ The UNC Panel is established and constituted from time to time pursuant to and in accordance with the UNC Modification Rules.

⁵ UNC modification proposals, modification reports and representations can be viewed on the Joint Office of Gas Transporters website at: www.gasgovernance.co.uk



- implementation of the modification has the potential to provide a minor benefit to consumers by increasing security of supply and aiding in the achievement of net zero ambitions via introduction of additional renewable biomethane gas into the network
- directing that the modification be made is consistent with our principal objective and statutory duties⁷.

Reason for our decision

We consider this modification will better facilitate UNC Relevant Objective (d) and has a neutral impact on the other Relevant Objectives. We also note that this modification is consistent with the Authority's statutory duties and may provide benefit to consumers, GB net zero goals, and growth of the energy industry.

- (d) so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition:
- (i) between relevant shippers;
- (ii) between relevant suppliers; and/or
- (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.

The Proposer stated that the modification would have a positive impact on Relevant Objective (d).

The Panel invited representations on the Modification from interested parties on 22 April 2025. It received a total of five responses to the consultation, including two late responses. The modification was supported unanimously, with all five respondents recommending its implementation.

⁶ As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, available at: <u>Licences and licence conditions | Ofgem</u>

⁷ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Gas Act 1986 as amended.



Panel Members considered the Modification would have a positive impact on Relevant Objective (d). Primarily, Panel Members considered that the implementation of the modification would enable more effective competition. The Panel considered that by providing a framework for IGTs to inject gas into the NTS, this modification would open an alternative route to the market, thus benefitting competition between networks. The Panel noted that by enabling increased gas entry this modification would benefit competition among Suppliers and Shippers. Further, the Panel considered this modification would additionally benefit competition between Gas Transporters by establishing arrangements for all entry options. Several consultation respondents made similar arguments.

The Panel also noted that in establishing commercial arrangements at NTS-IGT bi-directional connection points this modification would enable an increase of renewable biomethane into the GB gas network. In the Panel's view, this would support the achievement of net zero – a point also made by several consultation respondents and the Proposer. This diversification of gas in the GB gas network would, the Panel considered, likewise benefit security of supply – in turn representing a minor benefit for consumers.

We consider that implementation of this UNC Modification would have a positive impact on Relevant Objective d) by facilitating the entry of gas from IGTs into the NTS. This provision of additional means of entry should provide greater capacity onto IGT networks, reducing the risk of production curtailment due to lack of capacity. Additionally, this increase in capacity may allow a greater number of producers to connect, further increasing the capacity for green gas on the GB network.

These changes should drive increased competition between shippers through the expansion of biomethane gas-to-grid market, bringing in a larger number of market participants. The modification may also increase competition between DN operators by widening the connection options for biomethane producers, meaning they are no longer restricted to connecting where an existing network can provide capacity.

Our principal objective and statutory duties

The Authority's principal objective is to protect the interests of existing and future consumers in relation to gas conveyed through pipes and electricity conveyed by distribution or transmission systems.

We consider that this modification has the potential to provide some benefit to consumers. In facilitating the entry of additional gas into the NTS via IGT Pipelines this modification has the



potential to increase the amount of total gas available, which would enhance security of supply (and thus benefit consumers) overall.

We also agree that this modification may facilitate an increase in deliveries of gas to the NTS. The consultation respondents, UNC Panel, and the Proposer noted that the introduction of more renewable gases would contribute to meeting the net zero target, which, in turn, may benefit consumers. The expansion of entry arrangements should also help to facilitate growth in the domestic biomethane production industry, by providing greater capacity for producers to connect to the network.

Decision notice

In accordance with Standard Special Condition A11 of the Gas Transporters licence, the Authority hereby directs that modification proposal UNC0887: 'Facilitating Bi-Directional Connections Between IGT Pipelines and the NTS' be made.

William Duff

Head of Gas and Hydrogen Systems Markets and Operations

Signed on behalf of the Authority and authorised for that purpose.