

To:

Cadent Gas Limited

Northern Gas Networks plc

Scotland Gas Networks plc

Southern Gas Networks plc

Wales and West Utilities Limited

Date: 12 December 2025

Direction under Special Conditions 3.17 and 3.24 of the Gas Transporter Licence held by the licensees listed above to add allowances for HSE Policy and Specified Streetworks Costs Re-openers.

1. Each of the licensees to whom this document is addressed is the holder of a licence granted or treated as granted under section 7 of the Gas Act 1986 ('the Act').
2. Special Conditions 3.17 and 3.24 provides re-opener mechanisms by which the Licensee may seek additional funding during the RIIO-2 price control period for HSE Policy activities and Specified Streetworks costs respectively.
3. The Licensees applied under Special Conditions 3.17 and Special Conditions 3.24 in September 2024. The Authority publicly consulted on its Draft Determinations between 18 July 2025 and 26 August 2025. This document included a draft of this direction, as required by Part D of Special Conditions 3.17 and 3.24.
4. We received four responses relating to our HSE Policy Re-opener Draft Determinations and five responses relating to our Specified Streetworks Costs Re-opener Draft Determinations. We have placed all responses on our website. Having considered those responses, we have decided to proceed with making this direction.
5. This direction is issued pursuant to Special Conditions 3.17 and 3.24 and sets out approved funding, adjustments to the value of relevant terms (REP_t and STW_t) 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

The Office of Gas and Electricity Markets

10 South Colonnade, Canary Wharf, London, E14 4PU Tel 020 7901 7000

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Annex 1: SpC 3.17 HSE Policy Re-opener REP_t

Approved amounts:

- Cadent £29.505m;
- NGN £10.960m;
- SGN £32.161m; and
- WWU £24.738m.

Distribution Network/Regulatory Year	2021/22	2022/23	2023/24	2024/25	2025/26	Total
EoE	0.280	0.301	0.185	0.755	6.654	8.175
Lon	0.671	0.700	0.530	1.619	6.315	9.835
NW	0.229	0.245	0.142	0.737	5.589	6.942
WM	0.247	0.265	0.157	0.624	3.260	4.553
Northern Gas Networks plc	0.497	1.298	1.113	1.113	6.939	10.690
Scotland Gas Networks plc	0.000	0.047	3.151	3.333	3.678	10.208
Southern Gas Networks plc	0.000	0.503	6.891	7.023	7.536	21.953
Wales and West Utilities plc	2.102	4.261	6.429	5.856	6.091	24.738

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Annex 2: SpC 3.24 Specified Streetworks Costs Re-opener STW_t

Approved amounts:

- Cadent £5.264m;
- NGN £12.064m;
- SGN £14.957m; and
- WWU £24.210m.

Distribution Network/Regulatory Year	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26	Total
EoE	0.000	0.000	0.000	0.000	0.000	0.000
Lon	0.586	0.954	0.824	1.272	1.628	5.264
NW	0.000	0.000	0.000	0.000	0.000	0.000
WM	0.000	0.000	0.000	0.000	0.000	0.000
Northern Gas Networks plc	2.270	2.400	2.120	2.252	3.022	12.064
Scotland Gas Networks plc	0.000	0.000	0.000	0.000	0.000	0.000
Southern Gas Networks plc	0.000	0.670	2.397	5.170	6.720	14.957
Wales and West Utilities plc	2.360	3.990	6.110	5.860	5.890	24.210

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