



Making a positive difference
for energy consumers

Hayley Noon
Harlaxton Gas Networks

Email: gas.systems@ofgem.gov.uk

Date: 20 July 2026

Dear Hayley,

Proposed Modifications to Harlaxton Gas Network Connection Charging Methodology

You submitted a revised copy of your Connection Charging Methodology ("the CCM") and a Modification Report ("the report") to us¹ on 09 June 2026. In your report, you propose the following modification to the CCM:

- (a) the removal of the Domestic Load Connection Allowance (DLCA);
- (b) the removal of the Fuel Poor Network Extension Scheme (FPNES);
- (c) the removal of the Commercial Connection Allowance
- (d) administrative changes.

Standard Condition ("SC") 4B of your Gas Transporter Licence states that we can give a direction in respect of any proposed connection charging methodology modification, that the modification shall not be made. Having regard to the modifications proposed, we have decided not to veto the modification. Our decision, including our reasons are detailed below.

Background

SC 4B of the Gas Transporter Licence sets out the obligations for you to put in place and maintain a connection charging methodology. In particular, condition 4B(3) states that you must review the connection charging methodology at least once in every year and make modifications for the purpose of better achieving the relevant objectives.²

¹ Ofgem is the Office of the Gas and Electricity Markets Authority. The terms 'Ofgem', 'the Authority', 'we', 'our' and 'us' are used interchangeably in this document.

² SC 4B, paragraph 3 [Gas Transporter Standard Licence Conditions](#)

It also states that any modifications must be submitted to us alongside a report which sets them out, explains why they will better facilitate the relevant objectives³, and includes a timetable for implementing the changes. We have a 30-working day period starting from the date this information is submitted to issue a direction to the licensee that the modifications shall not be made.⁴ The modifications you propose are described in more detail below.

Modifications to the CCM

Modification (a): Removal of the Domestic Load Connection Allowance (DLCA)

You propose to remove sections containing the DLCA throughout the CCM, including definitions, cross references, figures and examples, to ensure internal consistency across the document.

You suggest that this modification would better achieve relevant objective (a), (c), (d) and (e).

Modification (b): Removal of the Fuel Poor Network Extension Scheme (FPNES)

You propose to remove sections containing the FPNES together with all references to FPNES in the CCM including, references to the scheme and voucher throughout the methodology.

You suggest that this modification would better achieve relevant objective (a), (c), (d) and (e).

Modification (c): Removal of the Commercial Connection Allowance Scheme

You propose to remove sections containing the Commercial Connection Allowance, together with all references to the allowance in the CCM throughout the methodology.

You suggest that this modification would better achieve relevant objective (a), (c), (d) and (e).

Modification (d): Administrative and housekeeping changes.

You propose several minor administrative changes, including updates to section numbering, formatting, references and date of effect. These changes ensure the CCM remains accurate and follows the removal of DLCA and FPNES.

³ The relevant objectives are set out in SC 4B, paragraph 4.

⁴ SC 4B, paragraph 5 [Gas Transporter Standard Licence Conditions](#)

You have proposed that all changes take effect from 21 July 2026.

Our comments

Modification (a): Removal of the Domestic Load Connection Allowance (DLCA)

We do not object to this modification. We agree that removing sections and references pertaining to the DLCA is appropriate and reflects the policy positions of Ofgem as set out in our Specific Methodology Decision⁵ (SSMD) and Final Determinations for RIIO-3⁶ to withdraw the allowances from the RIIO framework and remove any associated licence conditions from 1 April 2026.

You suggest that this modification would better achieve relevant objective (a), (c), (d) and (e). We agree. This modification will align your CCM with the RIIO-3 GD FD, as well as any resulting amendments to your Transporter Licence; it will therefore facilitate the discharge by you of the obligations imposed on you under the Act and by your Licence. The removal of the DLCA from your CCM also ensures that connection applicants are not treated differently where there is no longer a regulatory basis for that difference, thereby preventing potential undue preference or discrimination (objective (e)). We also view the modification would better achieve relevant objectives (c) and (d). This modification ensures that your CCM properly takes into account developments in your transportation business, principally the removal of DLCA funding (d). This modification also ensures connection charges levied on consumers by you, reflect the removal of the DLCA; it therefore results in charges which, as far as reasonably practicable, reflect the costs incurred by you in running your transportation business (objective (c)).

Modification (b): Removal of the Fuel Poor Network Extension Scheme (FPNES)

We do not object to this modification. We agree that removing pertaining to the FPNES is appropriate and reflects the policy positions of Ofgem on the FPNES, as set out in our Specific Methodology Decision⁷ (SSMD) and Final Determinations for RIIO-3⁸ to withdraw the allowances from the RIIO framework and remove any associated licence conditions from 1 April 2026.

You suggest that this modification would better achieve relevant objective (a), (c), (d) and (e). We agree. This modification will align your CCM with the RIIO-3 GD FD, as well as any resulting amendments to your Transporter Licence; it will therefore facilitate the discharge

⁵ [RIIO-3 SSMD GD Annex.pdf](#)

⁶ [RIIO-3-Final-Determinations-overview.pdf](#)

⁷ [RIIO-3 SSMD GD Annex.pdf](#)

⁸ [RIIO-3-Final-Determinations-overview.pdf](#)

by you of the obligations imposed on you under the Act and by your Licence (objective (a)). Removing references to the FPNES from the CCM also ensures that connection charges do not continue to reflect an allowance that is no longer supported by the licence framework, thereby avoiding the risk of preferential treatment in connection charging (objective (e)). We also view the proposal to achieve relevant objective (c). This modification ensures connection charges levied on consumers by you, do not incorrectly include the FPNES.

Modification (c): Removal of the Commercial Connection Allowance

We do not object to this modification. We agree that removing the Commercial Connection Allowance and all references to the allowances is appropriate and reflects Harlaxton's current charging practices.

You suggest that this modification would better achieve relevant objective (a), (c), (d) and (e). We agree that this modification better achieves relevant objective (c), (d) and (e). However, we do not agree that it would better achieve relevant objective (a). The Commercial Connection Allowance is a discretionary provision included by Harlaxton within its CCM to provide flexibility to support commercial connections where it considered it appropriate to contribute towards connection costs. As this provision is not a requirement under the Act or the Transporter Licence, but instead a discretionary provision included by Harlaxton within its CCM, we do not consider that its removal better achieves relevant objective (a).

We view the modification to better achieve relevant objective (e). As Harlaxton no longer requires this provision within its charging methodology, removing the allowance ensures that connection charges are determined in accordance with a consistently applied charging methodology and reduces the potential for undue preference or discrimination by removing a discretionary charging provision that is no longer required. The removal of this discretionary provision also better achieves relevant objective (d) by increasing transparency and ensuring that your CCM accurately reflects the charging methodology applied in practice. This supports effective competition by enabling connection applicants to understand and compare your charging methodology with those of other gas transporters. The removal of the Commercial Connection Allowance better achieves relevant objective (c) by ensuring that your CCM accurately reflects your current charging methodology. This also helps ensure that connection charges reflect the charges that may be applied in practice and the costs incurred in operating the transportation business.

Modification (d): Administrative and housekeeping changes

We do not object to this modification. Proposed changes to the removal of sections containing the DLCA, FPNES and Commercial Connection Allowance and subsequent editorial amendments improve clarity across the CCM following the removal of these provisions.

Ofgem's Principal Objective and Statutory Duties

Ofgem's principal objective is to protect the interests of existing and future consumers in relation to gas conveyed through pipes. We consider that the modifications proposed this year are consistent with this objective, by facilitating your compliance with the Act and terms of your Licence, ensuring cost-reflective charging, and aligning your CCM with business developments resulting from the RIIO-3 FD.

Decision Notice

In accordance with paragraph 5 of Standard Condition 4B of the Gas Transporter Licence, the Authority has decided not to issue a direction to prevent any of the proposed modifications set out in the Harlaxton Gas Networks report and CCM. All proposed modifications may proceed as submitted.

Please note that this decision pertains only to those matters we are required to consider when deciding whether to approve proposed modifications to a connection charging methodology in accordance with SC 4B. For the avoidance of any doubt, nothing in this letter fetters our discretion to make any other decisions and take any other actions.

In the interests of transparency, we will publish this letter on our website.

Yours sincerely,

William Duff

Head of Gas & Hydrogen Systems Management and Operation

Signed on behalf of the Authority and authorised for that purpose