

7 March 2025

Our ref: TC/GDisconnectionsCFI

Gas Systems Team
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By email only to gas.systems@ofgem.gov.uk

Dear Gas Systems Team

We welcome the opportunity to respond to your Call for Input on the gas disconnections framework. BUUK are the leading multi-utility network provider and operate licensed gas transportation businesses through subsidiaries, GTC Pipelines Limited (GPL), Independent Pipelines Limited (IPL) and Quadrant Pipelines Limited (QPL). The framework for disconnections is important to BUUK's gas businesses and it is imperative that Ofgem, government and the industry ensure that the correct framework is in place to facilitate the transition to net-zero whilst protecting customers who continue to rely on gas to heat their homes.

Ofgem's CFI document sets out that the average charge to a customer to disconnect their gas supply in the public highway in 2024 was £1,950. This is likely to be cost reflective and as a result of the current Gas safety regulations that specify that the disconnection is in the public highway as close to the main as possible. Extrapolated over 22 million gas customers this becomes an issue worth in excess of £40bn. It is uneconomic for these costs to be borne by customers who remain connected to the gas network. £40bn is, by any measure, a significant value and inaction by Ofgem and the HSE will lead to financial distress for gas transporters, particularly IGTs who currently have no means of recovering these costs through transportation charges.

Detailed answers to the questions that Ofgem have asked, are appended to this letter and supplemented by the template provided by Ofgem. It is well known and understood that UK energy networks are on the verge of a generational change and that the future of gas networks in that change is unclear. We know that there are likely to be a substantial increase in the number of disconnections to the gas network and it is right that Ofgem undertakes this review to ensure that policy and processes are in place which are fair, transparent and cost reflective.

There are three issues which we believe are particularly important, and relevant to Ofgem's review which are set out below:

1. Customers who have a 'health and safety disconnection' are broadly able to avoid paying the costs incurred for that disconnection. These costs are borne by the wider

customer base. This is likely to lead to consumers who are least able to move away from gas funding the transition of those who move early.

2. The current RPC mechanism framework for IGTs, is capable of allowing IGTs to recover the same costs as the equivalent GDN's own business, provided the changes the IGTs proposed to Ofgem last year are eventually implemented.
3. The Gas Safety (Installations and Use) Regulations which requires the disconnection of a gas service as near as reasonably practicable to the main was introduced when the gas network was predominately metallic, and services constructed of steel. The composition of the gas network has changed to one which is predominantly welded MDPE (essentially plastic with very reliable joints). Consequently, it seems appropriate to review these regulations, e.g., move from a prescriptive approach to one based on risk. We think customers would benefit hugely from a collaboration between regulators such as Ofgem and the HSE to look update the disconnection framework to reflect the advances in technology over the last few decades, and agree and implement suitable much lower cost arrangements.

We would be pleased to engage further with Ofgem in their development of the disconnection framework and should you have any questions on the contents of this response then please contact me.

Yours Sincerely,

Thomas Cadge
Head of Regulatory External Affairs

Q1. How effective is the current gas disconnections framework in protecting the consumer interest, assisting net zero goals and promoting economic growth?

The current framework is misaligned in respect of consumer protection and promoting economic growth. The current framework enables customers to be able to disconnect from the gas network without incurring the costs of disconnecting from the gas network. Whilst this enables those customers to transition to low carbon heating, it means that customers who remain connected to the gas network are left bearing the cost burden of those who have moved to alternative energy vectors.

It is entirely possible, even likely, that customers who are struggling with energy bills are those customers who are unable to move away from the gas network due to the large upfront cost of doing so (notwithstanding the boiler upgrade scheme incentives). This means that those customers will be left funding disconnections for customers who were able, and chose, to move away from their gas connection. A system which penalises customers for their inability to transition cannot be considered effective in protecting consumer interests.

Q2. What factors impact the effectiveness of the framework in achieving its objectives?

The framework is currently too disjointed and outdated to be able to be effective in achieving its objectives. As identified by Ofgem, there are currently two paths down which a customer can go to disconnect their service. This needs to change. There should only be a single route through which all disconnections should proceed, and the gas transporter must be an integral part of the process. Whilst the funding of work remains a policy question for Ofgem to answer, the process needs to be updated to include more accurate and timely provision of information to the gas transporter.

We believe that suppliers need to be at the centre of this process. The supplier hub model has ensured a single point of customer contact across energy issues and processes and the framework should be extended to this process. Suppliers are best placed to lead on customer engagement, explain the process and manage the recovery of costs. This will increase the effectiveness of the process

Q3. What factors impact the efficiency of the framework in achieving its objectives

One of the inefficiencies, and drivers of cost, in the disconnection process is the requirement to disconnect the service pipe as near as reasonably practicable to the main. This can result, in the case of a health and safety disconnection, with more than one visit to the customer's property (i.e. to remove the meter initially, and then to disconnect the service as a minimum). It is also a costly process in itself which we believe needs consideration and discussion with the HSE to consider whether there are changes to the secondary legislation which could be enacted to keep the customers safe but make it more efficient.

Q4 What other factors beyond those impacting the effectiveness and efficiency of the framework (dealt with in questions 2 and 3), for example, safety, financial, commercial factors, ought Ofgem consider as part of its review

We have raised issues within our earlier answers which pertain to the safety or commercial and policy aspects of the disconnections framework. Ultimately this review needs to consider the most effective way of keeping customers safe, disconnecting them from the gas network which reduces the costs of disconnections, ensures that the recovery of those costs are fair and proportionate, and does not inhibit growth. The solution must not be a barrier to a net zero transition and not be an economical burden on the gas industry and its shareholders.

Q5 What factors do you believe will impact demand for gas disconnections?

The cost of switching to alternative heating will be an important factor that impacts the rate of disconnections and we expect the outcomes of this CFI, along with government policy, to have the biggest impact on the demand for disconnections. The Boiler Upgrade Scheme and Clean Heat Market Mechanism are examples of government policy which are currently increasing the demand for disconnections. The extent to which these types of policies push customers towards total disconnection, or through a more nuanced approach such as retaining gas but having a hybrid heating system will drive demand for disconnections. It is important that customers, industry and the government recognise that this is a cost which is being incurred and needs to be recovered in order to facilitate the transition.

Q6. What are the potential future regulatory frameworks, regimes or mechanisms that should be considered for gas disconnections that would operate effectively, assist in achieving net zero and protect consumers?

Fundamentally, a customer who disconnects from the network should contribute towards the costs of that disconnection. If they do not, then it is the customers who remain on the network that are left to bear those costs, and it is hard to comprehend that this can be considered fair for those customers to pay for something which has been to the direct benefit of another customers.

One solution is for customers to be required to pay for a disconnection to the gas network whichever of the current routes that they utilise to disconnect their property. This would ensure that costs which are reflective of the costs incurred can be directly attributed to the party which brings those costs to the network. We recognise that this is likely to disincentivise customers from transitioning to alternatives, but it needs to be considered as an option.

We think that there is a significant case that regulatory frameworks should include a mechanism for funding the disconnection costs ahead of need to ensure that customers who are left connected to the network are not increasingly bearing the costs. We note that Ofgem has taken decisions in relation to the depreciation of GDN networks which include the costs of accelerating depreciation to address the issue of intergenerational fairness, and this proposal could be utilised in this case too to address the same, legitimate concerns. It is important that Ofgem ensures that this mechanism is not prohibited from flowing through to IGTs via relative price control. We recognise that Ofgem is also consulting on this area and would welcome further engagement.

Q7. Of these potential future frameworks, regimes or mechanisms which is preferable and why?

We believe that the most appropriate solution is to socialise the costs of disconnecting customers to the network but for that to happen ahead of time through an allowance in the

price control to prefund customer disconnections. This addresses some issues of intergenerational fairness whilst being less intrusive to people's ability to transition to alternative heating. It is also important that the GSIUR which drive the need to disconnect to the main are reviewed to be fit for purpose in the current reality of plastic gas pipes which would potentially reduce the overall system costs of decommissioning the network.

Q8. Are there any impediments inherent in the potential future regulatory frameworks, regimes or mechanisms identified in response to question 6 above that would affect their effective operation, the achievement of net zero and/or the protection of consumers?

The main issue of this proposal are likely to be in the ability of networks to forecast accurately the level of disconnection as this will change the value of the contribution required from customers to fund disconnections.

Another issue is the accuracy of data. It is integral to the future process that any duplication or redundant effort is minimised as far as possible. This is one of the reasons that we think that it is important for the suppliers to take control of the process.

Q9. For the purposes of this Call for Input, we have defined 'small businesses' as those with an annual gas consumption of not more than 500,000 kWh. What are the implications, if any, of using this definition?

We do not believe that there are implications for this definition

Q10. Is there anything else we ought to consider that has not been covered in your response to questions 1-9?

It is paramount that the disconnections framework and processes work for customers (financially and safety), do not inhibit growth and do not inhibit the transition to net zero. These issues need to be addressed in a way that is consistent with Ofgem's other statutory obligations, such as having regard to networks ability to fund the efficient delivery of statutory activities. If no action is taken then network charges are going to significantly increase when disconnections increase in order to cover the additional cost without a mechanism for those have brought costs to the system to pay their share.

Q11. What is the step-by-step process for carrying out a gas disconnection and the role(s) of each party involved in the process?

As part of your response, please describe the internal, administrative process as well as the practical procedures carried out on-site. Please also confirm at what stage in the process costs are recovered

Health and Safety

1. Initial Enquiry

- a. **Consumer** contacts their gas supplier to request the removal of the gas meter installation, ending any standing charges and the temporary disconnection of the gas service.

2. Meter Installation Removal

- a. **Meter Equipment Manager (MEM)** arranges the removal of the meter installation and temporarily disconnects that gas service by capping the

Emergency Control Valve (ECV). This may be arranged via an appointed **Approved Meter Installer (AMI)**.

- b. **Gas Supplier** notifies the BUUK of the meter removal through Xoserve via meter supply point industry flows.

3. Site Visit and Assessment

- a. **BUUK** identify where gas meters have been removed and not reinstalled within 9 months so that a site survey can be arranged.
- b. The site survey will be scheduled for a **BUUK** engineer to attend. The purpose of the site survey is to; confirm the gas meter has been removed and not reinstalled, where practicable, confirm with the gas consumer why they no longer require a gas connection and confirm the works required for the service pipework to be permanently disconnected as close to the parent main as reasonably practicable.

4. Scheduling

- a. If the site survey confirms that the gas meter has been removed and there is no intention for one to be reinstalled the gas service will be scheduled for permanent disconnection.
- b. Following a site survey, 30% of recent site surveys identified that a meter was still installed and in use. This is normally because of incorrect information received about the initial meter removal notification. This leads to additional cost and is generally a result of poor-quality information flows being sent through the CDSP by shippers. One aspect of this review which needs to be considered is the quality of data to prevent abortive visit cost and unnecessary surveys.
- c. The planning of the permanent disconnection includes; contacting the gas user to confirm a date for the disconnection, identifying the relevant engineering resource, procuring materials and raising relevant purchase orders, hiring plant and equipment, arranging the relevant NRSWA opening notice.

5. Disconnection execution

- a. The disconnection works undertaken by **BUUK** include; erecting traffic management and signing, lighting and guarding as appropriate for the working in the highway, confirming the location of the gas service and other plant in the vicinity, confirming the gas meter installation has been removed and the ECV is securely capped with an approved fitting, excavating a trench in the footway or carriageway, identifying the gas service pipework, confirming the correct gas supply has been identified, squeezing off the PE pipework, cutting and capping the gas pipework, backfilling and reinstating the excavation.
- b. On completion of the disconnection the following actions are required; construction records updated of the location of the disconnection; payment of any invoices, updating internal and industry systems to confirm the gas supply has been permanently disconnected.
- c. As there is no existing regulatory framework for recovery of costs associated with health and safety disconnections, there is no cost recovery process.

Voluntary

1. Initial enquiry

- a. The **Customer** will approach **BUUK** directly to advise they no longer require a gas supply and require the gas service to be permanently disconnected.

2. Cost estimate and quotation

- a. Where requested by the Customer, BUUK will conduct a site survey to determine the scope of work, included the location of the gas meter installation and service pipework.
- b. **BUUK** will generate a quotation based on the expected ground type and location of the required disconnection.

3. Acceptance

- a. If the customer is happy with the quotation, they are required to return the signed acceptance and make fully payment before the works will be planned.

4. Scheduling

- a. See 4 a. to c. above.

5. Disconnection execution

See 5a. to c. above.

Q12. What, if any, ancillary services are impacted by the disconnection process (e.g. renovators, appliance technicians etc)? What/who are they, and what impact could any change to the disconnection framework have on them?

Any changes to the disconnection framework that increases the number of disconnections would have a proportionate increase in demand on:

- **Gas Safe Engineers** – disconnections, alterations or removal of gas appliances or installation pipework downstream of meter installation.
- **Meter Equipment Managers (MEM) and Approved Meter Installers (AMI's)** – rise in meter installation removals could increase operational pressure to meet deadlines
- **Electrical appliance service engineers** – installation of and conversion to alternative energy source appliances,
- **Electrical appliance manufacturers** – supply chain demand for electrical appliances
- **Local authorities** – Coordination of street work notices NSWRA and reinstatement.

The same increase in the number of disconnections would impact negatively on:

- **Meter Asset Providers** – reduction in gas metering portfolios leading to increase in Early Replacement Charges (ERC's) levied to energy suppliers?,
- **Electrical Distribution Network Operators (DNO's)** – increase in network demand as result of conversion to electrical alternatives and a shift in demand cycles where electricity system is required to make up the intraday and intraseasonal demand void left by gas
- **Energy suppliers** – changes to consumer energy uses away from dual fuel to electricity only tariffs, improve guidance for customer on two disconnection processes. Any changes to the existing framework that improve transparency and clarity could improve customer satisfaction.

Q13. How many domestic health and safety disconnections for households and small businesses have been carried out over GD2 to date? What is the anticipated number to be carried out in 2025 - 2026 and over GD3 and up until 2035?

Please see accompanying excel document.

Q14. What factors, if any, could impact the anticipated number of health and safety disconnections for households and small businesses to be carried out over GD3 and up until 2035?

The existing regulatory framework and charging methodology mean consumers are incentivised to request their energy supplier to remove the meter installation and then wait 12 months for the Gas Transporter to permanently disconnect the gas service at no cost.

We believe that there is an opportunity to positively amend Gas Safety (Installation and Use) Regulations 1998, Regulation 16 to allow the Gas Transporter to take a risk-based approach to determining when a gas service should be permanently disconnected following removal of the primary meter installation.

The majority of the gas services connected to our networks are located below ground with a layer of marker tape installed above, constructed of polyethylene and terminate in external meter boxes. Following the safe removal of a gas meter installation and provided the gas service is capped securely with an appropriate fitting, the risk associated with the commissioned service pipework remaining in-situ is lower, when compared to the risk associated with permanently disconnecting the service.

As consumers and industry become increasingly more aware of transition away from natural gas and the potential flaws in a two-route approach to disconnections in the existing regulatory framework, the following further considerations may lead to an increase in the rate of health and safety service disconnections:

- Improving the accuracy and timeliness of changes to industry supply point and MPRN data from energy suppliers,
- A more accurate and consistent mechanism for gas suppliers notifying GT's of meter removals,
- Consumer perceived higher price of gas compared to electrification,
- Government policies promoting decarbonisation via electrification over repurposing of the gas networks may accelerate health and safety disconnections
- Slow government policy decisions impacting the future of the UK gas networks and the possibility of blending hydrogen or repurposing the existing gas networks of to hydrogen,
- Market schemes such as the clean heat mechanism making upgrading existing gas appliances more expensive to the 23 million homes already connected to the gas networks,
- The regulatory uncertainty for consumers and increasing disconnection costs may lead to increased numbers of unauthorised alterations posing significant safety risks leading to health and safety driven disconnections.

Q15. How many voluntary disconnections for households and small businesses have been carried out over GD2 to date? What is the anticipated number to be

carried out in 2025 – 2026 and over GD3 and up until 2035? As part of your response, please provide a breakdown showing the figure for each regulatory year and for each LDZ (or LDZ equivalent for UIPs). If you are able to provide data prior to the start of GD2, please do so. If possible, please provide a breakdown showing the figure for households and the figure for small businesses. In your response, please also explain your methodology for calculating the projected figures including the Future Energy Pathway (also known as the Future Energy Scenario) used and any assumptions that have been made to arrive at the projected figures.

See attached supporting excel document for number of voluntary disconnections carried out over GD2 date.

We would expect the total number of gas disconnections to increase in 2026 and continue to increase annually up to 2035. However, we expect that without intervention to the existing regulatory framework and as consumers become more educated on the health and safety disconnection route, it's possible that the number of voluntary disconnections could drop to zero.

The rate at which we expect the number of gas connections to increase by is currently unknown due to the absence of clear energy transition regulatory and policy decisions.

Q16. What factors, if any, could impact the anticipated number of voluntary disconnections for households and small businesses to be carried out over GD3 and up until 2035?

We would expect to see the inverse to our answer to question 14 and a reduction in the number of voluntary disconnections due to the flawed existing regulatory framework incentivising consumers to have their meter removed and wait 12 months for the GT to disconnect the service at no cost

Q17. How many of the voluntary disconnections for households and small businesses carried out over GD2 were deemed to be non-standard (e.g. 'Sufficiently Complex') works, by which we mean those works defined as such in your Connection Charging Methodology? As part of your response, please provide a breakdown showing the figure for each regulatory year and for each LDZ (or LDZ equivalent for UIPs). If possible, please provide a breakdown showing the figure for households and the figure for small businesses.

We do not differentiate between standard and non-standard voluntary disconnection and charge customers on unit cost basis that is benchmarked against GDN costs.

Q18. How many gas connections for households and small businesses have been carried out over GD2 to date? What is the anticipated volume to be carried out in 2025-2026 and over GD3 and up until 2035? As part of your response, please provide a breakdown showing the figure for each regulatory year and for each LDZ (or LDZ equivalent for UIPs). If you are able to provide data prior to the start of GD2, please do so. If possible, please provide a breakdown showing the figure for households and the figure for small businesses. In your response, please also explain your methodology for calculating the projected figures including the Future Energy Pathway (also known as the Future Energy Scenario) used and any assumptions that have been made to arrive at the projected figures.

Please see attached supporting excel

Q19. What costs are incurred in carrying out a health and safety disconnection or voluntary disconnection for households and small businesses, including:

- (i) the cost and availability of labour (including salaries and wages);**
 - (ii) the use of land and related costs (including rent);**
 - (iii) finance and administration costs;**
 - (iv) regulatory and policy compliance costs;**
 - (v) the cost of consumables and other business outputs;**
 - (vi) the cost of repairs, upkeep and maintenance; and**
 - (vii) any other costs (whether controllable or uncontrollable) incurred that do not fall under (i)-(vi)?**
- Q5c. Is there anything else regarding Theme 5 - Ambition of connection offers that you consider we have missed?**

As part of your response please provide the current average cost for each and the expected cost for each over the course of GD3. Please provide the figures for both health and safety disconnections and voluntary disconnections if the costs differ for each. If possible, please provide a breakdown showing the figure for households and the figure for small businesses if these differ.

Please see attached supporting excel document, we do not differentiate between domestic and small business health and safety disconnections

Q20. What is the average cost of a health and safety disconnection for households and small businesses, including:

- (i) the average cost for each year of GD2 to date, any changes in average cost over the course of GD2 and the reason(s) for these changes;**
- (ii) the estimated average cost in 2025-2026, during GD3 and up until 2035 and the reason(s) for any changes. In your response, please provide a breakdown showing the figure for each regulatory year if appropriate; and**
- (iii) the number carried out over GD2 to date incurring costs that exceeded the figure provided in answer to question 20(i) above?**

If possible, please provide a breakdown showing the figure for households and the figure for small businesses if these differ.

(i) We do not capture this data or differentiate between households and small business disconnections.

(ii) N/A

(iii) We do not capture this data or differentiate between households and small business disconnections.

Q21. In what circumstances has the cost exceeded the figure provided in answer to question 20(i) and are there any other circumstances where the cost would exceed the figure provided in question 20(i)-(ii)?

We do not record this data but believe that the following circumstances can lead to increased costs to undertake disconnections:

- Congested utilities in excavations – can lead to extensive excavations or street works and special excavation equipment e.g. vacuum excavation to access and disconnect the service pipe
- Unexpected ground conditions– where the ground conditions increase the length of time required on site or require the use of special excavation equipment e.g. vacuum excavation.
- Non-standard traffic management – where the service connection is located in traffic sensitive areas or areas that required specific lane rental schemes or close coordination with local authorities,
- Non-standard NRSWA noticing – where the works require NRSWA noticing requirements in addition to standard NRSWA chapter 8, signing, lighting and guarding e.g. parking bay suspensions, traffic control
- Seasonal or weather related constraints – adverse weather conditions can delay work or require additional safety measures,
- Where >1 service requires disconnection and includes mains disconnection or alteration – where multiple service are to be disconnected, in some instances the scope of works will require works to disconnect or alter mains pipework.
- Emergency disconnections – urgent health and safety disconnections may require immediate action incurring overtime or out of hours labour charges or third party contract costs.

Q22. How and when are the costs of a health and safety disconnection for households and small businesses recovered?

There is no existing cost recovery mechanism for Independent Gas Transporters to recover the costs incurred by health and safety disconnections. We note Ofgem comments in section 1.13 of the CFI that's disconnection costs are ultimately passed onto other customers through network charges which in turn leads to higher household bills. BUUK do not currently include service disconnection costs within its network charges as we are generally prohibited by the ceiling under the current RPC framework. This is an uneconomical model for BUUK and creates an increased risk of not being able to recover sunk investments.

Q23. Is there a cap on the maximum total cost to be incurred in carrying out a health and safety disconnection for households and small businesses and if so, what is the cap?

There is no maximum to the total cost to be incurred in carrying out health and safety disconnections due to the reasons giving in Q21.

Q24. What is the average cost charged for a voluntary disconnection for households and small businesses, including:

(i) the average cost for each year of GD2 to date, any changes in average cost over the course of GD2 and the reason(s) for these changes;

(ii) the estimated average cost in 2025-2026, during GD3 and up until 2035 and the reason(s) for any changes. In your response, please provide a breakdown showing the figure for each regulatory year if appropriate;

(iii) the average cost of a voluntary disconnection deemed to be non-standard (e.g. Sufficiently Complex) works; and

(iv) the number carried out over GD2 incurring costs that exceeded the figure provided in answer to question 24(i) above?

If possible, please provide a breakdown showing the figure for households and the figure for small businesses.

We do not differentiate between domestic and small business health and safety disconnections.

(i) See attached supporting Excel.

(ii) See attached supporting Excel.

(iii) We do not differentiate between standard and non-standard works

(iv) We do not have this data recorded.

Q25. In what circumstances would the cost exceed the figure provided in answer to question 24(i) above and are there any other circumstances where the cost would exceed the figure provided in question 24(i)-(ii)?

See response to Q21.

Q26. How and when are the costs of a voluntary disconnection for households and small businesses recovered?

The costs associated with voluntary disconnections are recovered in advance of the works being planned. No works commence until payment is received.

The costs are not subsidised or socialised as part of network charges in some circumstances making it difficult for consumers to justify.

Q27. Is there a cap on the maximum total cost to be incurred in carrying out a voluntary disconnection for households and small businesses and if so, what is the cap?

Currently there is no cap on the maximum total cost for carrying out voluntary gas disconnections within the existing regulatory framework. It is our present intention to utilise the applicable GDN rate as a benchmark for the charge for voluntary disconnections.

Q28. How are the costs incurred for work designed to enhance your system and which are additional to those required to fulfil the requirements of a voluntary

disconnection request separated out from the costs incurred in fulfilling the request?

BUUK do not recover any costs associated with enhancing its gas network in relation to disconnections, e.g. upgrading or replacing ageing infrastructure, network reinforcement, preparation for future transitions i.e. hydrogen compatibility.

Q29. How (if at all) do costs of gas disconnection for households and small businesses differ depending on:

- (i) connection type;***
- (ii) consumer type (i.e. household or small business);***
- (iii) complexity of the works (i.e. standard / non-standard works);***
- (iv) time taken to complete the works;***
- (v) headcount;***
- (vi) provider type and size (i.e. the provider of the gas disconnection works, for example, a UIP, GDN or IGT);***
- (vii) geographical location (for example, urban, regional, and remote);***
- (viii) level of competition present in the market for the supply of gas disconnection services; and***
- (ix) any other factors that do not fall under (i)-(vii)?***

We do not differentiate between any of the categories other than by LDZ where GDN disconnection rates are utilised as benchmark and those rates vary.

Q30. Can you estimate what proportion of your network is made up of pipes with the following diameters: <=63mm PE13 / 2" met14; 90mm PE / 3" met; 125mm PE / 4" met; 180mm / 6" met; >180mm PE or >6" met? As part of your response, please provide a breakdown showing the figure for each Local Distribution Zone (LDZ) if possible.

See attached supporting Excel.

Q31. What factors affect demand, supply and competition in gas disconnections, including the extent and existence of practices and strategies in response to the existing disconnections regulatory and policy framework?

It is inevitable that the demand for gas disconnections will increase during the transition to Net Zero as energy users elect to change to electrical alternatives. There are a number of factors that we believe will further accelerate the rate of disconnections;

- There has yet to be a firm policy decision on heat decarbonisation creating investment uncertainty for GT's and consumers,
- Without a clear road map for the future of gas networks, consumers are prevented from exercising their choice effectively, impacting competition and consumer satisfaction.

- Misleading media messaging regarding the 'end of gas' and the long term future of the role of gas networks in a decarbonised energy system. Slow policy decisions relating to hydrogen blending or repurposing the gas networks create uncertainty for consumers about whether to remain connected to the gas networks,
- Rising energy prices for consumers force them to reconsider how they heat their homes,
- Increase adoption of low carbon technologies,
- Technological innovation and advancements of low carbon technologies will reduce the cost, lowering the cost of conversion for consumers further driving the demand for disconnections,

Competition for gas disconnections will be primarily driven by price to the consumer. As explained throughout our response, there is no charge to consumers for health and safety disconnections. Conversely, the market for undertaking voluntary disconnections is competitive, so consumers are able to approach any GIRS accredited Utility Infrastructure Provider (UIP) to undertake the works, provided they are approved by the Gas Transporter to undertake works on their network.

Q32. What impact do the above factors have on viability, quality and profits of gas disconnection services?

The above factors significantly impact the viability, quality and profitability of disconnections services. The rising disconnection costs challenge the financial sustainability of IGT's, especially as more consumers opt for health and safety disconnections to avoid charges. Due to the existing regulatory framework, this cost burden will need to be socialised through network charges, consequently increasing consumers bills threatening IGT viability.

The lack of clear guidelines and existence of two disconnection processes creating inefficiencies for IGT's to recover previous network investments making it harder for them to operate profitably. The complex framework and unclear guidance further negatively impacts consumer satisfaction. Without reform the quality of disconnection services has the possibility to reduce as IGT's and UIP's must manage higher workloads whilst attempting remain profitable. This will be exacerbated by the declining customer base, reducing top line revenues further eroding profits.

Q33. What guidance have you made available to consumers on the gas disconnection process and the differences between a voluntary and health and safety disconnection?

BUUK has guidance on the voluntary disconnections process on its website. We do not currently provide any advice for health and safety disconnections. We haven't to date defined the two scenarios (H&S and Voluntary) or differentiated them to customers

Q34. Has any consumer research and/or testing been carried out to establish or improve the service and information you provide to consumers wishing to

disconnect from the network? If yes, please provide information on the outcome of that work and any relevant documents and/or data.

BUUK have not undertaken any consumer research specific to the existing gas disconnection regulatory framework.

Q35. What are the barriers or impediments, if any, to consumers understanding the disconnection process and/or framework that are outside your control?

The supplier hub model for customers is likely to lead them to contact their supplier in the first instance where they are seeking a disconnection. At this stage we believe that suppliers are not sufficiently well-engaged with gas transporters to understand the implications of the process which manifests as poor data and poor consumer outcomes. It is important that Ofgem's review seeks to engage with suppliers to ensure that they are providing customers with up to date information.

The high disconnection costs could be considered prohibitive for many households discouraging consumers from even attempting to understand the two disconnection processes and may perceive that any options are unaffordable. In addition, consumers may not fully understand what is included in the costs to disconnect a gas service i.e. labour, materials, equipment, planning etc creating confusion and in some instance mistrust of the process.

Without clear guidance consumers may void engaging with the process entirely. Regulatory documents and processes are often written in a style that is difficult for consumers to comprehend. This makes it more challenging for consumers to navigate the process without seeking legal advice. A reform must ensure that the process and consumer choice are clear and comprehensible.

There is inconsistent information provided by energy suppliers, often guiding consumers towards health and safety disconnections rather than voluntary disconnections making consumer choice harder. Once a clear regulatory process is in place, there should be a centralised resource or user friendly platform where consumers can access step by step guidance on gas disconnection with clearly defined roles of the stakeholders involved.

The long term role of gas networks in a decarbonised energy system remains unclear due to a lack of government policy. The delay in policy decisions on the feasibility of hydrogen blending or repurposing the gas networks also create uncertainty for consumers about whether disconnecting now is a good economical choice.