

NOTICE OF INTENTION TO ACCEPT BINDING COMMITMENTS OFFERED BY SCOTIA GAS NETWORKS LIMITED ('SGN') AND THE UNDERTAKING OF WHICH SGN FORMS PART ('THE SGN GROUP') IN RELATION TO GAS TRANSPORTATION OR ACTIVITIES ANCILLARY TO GAS TRANSPORTATION.

Date: 9 September 2025

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1. Introduction

- 1.1. The Gas and Electricity Markets Authority¹ has, among other powers, the power to investigate potential infringements of the prohibition contained in Chapter II of the Competition Act 1998 (the 'Act') in relation to commercial activities in the gas and electricity sectors. These powers are held concurrently with the Competition and Markets Authority (the 'CMA').
- 1.2. Before exercising investigatory functions under Part I of the Act, Ofgem is required to consult with other authorities having concurrent jurisdiction in relation to that case. In this case, Ofgem consulted with the CMA. The CMA and Ofgem agreed to allocate the case to Ofgem on 21 November 2023.
- 1.3. On 8 March 2024, Ofgem opened an Investigation (the 'Investigation') into whether certain practices by the SGN Group infringed the Chapter II prohibition of the Act.
- 1.4. Ofgem is concerned that from at least October 2018 the SGN Group has engaged in conduct that may have abused its dominant position by refusing to adopt above 7 barg connections provided by third parties in the Scotia Gas Network Gas Distribution Network (SGN GDN) Area. Specifically, Ofgem's competition concerns are that the SGN Group:
 - a) refused to adopt above 7 barg apparatus, assets or infrastructure from third parties and thereby:
 - b) refused access to an essential facility, the SGN GDN, thereby foreclosing competitors in the market(s) relating to the provision of services related to above 7 barg connections; and/or
 - c) applied dissimilar conditions to equivalent transactions, thereby foreclosing competitors in the market(s) relating to the provision of services related to above 7 barg connections.
- 1.5. On 10 April 2025, the SGN Group offered binding commitments to address Ofgem's competition concerns (the 'Proposed Commitments') in relation to the above 7 barg conduct. After consideration of these commitments and further discussions with the SGN Group, a final revised set of Proposed Commitments was submitted by the SGN Group on 25 July 2025. The Proposed Commitments are described in Chapter 5 below and are set out in full in Annex 1 to this Notice.
- 1.6. In summary, the main elements of the Proposed Commitments are:

¹ In this publication the terms "Ofgem", "the Authority" and "we" are used interchangeably. The Office of Gas and Electricity Markets ("Ofgem") is a non-ministerial government department and Great Britain's independent National Regulatory Authority for the energy sector. It is governed by the Gas and Electricity Markets Authority ("GEMA" or "the Authority").

- a) The SGN Group will maintain a published SLO-1 audit framework² (the 'SLO-1') setting out the process that SGN will follow to assess whether natural gas self-lay pipelines operating at above 7 barg pressures, built by or on behalf of a customer seeking to establish a new entry or exit point along the SGN GDN, are suitable for adoption by SGN, which will be reviewed and updated when needed. No prohibitions or unnecessary restrictions will be introduced by way of policy updates.
 - b) The SGN Group will maintain a 4B Statement³ that publicises the existence of the SLO-1 and will actively promote its existence on an annual basis.
- 1.7. In addition to these main policy changes, the SGN Group will revise any other related internal and external policies and procedures to reflect the introduction of the SLO-1, provide Ofgem with annual compliance reports, nominate a Commitments Compliance Officer as responsible for monitoring the SGN Group's compliance with the Proposed Commitments and deliver training relating to abuse of dominance to all SGN Group employees (with the exception of administrative and operational ground and engineering staff). Also, all SGN Group entities will support each other to ensure compliance with the Proposed Commitments and not take action that might undermine the SGN Group's compliance with the Proposed Commitments.
 - 1.8. Ofgem's provisional view is that the Proposed Commitments, if implemented and fully adhered to, would address Ofgem's competition concerns.
 - 1.9. Under section 31A of the Act, read with paragraph 2 of Schedule 6A to the Act, Ofgem hereby gives notice that it proposes to accept the Proposed Commitments (the 'Notice') and invites representations from persons likely to be affected by this proposed course of action.
 - 1.10. Ofgem will take relevant representations it receives into account before making its final decision on whether to accept the Proposed Commitments. Details on how to make representations are provided at the end of this Notice. The closing date for representations is **5pm on 24 September 2025**.
 - 1.11. Ofgem does not intend to publish the responses to the consultation. However, information contained in the representations may be used or summarised on an anonymous basis, including in any commitments decision or notice of intention to accept any modified commitments. If this is the case, Ofgem will revert to the provider of that information to obtain representations on confidentiality in advance of publication.
 - 1.12. Formal acceptance of the Proposed Commitments by Ofgem would result in the termination of its Investigation, with no decision made on whether or not Chapter II of the Act has been infringed. The Proposed Commitments would take effect from the date of such acceptance.

² www.sgn.co.uk/gas-connection/business-services/third-party-connections

³ [Connections documents and charges | SGN Your gas. Our network.](#)

1.13. Acceptance of the Proposed Commitments would not prevent Ofgem from taking any action in relation to competition concerns which are not addressed by the Proposed Commitments. Moreover, acceptance of the Proposed Commitments would not prevent Ofgem from continuing the Investigation, making an infringement decision, or giving direction in circumstances set out in the Act,⁴ including where Ofgem had reasonable grounds for:

- believing that there had been a material change of circumstances since the Proposed Commitments were accepted;
- suspecting that a person had failed to adhere to one or more of the terms of the Proposed Commitments; or
- suspecting that information which led Ofgem to accept the Proposed Commitments was incomplete, false or misleading in a material particular.

1.14. The remainder of this Notice provides:

- an overview of Ofgem's Investigation (Chapter 2);
- background information regarding the SGN Group and the relevant market context (Chapter 3);
- details of Ofgem's competition concerns (Chapter 4);
- a summary of the Proposed Commitments (Chapter 5);
- Ofgem's assessment of the appropriateness of the Proposed Commitments in this case (Chapter 6);
- details of Ofgem's intentions and how to provide comments in response to this Notice (Chapter 7); and
- the text of the Proposed Commitments (Annex 1).

⁴ Section 31B of the Act.

2. Ofgem's Investigation

The Investigation

- 2.1. Ofgem launched a formal Investigation on 8 March 2024 under section 25 of the Act, having established there were reasonable grounds for suspecting that a Chapter II prohibition of the Act had been infringed.
- 2.2. During the Investigation, Ofgem has undertaken various investigative steps to gather evidence from the SGN Group. These steps included sending formal notices requiring the production of documents and provision of information under section 26 of the Act.

The Commitments offer

- 2.3. On 12 December 2024, Ofgem received a letter from the SGN Group in which the investigated party expressed its willingness to offer commitments in relation to the suspected above 7 barg conduct set out above. Ofgem proceeded to discuss with the SGN Group the scope of any commitments which Ofgem considered would be necessary to address the concerns it had identified.
- 2.4. Following on from Ofgem sending the SGN Group its statement of competition concerns, the SGN Group initially submitted its formal Proposed Commitments on 10 April 2025. After consideration of these commitments and further discussions with the SGN Group, a final revised set of Proposed Commitments was submitted by the SGN Group on 25 July 2025.
- 2.5. Section 31A of the Act provides that, for the purposes of addressing the competition concerns it has identified, Ofgem may accept, from such person or persons concerned as it considers appropriate, commitments to take such action (or refrain from such action) as it considers appropriate. In accordance with Ofgem's Enforcement Guidelines⁵, a business under Investigation can offer commitments at any time during the Investigation until a decision on infringement is made.
- 2.6. Having considered the SGN Group's Proposed Commitments, Ofgem is of the provisional view that they address its competition concerns for the reasons set out in this Notice, and that it is appropriate for Ofgem to close the Investigation by way of a formal decision accepting the Proposed Commitments. Formal acceptance of the Proposed Commitments would result in Ofgem terminating the Investigation and not

⁵ See Section 2.44 of Ofgem's [Enforcement Guidelines](#).

proceeding to a decision on whether or not the Chapter II prohibition has been infringed.

Other matters considered by Ofgem

- 2.7. In addition to the competition concerns set out in Chapter 4 of this Notice and which Ofgem provisionally considers will be addressed by the Proposed Commitments, during its Investigation, Ofgem considered whether the SGN Group was potentially engaged in other conduct amounting to an abuse of a dominant position. However, following a review of the evidence gathered to date and consideration of this case against Ofgem's wider portfolio of cases, Ofgem decided, in accordance with Ofgem's Enforcement Guidelines, that it was not an administrative priority for it to further investigate at this time. Further investigation would require significant further resources which Ofgem considers can be more effectively used on other cases.⁶

⁶ Paragraph 5.6 of Ofgem's [Enforcement Guidelines](#)

3. Background

The party and services under Investigation

- 3.1. SGN forms part of the SGN Group. The SGN Group owns Scotland Gas Networks plc ('ScGN') and Southern Gas Networks plc ('SnGN'), who operate two of the eight regions in Great Britain under licence from Ofgem to distribute gas through their infrastructure networks (also known as 'GDNs'). SGN's two GDNs cover the whole of Scotland and part of Southern England (which encompasses South London and the Southeast of England). Both GDNs' covered areas are hereafter referred to as the 'SGN GDN Area'.
- 3.2. ScGN and SnGN, each holding a gas transporter licence, offer 'Connection Services', which in the context of above 7 barg pipeline works refers to the activity of delivering all components (including laying the new pipework) in making an extension to their respective networks, whereby new above 7 barg pipework is added to the existing SGN network (or 'SGN GDN') in order to provide a prospective customer with an offtake (or entry) point at which gas (i.e., biomethane or any other type of gas⁷), can be withdrawn from (or introduced into) the SGN legacy network at a location where no such offtake (or entry) point previously existed.
- 3.3. In the SGN GDN Area, either ScGN and SnGN, as the SGN Group's licensed entities, or an IGT active in that area, can take ownership of, and therefore responsibility for, operating and maintaining the above 7 barg pipework laid by or on behalf of a prospective connectee. In other words, the SGN Group through its licensed entities can decide whether to adopt (or not adopt) new above 7 barg pipework built by third parties into its network (also known as 'Adoption Services' as explained in more detail in the next section); or an IGT in the area can decide whether to adopt (or not adopt) such assets.

Services under Investigation: Above 7 barg Connection Services

- 3.4. Connection Services, in an above 7 barg context, involve providing a gas connection at pressures above 7 barg to customers whose premises are not yet connected to the Gas Distribution Network (GDN). This requires the supply and layout of new pipework to make an extension to the GDN network. GDNs, Independent Gas Transporters (IGTs), some Utility Infrastructure Providers (UIPs) and self-lay parties are providers of Connection Services (IGTs, UIPs and self-lay parties hereafter also referred to as 'third party(ies)'). A customer seeking to establish a new entry or exit point along the SGN GDN has the following options:
 - a) contract with the SGN Group to extend the network to the premises, in which case the new pipework would be built by the SGN Group, the SGN Group would maintain and operate the new pipework, and the extension works would, subject to them meeting relevant contractual and policy standards, be connected to SGN's gas distribution network, or;

⁷ Gas as that term is defined in the Gas Safety (Management) Regulations 1996.

- b) contract with an IGT, some UIPs or, as an alternative to those options, self-lay pipes to extend the network to the premises, in which case the new pipework can be part of the existing SGN GDN if the SGN Group adopts it or part of an IGT network if an IGT owns or adopts it (with that adopted/IGT pipeline then being connected to the SGN network). The party with which enduring ownership rested would accordingly, be responsible for the management, ownership, maintenance, and operation of the new pipework including the ongoing safety and security of supply implications associated with such pipework. If not adopted by the SGN Group or owned or adopted by an IGT, that means that the connection cannot go ahead as the new pipework cannot be managed, maintained and operated by a party that does not hold a gas transportation licence under the Gas Act 1986 (unless a statutory exemption applies).
- 3.5. Connection Services include a new entry point, where gas can be physically injected into the system, or a new exit point, where gas can be off taken from the system.
- 3.6. When GDNs or IGTs provide the above 7 barg Connection Services, they might sub-contract the construction of the new pipework to third parties, which could potentially include some UIPs.
- 3.7. The process for obtaining an above 7 barg connection from the SGN Group starts with a customer request for such a connection to the SGN Group.
- 3.8. The process for obtaining an adoption of a new above 7 barg pipework built by a third party into the SGN network involves an 'adoption' request (also known as a 'taking ownership' request), which means that a prospective connectee requests that the SGN Group takes ownership of, and therefore responsibility for operating and maintaining, the pipework once it has been laid by or on behalf of that prospective connectee.

Market Definition and Dominance

- 3.9. On the basis of its Investigation to date, Ofgem's preliminary view is that the relevant product market for the purposes of this Investigation is no broader than the distribution of gas in the SGN GDN Area and the relevant geographic market is the SGN Group's licensed areas comprising the whole of Scotland and part of Southern England (which encompasses South London and the Southeast of England).
- 3.10. In Great Britain, only one transporter licence is granted in each GDN Area. SnGN and ScGN each hold a gas transporter licence in Great Britain, making them the only GDN in the areas covered by their respective licences. Also, given the physical and economic characteristics of gas infrastructure, it is reasonable to classify GDNs as natural monopolies. Based on its preliminary assessment, Ofgem's initial view is that the SGN Group, through its regulated entities, SnGN and ScGN, holds a dominant position in the distribution of gas in the SGN GDN Area. In the exercise of its licensed activities, in circumstances where an IGT does not own or adopt the pipeline in question, it is Ofgem's preliminary view that the SGN Group has the power to grant or deny access to the parts of its distribution network operating at above 7 barg distribution networks for new connections by adopting or refusing to adopt above 7

barg pipework from third parties. Any decision to adopt or refuse to adopt above 7 barg pipework from third parties may have a potential impact on the provision of above 7 barg Connection Services (a closely related market in which the SGN Group is also present, and whose rivals are IGTs, and potentially some UIPs and self-layers). Ofgem's preliminary view is that the SGN Group may have been abusing a dominant position in the gas distribution market in the SGN GDN Area and harming competition in the above 7 barg Connection Services market, in which it is also active, by refusing to adopt new above 7 barg pipework.

The SGN Group's conduct in the provision of above 7 barg Connection Services

Connection Charging Methodology (CCM) – 4B Statements

- 3.11. Prior to the update of its adoption of above 7 barg connections policy introduced in 2018, ScGN and SnGN CCM 4B Statements (together the SGN CCM 4B Statements) stated that SGN would adopt *"fit for purpose above 7 barg connections apparatus"* and customers were *"strongly advised to contact"* SGN before any works in respect of the design and construction were carried out.
- 3.12. On 1 October 2018, a 4B Statement update came into effect setting out at paragraph 3.6. that SGN *"do not currently adopt any above 7Barg apparatus"*. It also continued to state that *"Customers are strongly advised to contact us to explain their intentions and to discuss the taking ownership procedure before carrying out any work in respect of the design or construction of above 7Barg apparatus that they wish SGN to take into ownership"*.
- 3.13. A further update effective from 3 April 2023, stated in paragraph 2.3. of the SGN 4B CCM Statements that the SGN Group *"will not adopt >7 bar assets or infrastructure from any third party"* and kept the wording (of the 2018 version) in paragraph 3.16 stating that the SGN Group *"do not currently adopt any above 7Barg apparatus. Customers are strongly advised to contact us to explain their intentions and to discuss the taking ownership procedure before carrying out any work in respect of the design or construction of above 7Barg apparatus that they wish SGN to take into ownership"*.
- 3.14. It is Ofgem's preliminary view that, in the Relevant Period, the changes introduced by the above-mentioned SGN CCM 4B Statements of 2018 and 2023 may have breached Chapter II of the CA98 by: (i) refusing access to an essential facility, i.e. the SGN GDN, due to the fact that a customer seeking access to the SGN network for a new above 7 barg gas entry or exit connection built by a third party will not obtain access because the SGN Group will not adopt those new works; and (ii) by applying dissimilar conditions to equivalent transactions due to the fact that the SGN Group engaged third parties for its own above 7 barg connection works but declined to adopt equivalent works independently undertaken by third parties (as set out below in para 4.4), and thereby foreclosing competitors in the above 7 barg Connection Services market (as set out above in paragraph 3.10).

- 3.15. The SGN Group provided an explanation to Ofgem in the course of its investigation for its updates contained in the 2018 and 2023 Statements. Among other things, the SGN Group said the following:
- a) First, the SGN Group submitted that above 7 barg projects require connection to the high-pressure transmission network which is more complex than the low-pressure transmission network.
 - b) Second, the SGN Group submitted that pipeline incidents could be very significant with consequential risk of harm to individuals and property, and security of supply, as high-pressure pipelines feed many lower pressure pipelines (in contrast to the lower safety-risk profile of the above 7 barg assets that are adopted under the SGN BIO2 policy).
 - c) Third, the significant risk profile necessitates safety precautions and the solid design and construction of the assets is fundamental to ensuring safe operation during the life cycle of the assets, and the security of supply with which they are associated. The adoption of such assets means SGN would then take ownership of and liability for these substantial risks.
 - d) Fourth, the SGN Group also submitted that there are no industry frameworks and safety standards for adoption of above 7 barg projects, unlike below 7 barg projects; and that there is little customer demand and little industry experience of such projects.
 - e) Fifth, the SGN Group submitted that in 2018 another GDN's adoption of an above 7 barg project generated safety issues that exemplified SGN's existing concerns.
 - f) Sixth, the SGN Group submitted that, in correspondence with Ofgem in 2018, SGN had explained that it remained in principle open to adopting above 7 barg assets constructed by third parties, provided that such parties could demonstrate that appropriate standards had been met or delivered prior to the adoption taking place.
 - g) Seventh, the SGN Group submitted that it had not understood Ofgem to require any changes to its position.

4. Ofgem's Competition Concerns

- 4.1. This Chapter sets out Ofgem's competition concerns regarding the SGN Group. It is important to note, however, that these views are merely provisional and that no conclusion should be drawn as to whether or not there has been an infringement of competition law.

Refusal of access to the SGN GDN

- 4.2. Ofgem's preliminary view is that the SGN Group holds a dominant position in the market for the distribution of gas in the SGN GDN Area. Ofgem has also formed a provisional view that by amending its CCM 4B Statement in 2018 and 2023, the SGN Group may have prevented (in part) some of its rivals in the above 7 barg Connection Services market from accessing the SGN network for new above 7 barg connections. Ofgem's provisional view is that the 2018 and 2023 Statement changes seem to indicate that the SGN Group may have been leveraging a dominant position in the gas distribution market into a closely related market – the above 7 barg Connection Services market in which it also competes -by foreclosing its rivals by not adopting their new above 7 barg pipework. Provisionally, this decision may have resulted in:
- a) a reduction in competition in the market for above 7 barg Connection Services in the SGN GDN Area, and
 - b) the potential to lead to higher prices, or a reduction in service levels or choice, for customers seeking to access the SGN GDN, and ultimately worse outcomes for end consumers.

Application of dissimilar conditions to equivalent transactions

- 4.3. As we have already noted in Chapter 3.15 of this Notice, the SGN Group has informed us that its 4B policy decision was justified based (amongst other factors) on safety concerns and security of supply concerns, a lack of industry frameworks and standards, and insufficient demand and industry expertise, giving rise to significant risk to the network and to individuals. Assuming those concerns are grounded in substance, Ofgem is of the view that other GDNs would have also been affected by them. However, it is Ofgem's preliminary view that those other GDNs appear to have found alternatives to address the safety concerns that the SGN Group reports without reducing the levels of competition in relation to above 7 barg Connection Services.
- 4.4. In our preliminary view, the SGN Group's justifications are significantly undermined by the fact that the SGN Group has used third parties for its own above 7 barg connection works in the Relevant Period. The SGN Group claims that when third parties are contracted to complete SGN's works, those works are not considered to be 'adopted' given that they have been undertaken under SGN's project management supervision and control.⁸ Ofgem is also of the preliminary view that similar management and

⁸ Information provided by the SGN Group

control standards could be developed by the SGN Group to facilitate the adoption of above 7 barg works carried out independently by third parties, at the expense of the party providing the connection.

- 4.5. Ofgem's preliminary view is that it is concerned that a seemingly unjustifiable and discriminatory approach has been applied, according to which risks are regarded as present when third parties independently undertake above 7 barg connections but appear to be less prevalent when the same works are undertaken by the same third parties on behalf of the SGN Group.
- 4.6. In addition, if, as asserted by the SGN Group, there is little industry experience of above 7 barg projects - albeit this argument is undermined by the fact that the SGN Group subcontracts with these third parties for the construction of its own pipework and third parties construct above 7 barg projects for other GDNs - our preliminary view is that we are concerned that the SGN Group's approach might deprive industry participants of opportunities to gain more experience and, consequently, the reported concern regarding lack of industry experience would remain unresolved. Further, where there is limited scope to compete, it is Ofgem's view that it is even more important to protect and encourage the reduced competition that is present.

5. The Proposed Commitments

- 5.1. In order to address Ofgem's competition concerns (as described in Chapter 4), the SGN Group has offered the Proposed Commitments to Ofgem. The Proposed Commitments are set out in the Annex 1 to this Notice and are summarised below.

The SGN Group's Proposed Commitments

- 5.2. The Proposed Commitments are as follows:

- a) First is an obligation that the SGN Group shall 'maintain a published SLO-1 audit framework setting out the process that SGN will follow to assess whether natural gas self-lay pipelines operating at above 7 barg pressures, built by or on behalf of customers seeking to establish a new entry or exit point along the SGN GDN, are suitable for adoption by SGN (excluding pipelines and assets that can be reasonably considered as downstream / upstream to the distribution system's exit or entry point, respectively) (the "SLO-1" or "SLO-1 Policy"). The SLO-1 will cover pipelines primarily containing methane (including biomethane), together with other types of gas in the quantities permitted by the Gas Safety (Management) Regulations 1996 (the "relevant above 7 barg pipelines")⁹.
- b) In addition to this, the SGN Group shall 'Maintain, review and update the SLO-1 as needed to ensure fitness for purpose as industry practice and regulation develops. No such update will introduce a prohibition or unnecessary restrictions on the SGN Group adopting the relevant above 7 barg pipelines from third parties along the SGN GDN'.

4B Statement

- c) The SGN Group shall 'maintain a 4B Statement that publicises the existence of the SLO-1 and which will not include a prohibition on the SGN Group adopting the relevant above 7 barg pipelines falling within the scope of the SLO-1 from third parties. The SGN Group shall actively promote the existence of the SLO-1 on an annual basis'.

Governance

- d) The SGN Group shall 'adopt internal procedures to ensure that decisions taken on whether to adopt assets under the SLO-1 are subject to appropriate approval processes, are undertaken in reasonable periods of time, under reasonable terms and conditions and on a non-discriminatory basis'.

⁹ See Schedule 3, Part 1, Paragraph 1 of the Gas Safety (Management) Regulations 1996.

Policies and Procedures

- e) The SGN Group shall 'revise relevant internal and external policies and procedures (insofar as SGN identifies them as being relevant to the adoption of above 7 barg assets) to reflect the introduction of the SLO-1'.

Commitments Compliance Officer

- f) The SGN Group shall 'appoint a Commitments Compliance Officer as responsible for monitoring and reporting on SGN's compliance with the Commitments for as long as they remain in force and to be responsible for ensuring the preparation and delivery of annual monitoring reports to Ofgem'.

Compliance Support

- g) The SGN Group shall 'ensure that all SGN Group entities support each other as appropriate in compliance with the Commitments and do not take action that might undermine SGN's compliance with the Commitments'.

Training

- h) The SGN Group shall 'create and deliver training of an appropriate quality and standard that will be specifically targeted at compliance with competition rules relating to abuse of a dominant position. This training will include an assessment to test participants' understanding of the rules. The training will be aimed at and delivered to all SGN Group employees (with the exception of administrative and operational ground and engineering staff). All training materials must be shared with and approved by Ofgem in advance. Subsequent updates or amendments to these materials will be reviewed and approved by the Commitments Compliance Officer annually'.

Commencement and Duration

- 5.3. After having been signed by the SGN Group, the Proposed Commitments shall take effect on the Effective Date and remain in force for a period of five years from that date.
- 5.4. The SGN Group may request that Ofgem reviews the Proposed Commitments with a view to their variation, substitution or release in accordance with section 31A and schedule 6A of the Act (with any such review being at Ofgem's discretion).
- 5.5. Consistent with sections 31A and 31B of the Act, and subject to section 31B(4) of the Act, the Proposed Commitments have been offered on the basis that if Ofgem accepts the Proposed Commitments in accordance with section 31A(2) of the Act, it will not continue the Investigation, or make any decision within the meaning of section 31(2) of

the Act, or give a direction under section 35 of the Act, and will instead close the Investigation opened on 8 March 2024 concerning the adoption of above 7 barg apparatus, assets or infrastructure from third parties.

Compliance, monitoring and reporting

- 5.6. The Commitments Compliance Officer will be appointed to monitor compliance with the Proposed Commitments. Ofgem must approve the appointment of the Commitments Compliance Officer.
- 5.7. Under the Commitments, the Commitments Compliance Officer shall:
- a) monitor the performance of the Commitments and provide a written report on the SGN Group's compliance to Ofgem on an annual basis (and aligned with the SGN Group's timetable for wider regulatory reporting activities);
 - b) propose to the SGN Group measures that it considers necessary to ensure compliance with the Commitments;
 - c) propose in its first report to Ofgem, to be submitted (unless agreed otherwise with Ofgem) two weeks after being appointed, a detailed work plan describing how it intends to monitor compliance with the Commitments;
 - d) after becoming aware of any suspected breach, promptly report to Ofgem in writing if it reasonably suspects that the SGN Group is failing to comply with the Commitments, within one month of identifying these suspicions;
 - e) reply to questions from Ofgem regarding reports provided to it under the Commitments within a reasonable time period; and
 - f) engage with Ofgem throughout the duration of the Commitments regarding the monitoring compliance in a timely manner.
- 5.8. The Commitments Compliance Officer, shall not:
- a) participate in decisions on whether to adopt above 7 barg pipelines from third parties;
 - b) have any decision-making power or powers of investigation of the kind vested in Ofgem pursuant to the Act; nor
 - c) disclose confidential information to any person without the agreement of the SGN Group or Ofgem as relevant, pursuant to agreements on appropriate confidentiality obligations entered into with the SGN Group and/or Ofgem.

5.9. The Commitments provide that the SGN Group shall:

- a) provide the Commitments Compliance Officer with all co-operation, assistance, and information that is necessary to monitor the SGN Group's compliance with its obligations under these Commitments.
- b) comply with any requests by Ofgem to provide specified documents or information, which Ofgem considers relates to any matter relevant to the exercise of its powers set out in Part I, Chapter III of the Act;
- c) notify the Commitments Compliance Officer prior to any changes to the SLO-1 Policy or its 4B Statements, as well as to any other conditions and criteria, to the extent such changes may impact the SGN Group's compliance with the Commitments;
- d) share and maintain such information, as may be reasonably required, with the Commitments Compliance Officer for provision to Ofgem, provided that such sharing of information is considered reasonably necessary to monitor the SGN Group's compliance with its obligations under the Commitments;
- e) ensure that, in addition to being non-discriminatory, the conditions and criteria that comprise the SLO-1 Policy are 'objectively verifiable' as well as 'objectively necessary'; it will therefore be incumbent on the SGN Group to ensure that the Commitments Compliance Officer and Ofgem can review the conditions and criteria to check that they are necessary and appropriate;
- f) to the extent that the Commitments Compliance Officer has follow-up questions on any such changes, the SGN Group will respond to these questions within a reasonable timeframe; and
- g) as soon as possible after becoming aware of any breach, the SGN Group will:
 - (i) take all actions that are reasonably required to remedy the breach and to comply with the Commitments; and
 - (ii) inform the Commitments Compliance Officer, within seven calendar days of the date on which the SGN Group became aware of the breach, about the breach, including providing an explanation of the circumstances in which the breach arose, and the steps the SGN Group is taking to remedy the breach.

5.10. To the extent that Ofgem reasonably considers that the SGN Group has failed to comply with these Commitments, the SGN Group will promptly take reasonable steps, in consultation with Ofgem, to ensure compliance with the Commitments.

5.11. Ofgem, on its own initiative or at the request of the Commitments Compliance Officer or the SGN Group, may give any orders or instructions to the Commitments Compliance

Officer in order to ensure the SGN Group's compliance with the Commitments.

Non-Circumvention

- 5.12. The SGN Group shall not circumvent or attempt to circumvent these Commitments either directly or indirectly by any act or omission.

Complaint Mechanism

- 5.13. The Commitments also provide for a complaint mechanism that allows third-party above 7 barg Connection Services providers suspecting non-compliance with these Commitments to submit a written complaint to the Commitments Compliance Officer, setting out the relevant facts and attaching the relevant supporting evidence and documentation. No later than two weeks after Ofgem's approval of the appointment of the Commitments Compliance Officer, the SGN Group, together with the Commitments Compliance Officer, will make available in an adequate and sufficiently prominent and durable manner the postal and digital contact details for any such submission.

6. Ofgem's assessment of the appropriateness of Proposed Commitments in this case

- 6.1. For the reasons set out below, Ofgem provisionally considers that acceptance of the Proposed Commitments would be an appropriate way to address its competition concerns.

The CMA's Guidance as it applies to Ofgem

- 6.2. The decision on whether to accept the Proposed Commitments is at the discretion of Ofgem. In considering whether and how to exercise that discretion, Ofgem has regard to the relevant guidance published by the CMA. The guidance sets out the circumstances in which it may be appropriate to accept the Proposed Commitments, as required by section 31D of the Act.¹⁰ Relevant aspects of the guidance are summarised briefly below. References to the CMA in the guidance are replaced by references to the Authority in the interests of clarity.
- 6.3. Having regard to the guidance, Ofgem is likely to consider it appropriate to accept binding commitments where:
- a) the competition concerns are readily identifiable,
 - b) the competition concerns are addressed by the Proposed Commitments offered, and
 - c) the Proposed Commitments are capable of being implemented effectively and, if necessary, within a short period of time.
- 6.4. Ofgem is unlikely to accept commitments in, among other things, cases involving serious abuse of a dominant position.¹¹ Further, it will not be appropriate to accept binding commitments where compliance with them and their effectiveness would be difficult to discern or where not to complete the Investigation would undermine deterrence.

Ofgem's assessment

- 6.5. Ofgem has carefully considered the Proposed Commitments, as set out in the Annex, and whether these address its competition concerns.
- 6.6. On the basis of that assessment, Ofgem's preliminary view is that this is an appropriate case for commitments and acceptance of the Proposed Commitments offered by the SGN Group is appropriate considering the framework set out above. The reasons for this are summarised below.

¹⁰ Paragraphs 10.18 to 10.21 of Guidance on the CMA's Investigation procedures in Competition Act 1998 cases: CMA8

¹¹ In the relevant footnote (footnote 131) in the guidance the CMA explains this concept further as follows "That is, those which the CMA considers are most likely by their very nature to harm competition. In relation to infringements of the Chapter II prohibition and/or Article 102, this will typically include conduct which is inherently likely to have a particularly serious exploitative or exclusionary effect, such as excessive and predatory pricing."

Whether the competition concerns are readily identifiable

- 6.7. Ofgem provisionally considers that the competition concerns are readily identifiable. Those competition concerns are set out in Chapter 4 of this Notice.

Whether the Proposed Commitments address Ofgem's competition concerns

- 6.8. Below, we set out Ofgem's provisional assessment of whether the Proposed Commitments address each of our competition concerns.

Refusal of access to the SGN GDN and application of dissimilar conditions to equivalent transactions

- 6.9. The Proposed Commitments will introduce a requirement for the SGN Group to adopt an access-related policy enabling third party above 7 barg Connection Services providers to request access to connect with the SGN GDN following a publicised process. The SGN Group will also provide clear guidance in their SLO-1 audit framework, setting out the process that the SGN Group will follow to assess whether gas self-lay pipelines operating at above 7 barg pressures, built by or on behalf of customers seeking to establish a new entry or exit point on the SGN network, are suitable for adoption by the SGN Group. The Proposed Commitments will also ensure that the SGN Group cannot, by way of policy updates, introduce a prohibition or unnecessary restrictions on the SGN Group adopting above 7 barg pipelines from third parties at any time in the future.
- 6.10. These changes would: (a) further facilitate some of SGN Group's rivals in the above 7 barg Connection Services market's access to the SGN GDN; and (b) prevent any unjustified discrimination between above 7 barg connections, whether constructed by third parties on behalf of the SGN Group or independently. Ofgem's provisional view is that this may lead to an increase in the levels of competition in the provision of above 7 barg Connection Services in the SGN GDN Area, which in turn may lead to lower prices, and more choice for customers seeking to access the SGN gas distribution network.

Whether the Proposed Commitments are capable of being implemented effectively and within a short period of time

- 6.11. The SGN Group can implement the access-related Proposed Commitments by introducing policies and monitoring mechanisms, thereby allowing access to the parts of the SGN network operating at above 7 barg.
- 6.12. The SGN Group can implement access-related Proposed Commitments by setting and assessing the conditions and criteria on which such access is based.
- 6.13. The SGN Group can implement the access-related Proposed Commitments by enabling third party above 7 barg Connection Services providers to request access to connect with the above 7 barg SGN network following a publicised process.

- 6.14. The SGN Group has agreed to implement the Proposed Commitments within a short period of time of being formally notified of Ofgem's commitments decision.
- 6.15. As such, Ofgem is satisfied that the Proposed Commitments are capable of being implemented effectively and within a short period of time.

Whether compliance with the Proposed Commitments and their effectiveness would be difficult to discern.

- 6.16. Ofgem provisionally considers that the monitoring and reporting processes and activities that will be implemented and undertaken pursuant to the Proposed Commitments mean that the SGN Group's compliance with the Proposed Commitments and their effectiveness will not be difficult to discern.
- 6.17. In this respect, the SGN Group's compliance with the Proposed Commitments will be closely monitored. In particular:
- a) Ofgem will ensure that an appropriate Commitments Compliance Officer is appointed to monitor the SGN Group's compliance with the Proposed Commitments and to report to Ofgem. Ofgem must approve the appointment of the Commitments Compliance Officer;
 - b) The SGN Group will be required to provide the Commitments Compliance Officer with all co-operation, assistance, and information that is necessary to monitor the SGN Group's compliance with its obligations under the Proposed Commitments;
 - c) Ofgem will engage with the Commitments Compliance Officer and the SGN Group throughout the duration of the Proposed Commitments regarding the monitoring of compliance;
 - d) The Proposed Commitments include a complaints mechanism for the reporting of any third-party above 7 barg Connection Services providers' concerns;
 - e) Ofgem will publish the fact that it has accepted the Proposed Commitments, so that businesses engaged in providing above 7 barg Connection Services are aware that they may bring non-compliance to Ofgem's attention.
- 6.18. In addition, the SGN Group will be required to report to the Commitments Compliance Officer of any changes to the SLO-1 Audit Framework or its Connection Charging Methodology – 4B Statements, as well as to any other conditions and criteria, to the extent such changes may impact the SGN Group's compliance with the Proposed Commitments.
- 6.19. Further, Ofgem notes that the SGN Group must ensure that, in addition to being non-discriminatory, the conditions and criteria that comprise the SLO-1 Audit Framework are 'objectively verifiable' as well as 'objectively necessary'; it will therefore be incumbent on the SGN Group to ensure that:

- a) the Commitments Compliance Officer and Ofgem can review the conditions and criteria to check that they are necessary and appropriate and
- b) The SGN Group will comply with any requests by Ofgem to provide specified documents or information, which Ofgem considers relates to any matter relevant to the exercise of its powers set out in Part I, Chapter III of the Act.

6.20. So, Ofgem does not consider that compliance with the Proposed Commitments, their effectiveness or the suitability of the conditions and criteria would be difficult to discern.

Whether acceptance of the Proposed Commitments would undermine deterrence

- 6.21. The Authority does not consider that accepting the Proposed Commitments in this case would significantly undermine deterrence. Ofgem considers that its Investigation and any decision to accept binding commitments should serve as a deterrent to the SGN Group. The fact that the SGN Group has offered commitments early in the Investigation is consistent with this view.
- 6.22. Publication of the facts that Ofgem has investigated the behaviour of the SGN Group and has accepted the Proposed Commitments should send a deterrent message, more generally, within the gas distribution sector and the broader energy sector, about Ofgem's monitoring of the market and willingness to use its powers under the Act.
- 6.23. Finally, the Proposed Commitments do not preclude the Authority from taking further enforcement action in relation to other suspected breaches of competition law, or in related markets, where these raise competition concerns.

7. Ofgem's intentions and invitation to comment

- 7.1. For the reasons set out above, Ofgem provisionally considers the Proposed Commitments set out in the Annex 1 to this Notice address Ofgem's competition concerns (set out in Chapter 4 of this Notice). Therefore, subject to consultation responses, Ofgem proposes to accept the Proposed Commitments pursuant to section 31A of the Act.

7.2. Invitation to Comment

Any person wishing to comment on the Proposed Commitments should submit written representations to the email address given below, with the subject title: 'Response to the SGN Group Proposed Commitments', by **5pm on 24 September 2025**.

Email: Claudia.lemus@ofgem.gov.uk
and Susy.paget@ofgem.gov.uk

Confidentiality

- 7.3. The Authority does not intend to publish the responses to the consultation. However, the information contained in the responses may be used or summarised in a manner which maintains anonymity. If this is the case, Ofgem will revert to the provider of that information to obtain representations on confidentiality in advance of publication.
- 7.4. In the event that the Proposed Commitments are not accepted, and the Authority is considering disclosing the information (for example in or with a statement of objections), it will engage with the provider of that information to offer the opportunity to make representations on confidentiality. The Authority will then consider those representations in accordance with the legal framework imposed by Part 9 of the Enterprise Act 2002.

ANNEX 1

COMMITMENTS PROPOSAL TO OFGEM

- (1) Scotia Gas Networks Limited and its wholly-owned subsidiaries, including ScGN and SnGN (collectively referred to herein as **"SGN Group"** or **"SGN"**) agree to make the following commitments (the **"Commitments"**), on condition that they are accepted by the Gas and Electricity Markets Authority (collectively referred to herein as **"GEMA"** or **"Ofgem"**) in a Commitments Decision.
- (2) The Commitments are being offered by the SGN Group under Section 31A of the Competition Act 1998 (the **"Act"**) in order to bring Ofgem's Investigation to a close by addressing Ofgem's competition concerns.
- (3) The giving of the Commitments by the SGN Group does not constitute an admission of any wrongdoing by the SGN Group and nothing in these Commitments may be construed as implying that the SGN Group agrees with any concerns identified by Ofgem in its Investigation relating to the SGN Group's alleged abuse of a dominant position through refusing to adopt above 7 barg apparatus, assets or infrastructure from third parties. Ofgem has made no determination as to the existence of an infringement of competition law, and the SGN Group has not been the subject of any infringement decision or statement of objections in respect of the Investigation.
- (4) These Commitments are without prejudice to the SGN Group should Ofgem, or any other party commence or conduct proceedings or other legal action against the SGN Group.

The Commitments

Commitment 1: Maintain a published SLO-1 audit framework

- (5) The SGN Group shall 'maintain a published SLO-1 audit framework setting out the process that SGN will follow to assess whether natural gas self-lay pipelines operating at above 7 barg pressures, built by or on behalf of customers seeking to establish a new entry or exit point along the SGN GDN, are suitable for adoption by SGN (excluding pipelines and assets that can be reasonably considered as downstream / upstream to the distribution system's exit or entry point, respectively) (the **"SLO-1"** or **"SLO-1 Policy"**). The SLO-1 will cover pipelines primarily containing methane (including biomethane), together with other types of gas in the quantities permitted by the Gas Safety (Management) Regulations 1996 (the **"relevant above 7 barg pipelines"**)¹².

Commitment 2: Policy updates - review and update the SLO-1 audit framework

- (6) The SGN Group shall 'maintain, review and update the SLO-1 as needed to ensure fitness

¹² See Schedule 3, Part 1, Paragraph 1 of the Gas Safety (Management) Regulations 1996.

for purpose as industry practice and regulation develops. No such update will introduce a prohibition or unnecessary restrictions on the SGN Group adopting the relevant above 7 barg pipelines from third parties along the SGN GDN'.

Commitment 3: Maintain a 4B Statement that publicises the existence of the SLO-1

- (7) The SGN Group shall 'maintain a 4B Statement that publicises the existence of the SLO- 1 and which will not include a prohibition on the SGN Group adopting the relevant above 7 barg pipelines falling within the scope of the SLO-1 from third parties. The SGN Group shall actively promote the existence of the SLO-1 on an annual basis'.

Commitment 4: Governance – adopt internal procedures to ensure decisions taken on whether to adopt assets under the SLO-1 are subject to appropriate approval processes

- (8) The SGN Group shall 'adopt internal procedures to ensure that decisions taken on whether to adopt assets under the SLO-1 are subject to appropriate approval processes, are undertaken in reasonable periods of time, under reasonable terms and conditions and on a non-discriminatory basis'.

Commitment 5: Policies and Procedures

- (9) The SGN Group will 'revise relevant internal and external policies and procedures (insofar as SGN identifies them as being relevant to the adoption of above 7 barg assets) to reflect the introduction of the SLO-1'.

Commitment 6: Commitments Compliance Officer

- (10) The SGN Group will 'appoint a Commitments Compliance Officer as responsible for monitoring and reporting on SGN's compliance with the Commitments for as long as they remain in force and to be responsible for ensuring the preparation and delivery of annual monitoring reports to Ofgem'.

Commitment 7: Compliance Support

- (11) The SGN Group will 'ensure that all SGN Group entities support each other as appropriate in compliance with the Commitments and do not take action that might undermine SGN's compliance with the Commitments'.

Commitment 8: Training

- (12) The SGN Group will 'create and deliver training of an appropriate quality and standard that will be specifically targeted at compliance with competition rules relating to abuse of

a dominant position. This training will include an assessment to test participants' understanding of the rules. The training will be aimed at and delivered to all SGN Group employees (with the exception of administrative and operational ground and engineering staff). All training materials must be shared with and approved by Ofgem in advance. Subsequent updates or amendments to these materials will be reviewed and approved by the Commitments Compliance Officer annually'.

Commencement and Duration

- (13) Having been signed by the SGN Group, these Commitments shall take effect from the Effective Date which will start from the date the SGN Group receives formal notification of a decision by Ofgem to accept commitments. The commitments shall remain in force for a period of five years from the Effective Date.
- (14) The SGN Group may request that Ofgem reviews the Commitments with a view to their variation, substitution or release in accordance with section 31A and schedule 6A of the Act (with any such review being at Ofgem's discretion).
- (15) Consistent with sections 31A and 31B of the Act, and subject to section 31B(4) of the Act, the Commitments have been offered on the basis that if Ofgem accepts the Commitments in accordance with section 31A(2) of the Act, it will not continue the Investigation, or make any decision within the meaning of section 31(2) of the Act, or give a direction under section 35 of the Act, and will instead close the Investigation opened on 8 March 2024 concerning the adoption of above 7 barg apparatus, assets or infrastructure from third parties.

Duties and obligations of the Commitments Compliance Officer

- (16) The Commitments Compliance Officer will be appointed to monitor compliance with the Commitments. Ofgem must approve the appointment of the Commitments Compliance Officer.
- (17) Under the Commitments, the Commitments Compliance Officer shall:
 - a) monitor the performance of the Commitments and provide a written report on the SGN Group's compliance to Ofgem on an annual basis (and aligned with the SGN Group's timetable for wider regulatory reporting activities).
 - b) propose to the SGN Group measures that it considers necessary to ensure compliance with the Commitments;
 - c) propose in its first report to Ofgem, to be submitted (unless agreed otherwise with Ofgem) two weeks after being appointed, a detailed work plan describing how it intends to monitor compliance with the Commitments;
 - d) after becoming aware of any suspected breach, promptly report to Ofgem in writing if it reasonably suspects that the SGN Group is failing to comply with the Commitments, within one month of identifying these suspicions;
 - e) reply to questions from Ofgem regarding reports provided to it under the Commitments within a reasonable time period; and

- f) engage with Ofgem throughout the duration of the Commitments regarding the monitoring compliance in a timely manner.

(18) The Commitments Compliance Officer, shall not:

- a) participate in decisions on whether to adopt above 7 barg pipelines from third parties;
- b) have any decision-making power or powers of investigation of the kind vested in Ofgem pursuant to the Act; nor
- c) disclose confidential information to any person without the agreement of the SGN Group or Ofgem as relevant, pursuant to agreements on appropriate confidentiality obligations entered into with the SGN Group and/or Ofgem.

Duties and obligations of the SGN Group

(19) The Commitments provide that the SGN Group shall:

- a) provide the Commitments Compliance Officer with all co-operation, assistance, and information that is necessary to monitor the SGN Group's compliance with its obligations under these Commitments.
- b) comply with any requests by Ofgem to provide specified documents or information, which Ofgem considers relates to any matter relevant to the exercise of its powers set out in Part I, Chapter III of the Act;
- c) notify the Commitments Compliance Officer prior to any changes to the SLO-1 Policy or its 4B Statements, as well as to any other conditions and criteria, to the extent such changes may impact the SGN Group's compliance with the Commitments;
- d) share and maintain such information, as may be reasonably required, with the Commitments Compliance Officer for provision to Ofgem, provided that such sharing of information is considered reasonably necessary to monitor the SGN Group's compliance with its obligations under the Commitments;
- e) ensure that, in addition to being non-discriminatory, the conditions and criteria that comprise the SLO-1 Policy are 'objectively verifiable' as well as 'objectively necessary'; it will therefore be incumbent on the SGN Group to ensure that the Commitments Compliance Officer and Ofgem can review the conditions and criteria to check that they are necessary and appropriate;
- f) to the extent that the Commitments Compliance Officer has follow-up questions on any such changes, the SGN Group will respond to these questions within a reasonable timeframe; and
- g) as soon as possible after becoming aware of any breach, the SGN Group will:
 - (i) take all actions that are reasonably required to remedy the breach and to comply with the Commitments; and
 - (ii) inform the Commitments Compliance Officer, within seven calendar days of the

date on which the SGN Group became aware of the breach, about the breach, including providing an explanation of the circumstances in which the breach arose, and the steps the SGN Group is taking to remedy the breach.

- (20) To the extent that Ofgem reasonably considers that the SGN Group has failed to comply with these Commitments, the SGN Group will promptly take reasonable steps, in consultation with Ofgem, to ensure compliance with the Commitments.
- (21) Ofgem, on its own initiative or at the request of the Commitments Compliance Officer or the SGN Group, may give any orders or instructions to the Commitments Compliance Officer in order to ensure the SGN Group's compliance with the Commitments.

NON-CIRCUMVENTION

- (22) The SGN Group shall not circumvent or attempt to circumvent these Commitments either directly or indirectly by any act or omission.

COMPLAINT MECHANISM

- (23) Third Party above 7 barg Connection Services providers suspecting non-compliance with these Commitments may submit a written complaint to the Commitments Compliance Officer, setting out the relevant facts and attaching the relevant supporting evidence and documentation. No later than two weeks after Ofgem's approval of the appointment of the Commitments Compliance Officer, the SGN Group, together with the Commitments Compliance Officer, will make available in an adequate and sufficiently prominent and durable manner the postal and digital contact details for any such submission.

MONITORING PROCESS

Appointment of the Commitments Compliance Officer

- (24) No later than two weeks after the Effective Date, the SGN Group shall submit to Ofgem details of the proposed Commitments Compliance Officer who has been approved and appointed to monitor commitments in this case.
 - a) The proposal shall include:
 - (i) the full terms of the proposed mandate, which shall include all provisions necessary to enable the Commitments Compliance Officer to fulfil its duties under these Commitments; and
 - (ii) the outline of a plan which describes how the Commitments Compliance Officer intends to carry out its assigned tasks.
 - b) Ofgem must give reasons in case of rejection of the approved Commitments Compliance Officer, and reasons supporting the need for any modifications.
 - c) The Commitments Compliance Officer shall be appointed, with the prior approval of Ofgem, within four weeks of the Effective Date, in accordance with the mandate approved by Ofgem.

New proposal(s) by the SGN Group

- (25) If Ofgem rejects the Commitments Compliance Officer which has been approved and appointed to monitor commitments in this case, the SGN Group shall submit the names of at least two more persons within one month of being informed of the rejection, providing the same information as set out earlier.

Monitoring Trustee nominated by Ofgem

- (26) If all further proposed Commitments Compliance Officers are rejected by Ofgem, Ofgem shall nominate a Monitoring Trustee, whom the SGN Group shall appoint, or cause to be appointed, within one month following the nomination, in accordance with a trustee mandate approved by Ofgem.

Replacement, discharge and reappointment of the Commitments Compliance Officer

- (27) If the Commitments Compliance Officer ceases to perform its functions under these Commitments (including as a result of ceasing to be an SGN employee) or for any other good cause:
- a) Ofgem may, after hearing the Commitments Compliance Officer, require the SGN Group to replace the Commitments Compliance Officer; or
 - b) The SGN Group, with the prior approval of Ofgem, may replace the Commitments Compliance Officer.
- (28) If the Commitments Compliance Officer is to be replaced, the new Commitments Compliance Officer shall be appointed in accordance with the procedure described in Clause 24 above. The SGN Group will propose a new Commitments Compliance Officer to Ofgem no later than four weeks after Ofgem requires or approves the SGN Group replacing the Commitments Compliance Officer under Clause 25 above.

Annex 2 – Definitions

'4B statement' refers, for the purposes of this Notice, to SGN's Connection Charging Methodology and Standard Condition 4B Statement, the latest published versions of which are available [here](#). This document (among other functions) is used by SGN to determine the charges specified for a range of activities that are discussed therein.

'Above 7 barg connection' refers to a connection that connects to a pipeline that operates at greater than 7 barg of pressure. Unlike the above 7 barg connections, below 7 barg connections operate at lower than or equal to 7 barg of pressure.

'Adoption Services' refers to a GDN taking ownership of, and therefore responsibility for operating and maintaining the assets/pipework laid by or on behalf of a prospective connectee. This includes taking responsibility for the long-term safety of the asset and the long-term security of supply obligations associated with that asset.

'CMA' means Competition and Markets Authority.

'Connection Services' means the supply and lay of new pipework to make an extension to the gas distribution network to allow an offtake (or entry) point at which gas can be withdrawn from (or introduced into) the GDN at a location where no such offtake (or entry) point previously existed.

'Commitments' means the commitments given by SGN hereunder, pursuant to section 31A of the Act.

'Commitments Compliance Officer' means a senior SGN employee appointed pursuant to Commitment 6 and with the prior approval of Ofgem whose function is to monitor compliance with the Commitments.

'Commitments Decision' means a formal decision by the Authority under section 31A CA98 to accept these Commitments such that section 31B CA98 applies with respect to the Authority's Investigation relating to SGN's alleged refusal to adopt above 7 barg apparatus, assets or infrastructure from third parties.

'Effective Date' means the date upon which SGN receives formal notification of a Commitment Decision by which Ofgem makes the Commitments binding on SGN.

'GDN' means a gas distribution network which is a specific geographic area for which Ofgem have granted a licence to provide gas transportation services.

'Gas Transporter' owns and operates the pipelines through which gas is transported across the country to end users. This is a licenced activity and is regulated by Ofgem.

'IGTs' means Independent Gas Transporters. IGTs are licenced by Ofgem to own and operate gas pipelines in areas not covered by the national gas grid such as new housing

developments, industrial sites, and rural locations. Unlike GDNs, IGTs are not limited to a particular geographic area and, therefore, they can own and operate gas networks across England, Scotland and Wales.

'Monitoring Trustee' refers to an individual or entity that may be appointed by the SGN Group to monitor SGN's compliance with the Commitments, pursuant to Clause 26 of the Commitments.

'Natural Gas' has the meaning given to 'gas' defined in the Gas Safety (Management) Regulations 1996, which includes methane and biomethane.

'Relevant Period' is defined as 1 January 2017 to 8 March 2024.

'SGN' has the meaning given to it in this Notice.

'SGN GDN' means the gas distribution network in respect of which Southern Gas Networks plc and Scotland Gas Networks plc respectively hold a gas transportation licence in Great Britain.

'SGN GDN Area' means those geographic areas in Great Britain in respect of which Southern Gas Networks plc and Scotland Gas Networks plc respectively hold a gas transporter licence.

'SGN Group' or **'SGN'** refers to Scotia Gas Networks Limited and its wholly-owned subsidiaries, being a group of companies whose responsibilities include, among other things, operating and maintaining the SGN GDN.

'ScGN' means Scotland Gas Networks plc, the gas distribution network covering the entirety of Scotland.

'SnGN' means Southern Gas Networks plc, the gas distribution network for the South and Southeast of London, covering Milton Keynes in the North, to Dover in the East and Lyme Regis in the West, including London boroughs to the South of the River Thames.

'Third party(ies)' means any entity(ies) that provide above 7 barg Connection Services apart from SGN.

'UIP' means Utility Infrastructure Provider, and this is a third-party company that provides a gas connection or service and is authorised to construct and install new gas infrastructure, like connecting a property to the gas mains, on behalf of the main gas network operator, instead of the network operator directly. The majority of UIPs are accredited under the Gas Industry Registration Scheme (GIRS), a framework which sets out standards for work associated with the construction of new gas infrastructure operating up to 7 barg of pressure.