

To:

Cadent Gas Limited

Date: 12 December 2025

Direction under Special Conditions 3.20 of the Gas Transporter Licence held by Cadent Gas Limited to add allowances under the Diversions and Loss of Development Claims Re-opener.

1. Cadent Gas Limited is the holder of a licence granted or treated as granted under section 7 of the Gas Act 1986 ('the Act').
2. Special Condition 3.20 provides a re-opener mechanism by which the Licensee may seek additional funding during the RIIO-2 price control period for Diversions and Loss of Development Claims activities.
3. Cadent Gas Limited applied under Special Conditions 3.20 in July 2024. The Authority publicly consulted on its Draft Determinations between 3 September 2024 and 1 October 2024. This document included a draft of this direction, as required by Part D of Special Condition 3.20.
4. We published our Final Determinations on 9 December 2024 but did not issue a formal direction at this time due to cost uncertainty relating to forecast loss of development claims. In November 2025, Cadent provided the necessary cost information to allow us to proceed in issuing a formal direction.
5. This direction is issued pursuant to Special Condition 3.20 and sets out approved funding, adjustments to the value of the relevant term (DIVt) and the Regulatory Years to which that adjustment relates. These are set out in Annexes 1 and 2.
6. This direction will take effect immediately. This Direction constitutes notice stating the reasons for the decision for the purposes of section 38A of the Act.

Yours sincerely,

Pete Wightman

Deputy Director Price Control Operations

For and on behalf of the Authority

Annex 1: SpC 3.20 Diversions and Loss of Development Claims Re-opener DIVt

New text is double underscored, and text removed is double struck through.

Approved amounts:

- Cadent £65.100m (£63.406m decided on in 2024 FDs, £1.694m decided on in 2025 FDs)

Distribution Network/Regulatory Year	2021/22	2022/23	2023/24	2024/25	2025/26	Total
EoE	4.317	2.216	4.403	5.242	7.210	23.387
Lon	0.961	0.125	0.630	0.884	4.741	7.341
NW	1.403	2.120	2.561	3.220	14.795	24.099
WM	0.700	0.804	1.940	1.961	4.868	10.273
Northern Gas Networks plc	N/A	N/A	N/A	N/A	N/A	N/A
Scotland Gas Networks plc	N/A	N/A	N/A	N/A	N/A	N/A
Southern Gas Networks plc	N/A	N/A	N/A	N/A	N/A	N/A
Wales and West Utilities plc	N/A	N/A	N/A	N/A	N/A	N/A

The Office of Gas and Electricity Markets

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Annex 2: SpC 3.20 Diversions and Loss of Development Claims Re-opener DIVt

Appendix 1

Diversions and Loss of Development Claims Price Control Deliverable Projects

GDN	Field	Description
<u>EoE</u>	<u>Loss of development claim</u>	<p>[Redacted] Claim - £1.047m allowance:</p> <ul style="list-style-type: none">• <u>Additional payment (on top of already award allowance for Part 1) for landfill loss, as per deed of settlement requirement</u> <p><u>Cadent must evidence negotiation attempts to reduce the claim further.</u></p>
<u>EoE</u>	<u>Loss of development claim</u>	<p>[Redacted] Claim - £0.234m allowance covering 3 claim elements:</p> <ul style="list-style-type: none">• <u>Sterilised minerals</u>• <u>Sterilised landfill</u>• <u>Additional working/plant costs</u> <p><u>Cadent must evidence negotiation attempts to reduce the claim further.</u></p>
<u>WM</u>	<u>Loss of development claim</u>	<p>[Redacted] Claim - £0.413m allowance covering 2 claim elements:</p> <ul style="list-style-type: none">• <u>Loss of minerals</u>• <u>Associated costs under the mining code direction resulting from the location of the gas pipeline.</u> <p><u>Cadent must evidence negotiation attempts to reduce the claim further.</u></p>

**Diversions and Loss of Development Claims Price Control Deliverable
allowances Regulatory Year (£m)**

<u>GDN</u>	<u>Output</u>	<u>Delivery date</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>Total</u>
<u>EoE</u>	<u>[Redacted]</u>	<u>31/03/26</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>1.047</u>	<u>1.047</u>
<u>EoE</u>	<u>[Redacted]</u>	<u>31/03/26</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.234</u>	<u>0.234</u>
<u>WM</u>	<u>[Redacted]</u>	<u>31/03/26</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.413</u>	<u>0.413</u>

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