Summary of Responses: Gas Disconnections Framework Review

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Contact:	Anita Ngov, Michelle Keogh, & William Duff
Email:	gas.systems@ofgem.gov.uk

In January 2025 we published a Call for Input (CfI), a review of the gas disconnections framework. The CfI sought to explore the issue of how consumers disconnect from the gas network. Under the current regulatory framework, disconnecting from gas for consumers can be costly and complex. We wanted to undertake a review of this issue as the energy market evolves towards a low carbon future and assess the long-term implications for Great Britain's gas network.

We asked for views and evidence from industry, consumer groups, and think tanks on the drivers of trends in gas disconnections in the Great Britain energy market. We asked whether the current framework governing disconnections is fit for purpose and enables consumers to exercise their choice to disconnect from the gas network and electrify their home, and, whether there is need for regulatory reform to design a better framework for both consumers and industry and assist with delivering UK's net zero emissions target at lowest cost to consumers.

This publication presents a Summary of Responses to the CfI, our analysis of those responses, and Ofgem's proposed next steps.

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1. Executive Summary

1.1. In January 2025, we published a Call for Input (CfI) to review the existing gas disconnections framework. We wanted to understand stakeholder views on the effectiveness of the current framework and anticipated factors that could impact future regulatory frameworks, particularly as the gas system continues to evolve.[1]

1.2. This document is a Summary of Responses we received to our CfI - Exercising Consumer Choice: A review of the gas disconnections framework. Having considered all responses, we have received valuable new insights from suppliers, transporters, think tanks and other interested parties confirming our understanding of the framework and suggesting areas for further consideration.

1.3. Respondents agreed that the **current disconnections framework is not fit for purpose.** Respondents consider that **the framework is fragmented and complex** for both consumers and industry to navigate, and, requires clear guidance and **better regulatory coordination and stewardship from Government**. Consumers need better quality information about disconnections to make empowered choices and promote equity, especially for vulnerable consumers.

1.4. Feedback we received indicated that a future disconnections framework should be **simplified into a single, navigable and transparent process** and should be easy for both consumers and industry stakeholders to understand. Respondents also agreed that industry must be equipped with the **right resources and a skilled workforce** to ensure gas disconnections are carried out efficiently, safely and at least-cost to support achieving net zero targets.

1.5. Respondents mentioned that any future gas disconnections framework will intersect with several major policies, particularly those targeting the decarbonisation of heat and the transformation of energy infrastructure, such as Government's **Net Zero Strategy**[2] and the **Heat Pump Net Zero Investment**

[1] Call for Input – Exercising consumer choice: a review of the gas disconnections framework.
[2] Net Zero Strategy

Roadmap.[3] Such policies seek emissions reductions from heating and promote a shift towards electrification, which in turn reduces reliance on the gas network. It is critical that any future gas disconnections framework effectively considers the impact of these environmental policies and promotes an orderly transition away from gas.

1.6. We received a **wide range of recommendations for possible reforms** to the current disconnections framework but there was **no clear consensus from respondents on which reforms should be progressed**, emphasising the importance for further engagement and analysis. However, respondents emphasised the urgent need for reform to protect vulnerable consumers from the risk of disconnections and safeguard the financial viability of the gas industry. They also emphasised that any future framework must be **equitable and inclusive**, ensuring that **vulnerable consumers are not left behind** in the energy transition.

1.7. Quantitative data provided voluntarily by our respondents revealed a range of useful and actionable insights. We confirmed that **voluntary disconnections[4] are currently significantly more expensive than health and safety (H&S) disconnections**,[5] with Great Britain-wide average voluntary disconnections costs being **£2,053.** GDNs and IGTs do not anticipate any significant reduction in these costs. Current Great Britain-wide average H&S disconnections costs are **£712,** projected to increase to **£1,230 by 2035,** however robust explanations and evidence justifying the cost differences between the two types of connections and these projected increases were not provided via this process.

1.8. Preliminary analysis of both types of disconnection costs revealed that there may be multiple possible drivers contributing to disconnection cost increases. Only some of the drivers identified appeared within the effective control of transporters and suppliers, and drivers seemed to vary significantly based on region. For H&S disconnections, data provided suggested that labour costs were

[3] Heat Pump Net Zero Investment Roadmap
[4] A voluntary disconnection is triggered when a consumer directly contacts the gas transporter to request for a gas disconnection.
[5] A H&S disconnection is triggered when a gas meter is removed and removal of the gas pipe takes place due to safety concerns.

the most significant cost driver across both GDNs and IGTs; as demand for disconnections rises in anticipation of meeting net zero targets, competition for a skilled labour force to deliver disconnection services will likely increase. The potentially high impact of labour on disconnection costs suggests that, without operational reform or government intervention, significant cost reductions are unlikely to be realised. We will continue to investigate the reasons for variation across disconnection works, to ensure a fair approach to disconnections across the consumer base.

1.9. Regarding disconnection volumes, we found that the **total volume of gas disconnections being completed was much lower** (a total of 21,512 disconnections in 2024) **than previously anticipated by Ofgem** (~60,000 disconnections originally anticipated), and significantly lower than the volumes required to achieve the necessary reduction in domestic gas consumption needed to support Government's net zero targets. The data we received for FY 2024/25 indicates that H&S disconnections accounted for approximately 77% of total disconnections and respondent forecasts suggest that the current **volume of H&S disconnections is expected to increase further over time**, increasing six-fold up to 2035.

1.10. GDNs and IGTs currently do not directly charge consumers or suppliers for H&S disconnection services meaning that **these costs are largely socialised to remaining gas network users through network charges and end up on other consumers' energy bills**. While the overall cost of socialised disconnections to current energy consumers remains relatively low due to the lower than anticipated volume of disconnections, as H&S disconnections volumes increase, the costs for future gas consumers may quickly escalate as they are spread across an increasingly smaller consumer base of remaining network users. Most respondents agreed that **those last remaining on gas networks will likely be vulnerable individuals** who cannot afford to disconnect, and this group will be left to shoulder an increasingly disproportionate share of the financial burden through higher gas bills if action is not taken.

Data collection of our results

1.11. We received a total of 15 written responses to our CfI including three consumer and environmental groups, eight GDNs and IGTs, three suppliers and one from the National Energy System Operator (NESO).

1.12. We asked 35 questions on the current operation of the disconnections framework, potential improvements, information on costs and volumes, and whether any other factors should be considered ahead potential reform. Respondents were able to submit detailed views and provide expertise on the matter.

1.13. We appreciate the responses provided by our stakeholders and the time they dedicated to engaging with our CfI. We are grateful for the depth and clarity provided in addressing our questions, as well as the additional insights and analysis shared on the gas disconnections framework. The detailed responses from industry participants demonstrated that **there is significant goodwill within industry in favour of finding a fair solution that works for all**.

1.14. However, we identified some gaps in the CfI on the quantitative data in relation to cost-breakdowns and other cost drivers in delivering a disconnection. The disconnections framework is a complex system; Ofgem requires this data to understand what system actors are likely to have the greatest impact on disconnection costs, and to inform how the gas disconnections framework, and any applicable regulatory framework can be better designed to meet industry needs, protect consumer interests end ensure net zero objectives are met. We therefore continue to work closely with transporters and have issued a Request for Information (RfI) to fill in these data gaps. We look forward to discussing the data we receive, alongside our recommended regulatory reform options by way of a Final Disconnections Report to be delivered in early 2026.

2. Introduction

2.1. As Great Britain's independent energy regulator, Ofgem's principal objective is to protect the interests of existing and future gas and electricity consumers, including their interests in the Government's compliance with the net zero target for 2050

and five-year carbon budgets[6]. In regulating these sectors, we[7] also have a duty to promote growth.

2.2. When a household wishes to disconnect from the gas network, the process they follow will depend on when and how they engage with their supplier and/or transporter. Previously, we had understood that the disconnection process was typically carried out by gas transporters acting pursuant to their licences and the Gas Act 1986. We had also understood that some disconnections are carried out pursuant to the Gas Safety Installation and Use Regulations 1998 (GSIUR) and Pipeline Safety Regulations 1996 (PSR). GSIUR and PSR are both established under the Health and Safety at Work etc. Act 1974, regulated by the statutory body the Health and Safety Executive (HSE). Disconnections undertaken through the Gas Act 1986 are referred to as 'voluntary disconnections', as a consumer directly requests the disconnection. Ofgem understands that gas transporters recover their costs by charging consumers directly when undertaking this form of disconnection. The GSIUR/PSR disconnection is a 'H&S disconnection' which is currently carried out at no cost to the household, but the costs of which are instead recovered through network charges which are paid by remaining gas consumers.

2.3. These two disconnections processes deriving from parallel regulatory frameworks and practices can result in drastically different consumer journeys and costs, creating issues of equity and fairness. Ofgem's preliminary research found no suggestion that this regulatory fragmentation, and its impacts on the disconnection framework, were intended or attributable to a clear decision of Government, suggesting the current status quo may instead be the result of an unintended and gradual divergence of the economic regulatory framework away from the relevant Health and Safety framework for gas networks.

2.4. Ofgem, in its role as an independent economic regulator of gas networks in Great Britain, previously consulted on and subsequently took action on voluntary

[6] Being the obligations on the Secretary of State set out in sections 1 and 4(1)(b) of the Climate Change Act 2008.
[7] References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document to refer to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work.

disconnections in 2021 as part of the RIIO-2[8] Gas Distribution Price Controls (RIIO-GD2)[9]. We did this by extending existing consumer protections under the Guaranteed Standards of Performance (GSOP)[10,11] to also include voluntary disconnections.

2.5. However, since we took this action, we have become aware of further reports from consumers and consumer advocates on behalf of domestic consumers who say the current process to voluntarily disconnect their gas supply remains costly and a potential barrier to those wishing to transition away from gas. In addition to concerns around cost, consumers and advocates have criticised the complexity of the overall disconnections framework, highlighting the difficulties consumers face in navigating the two separate frameworks – an issue exacerbated by a lack of clear guidance available for consumers on how the processes work in practice.[12] As a result of this uncertainty, some advocates have now started to steer consumers seeking gas disconnections away from the voluntary process and towards the H&S disconnection process – a trend that may have significant implications for current and future gas consumers, gas suppliers and gas transporters.

2.6. To address these recent concerns and understand the implications of a declining proportion of voluntary disconnections, we decided to conduct a broad review of the disconnections framework including the regulations governing gas disconnections for domestic and small business consumers[13], to ensure that any future framework remains fit for purpose as the use of the gas system continues to evolve. To commence this review, we asked for views and supporting evidence from industry on the gaps of the current framework and suggestions for future frameworks that would operate more effectively to achieve net zero objectives and protect consumers.

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[8] RIIO (Revenues = Incentives + Innovation + Outputs) is our regulatory framework to regulate energy network companies in Great Britain. It aims to ensure these companies deliver a safe, reliable and efficient service for consumers.
[9] It is the second price control period running from 2021 to 2026.
[10] GSOP are mandated service standards that sets a minimum for energy suppliers and network operators that must meet for their customers, with specific compensation payments for failing to meet these standards.
[11] The GSOP underwent an amendment in 2021 which modified the existing Gas (Standards of Performance) Regulations 2005 to keep pace with inflation. The amendment aimed to better align compensation payments with the actual costs customers face when a gas transporter fails to meet performance standards.
[12] Call for Input – Exercising consumer choice: a review of the gas disconnections framework.
[13] By small businesses we mean those businesses with an annual gas consumption of not more than 500,000 kWh.

Case for review

2.7. This Summary of Responses **confirmed broad support from respondents for a review of the** disconnections framework and existing regulations which stakeholders consider to be complex, outdated and unclear, offering insufficient consumer protections and placing decarbonisation of home heating and net zero goals at risk. We explain below how this review of gas disconnections framework and associated regulations aligns with Ofgem's principal objective and other statutory duties and why Ofgem intends to take action on this issue.

Ofgem's Principal Objective

2.8. Ofgem's principal objective, set out in law, is to **protect the interests of existing and future gas and electricity consumers.**

2.9. Given both the complexity of the energy system and the range of consumers we protect, we rely on our 'consumer interest framework',[14] to navigate the competing needs of different energy consumers and identify trade-offs between their interests.

2.10. A review of the gas disconnections framework closely aligns with our duty to protect the interests of current and future energy consumers because gas disconnections touch upon all elements of the consumer interest framework.

2.11. In relation to **fair and consistent prices**, we consider a strong disconnections framework is required to ensure efficient disconnection costs, minimisation of the potential for excessive profits in the provision of these services, and safeguard of consumer welfare by ensuring all consumers, including consumers in vulnerable situations, are not prevented from exercising their choice to disconnect from gas by virtue of high prices. Any future disconnections framework must ensure fairness in prices to both consumers disconnecting now but also to those who disconnect in the future.

2.12. Regarding **high service quality,** a strong disconnections framework must enable consumer choice, ensure transparency, and deliver on core consumer safety protections. Consumers need to be able to access clear and consistent

[14] For Ofgem's consumer interest framework, please review page 7 of Ofgem's Forward Work programme: Ofgem's Forward Work Programme – 2024/25

information in a way they can understand, and should broadly be able to access comparable and quality disconnections services regardless of their geographical location or when the disconnection takes place.

2.13. Concerning the **low-cost energy transition,** a strong disconnections framework must ensure enabling infrastructure and services are delivered in a way that is efficient, cost-effective and does not pose a barrier to consumers' choice to electrify or move away from natural gas. We consider the ability of consumers to exercise their choice to disconnect from the gas network and transition to electric heating as fundamental to safeguarding the long-term interests of energy consumers.

2.14. Lastly, gas disconnections also impact consumers' interest **in system planning and resilience** as consumers must have access to a reliable supply of energy as Great Britain transitions away from gas. A strong disconnections framework needs to ensure a reliable supply of energy to those who have disconnected, a reliable supply of gas to consumers yet to disconnect, and ongoing maintenance of infrastructure with costs fairly apportioned across energy consumers.

Net Zero Duty and disconnections

2.15. The Energy Act 2023 introduced a specific net zero consideration into Ofgem's principal duty to protect current and future consumers interests as including their interests in, "the Secretary of State's compliance with the duties 1 and 4(1)(b) of the Climate Change Act 2008".

2.16. This mandate means that there is a specific duty directly linking consumers' interests to include specific net zero targets, and that Ofgem will play a key role in supporting the Government to meet its legal obligation to meet the 2050 target and the carbon budget.

2.17. As the rate of disconnections is expected to increase significantly to meet net zero targets, the future disconnections framework needs to ensure alignment with net zero principles. To ensure the industry is equipped with the right framework and tools to deliver effectively, it is essential that consumers choosing to disconnect—and particularly those who are more vulnerable and remain on the gas network—are adequately supported throughout the transition.

Growth Duty and disconnections

2.18. The Growth Duty under the Deregulation Act 2015 requires regulators to regard the desirability of promoting economic growth, alongside the delivery of protections set out in relevant legislation.

2.19. Consumer use of the energy network is changing, with a growing number opting to disconnect from their gas supply and adopt alternative heat sources within their homes[15] and businesses[16]. This trend is expected to accelerate as efforts to meet net zero targets intensify. As such, Ofgem must ensure the future disconnections framework evolves to support innovation, investment and fair market conditions.

3. Glossary

Term	Abbreviation
Approved Meter Installer	AMI
Call for Input	CfI
Competition and Markets Authority	CMA
Department for Energy Security and Net Zero	DESNZ
(Electricity) Distribution Network Operator	DNO
Department for Work and Pensions	DWP
Emergency Control Valve	ECV
Future Energy Scenario	FES
First RIIO Price Control for Gas Distribution	RIIO-GD1
Second RIIO Price Control for Gas Distribution	RIIO-GD2
Third RIIO Price Control for Gas Distribution	RIIO-GD3
Gas Distribution Network	GDN

[15] When we refer to homes and households, we include those residential premises that receive gas by way of non-domestic contracts including care homes, farm worker accommodation and mobile park homes, among others.

[16] FES: Data Workbook 2024, National Energy System Operator.

Term	Abbreviation
Gas Network Operator	GNO
Gas Safety (Installation and Use) Regulations 1998	GSIUR
Guaranteed Standards of Performance	GSOP
Higher External Termination	HET
Health and Safety Executive	HSE
Independent Gas Transporter	IGT
Kilowatt-hour	kWh
Local Distribution Zone	LDZ
Meter Equipment Manager	MEM
Metal Pipeline	MET
Meter Point Reference Number	MPRN
National Energy System Operator	NESO
New Roads and Street Works Act 1991	NRSWA
Polyethylene	PE
Pipelines Safety Regulations 1998	PSR
Regulatory Asset Value	RAV
Regional Energy Strategic Plan	RESP
Request for Information	RfI
Revenue Incentives Innovation Outputs (Price Control)	RIIO
Relative Price Control	RPC
Service Level Agreement	SLA
Temporary Traffic Regulation Order	TTRO
Utility Independent Provider	UIP

4. Summary of Responses

Section 1: The current gas disconnections framework

The first section of our CfI examined the gaps in the current gas disconnections framework. When we refer to disconnections framework, we mean the entirety of the system for delivering disconnections to gas consumers in Great Britain. This includes systems, practices and processes used by gas suppliers, gas transporters and associated entities to deliver gas disconnections, and also includes the economic regulatory and health and safety regulatory frameworks which govern how those disconnections must be delivered.

Respondents agreed the current disconnections framework is not fit for purpose. They reported that the system is overly complex, does not adequately protect consumer interests, does not promote economic growth, nor will it deliver on net zero objectives.

Question 1:

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

4.1. Respondents agreed that the current gas disconnections framework is unclear and difficult to navigate for consumers, due to the existence of more than one gas disconnections process set out in legislation and lack of clear guidance on how these different processes operate.

4.2. Most respondents agreed that the current framework is misaligned in respect to ensuring consumer protection and awareness, achieving broader net zero outcomes, and supporting broader economic growth.

4.3. **Consumer protection and awareness:** Respondents highlighted that the costs of disconnecting vary depending on which disconnection process the consumer chooses. Respondents suggested that many consumers are unaware of the existence of two alternate disconnection processes, creating equity issues in which some consumers disconnect at no cost via the H&S disconnection route, while others face significantly higher costs via the voluntary disconnection route.

4.4. **Achieving net zero outcomes:** Respondents noted that that the current framework was designed on the assumption of relatively low volumes of customers requesting disconnections from the gas network which was anticipated to operate in

perpetuity. Respondents noted that the current framework will have difficulty meeting Future Energy Scenario (FES)[17] projections, particularly as consumers wishing to move to alternative energy sources are disincentivised to disconnect as they are at risk of facing high disconnection costs under the voluntary disconnection route, further slowing progress towards net zero.

4.5. **Promoting economic growth:** Respondents noted that disconnecting involves a genuine cost that is essential to maintaining both consumer safety and gas network integrity. Respondents acknowledged that some costs are unavoidable, and that a fair approach would be needed to link the responsibility for these costs to the decision to disconnect, while ensuring they are equitably distributed.

4.6. One respondent argued that the gas disconnections framework needs to consider a wider set of issues, especially around recovery of all costs relating to gas networks in the future.

4.7. One respondent shared the view that while the current gas disconnections framework may be broadly functional for suppliers—given the clarity and simplicity of their interactions with consumers—it falls short for GDNs. For GDNs, the process lacks transparency, particularly around whether consumers are required to pay for disconnection services, which varies depending on the route taken. This ambiguity creates operational challenges and undermines consistency. The respondent emphasised the need for clearer delineation of roles and responsibilities between suppliers and GDNs to enhance accountability and streamline the disconnection process.

Question 2:

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

4.8. Respondents agreed that the complexity, regulatory overlap and lack of transparency around disconnecting significantly undermine the effectiveness of the current framework in achieving its objectives. Some stakeholders called for greater standardisation to ensure disconnection procedures and associated costs

[17] Future Energy Scenarios (FES) | National Energy System Operator

are consistent and equitable for all consumers. We provide further details of commentary on certain factors below.

4.9. **Disconnection prices:** Four respondents highlighted that disconnection costs play a crucial role in framework effectiveness. They suggested that the disconnection process should be low-cost or free to increase uptake in gas disconnections and fast-track the transition to low carbon to align with net zero objectives.

4.10. **Clarity of roles and responsibilities:** Three respondents suggested that suppliers should serve as the single point of contact for consumers across all energy issues and processes. Respondents stated that given their direct relationship with consumers, suppliers are well positioned to lead on consumer engagement, provide clear guidance and communication on disconnection procedures, and manage cost recovery. Improved information sharing among all relevant parties would enhance the overall effectiveness of the framework. Respondents highlighted again that at present, its complexity hinders both consumers and industry stakeholders, making it difficult to navigate and reducing its overall efficacy.

4.11. **Provider Service Quality:** One respondent mentioned inconsistency in the consumer experience across different suppliers as a contributing factor to delivering an efficient framework. The disparities result in a fragmented process, where some consumers benefit from efficient and cost-effective disconnections whilst others may face delays and unexpected or opaque charges.

4.12. **Safety and Planning:** Two respondents highlighted infrastructure limitations as a contributing factor. Most domestic properties do not have a service isolation valve, necessitating additional excavation both inside and outside the property, including public roads. This excavation not only introduces inherent safety risks but also significantly increases disconnection costs for consumers.

4.13. **Effectiveness of legislation:** One respondent stated that the current framework does not align effectively with decarbonisation goals as the framework was not designed to support mass decarbonisation. Historically, gas disconnections have been rare, however, as the transition to net zero accelerates, disconnections are expected to become a routine part of moving away from gas heating. The existing

regulatory framework, however, is outdated and was not designed to support this evolving need.

Question 3:

What factors impact the efficiency of the framework in achieving its objectives?

4.14. Respondents gave weight to different factors, however, most broadly agreed that the following factors were relevant to the efficiency of the disconnections framework.

4.15. **Framework design:** Respondents noted that the framework is currently designed based on a stable and enduring gas distribution network and therefore is not built in a way to prepare for future workload volumes as consumers move to alternate sources of energy.

4.16. **Cost variation:** Respondents highlighted that the variation in disconnection costs has a significant impact on the efficiency of the framework. Respondents advised that cost variation can be driven by differing guidance across suppliers. Further, respondents advised that cost variation is also driven by regional differences in labour costs and scope of the disconnection works. Respondents noted that these variations result in an uneven consumer experience and underscore the need for greater standardisation and transparency and potentially make a case for greater standardisation in the interests of equity.

4.17. **Need for process consistency (Standardisation):** Five respondents suggested that there needs to be consistency across the disconnection process to ensure the process to disconnecting is easy to understand for consumers, and that costs are fair across all households. Respondents noted that supporting a clearer process for all could improve efficiency and ultimately fast-track progress to meet UK's net-zero goals.

4.18. **Workforce:** Respondents noted that the current gas disconnections process is resource-intensive, and at times requires multiple site surveys, visits and other administrative labour. Further, consideration of capacity amongst energy suppliers and gas network operators was raised, noting that it is critical to ensure that there are sufficient skilled personnel in the workforce to meet the expected increase in disconnections. If not met, consumers may be facing extended waiting times,

undermining the efficiency of the entire process, which may ultimately discourage households from disconnecting from the gas network.

4.19. **Guidelines and standards:** One respondent suggested that the framework should place clear obligations and standards onto shippers and suppliers regarding the processes and timelines for meter removal and full gas disconnections. The respondent advised that establishing defined responsibilities and timeframes would improve coordination across parties and enhance the overall efficiency and transparency of the disconnection process.

Question 4:

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?

4.20. Respondents including GDNs, IGTs and think tanks urged the need for Ofgem and HSE to collaborate and move to a risk-based approach on disconnections. Respondents stated that allowing gas transporters to assess each disconnection on a case-by-case basis would enable them to determine the most efficient, cost-effective, and safe method for carrying out the work. Under the current framework, disconnections are typically required to be made near the mains, which can impose significant costs on both networks and consumers – particularly when the service pipes are made of polyethylene (PE) (yellow service pipes)[18], making such extensive work potentially unnecessary. Respondents highlighted that in many domestic properties, the absence of a service isolation valve requires additional excavation both within and beyond property boundaries, including public roads. This increases disconnection costs and introduces inherent safety risks.

4.21. **Commercial and financial perspective:** One respondent stated that they do not believe that gas network operators (GNOs) nor energy suppliers should profit from the disconnection process. Regardless, the respondent acknowledged that these organisations should be able to recover the costs associated with gas disconnections such as the removal of gas meters and capping pipes. To ensure fairness, this respondent encouraged Ofgem to investigate and understand the

[18] The standardised brand of polyethylene used in Great Britain for gas distribution.

actual costs involved in these processes to ensure that the fees charged are reflective of the true costs.

4.22. **Awareness:** One respondent highlighted that raising awareness about the steps involved in switching to low-carbon heating is essential for the disconnections framework to work effectively. They suggested that if multiple disconnections can be planned and carried out together, it could reduce both costs and disruption for consumers. However, this respondent acknowledged this would require careful coordination and forward planning among all parties involved.

4.23. **Price variation:** Two respondents stated that price inconsistencies are a contributing factor to both the effectiveness and efficiency of the framework. Ensuring transparency in pricing and preventing excessive charges will be essential in maintaining consumer trust and ensuring fair treatment. In addition, respondents noted that there is an opportunity to socialise gas disconnections costs across both electricity and gas consumers instead of placing the entire financial burden on individual consumers. Costs would be recovered through levies between gas and electricity, ensuring a fairer distribution of transition costs across all energy consumers.

4.24. **Regulation:** One respondent stated that at present, independent gas transporters are not subject to the full RIIO price control by which GDNs are regulated. Instead, IGT transportation charges have been regulated by the Relative Price Control (RPC) framework. The respondent suggest that any future price regime for disconnections should be the same for both GDNs and IGTs.

4.25. **Funding:** Three respondents commented from a funding perspective that as the number of gas disconnections increases, the gas consumer base from which costs can be recovered will naturally diminish. The respondents highlighted that this would pose a challenge for networks, who must continue to fund network operations, with maintenance and safety costs not necessarily reducing in line with consumer numbers. Based on this, respondents stated that upcoming policy decisions may need to be evaluated including:

- The HSE's policy position in relation to disconnections on PE services.[19]
- The skills and workforce required to undertake this work.

4.26. With this, respondents suggested Ofgem's review of the framework should also consider gas connections within the broader context of future gas network cost recovery — including potential challenges such as network decommissioning, the risk of unrecovered revenues, and the resulting implications for the network's financeability and attractiveness to investors.

4.27. **Pace of disconnections:** Two respondents commented that the pace of disconnections needs consideration and potential re-phasing. The respondents suggested industry engagement and consultation to consider a proposed pace that is both realistic and achievable—not only in terms of cost recovery, but also regarding the engineering and operational challenges that are likely to emerge.

Question 5:

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

4.28. Respondents offered a diverse range of insights regarding the factors influencing demand for gas disconnections, which are set out below.

4.29. **Government policy (Domestic heating):** The transition to low-carbon heating will be dependent on government policies, schemes, subsidies and grants[20] which is expected to drive disconnection demand upwards. One respondent noted that the government's forthcoming decision on the role of hydrogen in home heating – expected later this year – may have short-term implications. However, according to the respondent, a broader issue lies in the uncertainty that hydrogen has introduced into the long-term outlook for residential heating. The potential for hydrogen to serve as a low-carbon alternative to natural gas has created a policy dilemma. While it offers a promising pathway to decarbonisation, its viability, scalability, and cost-effectiveness remain uncertain. The respondent noted that

[19] Disconnecting utility service lines made from PE pipes.

[20] Boiler upgrade scheme, Clean Heat Market Mechanism, Energy Company Obligation 4 (ECO4) Scheme, NEST scheme in Wales

this ambiguity has likely contributed to delays in policy commitments and investment decisions related to other technologies such as heat pumps.

4.30. **Government policy (Renewables):** From another business standpoint, incentives could also drive the transition to electrical appliances. Financial incentives—such as government subsidies, tax relief, or low-interest financing—can significantly reduce the upfront cost of switching, making the transition more attractive. Additionally, acquiring green credentials and sustainability certifications can enhance a company's brand reputation, demonstrating environmental responsibility to customers, investors, and partners. These credentials not only support corporate social responsibility goals but also offer a competitive edge in increasingly evolving markets.

4.31. **Government policy (Housing) & demolition costs:** One respondent pointed out that property demolition could be a potential driving factor however, this is expected to play a relatively minor role in driving demand for gas disconnections. This is primarily because demolitions affect only a small proportion of the housing stock each year.

4.32. **Renewable substitution costs:** As more people transition to low-carbon heating alternatives, costs of powering homes or businesses are expected to decrease, encouraging others to follow suit, ultimately driving demand for gas disconnections.

4.33. **Electricity grid capacity:** Concerns around the reliability and resilience of the electricity grid may make some consumers reluctant to fully disconnect from gas. Until there is confidence that the electricity system can consistently meet rising demand – particularly during peak periods and extreme weather events – many households may prefer to retain gas as a backup. This hesitation reflects broader anxieties about energy security and the pace of infrastructure upgrades needed to support widespread electrification.

4.34. **Consumer awareness and attitudes:** Public perception and awareness of gas disconnections as a part of the transition to net zero will shape demand. If the public has a strong understanding that disconnecting from the gas grid is part of a broader strategy to reduce carbon emissions and combat climate change, they may be willing to support and engage with the process. Conversely, if this

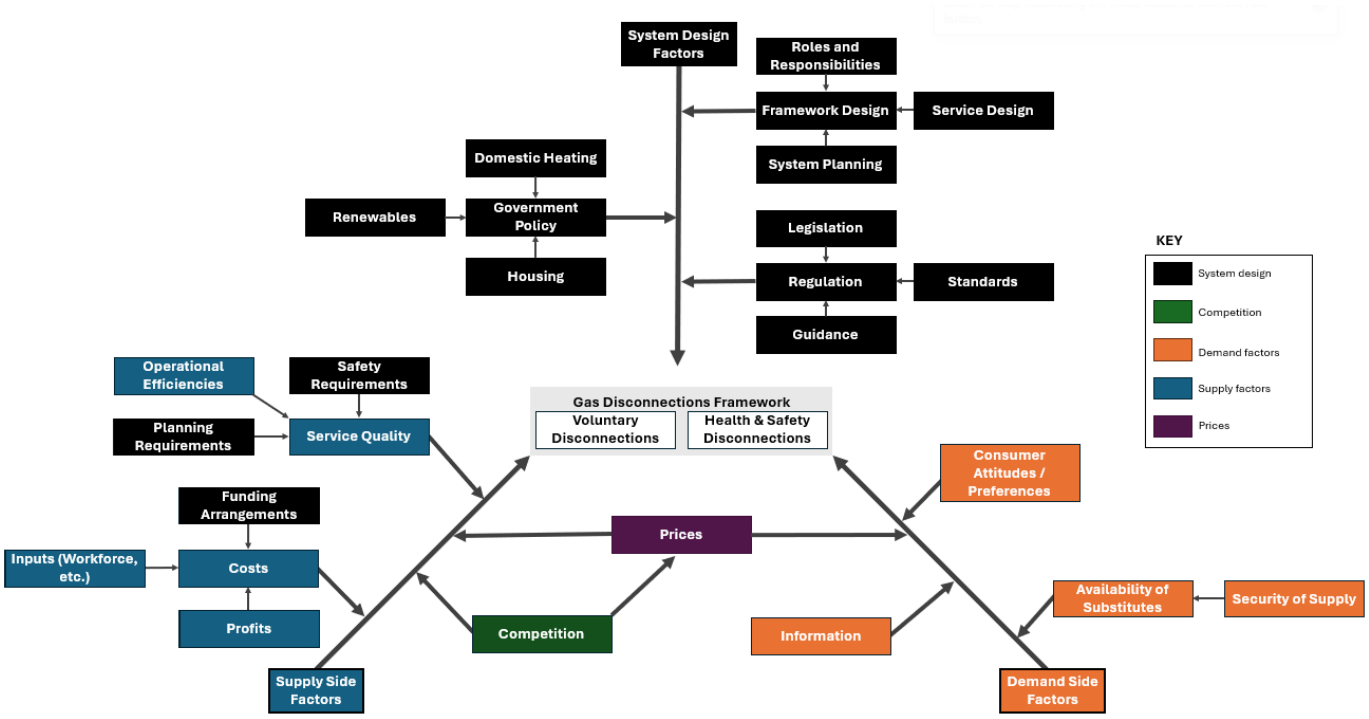
connection is poorly communicated or misunderstood, it could lead to resistance, confusion or apathy, potentially slowing down adoption rates.

4.35. **Competition:** From the business perspective, the shift to electric appliances is increasingly influenced by competitive pressures. Consumers are placing greater importance on sustainability, and businesses that fail to demonstrate meaningful efforts to reduce their carbon footprint risk damaging their brand image and losing customer trust. In parallel, if competitors adopt electric technologies and achieve lower operating costs or enhanced environmental credentials, others may feel compelled to follow suit to maintain market relevance and competitiveness.

Ofgem's analysis of Section 1:

4.36. We received valuable insights on the current disconnections framework that we hope will help us and our co-regulators to develop a future disconnections framework, which is robust, forward-looking, prioritises safety and protects the consumer interest, while promoting economic growth and delivering on Great Britain's goals of a net-zero future. Overall, a diverse set of views and perspectives were put forward in relation to the factors impacting the efficiency and effectiveness of the current gas disconnections framework. For ease of reference, we have graphically represented some of these factors in the diagram below (Figure 1).

Figure 1: Factors impacting disconnections framework (Respondents)



4.37. While some of these factors were already known to Ofgem, other factors represent new avenues of inquiry, which this framework review may take into consideration. We further discuss some particular areas of insight below.

4.38. **System Complexity:** Ofgem has confirmed its understanding that the current gas disconnections framework presents a range of challenges that affect multiple facets of the energy and utilities system. These challenges extend across government, industry and the third sector—impacting regulatory frameworks as well as operational systems, procedures, and processes relied upon to deliver gas disconnections. The policy framework and regulatory frameworks are dated and lack the agility and clarity of roles and responsibilities needed to respond to evolving market conditions and consumer expectations. Any future gas disconnections framework must be designed with these considerations in mind. It should be consumer-centric, operationally efficient, and technologically agnostic ensuring that it not only addresses current risks to safety and the consumer interest but also anticipates future demands, especially as disconnection rates increase in the drive to meet net zero. The drivers behind disconnections demand are diverse

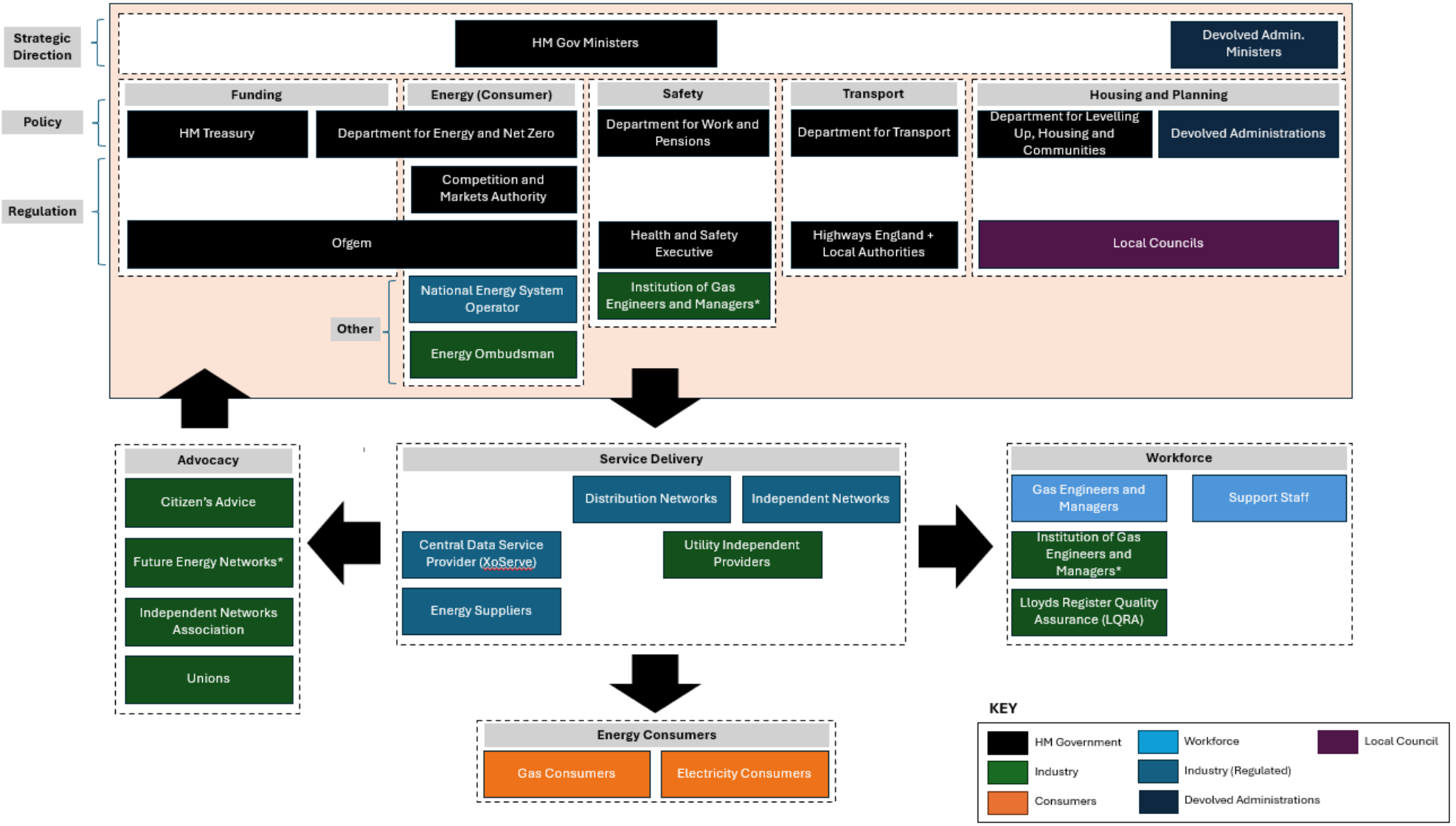
and varied, including a range of economic and social factors – such as rising energy costs, government funding access and availability and level of consumer awareness of gas disconnections. Many will require a more effective system stewardship approach to address.

4.39. **Need for greater cross-government collaboration:** Some of the drivers of disconnections demand are factors that Ofgem can directly influence, using our existing powers as the independent economic regulator for energy. Some factors exist where we may be able to play a role in influencing future government policy decisions by providing our input and advice to ensure the consumer interest is protected[21]. However, there are some factors identified that Ofgem may not be able to influence using our existing powers. Understanding these factors and addressing the potential gaps in our existing powers would be required to support further unilateral action being taken by Ofgem, or multilateral action being taken with our counterparts at the Department for Energy Security and Net Zero (DESNZ), HSE and Department for Work and Pensions (DWP), particularly on matters for consumer protections, fuel poverty and workforce planning. Nonetheless, some factors pertain to matters outside the effective remit or control of Ofgem or DESNZ. These may fall under the jurisdiction of other government bodies, including regulators, devolved administrations, or local authorities. Lastly, certain issues are more appropriately addressed by market participants, or organisations operating adjacent to the sector. Recognising these boundaries is essential to ensure that responsibilities are clearly defined and that collaborative efforts are directed by a system steward toward areas where they will be most effective and impactful.

4.40. To illustrate the complexity of the disconnections system a high-level stylised System Map (Figure 2) is provided on the following page as well as a Themes and Issues Matrix at Appendix 1A and Appendix 1B. We hope that this Summary of Responses, the System Map, and Themes and Issues Matrix assist all system actors to identify cross-cutting issues and provide the foundation for further inquiry and collaboration in shared areas of responsibility.

[21] We note the Consumer Vulnerability Strategy as a core document which is supports collaborative working across all stakeholders to ensure the best outcome for those who are in vulnerable situations.

Figure 2: Disconnections System Map



Section 2: A future gas disconnections framework

The section looks at the future state of the gas disconnections framework, including future regulatory frameworks, regimes or mechanisms that may improve the disconnections framework's effectiveness in achieving net zero goals whilst protecting consumer interests and safety and promoting economic growth. The feedback we received reflected a diverse range of perspectives, with no clear consensus on a single preferred approach for the future gas disconnections framework. This diversity of views highlights the complexity of the challenge and the need for a flexible and inclusive path forward.

Question 6:

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?

4.41. Respondents highlighted that gas disconnections should be low-cost, fair and hassle-free for consumers. A balanced and equitable approach should be implemented for the allocation of gas disconnections costs. This approach should be applied consistently across regions, with any deviations properly justified. Additionally, appropriate and robust protections need to be in place to safeguard vulnerable individuals who may be unable to afford these costs. Respondents provided further and specific details on two issues, those being: funding arrangements and efficiency measures.

4.42. **Funding arrangements:** Many respondents proposed a range of other potential future regulatory frameworks, regimes or mechanisms, specifically addressing the issue of funding sources (or 'who pays'). In analysing these responses, Ofgem was able to place most responses on a spectrum which ranges from individualised cost recovery to full cost socialisation.

4.43. **Nationalised framework (Complete socialisation):** Five respondents advocated for a nationalised framework where government funds the disconnection process through general taxation. Under this model, respondents suggested that households would not bear the costs associated with disconnection activities such as capping and removing gas meter or modifying gas supply pipes. However, this approach would shift the financial responsibility on taxpayers, raising questions

about the long-term sustainability of public funding and impact on government budgets as more households leave the gas network. Respondents did also highlight that this could present equity challenges, particularly for those who are not currently connected to the gas grid but would still contribute to the costs of disconnection through taxation.

4.44. **Levied gas bills (Partial socialisation):** Four respondents suggested a framework where gas network operators and energy suppliers would bear the upfront costs of disconnection and recover these expenses through network charges. By distributing the costs across a broad consumer base, the immediate impact on individual gas bills is expected to be minimal. However, respondents stated that any approach that could lead to higher gas bills must be carefully considered, particularly in light of the significant number of households experiencing fuel poverty. As more consumers transition to electric alternatives, the shrinking gas consumer base may face increasing costs – potentially placing a disproportionate burden on those unable to afford low-carbon alternatives such as heat pumps.

4.45. **Socialised charges through electricity networks (Partial socialisation):** One respondent suggested that the electricity network, with its larger and more stable consumer base, is better positioned to absorb and distribute costs, potentially benefiting from increased revenues as electrification progresses. However, the respondent acknowledged that requiring electricity-only consumers to subsidise gas disconnections costs could prove contentious – particularly in the context of already high electricity prices – and may risk diminishing public support for the broader low-carbon transition.

4.46. **Standardised consumer pays model (Individualised cost-recovery):** One respondent recommended a structured "consumer pays" model featuring fixed, nationally standardised disconnection fees could improve fairness and transparency. However, the respondent stated that this approach still places the financial burden on households, potentially discouraging participation in home decarbonisation—especially among low-income groups—if costs remain high or unaffordable.

4.47. Other future regulatory frameworks, regimes or mechanisms focused on issues of efficiency in service delivery such as a **simplified disconnection process.** Two

respondents highlighted that the current disconnection process needs to be streamlined to improve efficiency – where consumers can contact their supplier directly to request a gas meter disconnection, and then the supplier coordinating with the GDNs to facilitate the process.

4.48. **Synergies and cost reductions in disconnection:** One respondent stated that the current disconnection process could be made more cost-effective by coordinating disconnections at a neighbourhood level. Grouping requests from multiple households on the same street could reduce labour, street closure, and excavation costs—delivering savings for both consumers and the industry.

Question 7:

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

4.49. Two respondents advocated for the nationalised framework approach. This approach would eliminate financial barriers to gas disconnections by standardising processes across all GDNs. Clear Service Level Agreements (SLAs) would ensure consistent service quality, response times, and consumer experience nationwide.

4.50. Two respondents including a think tank and an IGT stated that socialising disconnection costs to the network would be preferred practice, advising that it addresses some issues of intergenerational fairness whilst making it easy for people to switch to alternative heating. Noting that this approach should be applied consistently with any regional variations justified.

4.51. Two respondents highlighted the importance of fairly distributing the costs associated with achieving net zero. They supported allowing networks to recover their incurred costs, suggesting that consumers should contribute both through direct payments for their own disconnection and through socialised contributions that support early adopters. This approach aims to balance individual responsibility with collective support for the transition.

4.52. One respondent highlighted the importance of gas transporters being an integral part of the consumer journey. They highlighted the importance of ensuring that gas transporters are not only operationally involved but also have clear visibility of when and where consumers have transitioned to alternative heating solutions. This

awareness is essential for effective network planning, timely disconnection, and cost recovery.

4.53. One respondent stated that they do not offer a view on specific frameworks and therefore do not have a strong preference on a certain approach. Instead, they strongly emphasised the need for a coordinated and strategic approach that comprehensively addresses the full range of relevant factors. They cautioned against retrofitting considerations into a pre-selected framework, advocating instead for a process where the framework is shaped by the identified needs and challenges.

4.54. Two respondents supported the implementation of a capped disconnection fee to help mitigate the financial burden of disconnections. They commented that this approach would make the transition to low-carbon alternatives more manageable for households. By capping disconnection costs at a level equivalent to the annual gas standing charge, consumers could recover the expense within a year. This would reduce financial barriers and encourage more people to disconnect from the gas network without fear of high upfront costs. In turn, it would support a smoother and faster shift toward electrified heating solutions—such as heat pumps—which are critical to achieving net zero targets.

4.55. One respondent stated that transparency on how the disconnection process works is key, highlighting three key points:

- **Process information:** Providing clear, accessible information on the disconnection process is essential to helping consumers understand their rights, steps involved and the support available.
- **Cost transparency:** Being transparent on costs is essential to empowering consumers to make informed decisions and avoid unexpected charges.
- **Improved transparency:** This would help reduce confusion, build trust in the transition to low-carbon heating, and enable heat pump installers and suppliers to clearly communicate total costs—minimising the risk of hidden fees deterring potential consumers.

Question 8:

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?

4.56. One respondent noted that the accuracy of network forecasting regarding disconnection volumes will directly influence the level of consumer contributions required to fund disconnections. They stressed that high-quality, reliable data is essential to support this forecasting. Minimising duplication and avoiding redundant efforts in future processes was also highlighted as a priority to ensure efficiency and cost-effectiveness.

4.57. Two respondents agreed that without targeted protections and an inclusive policy design to protect vulnerable consumers, the energy transition risks deepening existing inequalities and undermining public support for decarbonisation efforts.

4.58. One respondent, a supplier, provided a variety of factors that could be an impediment to the potential future regulatory frameworks, this includes the following:

- **Coordination and governance:** The transition away from gas must be strategically coordinated at the national level, with clear leadership from NESO and Ofgem to ensure consistency, efficiency, and fairness. If disconnections are left to evolve as a fragmented, consumer-led process, they risk occurring in an uncoordinated and piecemeal fashion. This could result in stranded assets, escalating network costs, and uneven consumer experiences.
- **Funding arrangements and equity (Who Pays):** A key challenge in the transition away from gas is determining how the costs of network decommissioning and consumer disconnections should be allocated. If these costs fall solely on those choosing to disconnect, it may discourage electrification and delay progress toward net zero. Conversely, passing costs onto remaining gas users risks a cost spiral as the customer base shrinks. Funding through general taxation or levies introduces competition with other decarbonisation priorities, requiring careful policy

balancing. The current imbalance in the allocation of green and social levies—where electricity consumers bear a disproportionate share than gas users—must be addressed to avoid making electrification unnecessarily expensive. One potential solution proposed is to socialise these costs across all electricity and gas consumers, promoting fairness and supporting a smoother transition.

- **Network reliability and safety during transition:** In an area-based shutdown model, maintaining reliable gas supply for remaining users until decommissioning is critical. As gas usage declines, there's a risk of underinvestment in maintenance, leading to safety or service issues. The framework must include safeguards to prevent deterioration in soon-to-be-disconnected zones. Additionally, large-scale decommissioning poses technical and safety challenges—such as purging gas lines—that require careful planning, oversight, and potentially piloting to manage operational risks effectively
- **Consumer acceptance and behaviour:** Even if a 'great' framework is designed, consumer buy-in is not guaranteed. Some homeowners might be sceptical of giving up gas, particularly if they have concerns about electric heating (performance, cost, or cultural attachment to gas cooking). Others might avoid engagement with new schemes, potentially impeding net zero progress. For example, in an area-based approach, lack of household cooperation would complicate full network closure. The framework needs to include strong consumer engagement, protections, and possibly default pathways (with opt-outs rather than opt-ins) to overcome inertia. Without that, even a well-intentioned mechanism might not achieve the desired uptake.
- **Hydrogen uncertainty:** The ongoing uncertainty around the potential for hydrogen-based home heating and cooking presents a significant barrier to progressing with a clear, long-term strategy. Persisting with unrealistic expectations about a hydrogen future may lead to delays and hinder decision-making. This uncertainty complicates the development of

effective frameworks and questions remain as to whether mass disconnections should be funded in areas that are still considered as potential candidates for hydrogen conversion. To ensure the framework's effectiveness, it is crucial to address this issue decisively— by ruling out hydrogen's role in home heating—so that decisions can be made with confidence and without the risk of vested interests in the gas industry reviving the concept.

- **Market limitations:** Should the framework depend on market-based solutions, such as independent contractors or supplier obligations, a key challenge could be the market's inability to meet expectations. There may be a shortage of qualified contractors to carry out disconnections at scale, or suppliers might face difficulties in fulfilling their obligations due to ongoing financial or operational constraints, especially as many suppliers are still recovering from the 2021 energy crisis. While market-driven approaches can encourage innovation and competition, it is essential to have regulatory safeguards in place to ensure the framework's success. Recognising these potential limitations is crucial to ensure that consumer protection is not compromised.
- **Timing and coordination:** The successful implementation of future frameworks will require seamless coordination among a wide range of stakeholders. Any lack of alignment or delays in timing—for example, if funding is not available when needed, or if networks do not have regulatory approval to proceed with decommissioning—could hinder progress. To mitigate the risk of any delays or gaps of the transition framework, it is essential to ensure synchronised action, possibly through a clear national roadmap for phasing out gas in buildings.

Ofgem’s analysis of Section 2:

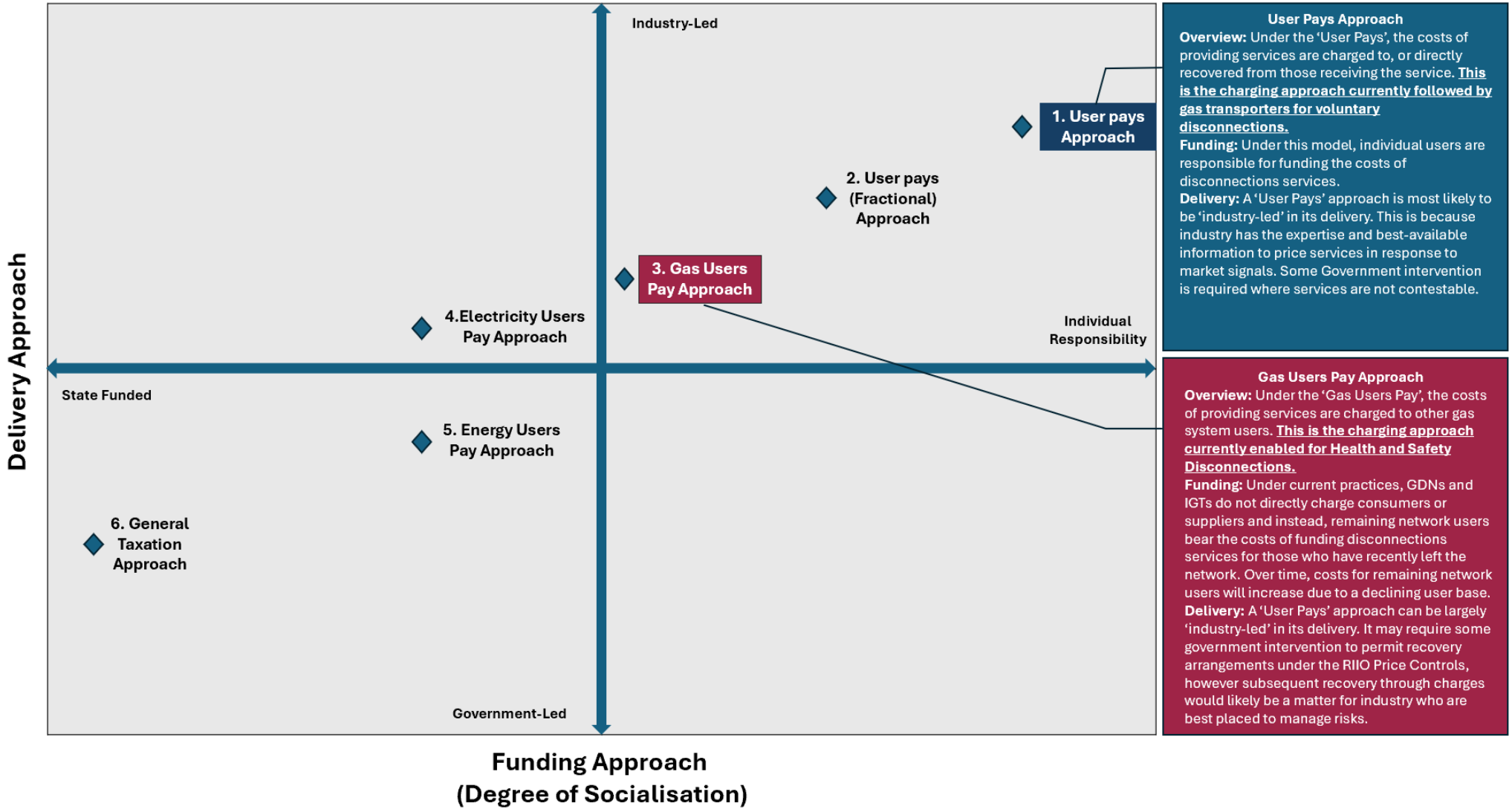
4.59. We received a range of useful and diverse perspectives in relation to the future regulatory approaches which may be adopted by Ofgem, or Government more broadly, to the issue of disconnections.

4.60. Regarding **commentary on regulatory approaches**, two primary categories of feedback clearly emerged which provide us with useful information and perspectives about the principles and objectives which should inform the regulation of any future disconnections framework.

4.61. The first common category identified centred on the issue of **funding arrangements** – or this issue of 'who pays' as some publications have termed the matter. There was significant variance in the regulatory approaches proposed by different respondents, however, generally all were able to be placed on a broad spectrum ranging from full cost socialisation via general taxation, through to complete individual responsibility via direct charges (see Figure 3 on following page).

4.62. Presently, voluntary disconnections remain the responsibility of individuals, however, H&S disconnections are currently fully socialised. This difference in regulatory approach does not appear to reflect a conscious decision of Government, but rather, reflects that voluntary disconnections have through industry practice followed a similar approach to the connections framework prescribed by the Gas Act 1986, while H&S disconnections have been socialised across energy consumers via network charges, which we understand is in part due to the complexity of health and safety obligations on both gas transporters and suppliers.

Figure 3: Regulatory Approach Spectrum (Framework Design)



4.63. In our 2025 RIIO-GD3 Draft Determinations, **Ofgem has recognised the increasing uncertainty around the financial impact of H&S disconnection cost socialisation on consumer bills**. We have proposed an uncertainty mechanism in RIIO-GD3 to adjust the GDNs' allowances for H&S disconnections based on the actual number of delivered disconnections. This will ensure that GDNs have adequate funding in the event that disconnection volumes exceed forecasted numbers. This proposed mechanism does not prejudge the outcome of this review and would enable funding levels to be adjusted if the disconnection framework changes in the future.

4.64. **If H&S costs continue to be socialised, this may minimise a significant barrier to electrification in the short term but raises serious questions of equity in the long term** – particularly in the context of a declining gas customer base. As fewer households remain on the system it may become increasingly difficult to justify this model as being in the long-term interests of future energy consumers. Once most households and businesses have transitioned away from the gas network, continuing to spread these costs across a shrinking group of remaining gas users may result in disproportionate or unfair financial burdens.

4.65. The second common category centred on the issue of **system roles and responsibilities** – in particular the respective roles of Government and industry in identifying and implementing an appropriate framework governing disconnections. Again, suggestions on preferred regulatory approach varied amongst stakeholders, however, all proposals could be placed on a spectrum ranging from a 'Government-led' (or centralised) approach to an 'industry-led' (or de-centralised) approach.

4.66. **Presently, the approach to both voluntary and H&S disconnections may best be characterised as predominately 'industry-led'** with transporters and suppliers largely determining how both economic regulations and health and safety requirements ought to apply in their individual circumstances, and establishing systems, procedures and practices in accordance with their best judgment. **Ofgem provides limited oversight for voluntary disconnections**, relying on broad powers pertaining to the transport and supply of gas drawn from the Gas Act 1986. The concept of 'disconnections' is not clearly dealt with in legislation, which may limit Ofgem's ability to act as a system steward, and intervene and/or implement a

'government-led' approach to disconnections. Through this CfI, a clear consensus emerged that the existing regulatory regime has failed to keep pace with sectoral change and is no longer fit for purpose.

4.67. Further evidence gathering will be conducted through our RfI to support the development of a future regulatory framework. Following this and based on the full extent of evidence gathered and analysis conducted, **we may consider whether to explore seeking further powers from Government to explicitly regulate all disconnections, and/or engage with Government to clarify our role and the role of co-regulators** in the economic regulation of all disconnections types to protect the interests of current and future energy consumers. We aim to provide further details of our position as part of our Final Disconnections Report to be delivered in early 2026.

4.68. We acknowledge the possibility that Government may wish to act as system steward and lead the implementation of a new regulatory framework itself, or it may prefer an industry-led approach.

4.69. We also received a range of different views and suggestions on specific policy solutions which could be adopted to better protect the consumer interest, assist Government in reaching net zero, and promoting economic growth. Again, some of these are able to be implemented by Ofgem, while others would likely require action to be taken by Government. For the purposes of this Summary of Responses, we interpret 'policy solutions' as specific policies, programmes, regulations, systems, practices or procedures which relate in some way to gas disconnections, which could be implemented by Ofgem, Government or some other party.

4.70. In relation to policy solutions, we thank respondents for providing the range of solutions and in doing so, we make three key observations:

- **Policy Tensions:** Many policy solutions we received involve key trade-offs needing to be made between the consumer interest, net zero and economic growth, or alternatively the interests of current and future energy consumers. Such trade-offs can be difficult to navigate and would likely be informed by Government's preferred regulatory approach.

- **Power Limitations:** For some policy solutions proposed by respondents, Ofgem may not always be best placed to execute some solutions regardless of regulatory approach selected by Government. This is not a comment by Ofgem on the merit of such ideas – many of which warrant further examination, but merely an acknowledgement of the limitations of our role and powers as the independent economic regulator for the Great Britain energy sector. Where policy solutions fall outside Ofgem's effective remit as an economic regulator, we hope to work collaboratively with those entities are capable of implementing solutions.
- **Bias towards intervention:** Fewer non-regulatory or 'industry-led' solutions were submitted than Ofgem initially expected. This may have been attributable to biases introduced by Ofgem in the framing of this consultation as an examination of the regulatory framework, or could reflect industry's inability to develop such solutions in the absence of regulatory certainty. We nonetheless had expected some proponents of industry-led approaches, mechanisms or practices which proved not to be the case. We encourage industry to give further consideration to what commercial, operational or technological solutions exist to address known issues, and which may avoid the need for further regulation and welcome further conversations around these solutions.

Section 3: Additional Comments

The section sought additional comments about matters pertaining to the disconnections framework which were not already addressed in the previous questions in Sections 1 and 2. Respondents raised gas network decommissioning as a key theme, highlighting its critical role in achieving net zero.

Question 9:

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?

4.71. Two respondents stated that there were no implications for this definition.

4.72. One respondent noted that, based on current industry gas rates, suppliers typically define a 'small business' as consuming between 15,000 and 30,000 kWh annually, with large businesses starting at around 65,000 kWh. Therefore, setting the threshold at 500,000 kWh would encompass not only small businesses but also medium and large ones, potentially diluting the intended focus of the definition.

4.73. Two respondents agreed that this figure does not align with other sector benchmarks levels of 732,000 kWh. They also highlighted that gas consumption alone is not a reliable indicator of business size. For example, a large business may have relatively low gas usage, while a small business with few employees could be highly gas-dependent due to the nature of its operations.

4.74. One respondent commented that raising the threshold to 500,000 kWh/year would significantly expand the number of industrial and commercial users, potentially altering the type of gas connections involved. The respondent noted that this is important, as it may affect pressure tiers and the required competency levels for working on higher-pressure networks. Additionally, the 500,000 kWh figure reflects peak annual usage used for network sizing, not average consumption. Since gas usage varies year to year – and is often near zero at the point of disconnection, this

measure may be unreliable. A more consistent alternative would be to use meter size which has less variation and can be tracked via Xoserve systems[22].

4.75. One respondent stated that defining 'small business' as those consuming no more than 500,000 kWh of gas annually has both its benefits and drawbacks. On the positive side, it captures a wide range of smaller uses who may lack bargaining power and ensures protections are targeted based on energy vulnerability rather than revenue or staff size. However, it may exclude businesses with low income but high gas use – such as bakeries or laundries and small-scale manufacturers who face similar challenges but fall outside the threshold. To ensure fair treatment, the respondent noted that it may be worthwhile considering additional or alternative criteria, such as offering safeguards to businesses just above the threshold that still demonstrate a need for support.

4.76. One respondent made a statement that the GSIUR differentiates between gas connections based on service pipe size – under or over 50 mm – and believes that this technical distinction should guide this call for evidence, rather than one based on consumption. While industry systems include a field for identifying premises as domestic or non-domestic, it is neither mandatory nor consistently maintained by shippers, making it unreliable for classification. Introducing both technical and consumption boundaries would create multiple categories such as domestic and non-domestic under 50 mm, non-domestic small businesses under 50 mm and under 500,000 kWh and non-domestic over 50 mm – but it is unclear whether defining 'small business' would add value to this evidence-gathering process.

Question 10:

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

4.77. Respondents provided feedback of considering views on decommissioning, broader net zero goals and energy rebalancing.

[22] Xoserve is the gas industry's Central Data Services Provider (CDSP) and provides a suite of vital services for gas Suppliers, Shippers and Transporters, ensuring Britain's retail gas market runs efficiently and reliably. Xoserve is funded, governed and owned by the gas industry. Xoserve provides information to gas transportation companies from their central register, which holds details about all premises that have a gas supply, and provides data about gas flows across the entire network.

4.78. **Decommissioning of the gas network:** One respondent emphasised the need for a comprehensive gas network decommissioning strategy, noting that hydrogen is expected to play only a limited role in residential heating and may be confined to select industrial clusters, if used at all. Given the ongoing and accelerating decline in gas usage, a clear and strategic plan is essential to manage the transition and gas infrastructure phase-out effectively. In relation to that, another respondent raised concerns about the financial implications of decommissioning the gas grid, particularly the risks of stranded assets and high decommissioning costs. Under the current regulatory model, network owners invest in infrastructure, with costs recovered through consumer charges over the asset lifetimes.

4.79. **Net Zero goals:** Three respondents reiterated that the future disconnections framework and processes must be able to effectively support consumers without hindering growth or the transition to net zero. They noted that any changes to these arrangements must align with Ofgem's broader statutory duties, including ensuring that networks can finance the efficient delivery of their obligations.

4.80. **Energy Rebalancing:** One respondent highlighted a significant concern that, in their view, Ofgem has yet to address—the unequal distribution of levies between electricity and gas consumers. The respondent contended that currently, electricity users bear a disproportionate share of decarbonisation and social levies, effectively subsidising gas consumption. This imbalance creates a disincentive for switching to electric heating, as consumers face both the upfront costs of transition and higher ongoing electricity charges. To enable a fairer and more effective shift to low-carbon technologies such as heat pumps, a more equitable distribution of levies is essential.

Ofgem's analysis of Section 3:

4.81. In relation to **small businesses,** we received varied feedback on the definition of 'small businesses' as those with an annual gas consumption of not more than 500,000 kWh which may indicate regulatory and industry misalignment. This could lead to inconsistent treatment among businesses, generating administrative complexity and unintended consequences. As part of the broader disconnections

review, Ofgem will consider the implications of clarifying this definition to ensure thresholds are aligning with existing industry standards.

4.82. In relation to the need for **alignment with a broader decommissioning strategy**, Ofgem agrees that any enduring approach to disconnections will need to be cognisant of and lay foundations to support future gas transition.

4.83. As the transition away from gas progresses, we anticipate that regulatory requirements for disconnections will need to evolve. The disconnection framework will likely need to support a series of phases: from the current ad-hoc disconnections to increased uptake of low carbon technologies such as heat pumps and ultimately to a managed, area-based transition involving repurposing or decommissioning of gas infrastructure. The role of NESO will be critical in long-term system planning as the disconnection rate increases and trends towards supporting broader decommissioning goals. Most respondents to this CfI were of the opinion that action is needed to develop a disconnection framework that is fit for purpose and inclusive – both for today's consumers and those in the future. This framework is likely to be a critical enabler of a successful and orderly decommissioning strategy.

4.84. In relation to the link with **Government's net zero goals**, we are aware of the impact disconnections may be having as a deterrent to electrification; this was acknowledged as part of our CfI and our ongoing approach (see Executive Summary). We intend to continue our research into the impacts of the disconnections framework on Great Britain's net zero ambitions and will actively consider the impacts of different regulatory approaches and policy solutions on the environment in line with our duty to assist Government in achieving net zero.

4.85. We note that Ofgem is currently undertaking its Energy System Cost Allocation and Recovery Review (CARR).[23] This review is looking at the principles of how Ofgem allocates and recovers an evolving mix of costs in the energy system to test whether there are fairer or more efficient ways to do it, whilst also supporting net zero and growth. This review acknowledges that there are choices around how different system costs are allocated across and recovered from consumers. Some

[23] Ofgem announces major review into how costs are allocated across the energy system | Ofgem

of these decisions will sit with Ofgem, and some will be for government. We are working closely with government to ensure we take an overall coherent approach to the allocation and recovery of energy system costs.

Section 4: The Disconnection Process

The section reviewed responses from relevant transporters (GDNs and IGTs) and utility infrastructure providers (UIPs) where they provided a breakdown of how both voluntary and H&S gas disconnections are carried out. Respondents also shared their views on which stakeholders could be affected by potential changes to any future framework.

Question 11:

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

4.86. Responses varied in terms of level of detail provided and minor variances were found in terms of description of the processes for each type of disconnection, and the responsibilities for carrying out each step. There was a broad consensus across respondents around the main steps for **voluntary disconnections**, as described below.

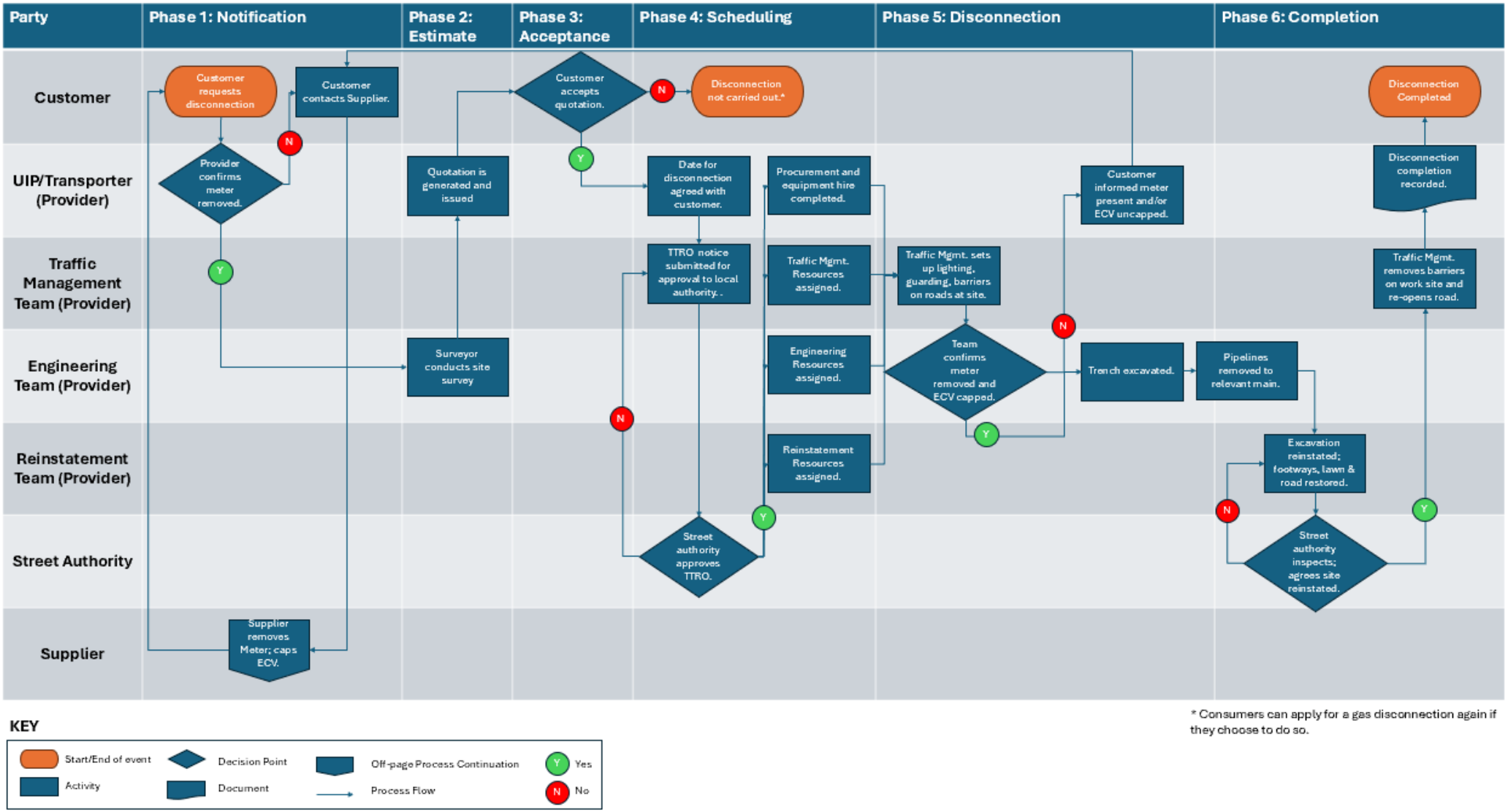
1. **Initial enquiry:** A consumer (end user, developer or landlord) will approach either the UIP or GDN to request for a disconnection of their gas service. Depending on the pathway chosen the UIP or GDN will raise the request for disconnection.
2. **Cost estimate and quotation:** A site survey will be conducted by the GDN's surveyor to capture data and determine scope of work. Based on the expected ground type (such as soil composition, presence of underground utilities etc) and location of the disconnection, a quote will be generated.
3. **Acceptance:** The consumer is required to return the signed acceptance and make the full payment before the disconnection works commence. Consumers are offered a 90-day window to accept the quote. If the

consumer does not proceed within this period, the quote expires and the proposed disconnection works will not go ahead.

4. **Scheduling:** The planning of the disconnection includes contacting the gas user to confirm a date for the disconnection. Part of the disconnection planning also includes: identifying the relevant engineering resource, procuring materials and raising relevant purchases, hiring plant and equipment and arranging the relevant New Roads and Street Works Act 1991 (NRSWA) opening notice.
5. **Disconnection:** The disconnection works includes a traffic management team erecting signing, lighting, guarding and barriers as appropriate to close the road, footway or highway. Respondents noted traffic management often required a Temporary Traffic Regulation Order (TTRO) to be submitted to and agreed with the local authority. Another noted that works requiring access to especially deep mains, additional traffic management or working restrictions imposed by Highways Authorities would be required. An engineering team will then perform the actual disconnection which is first, confirming that the gas meter installation has been removed and the emergency control valve (ECV) is securely capped with an approved fitting, safely cutting off the gas service, excavating a trench in the location (footway/road/lawn) and removing the relevant sections of the pipeline.
6. **Completion:** Once the disconnection work is complete and the service pipe has been removed, a backfill team and reinstatement team will be deployed to reinstate the excavation and restore the footway/road/lawn. Once that is complete the traffic management team will remove barriers and other traffic equipment. Details of the disconnection works are then documented and formally recorded.

For ease of reference, we have graphically represented the process for carrying out a voluntary disconnection as described by respondents on the following page (see Figure 4).

Figure 4: Business Process Map of a Voluntary Disconnection



* Consumers can apply for a gas disconnection again if they choose to do so.

4.87. For H&S disconnections, all respondents generally followed similar processes to that summarised below, with minor variances around administrative activities and data collection. Respondents describe the **H&S disconnection** process as follows:

1. **Meter Removal:** A H&S disconnection process is typically triggered when **a gas meter is removed.** This is typically achieved when consumer issues a request to disconnect their gas service to their supplier, who will arrange to remove the gas meter and cap the ECV.
2. **Notification:** After the removal, **the gas supplier will notify the gas shipper** registered to the property that there is no longer a requirement to procure gas on the supplier's behalf or to purchase network capacity from the relevant GDN/IGT.
3. **System Update:** Upon receiving a meter removal notification from the supplier, **the shipper updates the status** of the supply point in Xoserve's[24] system.
4. **First Report Generation:** GDNs/IGTs receive H&S disconnections data from Xoserve at multiple stages throughout the process. The GDNs/IGTs receive a report of all supply points that have had a meter removed for a period of 6-10 months[25].
5. **Forecasting: GDNs/IGTs use data from XoServe to forecast upcoming H&S disconnections**. Under obligations stemming from Gas Shipper License Conditions[26], gas shippers are responsible for reviewing this report and verifying that the listed properties remain without a gas meter.
6. **Second Report Generation & Verification:** GDNs subsequently receive data from Xoserve, identifying supply points where **a meter has been removed for over 12 months**. Using this information, the networks' planning and delivery of disconnections are in accordance with their obligations under PSR and are generally undertaken in a manner

[24] Xoserve is the Central Data Services Provider for Britain's gas market.
[25] Note that respondents reported varying timeframes for when they are notified about a meter removal—some indicated six months, while others cited nine months.
[26] Pertains to the Gas Shippers Standard License under Condition 11 - Supply and Return of, and Information etc Relating to, Gas Meters.

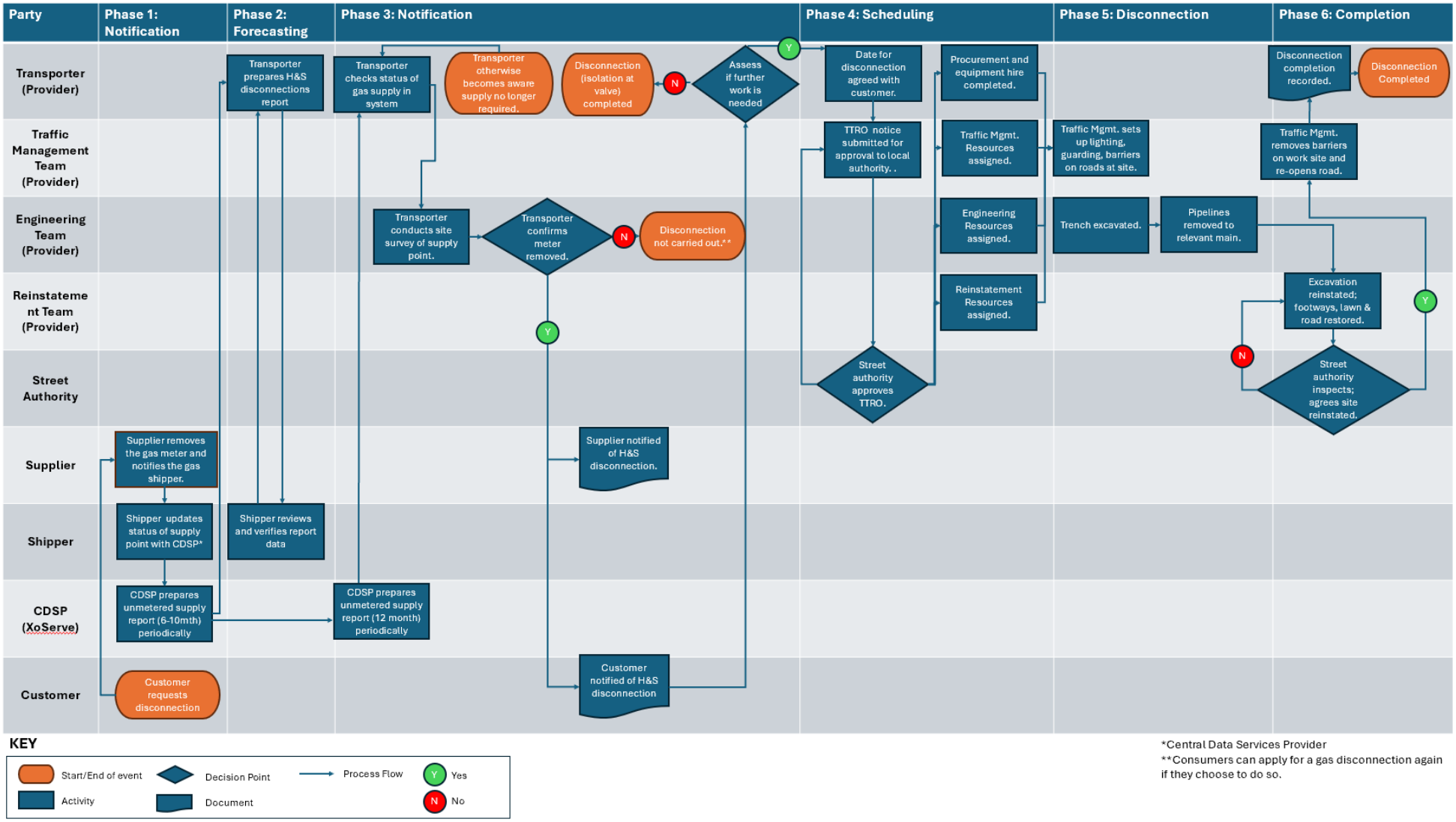
consistent with Regulation 16(3)(b) of the GSIUR.[27] Sites where meters have been removed are actively monitored, and system checks are conducted to assess the status of the gas supply. These checks help determine whether any action is required to ensure GDNs are fulfilling their duties.

7. **Site Survey:** A site survey is conducted; where it has been identified that a gas meter is reinstalled or a new one is installed at any time during the 12-month period after the supply point has been indicated of a gas removal, the property will no longer require a H&S disconnection. Similarly, if the gas supply has been physically shut off at the service valve and a cap has been placed to prevent gas flow and site has been left in a safe condition then a H&S disconnection is also void.
8. **Consumer/Supplier Notification:** If a disconnection is required, as the 12-month mark approaches, notification letters are sent to the last known supplier and the consumer, informing them of the planned disconnection due to a gas meter being removed for more than 12 months.
9. **Scheduling:** The consumer will be informed of any site visits to survey the property, and a date and time of the disconnection work will be scheduled. It is important to note that GDNs only have power of entry under specific safety circumstances, with one respondent noting that if they are unable to gain access to the property, it may be necessary to obtain a Warrant of Entry under the Rights of Entry (Gas and Electricity Boards) Act 1954.
10. **System Updates:** The GDNs and IGTs thoroughly document the disconnection process, with all relevant data uploaded to system records and updates submitted to Xoserve.

[27] The Gas Safety (Installation and Use) Regulations 1998 Section 16(3)(b)

4.88. For ease of reference, we have graphically represented the process for carrying out a H&S disconnection as described by respondents on the following page (see Figure 5).

Figure 5: Business Process Map of a H&S Disconnection



4.89. One transporter suggested that while the responsibility for H&S disconnections rests with suppliers according to their duties under the GSUIR, the GDNs undertake it in practice because they have an obligation under Regulation 14 of the PSR[28] to ensure that pipelines which are no longer in use must be left in a safe condition.

4.90. GDNs and IGTs highlighted concerns about the poor quality of data received from shippers at the initial meter removal notification stage—specifically, inaccuracies in indicating whether a meter is still installed or in use. This lack of reliable data can result in unnecessary site visits and additional costs for GDNs and IGTs.

Question 12:

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?

4.91. Two respondents indicated that from a GDN perspective, ancillary services would remain unaffected, with the only impact being a change in work volumes across the supply chain.

4.92. Three respondents shared insights on which ancillary services may be affected by the disconnection process, including the following:

- **Gas safe engineers:** Disconnections, alterations or removal of gas appliances or pipework installation may lead to higher costs of ancillary services, including inspection, certification and safe removal of appliances or pipework. Gas safe engineers are professionals whose specialised skillsets are essential for delivering safe and legal gas disconnections.
- **Meter Equipment Managers (MEM) and Approved Meter Installers (AMIs):** Rise in meter installation removals could increase operational pressure to meet deadlines. MEMs are professionals responsible for the safe and compliant removal, transport and handling of metering equipment, and a surge in removal activity may impact service delivery efficiency and quality.

[28] The Pipelines Safety Regulations 1996 14

- **Electrical appliance service engineers:** A rise in disconnections may mean that households are transitioning towards alternative energy source appliances, which would have a related workload increase.
- **Electrical appliance manufacturers:** Similarly, with disconnections expected to rise, respondents noted that supply chain demand for electrical appliances will also increase.
- **Local authorities:** Increase in the coordination of street work notices under the NSWRA and reinstatements where utility providers are required to retore the road, pavement or other public services after excavation or utility work has been completed.
- **Meter Asset Providers:** A reduction in gas metering portfolios may lead to an increase in Early Replacement Charges (ERCs) levied to energy suppliers. When meters are removed before the end of their expected lifespan, Meter Asset Providers may impose ERCs which are designed to recoup the remaining value of the meter and associated costs.
- **Electrical Distribution Network Operators (DNOs):** 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:** Shifting consumers from dual fuel to electricity-only tariffs[29] and improving guidance on disconnection processes could enhance transparency and boost consumer satisfaction.

Ofgem's analysis of Section 4:

4.93. The information provided by GDNs and IGTs affirmed our understanding of the systems, procedures and practices which are used by transporters to deliver voluntary and H&S disconnections and provided further useful insights. While disconnection systems, procedures and processes for both voluntary and H&S disconnections appear broadly similar across most transporters, there is no standardised approach to conducting disconnections, with variances found

[29] An energy plan that provides electricity to your home or business.

between providers driven by a range of local and systemic factors. Furthermore, Ofgem acknowledges industry views that there may be a mismatch between core legal duties and responsibilities of shippers and transporters in performing disconnections and what occurs in practice, driven by inconsistencies between the existing legal framework that govern disconnections[30] and commercial realities. This may have several implications for any policy purporting to deliver a safe and quality disconnection service at lowest cost to consumers, chief amongst them being that in order to introduce a single simplified process, significant HSE collaboration would likely be required to review roles and responsibilities under relevant health and safety regulations and potentially update those regulations if necessary to ensure alignment with that process.

4.94. Moreover, the information provided was also useful in understanding what procedural requirements imposed by health and safety, regional governments and councils, or contractors drive variances between regions. It is important to note that while we received three responses from UIPs, whom we understand, are contracted by transporters to do all or part of certain disconnections, there remain significant information gaps governing price inconsistencies and regulatory practices in undertaking disconnections.

4.95. Lastly, respondents provided valuable information in relation to ancillary services and markets that would be impacted by disconnections reform; these interdependencies will need to be considered by regulators, policymakers and delivery entities as the review progresses.

[30] Including responsibilities across the Gas Safety (Installation and Use) Regulations 1998 (GSIUR), the Pipeline Safety Regulations 1996, and the Gas Act 1986.

Section 5: Historic and future volumes of gas connections and disconnections

This section examined historic and forecasted volumes of gas connections and disconnections. Respondents provided raw data of their disconnection volumes. Some of the responses provided by stakeholders contained sensitive or confidential information. As such, only aggregated findings are included in this summary.

Question 13:

How many domestic H&S 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 Local Distribution Zone (LDZ) (or LDZ equivalent for UIPs).

4.96. The data we received for FY 2024/25 indicates that H&S disconnections account for approximately 77% of total disconnections, while voluntary disconnections make up the remaining 23%.

4.97. Data also revealed that the anticipated number of H&S disconnections to be carried out in 2025-26 and over GD3 and up until 2035 is projected to increase six-fold. This increased number is expected to account for approximately 90% of all disconnections during that period, with voluntary disconnections making up the remaining 10%.

Question 14:

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

4.98. All respondents provided a variety of factors that could impact the anticipated number of H&S disconnections over GD3 and up until 2035.

4.99. **Government policies:** Policies promoting decarbonisation via electrification over repurposing the gas networks may accelerate H&S disconnections. In contrast, slow government policy decisions can also impact the future of GB gas networks and the possibility of blending hydrogen or repurposing the existing gas networks could slow down disconnections.

4.100. **Market schemes:** Respondents noted that schemes such as the Clean Heat Market Mechanism were making upgrading existing gas appliances more expensive

to the 23 million homes already connected to the gas networks. The Clean Heat Market Mechanism is a UK government initiative designed to accelerate the transition to clean heating technologies, targeting the development of low-carbon electric heat pumps, and obligating manufacturers to meet installation targets of heat pumps in existing properties in proportion to their sales of fossil fuel boilers.

4.101. **Affordability:** Consumers may not be able to afford the cost to disconnect. If costs of voluntary disconnections were to rise in the future, this may increase the number of H&S disconnections. Furthermore, respondents raised that factors such as cost of living may pressure consumers to stop using their gas supply, driving up the numbers of H&S disconnections over GD3 and beyond.

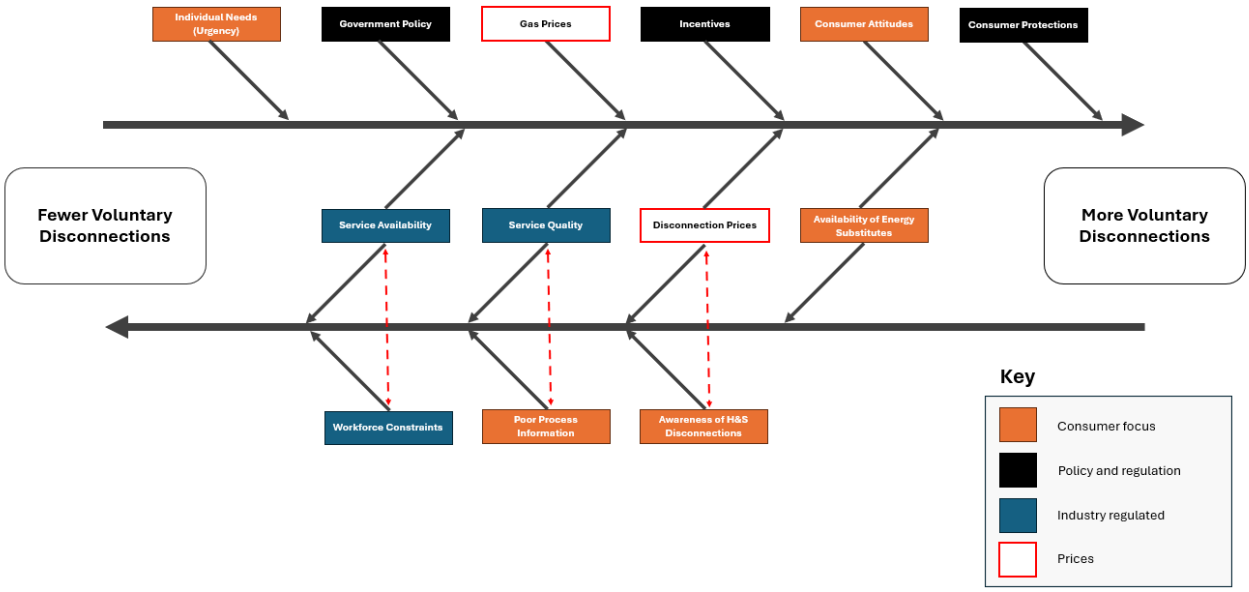
4.102. **Level of awareness:** If consumers become more aware of the requirements for H&S disconnections and can avoid standing charges, this may lead to an increase in H&S disconnections. Ongoing standing charges may cause additional costs in the delivery of H&S disconnections.

4.103. **Consumer perception:** Consumer perception of high gas prices compared to electrification may contribute towards encouraging uptake of H&S disconnections.

4.104. **Improvement to industry practices:** Enhancing the accuracy and timeliness of updates to industry supply point and Meter Point Reference Number (MPRN) data provided by energy suppliers – alongside establishing a more reliable and consistent process of notifying gas transporters of meter removals can significantly improve the efficiency of gas disconnections. These improvements enables faster triggering of the 12-month disconnection window, reducing administrative errors and avoiding delays, making the experience for the consumer efficient and transparent.

4.105. The factors highlighted by respondents to the CfI have been combined with other factors known to Ofgem to create a Cause-and-Effect diagram for H&S disconnections in Figure 6.

Figure 6: Factors impacting H&S disconnections volumes



Question 15:

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 LDZ (or LDZ equivalent for UIPs).

4.106. Due to confidentiality, we are unable to disclose specific figures of the number of voluntary and H&S disconnections. The CfI data revealed that the anticipated number of voluntary disconnections to be carried out in 2025-26 and over GD3 and up until 2035 is projected to increase three-fold.

Question 16:

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?

4.107. Three respondents stated that the cost of voluntary disconnections and cost of gas will be the two major drivers that will impact the number of voluntary disconnections over GD3 and beyond.

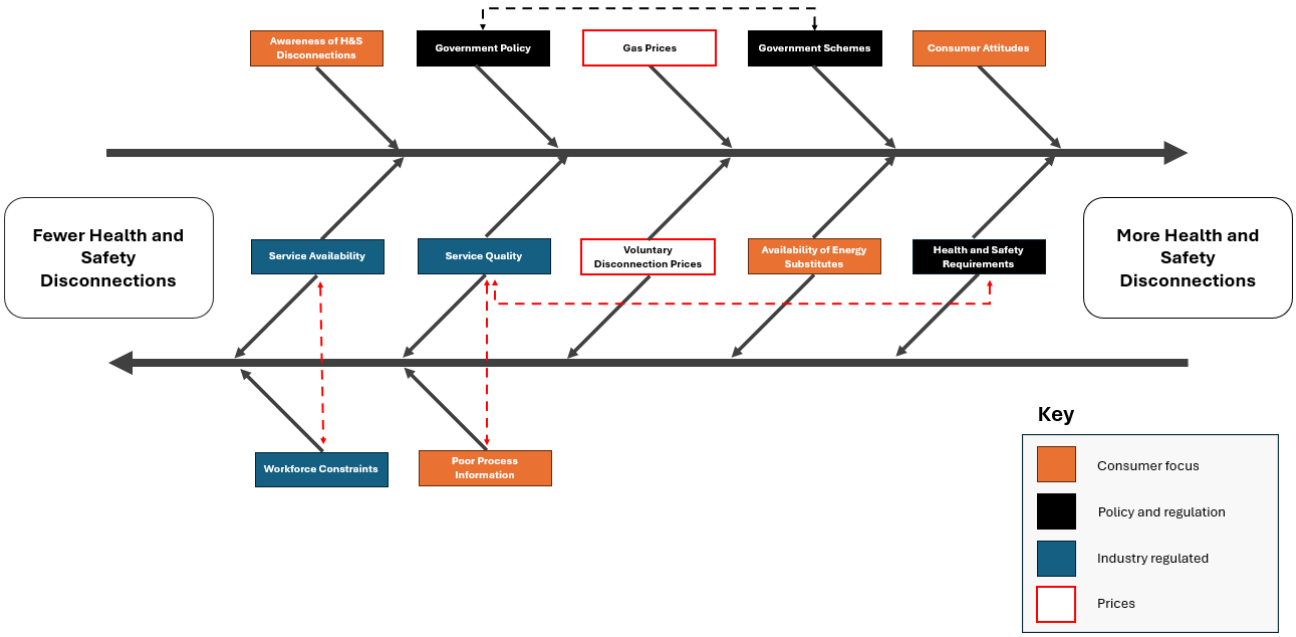
4.108. Other respondents highlighted additional factors that may influence the number of voluntary disconnections among households and small businesses including:

- **Future policy decisions:** Future policy decisions can greatly influence voluntary disconnections by addressing affordability, improving service quality, and enhancing consumer protections. Measures like subsidies, and flexible payment plans can reduce financial pressure on households. At the same time, investments in infrastructure and better data monitoring can help identify and support at-risk consumers, ultimately reducing the need for people to disconnect from essential services by choice.
- **Incentive mechanisms:** Mechanisms that encourage decarbonisation and build-in voluntary disconnections into the broader decarbonisation process may increase voluntary disconnection uptake among consumers. Incentives are one such mechanism that could encourage disconnecting and uptake of alternate energy sources.
- **Level of awareness of H&S disconnections:** If consumers become more aware of the requirements for H&S disconnections and discover they can pay less, this may lead to a decrease in voluntary disconnections.
- **Availability of alternative energy sources:** There is a lot of uncertainty around the uptake in heat pumps, and grants associated with broader heat pump adoption. Progression towards hydrogen is another uncertainty and will need to be resourced sufficiently with the right skillset. With this, consumers may be hesitant to disconnect from the gas network, reducing the number of voluntary disconnections.
- **Consumer appetite and acceptability of alternative energy sources:** Consumers need reassurance that the alternative can provide equivalent service with no increase in costs. Otherwise, consumers will choose to stay on the gas network and the number of voluntary disconnections may decrease or plateau.
- **Business operations:** Changing how businesses operate and conduct removal of gas from their process will impact the anticipated number of voluntary disconnections. Broader industry needs during the transition

away from gas are being incorporated into system-wide planning to help mitigate impacts on disconnection capacity.

4.109. The factors highlighted by respondents to the CfI have been combined with other factors known to Ofgem to create a Cause-and-Effect diagram for H&S disconnections in the following figure.

Figure 7: Factors impacting voluntary disconnections volumes



Question 17:

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?

4.110. Respondents who provided data illustrated that there were more non-standard voluntary disconnections for small businesses compared to domestic households. Furthermore, considering the number of non-standard voluntary disconnections for GD2 to date, the anticipated number from 2025-2035 is expected to almost double.

Question 18:

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).

4.111. According to the data provided, to date, the total number of household connections carried out over GD2 to date was 50 times more connections than businesses.

4.112. The anticipated connections volume for both households and businesses is expected to decrease from 2025-2035.

4.113. Most respondents stated that splitting their data into both households and businesses was not relevant to their reporting obligations. Nevertheless, data illustrated that total volume of connections remains consistent and is expected to drop between 2025 and 2035.

Ofgem's analysis of Section 5:

4.114. Ofgem sought data in relation to disconnections demand which is critical to understanding future disconnection costs (and prices) and the impact of gas disconnections on Government's net zero targets via a reduction in domestic gas demand. Ofgem thanks those networks who provided data voluntarily, we appreciate the time and effort that was put into this task.

4.115. However, the overall data set obtained was either incomplete or inconsistent, and, not appropriate to develop specific policy solutions, particularly solutions focused on removing barriers to electrification. The volumes data included some gaps, meaning that further work is required to understand and more accurately forecast gas disconnections demand.

4.116. Despite those data limitations, strong insights could still be generated. We are confident that the volume of H&S disconnections now well exceeds the volume of voluntary disconnections and is expected to increase over time resulting in higher socialised costs for a shrinking proportion of consumers on the gas network. Voluntary disconnections are currently more expensive than H&S disconnections and the majority of consumers are now opting for H&S disconnections, as it is currently a no-fee route. We agree that this trend is most likely to increase over time as more consumers learn of the two approaches.

4.117. However, as Ofgem's current oversight of disconnections is largely focused on voluntary disconnections, we are concerned that some of our consumer protection

functions may not extend to aspects of H&S disconnections, particularly if we see an increased uptake on those areas. Our current intention is to provide further details on our proposed way forward as part of our 2026 Final Disconnections Report.

4.118. We learned that some data that is essential to reforming the disconnections framework, either was unavailable or did not exist, which may be because information requested about disconnections is not required to be collected by regulated entities (suppliers and transporters) under existing economic regulation reporting frameworks. This opens an avenue of inquiry as to whether further or different regulatory reporting arrangements for disconnections are required. As stated in our RIIO-3 Draft Determinations, we are considering what reporting requirements are appropriate as part of RIIO GD3. Further, it may be that such data is held by contractors – more often than not UIPs.

4.119. Ofgem has worked with transporters to understand what other data may exist and how we can reframe our requests to gain a complete picture of gas disconnections. We have now issued an RfI to transporters to fill in known data gaps.

Section 6: Costs

This section examined the costs associated with voluntary and H&S disconnections. Respondents provided raw data breaking down their costs. Similar to Section 5, some of the feedback provided by respondents during the consultation process contained sensitive or confidential information. As such, only aggregated findings are included.

Question 19:

What costs are incurred in carrying out a H&S 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)?

4.120. Respondents who provided data to this question revealed that labour costs (including wages/salaries) are the largest contributor to disconnection costs across GDNs and IGTs which is followed by other costs and finance and administration costs. High labour dependency could mean that costs are less likely to decline significantly over time without operational reform.

4.121. Mirroring H&S disconnections, the leading costs of voluntary disconnections is labour (including salaries and wages) followed by other costs and finance and administration costs. While labour, financial, and administrative costs are cited as the primary cost drivers, these categories are broad and vary significantly across GDNs, making the accuracy of this information uncertain.

4.122. Similarly, cost breakdown for both voluntary and H&S disconnections over GD3 were consistently due to labour costs, followed by other costs and financial and administrative costs.

Question 20:

What is the average cost of a H&S 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?

4.123. The data provided by stakeholders did not illustrate a breakdown of average costs between households and small businesses for H&S disconnections as our stakeholders advised that there is no difference between the two. Instead, the main factor affecting cost is whether the engineer isolates the gas service at the ECV or higher external termination (HET) point (typically at the street or external service

pipes). In this case, the costs are lower as it is deemed a simple disconnection. The more complex the job, the higher the costs.

Question 21:

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)?

4.124. For question 21, respondents provided feedback on specific circumstances where disconnection costs would be unusually high.

4.125. **Congested utilities in excavations:** Respondents noted that congested utilities can lead to extensive excavations or street works, with special excavation equipment often being required. For example, there may be a need for vacuum excavation to access and disconnect the service pipe.

4.126. **Unexpected ground conditions:** Certain ground conditions can increase the length of time required on site or may necessitate specialised excavation equipment or techniques to deliver on the disconnection service.

4.127. **Non-standard traffic management:** Some service connections are located in traffic sensitive areas such as busy urban roads, junctions or pedestrian heavy zones, or in areas that require specific lane rental schemes or close coordination with local authorities to ensure appropriate permitting and advanced scheduling.

4.128. **Non-standard NRSWA noticing:** Respondents noted costs increased where works require non-standard NRSWA noticing requirements in addition to standard NRSWA requirements such as signing, lighting, guarding, suspensions and traffic control. These all contribute to increased operational and administrative expenditure.

4.129. Where more than one service requires disconnection and includes mains disconnection or alteration: Respondents noted costs increased in scenarios where multiple services needed to be disconnected, and in some instances the scope of works require works to disconnect or alter mains pipework.

4.130. Emergency disconnections: Respondents noted that urgent H&S disconnections may require immediate action. This may mean incurring overtime or out of hours

labour charges or third-party contract costs, which can contribute to significantly higher costs compared to planned or routine disconnection works.

4.131. Location of meter: Respondents noted that the physical placement of meters, for example in remote or hard-to-reach locations influence operational efficiency and cost, as additional time, labour and coordination may be required for service providers to access and safely disconnect the meter.

4.132. Type of property: Different property types may require tailored approaches, adding time and expense to deliver the disconnection works. This can lead to longer job durations, specialised equipment or additional labour to ensure effective delivery.

4.133. Access issues and legal warrant: Gaining entry can involve additional legal processes and delays, which respondents advised can significantly increase administrative and legal costs in delivering the disconnection works. These legal processes can result in higher operational burdens to the company and impact the degree of efficiency in carrying out the work.

4.134. Labour resource: Limited availability or specialised labour can drive up personnel costs, especially when disconnection work requires greater technical expertise. This is a key driver of influencing overall total disconnection costs, as labour scarcity can lead to scheduling delays, or reliance on premium-rate contractors.

4.135. Engineering difficulties: Complex site conditions or technical challenges may require more time and expertise, inflating costs. These complexities often demand greater levels of expertise, specialised equipment and contingency planning which inflate overall costs.

4.136. Pipe material, depth, diameter and operating pressure: Variations in pipe characteristics affect the tools, time and safety measures required, leading to higher costs. These variations require specialised equipment, safety protocols and time depending on the work required, all of which contribute to driving overall project costs.

Question 22:

How and when are the costs of a H&S disconnection for households and small businesses recovered?

4.137. We received six responses to question 22. Three respondents stated that there is no existing cost recovery mechanism for IGTs in relation to H&S disconnections.

4.138. One respondent stated that the cost of H&S disconnections is currently socialised across all gas consumers as part of the annual cost of running the gas network. If a company spends more or less than expected on carrying out a disconnection, that difference is recorded and is eventually passed onto consumers but with a delay of 1-2 years.

4.139. Two respondents stated that costs are recovered from shippers via transportation charges. Under the current arrangements, most of these costs pass through to transportation bills as part of the operating expenditure (Opex) allowances, rather than being attributed to the Regulatory Asset Value (RAV) and recovered over a longer period.

Question 23:

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

4.140. All respondents stated that there is no cap on the maximum total cost to be incurred on H&S disconnections. It is based on the total cost to complete the disconnection which would be unique to each job.

Question 24:

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?

4.141. In terms of changes in average cost over the course of GD2, some reported minor changes (i.e. average costs have remained broadly at the same level in RIIO-GD2 to date).

4.142. Overall, there is a wide variation among GDN and IGTs between the average voluntary disconnections cost charged by the GDNs and IGTs for GD2.

4.143. Average costs for voluntary disconnections over GD3 have been predicted to remain broadly on the same level.

Question 25:

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)?

4.144. Three respondents agreed that traffic management contributes towards cost increases as the likelihood of requiring a lane closure (lasting multiple days) is higher due to the increased amount of space, particularly across public highways, these excavations (and associated safety measures) can take up.

4.145. One respondent commented that consumer charges are reviewed and adjusted annually based on the actual costs of completing work in the previous year. As a result, charges may increase or decrease each year depending on those past delivery costs.

4.146. One respondent stated that costs will be higher in cases that jobs are deemed to be non-standard and when the pipe diameter exceeds 6'' MET/180mm PE, as the scale and technical demands of the work increases.

4.147. Two respondents agreed that costs are high due to the same reasons as stated for question 21, including traffic management costs, legal warrants, property type, engineering difficulties and labour shortages.

Question 26:

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

4.148. Three respondents agreed that the costs of a voluntary disconnection are recovered in advance of the removal works being planned. They advised that the job will not commence until full payment is received.

4.149. In contrast, two respondents stated that the costs are not recovered until the disconnection process has been complete and the site reinstatement procedures have been confirmed as completed.

Question 27:

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?

4.150. All respondents stated that there is no cap on the maximum total cost for carrying out voluntary gas disconnections within the current regulatory framework.

4.151. Two respondents made a general statement that the costs are reflective of the actual time, materials and associated additional costs for completing the works. These are captured for each job and are used to establish pricing the following year.

4.152. One respondent stated that there is little variance in domestic services, but non-domestic service disconnections could cost £10,000 if pipe diameter is greater than 180 mm or operating pressures are above 2 bar. Non-domestic disconnection services can be substantially more expensive than domestic disconnection services noting the above conditions.

Question 28:

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?

4.153. Five respondents indicated that they do not recover any costs incurred from upgrading the gas network in connection with disconnections.

4.154. One respondent commented that all costs associated with the work are tracked and monitored ensuring visibility and specificity for each work type, such as H&S or voluntary disconnection. The respondent noted that overheads supporting the process are allocated through an annual overhead methodology applied to departments involved in operational delivery, including management and support functions.

Question 29:

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)?

1.

4.155. Two respondents stated that they do not differentiate between any of the categories listed above, other than by LDZ where GDN disconnection rates are utilised as benchmarks and those rates vary.

4.156. Connection type: One respondent stated that the connection type is not a differentiating factor. In contrast another respondent stated that the cost will fluctuate depending on pipe diameters and pressure tiers. As certain equipment and skill will be required to carry out different pipework.

4.157. Consumer type (i.e. household or small business): Reflecting the point above, one respondent stated that small businesses often have service pipes larger than 32 mm or 63 mm. In some cases, this allows for lower-cost work similar to domestic consumers, as only a valve isolation is required instead of an excavation. However, service pipes over 90 mm or operating at a higher pressure would require additional permits and skilled personnel leading to higher costs.

4.158. Complexity of the works (i.e. standard/non-standard works): One respondent stated that non-standard works are of higher cost. Another respondent commented that smaller, lower-pressure pipes fall under fixed pricing, while larger or higher-pressure pipes require a tailored quote due to the complexity and risk involved.

4.159. Time taken to complete the works: One respondent noted that extended job durations directly correlate with increased operational costs. This respondent clarified that these additional costs are not passed onto the consumer.

4.160. Headcount: One respondent stated that fewer staff members would equate to lower costs. In contrast, another respondent stated that their costs remain the same regardless of whether the works are carried out internally or contracted out as the cost are a unit rate. However, they noted that these costs will vary depending on region.

4.161. Provider type and size (i.e. the provider of the gas disconnection works, for example a UIP, GDN or IGT): In response to this question, one respondent stated that for a UIP, disconnections are only carried out at the consumer's request, so the consumer bears the cost. In contrast, this respondent noted that H&S disconnections performed by GDNs are funded through their baseline allowances. However, if the volume of such safety-driven work increases, the current funding framework may become inadequate, posing a financial risk.

4.162. Geographical location (urban, regional and remote): One respondent stated that urban locations are likely to incur higher costs due to additional traffic management and street work charges. Another respondent commented that their costs vary by region. As such, the geographical location of a disconnection is a core driver impacting service delivery costs.

4.163. Level of competition present in the market for the supply of gas disconnection services: One respondent noted they used third party service providers to complete the jobs, and they regularly review and re-tender as appropriate to ensure competitive pricing and cost efficiency without compromising service quality.

4.164. Other contributing factors: The only other factor mentioned by respondents were isolation methods that avoid digging, for example turning off a valve or disconnecting the service above ground, which respondents note are much cheaper and safer than those that require excavation.

Question 30:

Can you estimate what proportion of your network is made up of pipes with the following diameters: <=63 mm PE13 / 2” met14; 90 mm PE / 3” met; 125 mm PE / 4”

met; 180 mm / 6" met; >180 mm PE or >6" met? As part of your response, please provide a breakdown showing the figure for each Local Distribution Zone (LDZ) if possible.

4.165. Responses we received from stakeholders flagged that this data is sensitive or confidential. In accordance with data protection policies and the terms agreed upon with participants, this information cannot be disclosed publicly.

4.166. All Transporters (GDNs/IGTs) noted that a large proportion, between 50% and 99.8% of their network is made up of pipe diameter of less than 63 mm PE or 2'' metallic.[31]

Ofgem's analysis of Section 6:

4.167. Based on data already held by Ofgem in relation to H&S disconnections, and publicly available data on voluntary disconnections charges drawn from transporter Connection Charging Methodologies we had expected to receive significant new data and evidence accounting for the discrepancy in costs between the two disconnection types.

4.168. For voluntary disconnections, information provided by respondents confirmed our initial understanding of labour, compliance and engineering costs as significant determinants of costs incurred by transporters and therefore prices charged to consumers. Some costs are within the effective control of transporters, and we will work closely with transporters to understand what efficiencies can be realised in relation to these costs. Some costs fall outside of the effective control of transporters; we use the graphic below (Figure 8) to identify those costs and system actors who may be influential in constraining those costs.

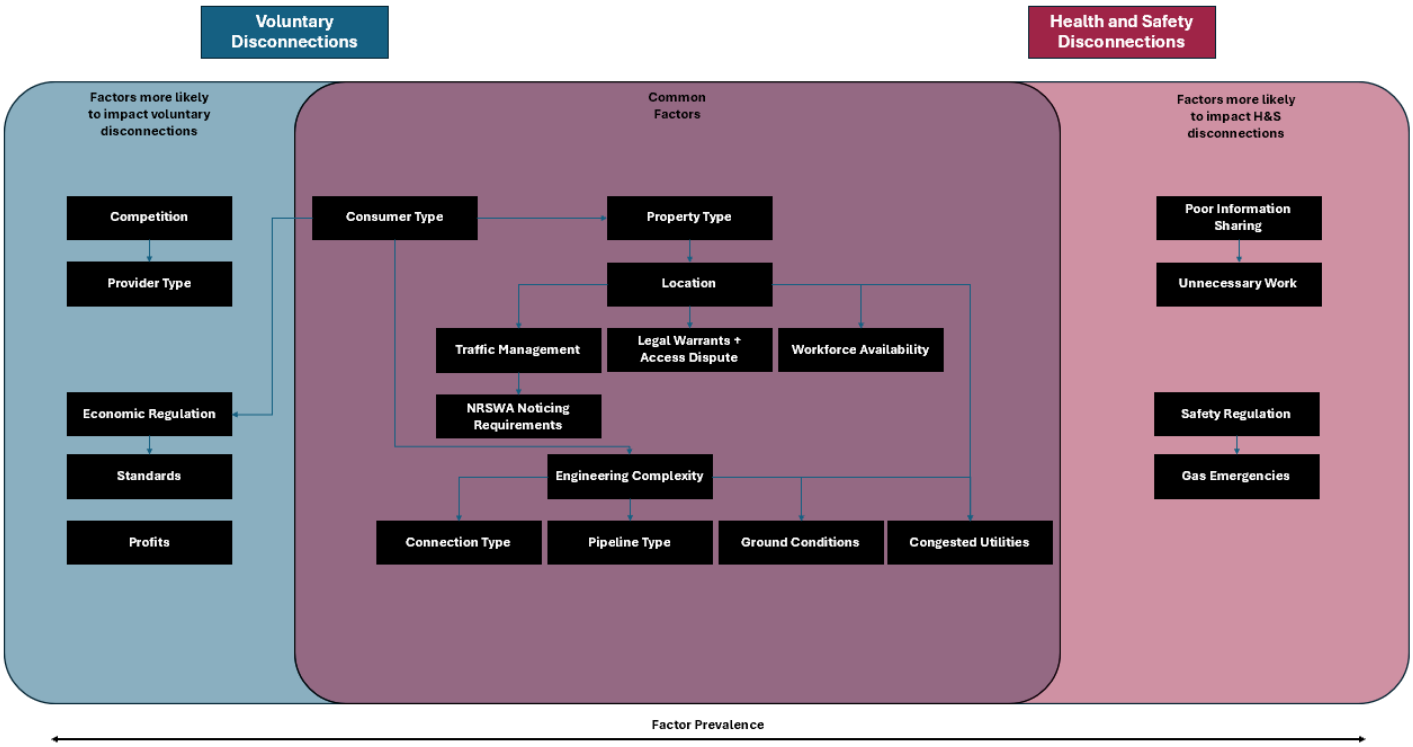
4.169. For H&S disconnections, data and evidence gathered from respondents confirmed our understanding that disconnection costs incurred by transporters were lower on average than those of voluntary disconnections, although the reasons for this variation were not immediately clear from the responses we received. Respondents suggested that voluntary disconnections may be more complex in nature requiring bespoke or non-standard approaches to deliver, however, respondents provided

[31] Gas service pipe diameter and type.

little quantitative or qualitative evidence in support of this proposition. Various respondents noted that major cost drivers for both voluntary and H&S disconnections were largely the same, further confusing matters; we use the graphic below (Figure 8) to identify costs and system actors who may be influential in constraining those costs.

4.170. We have combined the primary cost drivers described by respondents in relation to both voluntary and H&S disconnections into a schematic, located at Figure 8.

Figure 8: Factors contributing to disconnection costs (Respondents)*



4.171. Importantly, while the costs of H&S disconnections remain lower on average than voluntary connections, there is no such thing as a 'free disconnection' because these costs are ultimately recovered from someone else (typically remaining network users). As disconnection costs are anticipated to rise, failure to effectively constrain the costs of H&S disconnections (and voluntary disconnections) will increase the price paid by those left on the network, and potentially increase the costs of decommissioning. However, while any such solution must apply downward pressure on service providers to ensure efficiencies are realised where

possible, transporters must still be able to recover a reasonable amount of costs otherwise issues of financial viability may arise, which could ultimately impact service quality, security of supply, and safety.

4.172. Ofgem requires further and more accurate information on specific cost drivers to support evidenced-based decision-making on how the gas disconnections framework can be better designed to meet industry and consumer needs. While Ofgem has a strong interest in monitoring the energy sector workforce to the extent this supports our existing objectives, we presently do not regulate, and therefore have few duties and powers in relation to key energy sector workforce entities, including system actors responsible for accreditation and workforce monitoring.

4.173. Ofgem will also consider how disconnections will be accounted for in relation to IGTs as part of its IGT RPC Review. Gaining deeper insight into these cost drivers will be crucial for shaping effective future policy and a framework design that is robust and fit-for-purpose. We intend to achieve this through our RfI released earlier this month.[32]

Section 7: Other factors affecting the gas disconnections framework

This section explored broader factors that were not previously considered, which may have an impact on demand, supply and competition in disconnections, and the broader impact that these factors have on viability, quality and profits of gas disconnection services. Respondents raised concerns surrounding delivering H&S disconnection services at no direct cost to consumers, highlighting potential risks to the financial sustainability of the industry.

Question 31:

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?

4.174. **Policy direction:** Three respondents highlighted that the absence of a firm policy decision on heat decarbonisation would have an impact as it creates investment uncertainty for transporters. One respondent stated that the absence of a clear

[32] Request for Information: Gas Disconnections Framework Review | Ofgem

road map for the future of gas networks will have an effect as consumers are prevented from exercising their choice, impacting competition and consumer satisfaction. One respondent highlighted slow policy decisions relating to hydrogen blending or repurposing the gas networks as creating uncertainty for consumers regarding whether to remain connected to the gas networks or not.

4.175. **Shifting demand for gas services:** One respondent stated that the rising energy prices for consumers and increased adoption of low carbon technologies will have an impact on demand for gas services. The respondent noted that as consumers seek more cost-effective and sustainable energy solutions, demand for gas services may decline, prompting more voluntary disconnections. This shift could also affect supply dynamics, as gas infrastructure may become underutilised or require reconfiguration. Additionally, the respondent noted that increased competition among service providers may emerge, particularly in offering disconnection services or alternative energy solutions, further shaping the market and regulatory considerations.

4.176. **New housing development trends:** Two respondents stated that the trends in housing market will have an impact such as existing property upgrades or renovations. As homeowners modernise their properties, they may choose to switch to electric heating systems or other low-carbon technologies, which could lead to an increase to voluntary disconnections. They note that renovations often involve changes to energy infrastructure, which can prompt reassessment of gas usage or the removal of gas connections altogether.

4.177. **Cost of living:** One respondent stated that cost of living is a contributing factor that has been increasingly influencing consumer behaviour, prompting consumers to transition to lower carbon technologies to seek the longer-term savings that accompany various alternate heating solutions.

4.178. **Barriers to entry:** One respondent questioned whether the current framework optimises competition in the delivery of disconnections. They questioned whether the existing arrangements create a level playing field for all market participants. The respondent mentioned that there may be barriers – such as access to infrastructure, pricing transparency or procedural complexity that could limit the ability of alternative providers to compete effectively.

Question 32:

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

4.179. One respondent stated that rising disconnection costs challenge the financial sustainability of IGTs, especially as more consumers opt for H&S disconnections to avoid charges.

4.180. One respondent stated that the lack of clear guidelines and existence of two disconnection processes creates inefficiencies for IGTs to recover previous network investments making it harder for the business to operate profitably. The respondent noted that the complex framework and unclear guidance negatively impacts consumer satisfaction. They advised that without reform, the quality of disconnection services will reduce as IGTs and UIPs must manage higher workloads whilst attempting to remain profitable. This will be exacerbated by the declining consumer base, reducing top line revenues further eroding profits.

4.181. One respondent noted that there is no profit associated with H&S disconnections. These are driven by legislative timelines, with which the GDN has to comply. They note that costs are accounted for through their Total Expenditure (TotEx) allowance under the RIIO Price Control and ultimately recovered from other users through network charges. As for voluntary disconnections, the consumer has a choice of willing qualified companies (GDN/UIP) who can quote and carry out this work to meet consumer expectations. The respondent advised that the GDNs are currently available as provider of last resort. Networks are allowed to recover a small margin through their provision of services, although the respondent suggested these margins are realised in practice.

Ofgem's analysis of Section 7:

4.182. Ofgem received a range of responses highlighting different factors which will need to be considered by any future disconnections framework. Ofgem appreciates the responses provided by stakeholders, and following the finalisation of the RfI, will be looking to work closely with industry to incorporate this information in the consideration of future regulatory approaches and policy solutions.

4.183. A central theme relates to the legislative disconnect between economic regulation and broader disconnection regulation. Industry needs should be considered alongside consumer interests, as there is a pressing requirement to balance the provision of a consistent and affordable service with meeting key safety and quality standards, and to ensure government's net zero targets are met. Multiple respondents noted that, as H&S disconnections are delivered at no direct cost to consumers, delivering such disconnections to high quality standards may impact their financial viability and are increasingly concerned that the ramp to increase disconnections will not be met with strong disconnections regulation to mitigate financial harms to business operations. CfI respondents indicate that industry needs clear direction from government to efficiently and effectively deliver disconnection works across Great Britain, and foster an environment to support greater competition and increased consumer access to quality services.

4.184. Other areas of further inquiry included housing policy, as well as competition dynamics in disconnections. Ofgem notes that increased competition across service providers could support avenues for innovation leading to greater efficiencies and lower net-outcome costs in the provision of disconnection services. Ofgem has a major role to play in relation to competition amongst regulated entities, however, UIPs, a major source of competition in disconnections services fall-outside our current regulatory remit

Section 8: The consumer journey

This section explored the existing guidance that is provided to consumers to help them understand the gas disconnections framework and related processes. We discovered that current consumer guidance and support tools for disconnection processes are inconsistent, inadequate and vary significantly across the industry.

Question 33:

What guidance have you made available to consumers on the gas disconnection process and the differences between a voluntary and H&S disconnection?

4.185. For voluntary disconnections, four respondents stated that they provide consumers with a full overview of the gas disconnection process on their websites. A few noted that they offer consumers a comprehensive overview of the gas

disconnection process, including the key information required at each stage of the journey.

4.186. One respondent stated that they provide a customer service option in which consumers can call for information on the process. The respondent noted that they also have an online tool that consumers can use to understand how much their disconnection would cost, and an estimator that provides an indicative lead time from a consumer's acceptance and payment to a delivery date for their disconnection works. Overall, this respondent advised that the communication and accommodation of consumer requests for disconnections is done by either an online form or through a phone call with a member of the customer service team.

4.187. For H&S disconnections, three respondents confirmed that they do not provide external guidance to consumers. Alternatively, one respondent stated that they issue guidance on H&S disconnections and provide a quote.

4.188. One respondent explained that their guidance on H&S-related disconnections focuses on outlining the relevant regulations and ensuring the works are arranged and carried out in compliance with those legal obligations.

Question 34:

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.

4.189. One respondent stated that they have not undertaken any consumer research specific to the existing gas disconnection regulatory framework.

4.190. One respondent confirmed that they conducted a survey during GD1 to better understand the consumer journey of a voluntary disconnection. The results overall were positive with consumer satisfaction towards service, quality of work, skillset and professionalism. Opportunities for improvement were identified in communication with consumers, overall application process and time taken to provide a quote. The same respondent stated that they conducted a pilot survey for voluntary disconnections to formally establish levels of consumer satisfaction.

4.191. One respondent is in the process of launching a trial through consumer satisfaction on disconnections to better understand how consumers could be better supported.

Question 35:

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

4.192. All respondents identified several barriers that hinder consumers' understanding of the current disconnection framework—many of which are beyond the consumers' control. Two respondents specifically noted that poor engagement between suppliers and gas transporters are significant barriers, often resulting in inaccurate data being provided and ultimately resulting in negative outcomes for consumers.

4.193. Two respondents agreed that the high disconnection costs could be considered prohibitive for many households, discouraging consumers from attempting to understand the two disconnection processes and ultimately may perceive both options as unaffordable. Furthermore, respondents advised that consumers may not have a full understanding what is included in the costs to disconnect a gas service and therefore cannot make an informed decision.

4.194. One respondent flagged that the lack of clear guidance for consumers may result in a complete lack of engagement with the process. They advised that regulatory documents and processes are often highly technical, making it challenging for consumers to understand or navigate the disconnection process without seeking legal advice.

4.195. Three respondents stated that there is inconsistent information provided by energy suppliers, often guiding consumers towards H&S disconnections rather than voluntary disconnections, making consumer choice challenging.

4.196. One respondent flagged that the lack of clarity around the long-term role of gas networks in a decarbonised energy system due to a lack of government policy creates uncertainty for consumers about whether disconnecting now is a good an/or economical choice.

4.197. Two respondents raised that the H&S disconnection process can be complex for both consumers and GDNs. They note that there is a 12-month delay when the

meter removal record is sent through, which could obscure the driver for meter removal.

4.198. One respondent pointed out that the current H&S disconnection process typically only involves communication with the person living in the property, rather than the landlord—who may be responsible for the gas supply. They suggested that the process should be more tailored to different types of consumers (e.g., tenants, landlords, property managers), rather than applying a one-size-fits-all approach under the GSIUR. More detailed and specific guidance would help ensure the right parties are informed and involved in the process.

Ofgem's analysis of Section 8:

4.199. Ofgem sought details from disconnection providers regarding information provided to consumers because clear and consistent information is critical to enabling consumer choice, particularly in circumstances where there may be regional variations in disconnection systems, procedures and practices.

4.200. The responses clearly indicate that consumer awareness regarding the two disconnection processes—particularly those related to H&S disconnections—has historically been inconsistent and often inadequate. This lack of clarity can lead to confusion, delays, and a diminished consumer experience. The findings underscore the need for a more transparent approach, supported by stronger governance and clearer communication protocols.

4.201. We found several examples of industry-led best practice including online tools and different communications and engagement tools designed to reflect different user needs. We encourage other providers use this opportunity to learn from their counterparts and elevate capability in this space.

4.202. We also gained several insights on the needs of different consumers. We will work with transporters, suppliers and consumer advocates to understand what information interventions Ofgem can take forward, and how we can ensure best practice is implemented across the board.

5. Ofgem's Insights and Next Steps:

Call for Input Overview

5.1. The CfI drew out new insights on how the current disconnections framework operates or fails to operate, both in theory and in practice. It also revealed a variety of concerns on current issues that consumers and industry are facing in the delivery of disconnections across Great Britain.

5.2. We gained critical information on the expected volumes of disconnections, and the anticipated costs of disconnections, both of which determine whether the current framework protects consumers and will support Government's ambitions to reach net zero whilst promoting economic growth. Lower than anticipated volumes of gas disconnections suggest that domestic gas demand may not decline at the rate currently projected in net zero pathways, highlighting the importance of understanding whether disconnections could act as a potential barrier to electrification.

5.3. Respondents agreed there are considerable risks to consumers with industry and government proceeding with the status quo, and there was universal support for the development of a more robust framework moving into the future. There was goodwill displayed amongst industry and consumer stakeholders in favour of finding solutions that work for all parties, but there was also an acknowledgement that mitigating key risks will require better coordination and closer collaboration of different stakeholders across industry and government.

Ofgem's Key Insights

Theme 1: Most stakeholders are of the view that the current gas disconnections framework is not fit for purpose

5.4. The gas disconnections framework is fragmented due to ongoing regulatory divergence: Industry bodies including gas transporters, UIPs and other third parties associated with delivering disconnections find economic and safety regulations increasingly difficult to navigate, potentially increasing delivery costs and preventing the development of 'industry-led' approaches to emerging issues. This CfI confirmed that the two frameworks mean that current gas consumers seeking disconnections are already being subjected to drastically different experiences and

costs depending on where they have obtained their information from, raising issues of fairness and equity.

5.5. The effectiveness of Ofgem's economic regulation of gas disconnections is likely to decline without significant reform or Government intervention. Ofgem has taken action over the years to extend its economic regulation under the Gas Act 1986 to (voluntary) gas disconnections,[33] however, it is clear that this regulatory framework needs to be reviewed and updated to acknowledge more recent trends in disconnections. The current practice of gas transporters directly charging consumers for voluntary disconnections is a model that could hinder net zero goals if disconnection costs are allowed to rise excessively, but may be seen as fairer by some and help lower bills and future decommissioning costs. Nevertheless, data collected under this CfI confirms that the majority of gas disconnections are now carried out under H&S regulations which fall outside of the current economic regulation framework meaning future actions taken by Ofgem to regulate voluntary disconnections will become increasingly irrelevant if a unified framework is not developed.

5.6. Health and safety is paramount but there is always a price to pay for gas disconnections: Ofgem obviously supports the need for gas disconnections to be conducted safely, as this is in the interests of both current and future energy consumers. However, we consider that safety must be viewed in the round and alongside other important factors such as cost; we stress there is no such thing as a free disconnection because the costs are ultimately paid by someone else. We understand from this CfI that gas transporters currently believe that health and safety legislation may impede them from recovering the costs of disconnections performed pursuant to that legislation directly from consumers. This means the costs of most gas disconnections are now being socialised and charged back to other consumers through their gas bills – charges which will increase as more households leave the system. While health and safety legislation sets out some requirements as to how suppliers and transporters must disconnect certain

[33] By including certain disconnection charging requirements and service standards within relevant Transporter Licences, and amending the Gas (Standards of Performance) (Amendment) Regulations 2021 to extend statutory consumer protections to voluntary disconnections carried out by transporters.

premises, the process does not contain significant consumer protections such as those provided by the Gas Act 1986, and Ofgem's ability to minimise consumer harms and take enforcement action in relation to these activities is severely hampered. Conversely, we understand there is no requirement on the safety regulator to consider the economic and consumer impacts when making future amendments to that framework.

Theme 2: Roles and responsibilities need to be clarified

5.7. Roles and responsibilities must be clarified to ensure all system actors contribute to an efficient and effective disconnections framework: Regardless of regulatory approach taken, this CfI revealed that further clarity is required in relation to the roles and responsibilities of different system actors in three main areas: Strategy and Policy, Regulation and Service Delivery. Consideration needs to be given to whether the current roles and responsibilities of relevant regulators can support a safe and consumer-focused disconnections framework. Further reforms may be required to enable regulatory collaboration and alignment on gas disconnections, be that by enabling information sharing, facilitating resource pooling, ensuring enforcement assistance or by articulating Government's clear expectations on cooperation. Coordination is needed between Ofgem, HSE, DWP and DESNZ, all of whom have shared responsibilities for alleviating fuel poverty, and delivering safe, quality and affordable disconnections.

5.8. In relation to service delivery, there is a need to further clarify the responsibilities for carrying out disconnection work across transporters, suppliers and UIPs under all regulatory frameworks. Some such requirements are within Ofgem's remit and will be considered imminently, however other requirements sit outside of energy legislation and will require the attention of relevant regulators and policy departments.

5.9. Any regulatory framework must still encourage private innovation and draw in industry to actively engage: Regardless of regulatory approach taken by Government, there will always be a role for industry to play in finding cost reductions and improving customer experience through innovation and efficiency programmes. As made clear by respondents, regulatory certainty, and the

articulation of clear roles and responsibilities are both required to enable this, however due consideration may also need to be given as to how industry can be further incentivised to support a low-cost transition.

Theme 3: Better alignment of cross-cutting net zero policies is required

5.10. Another system-level theme that emerged was consensus on the need for greater alignment across net zero policies. Multiple respondents highlighted the critical need for better alignment, as inconsistent policy decisions have direct business impacts which need to be planned for to safeguard operational viability and secure a continued and reliable supply of energy across Great Britain. Without alignment, there is a risk of fragmented infrastructure decisions, increased costs for remaining gas users, and missed opportunities to integrate a strategic disconnections framework with wider plans for clean heat, energy system reform and consumer protection. Ofgem agrees that it will be critical to align potential gas disconnection reform with other emerging UK government policies and initiatives, such as the UK Hydrogen Strategy[34], Future of Gas, and Heat Networks[35] to address heat decarbonisation, energy affordability and, to ensure a coordinated, equitable, and cost-effective transition to net zero. This may be achieved by implementing a system stewardship approach.

5.11. Ofgem separately agrees that any enduring approach to disconnections will need to be cognisant of any future decommissioning strategy. However, for the purposes of this CfI and the following RfI, Ofgem has made a conscious effort to decouple this review of disconnections from the broader decommissioning strategy noting they operate on different timescales, with different scopes, different responsibilities and policy implications.

5.12. International counterparts are taking decisive steps to phase out gas from their heating systems. For instance, Australia[36] has recently commenced updating their framework for gas disconnections to shift towards a renewable energy system as

[34] UK Hydrogen Strategy
[35] Heat Networks
[36] Australian Energy Market Commission

part of their energy transition. Great Britain also needs to coordinate disconnections reform, broader net zero policies, infrastructure planning and consumer protection.

Theme 4: Service delivery tensions must be managed

5.13. The final systemic theme which emerged from responses to this CfI pertains to the service delivery tensions that will need to be actively managed under any future framework. Respondents made clear the connected and often adversarial nature of different service delivery objectives, pointing out the trade-offs which arise when needing to balance user needs, service provider viability and government expectations. Such tensions are likely to vary depending on regulatory approach; to illustrate these tensions, we depict the current status quo in relation to both voluntary and H&S disconnections on Figures 10 & 11 respectively.

5.14. While service delivery objectives currently differ between existing regulatory frameworks, based on information provided by respondents, Ofgem views it likely that any future gas disconnections framework, and any associated policy solutions, will need to engage with and balance some form of the following objectives.

5.15. **Access and equity:** The framework (and policy solutions) will need to ensure that consumers have equitable access to receiving disconnections, regardless of when and where that disconnection is accessed. Consumers will need to be able to access clear and transparent information to the disconnection process and should be able to receive a consistent and timely disconnection service regardless of provider. It is also imperative that those who disconnect in the future should not be unfairly burdened by bearing current socialised costs and ultimately paying more for the same service.

5.16. **Quality of service (including Safety):** The framework will need to ensure that consumers receive a quality disconnection service and meets key safety and customer service standards. Industry should be encouraged to consider options that support efficient delivery of services across a growing consumer need to disconnect. Consumers should be adequately protected in the disconnection process (both in terms of safety and against unfair prices or sharp practices).

5.17. **Cost and price**: The framework will need to ensure that consumers receive disconnections at a fair and affordable cost. It is important that infrastructure and services are delivered in a way that is efficient, cost-effective and, does not pose a barrier to consumers' choice to electrify or move away from natural gas. However, costs must be able to be recovered at a reasonable level to ensure provider viability and both access to and quality of service. Understanding costs and incentivising cost efficiency is a complex task that requires the support of several actors both across government, regulators and industry.

Figure 10: Service Delivery & Regulatory Tensions in current User Pays Model (Voluntary Disconnections)

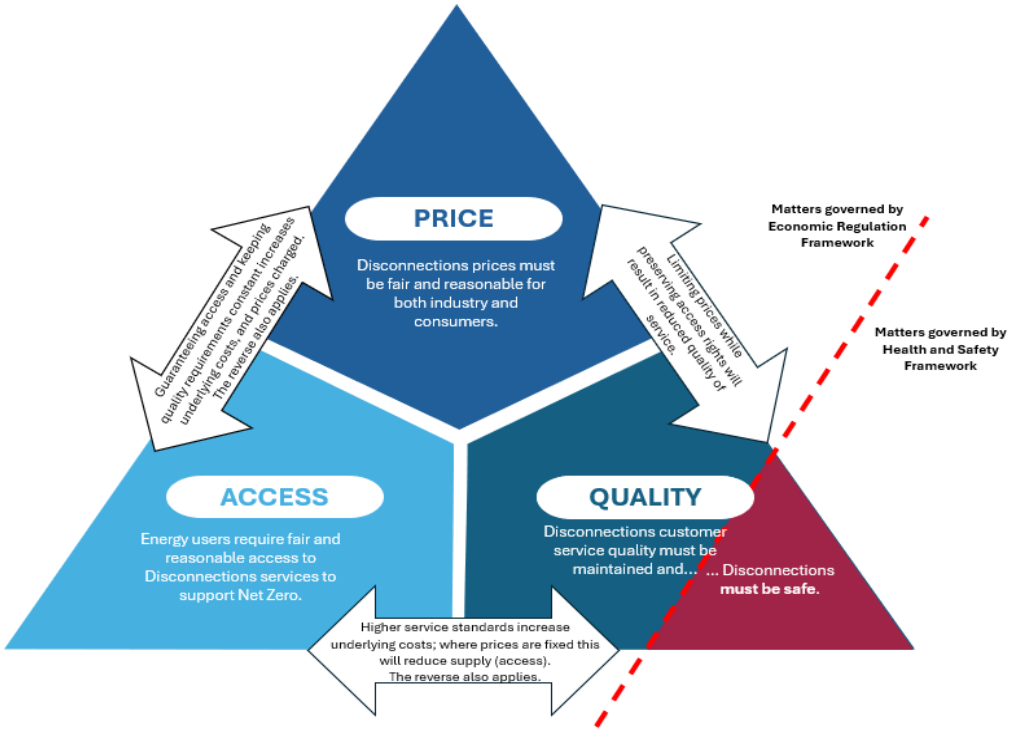
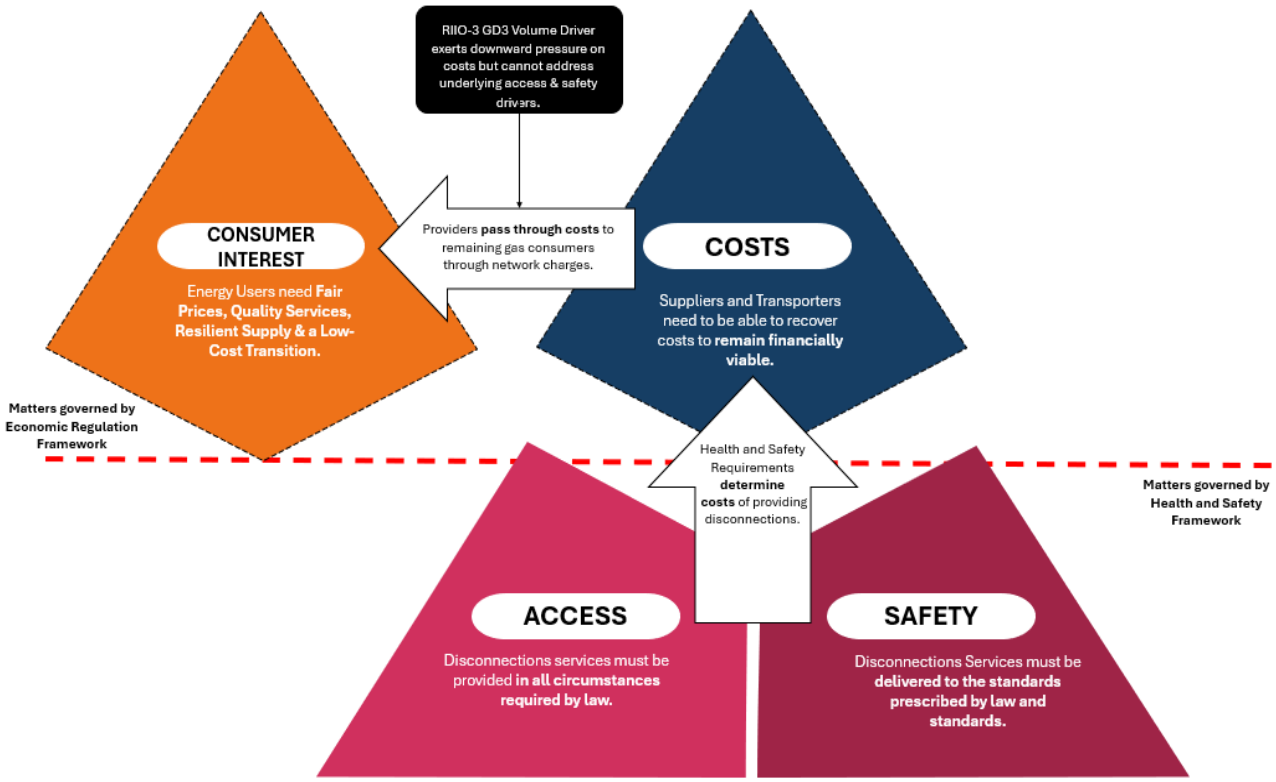


Figure 11: Service Delivery & Regulatory Tensions in current Socialised Model (H&S Disconnections)



Next Steps

5.18. Given the broad support for the CfI and the recognition of the complexities within the current gas disconnections framework, we intend to continue progressing the gas disconnections framework review through the RfI which will feed into our proposed way forward in the Final Disconnections Report.

5.19. Due to the uncertainties surrounding the volumes of disconnections over the next few years, Ofgem has taken immediate action via the **RIIO-GD3 price control**. Ofgem proposes to introduce a **volume driver to fund the GDNs for disconnections** carried out under their PSR obligations. This volume driver will ensure that the GDNs have adequate funding to undertake these disconnections in the event that disconnection volumes exceed forecasted levels. Further information may be found on paragraphs 4.43 – 4.52 of the RIIO-3 Draft Determinations GD Annex[37]. Importantly, this measure is not a permanent solution, and will not resolve ongoing regulatory issues stemming from the current dual regulatory framework. This measure will, however, give Ofgem greater clarity of disconnection volumes and costs while allowing flexibility for further work by Ofgem and others in this important space.

5.20. **Due to the quantitative gaps in the CfI, we have released an RfI** to gas transporters seeking further and specific information on gas disconnection volumes, and cost drivers. This information is needed because it remains unclear to Ofgem why costs have increased significantly and vary between disconnection types. We need to understand how much of this increase and variation is driven by internal as opposed to external factors.

5.21. Following the RfI, **we intend to issue a Final Disconnections Report** in early 2026 which will build on our initial insights and analysis set out in this Summary and provide further evidence showing the scale of the issue now and into the future and propose our way forward. Our report will:

[37] RIIO-3 Draft Determinations – Gas Distribution

- Include both qualitative and quantitative data from the CfI and RfI which provide core quantitative information to inform on the state of the Gas Disconnections Framework in Great Britain.
- Provide the evidentiary basis on which to canvass views on initial policy options that could support alternative regulatory approaches.
- Set out our proposals for a way forward to finalise the review.

5.22. This report will be a critical final step to finalising Ofgem's review of the Gas Disconnections Framework and is intended to provide the evidence needed for Ofgem and its stakeholders to set out a clear pathway that manages core service delivery tensions, as highlighted above.

5.23. While we will continue to gather evidence and explore Ofgem-led solutions, we expect that some options for the way forward may require legislative reform. The scale and scope of proposed options for change will depend on which approach is taken to reform the disconnections framework.

Appendix 1A: Themes and Issues Matrix

Theme / Issue	HM Mins	HM Tsy	DESNZ	DWP	DfT	CMA	Ofgem	HSE	HE/LA	Dev Mins	DA	LC	DN	IGT	CDSP	ES	NESO	EO	IGEM	UIP	LQRA	FEN	INA	Uns	CA	GEM	SS
1. Theme 1: Framework Design	✓	✓	✓	✓		✓	✓	✓					✓	✓		✓	✓			✓		✓	✓	✓	✓	✓	✓
1.1 Regulatory Approach	✓	✓	✓	✓			✓	✓					✓	✓		✓	✓					✓*	✓*		✓		
1.1.1 Funding Arrangements		✓	✓	✓																							
1.1.2 System Planning	✓		✓	✓			✓	✓					✓	✓		✓	✓										
1.1.3 Service Design		✓	✓	✓			✓	✓					✓	✓		✓	✓			✓		✓*	✓*		✓		
1.2 Roles and Responsibilities																											
1.2.1 Strategy and Policy	✓	✓	✓	✓																							
1.2.2 Regulation						✓	✓	✓									✓										
1.2.3 Service Delivery			✓	✓			✓	✓					✓	✓		✓	✓			✓		✓*	✓*	✓*	✓	✓	✓
1.3 Regulatory Framework																											
1.3.1 Legislation	✓		✓	✓			✓	✓									✓										
1.3.2 Regulations			✓	✓			✓	✓																			
1.3.3 Statutory Instruments							✓	✓																			
1.3.4 Regulatory Guidance			✓	✓			✓	✓																			
1.3.5 Standards							✓	✓					✓	✓					✓	✓							

*GDNs and IGTs are already involved.

Appendix 1A: Themes and Issues Matrix (cont.)

Theme / Issue	HM Mins	HM Tsy	DESNZ	DWP	DfT	CMA	Ofgem	HSE	HE/LA	Devolved Mins	DA	LC	DN	IGT	CDSP	ES	NESO	EO	IGEM	UIP	LQRA	FEN	INA	Uns	CA	GEM	SS
2. Theme 2: Policy Alignment			✓	✓	✓		✓	✓	✓	✓	✓	✓					✓		✓		✓						
2.1 Energy																											
2.1.1 Net Zero			✓				✓			✓							✓										
2.1.2 Future of Gas			✓	✓			✓			✓							✓										
2.1.3 Electricity SoS			✓				✓			✓							✓										
2.1.4 Heat Networks			✓				✓			✓							✓										
2.1.5 Hydrogen			✓		✓		✓			✓							✓										
2.2 Safety				✓				✓																			
2.3 Transport					✓				✓	✓	✓	✓															
2.4 Planning										✓	✓	✓															
2.5 Housing										✓	✓	✓															
2.6 Workforce				✓						✓	✓	✓							✓		✓						

KEY

Appendix 1B: Themes and Issues Matrix

Theme / Issue	HM Mins	HM Tsy	DESNZ	DWP	DfT	CMA	Ofgem	HSE	HE/LA	Devolved Mins	DA	LC	DN	IGT	CDSP	ES	NESO	EO	IGEM	UIP	LQRA	FEN	INA	Uns	CA	GEM	SS
3. Issues Area 1: Disconnection Charges																											
3.1 Costs			✓	✓	✓		✓	✓	✓			✓	✓	✓	✓	✓	✓			✓		✓*	✓*	✓	✓	✓	✓
3.1.1 Labor			✓	✓			✓	✓					✓	✓		✓	✓			✓				✓		✓	✓
3.1.2 Consumables							✓						✓	✓						✓							
3.1.3 Administration Costs							✓						✓	✓		✓	✓										
3.1.4 Regulatory & Compliance Costs			✓	✓	✓		✓	✓	✓			✓	✓	✓		✓				✓							
3.1.5 Policy Costs			✓				✓																				
3.1.6 Waste / Inefficiency							✓	✓					✓	✓	✓	✓	✓			✓							
3.2 Profits & Incentives			✓	✓		✓	✓	✓					✓	✓			✓			✓					✓		
3.2.1 Profits			✓	✓		✓	✓	✓					✓	✓			✓			✓					✓		

3.2.2 Incentives			✓			✓	✓	✓					✓	✓		✓	✓								✓		

Theme / Issue	HM Mins	HM Tsy	DESNZ	DWP	DfT	CMA	Ofgem	HSE	HE/LA	Devolved Mins	DA	LC	DN	IGT	CDSP	ES	NESO	EO	IGEM	UIP	LQRA	FEN	INA	Uns	CA	GEM	SS
4. Issues Area 2: Disconnection Access			✓	✓		✓	✓	✓				✓	✓	✓		✓	✓	✓		✓		✓	✓		✓		
4.1 Information			✓																								
4.1.1 Regulatory Guidance			✓	✓			✓	✓				✓	✓	✓		✓	✓	✓		✓		✓*	✓*		✓		
4.1.2 Consumer Guidance						✓	✓	✓																	✓		
4.1.3 Process Guidance							✓	✓					✓	✓						✓							
4.2 Availability			✓	✓		✓	✓	✓			✓	✓	✓	✓	✓	✓	✓			✓							
4.2.1 Service Planning			✓				✓				✓	✓	✓	✓	✓	✓	✓			✓							
4.2.2 Market Data			✓				✓				✓	✓	✓	✓	✓	✓	✓			✓							
4.3 Competition			✓	✓		✓	✓	✓					✓	✓						✓							
4.3.1 Barriers to Entry			✓	✓		✓	✓	✓					✓	✓						✓							

4.4 Equity			✓	✓			✓	✓				✓	✓	✓							✓	✓*				
4.4.1 Vulnerable Consumers			✓	✓			✓	✓				✓	✓	✓							✓*	✓*		✓		
4.4.2 Intergenerational Equity			✓	✓			✓	✓				✓	✓	✓							✓*	✓*		✓		

Theme / Issue	HM Mins	HM Tsy	DESNZ	DWP	DfT	CMA	Ofgem	HSE	HE/LA	Devolved Mins	DA	LC	DN	IGT	CDSP	ES	NESO	EO	IGEM	UIP	LQRA	FEN	INA	Uns	CA	GEM	SS
5. Issues Area 3: Disconnections Quality			✓	✓			✓	✓					✓	✓				✓	✓	✓		✓*	✓*		✓	✓	✓
5.1 Safety			✓	✓			✓	✓					✓	✓					✓	✓		✓*	✓*		✓	✓	✓
5.1.1 Households			✓	✓			✓	✓					✓	✓					✓	✓		✓*	✓*		✓		
5.1.2 Businesses			✓	✓			✓	✓					✓	✓					✓	✓		✓*	✓*		✓		
5.1.3 Employees			✓	✓			✓	✓					✓	✓					✓	✓		✓*	✓*		✓	✓	✓
5.2 Customer Service			✓				✓	✓					✓	✓				✓		✓		✓*	✓*		✓		
5.2.1 Timeliness			✓				✓	✓					✓	✓				✓		✓		✓*	✓*		✓		
5.2.2 Trust			✓				✓	✓					✓	✓				✓		✓		✓*	✓*		✓		

Glossary for Appendix 1A and 1B

Entity	Abbreviation
Assurance, Certification, Inspection, Training	LQRA
Central Data Services Provider	CDSP
Citizens Advice	CA
Competition Markets Authority	CMA
Department for Energy Security and Net Zero	DESNZ
Department for Transport	DfT
Department for Work and Pensions	DWP
Devolved Administrations	DA
Devolved Ministers	Dev Mins
Distribution Networks	DN
Energy Ombudsman	EO
Energy Suppliers	ES
Future Energy Networks	FEN
GEM Energy	GEM
Health and Safety Executive	HSE
Health Executive/Local Authority	HE/LA
His Majesty Ministers	HM Mins
His Majesty Treasury	HM Tsy
Independent Gas Transporters	IGT
Independent Networks Association	INA
Local Council	LC

Entity	Abbreviation
National Energy System Operator	NESO
Office of Gas and Electricity Markets	Ofgem
SS Gas Plumbing and Heating Services	SS
The Institution of Gas Engineers and Managers	IGEM
Unions	Uns
Utility Infrastructure Providers	UIP

Summary of Responses: Gas Disconnections Framework Review