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**By e-mail only**

26<sup>th</sup> August 2025

Dear RIO-3 Team

**Ofgem RIO-3 Draft Determinations – National Gas Transmission**

Thank you for the opportunity to respond to Ofgem's RIO-3 draft determination with respect to National Gas Transmission<sup>1</sup> published 1<sup>st</sup> July 2025.

Interconnector Limited ("INT" or "we") is the owner and operator of the bi-directional natural gas pipeline, connecting GB with Belgium and wider European gas markets. INT is an important energy link for cross-border trade.

As an adjacent TSO to National Gas Transmission, INT welcomes the allocation of investment funding to provide secure and resilient supplies and a high quality of service. Gas networks will continue to play a critical role in the energy transition to deliver GB energy and security of supply needs. Funding for asset health is vital to achieve a resilient network and recognise increased investment needs as the National Transmission System (NTS) ages.

In particular, the NTS Bacton terminal will require appropriate ongoing asset health investment to protect its strategic importance for GB consumers. It plays a vital role in ensuring security of supply for GB consumers noting it consistently delivers 10-20% of GB gas supply and over 30% at critical times. As the energy transition accelerates, the criticality of Bacton will be amplified, particularly as GB requires more flexibility to balance intermittent renewable generation. Furthermore, INT is supportive of further asset health investment and improvements to the King's Lynn compressor station, given its importance to enable both Bacton GB exports and imports.

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<sup>1</sup> <https://www.ofgem.gov.uk/sites/default/files/2025-06/Draft-Determinations-Gas-Transmission.pdf>

## Ensuring safe, reliable and compliant gas at Bacton

We note the draft determination includes a Bacton Enhanced Filtration re-opener. INT supports its inclusion. This investment is the only appropriate mitigation to address the disruption and damage caused by the delivery of contaminated gas repeatedly from the NTS to Bacton Exit in recent years<sup>2</sup>. This has caused significant market disruption to the detriment of NTS Bacton users, INT, GB and EU consumers. The continued exposure of this unmitigated risk brings a challenge and inconsistency to ensuring the key deliverables of "Operating the system safely, reliably and efficiently" and "Delivering a resilient network fit for the future" in RIIO-3.

Whilst we are supportive of the inclusion of this re-opener, INT is disappointed and concerned at the lack of urgency in addressing the contaminated gas issue. INT notes that an Ofgem decision is still pending on the National Gas Transmission RIIO-2 re-opener application submitted in January 2023. There is no reference to this in the draft determination and thus it is difficult for the reader to understand how that application relates to the RIIO-3 re-opener. We ask Ofgem to promptly publish its RIIO-2 decision. We also believe it is appropriate for the Ofgem RIIO-3 final determination to elaborate an accelerated timetable for National Gas Transmission to submit more information if required under this process. This is necessary given lead times to install necessary equipment.

INT's answers to the specific questions in the consultation are outlined in Annex 1 of this letter.

If you wish to clarify anything in the letter, please do not hesitate to contact me ([Pavanjit.dhesi@interconnector.com](mailto:Pavanjit.dhesi@interconnector.com)). We are also available to discuss this further with you and the team.

Yours faithfully,

**Pavanjit S Dhesi**  
Head of Regulatory Affairs

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<sup>2</sup> See INT's confidential response dated 18<sup>th</sup> October 2024 to Ofgem's request for further information on contaminated gas delivered from the NTS at Bacton, as well as INT's confidential update provided 9<sup>th</sup> June 2025 on further NTS contaminated gas incidents in May 2025.

## **ANNEX 1: Interconnector response to Ofgem questions in the Ofgem RIIO-3 Draft Determinations – National Gas Transmission**

### GTQ21. Do you agree with our proposed design of the Bacton Terminal Site Redevelopment PCD mechanism?

INT is supportive of continued investment in the Bacton terminal. The NTS Bacton terminal will require appropriate ongoing asset health investment to protect its strategic importance for GB consumers. It plays a vital role in ensuring security of supply for GB consumers noting it delivers 10-20% of GB gas supply and over 30% at critical times. As Ofgem rightly recognises within the consultation, the terminal will continue to meet the needs of network users in the energy transition, contributing to security of supply and the efficient operation of wholesale markets in GB and Europe.

INT supports:

- the replacement of the Cathodic Protection System;
- Replacement of 50 critical valves;
- Replacement of key components of the low voltage electrical system; including cables and Control and Instrumentation.

We ask Ofgem to note in its final determination, an obligation for National Gas Transmission to organise this work to ensure minimal disruption to the market and adjacent TSOs through optimised and coordinated maintenance.

INT notes that Ofgem proposes to remove the re-opener option for the Bacton Terminal Site Redevelopment. Given the criticality of the site for GB energy security, we believe it would be appropriate for the re-opener option to remain for the Bacton Terminal – the justification for other reopeners in the draft determination allowing a case-by-case assessment equally applies to this important site. National Gas Transmission would still be required to submit justification and Ofgem would still have the opportunity to assess this in making an appropriate determination.

### GTQ32. Do you have any views on the proposed Asset Health re-opener?

We note that this re-opener can be used to fund asset health related works, for which either the needs case or the cost is unknown at this time. It is unclear whether the Bacton Terminal site is included in this re-opener. Noting the importance of the Bacton Terminal site to delivering security of supply to GB consumers, we believe that the Bacton terminal should be included. This enables flexibility to consider critical future investment needs in a timely manner.

### GTQ33. Do you have any views on the proposed re-opener application windows?

INT notes that parts of the re-opener have specific time windows for when submissions should be made. Linked to our response to GTQ36, we believe the Bacton Enhanced Filtration Uncertainty Mechanism re-opener (dependent on Ofgem's decision on NGT's RIIO-2 application) should also have an advanced window.

### GTQ36. Do you agree with the need for the proposed Bacton Enhanced Filtration Uncertainty Mechanism?

INT supports the inclusion of the Bacton Enhanced Filtration re-opener. This NTS investment is vital to adequately mitigate against the disruption and damage caused by the delivery of contaminated gas repeatedly from the NTS to Bacton Exit. This has caused significant market disruption to the detriment of NTS Bacton users, INT, GB and EU consumers. Contrary to the consultation referring to "Three such incidents have previously occurred in 2022 and 2023" in paragraph 4.45, there has been multiple incidents in 2022, 2023, 2024 and 2025. This information has been shared with Ofgem. The continued exposure of this unmitigated risk brings a challenge

to ensuring the key deliverables of "Operating the system safely, reliably and efficiently" and "Delivering a resilient network fit for the future" in RIIO-3.

Whilst we are supportive of the inclusion of this re-opener, as noted earlier, INT remains concerned at the lack of urgency in addressing the contaminated gas issue. We note that an Ofgem decision is still pending on the National Gas Transmission RIIO-2 reopener application submitted in January 2023. There is no reference to the RIIO-2 reopener in the draft determination and thus it is difficult from a transparency point of view to understand how that application relates to this re-opener. We ask Ofgem to promptly publish its determination on the RIIO-2 reopener. We also believe it is appropriate for the Ofgem RIIO-3 final determination to elaborate an accelerated timetable (defined window) for National Gas Transmission to submit more information if required under this RIIO-3 process noting lead times for investment.

GTQ40. Do you agree with our proposal for other Uncertainty Mechanisms as outlined above?

INT supports Single Points of Failure re-openers to ensure security of supply. This enables applications to be made as necessary, and appropriate investment allocated in a timely manner to ensure resilience of the network.