

Consultation

Modifications to the RIIO-3 Biomethane Connections UIOLI governance document

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Response deadline: 20 July 2026

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This document explains our proposal to modify the Biomethane Connections use it or lose it (UIOLI) governance document (Biomethane Connections UIOLI Governance Document), issued under Special Condition 3.21 (SpC 3.21) of the Gas Transporter Licence.^{1,2}

We are proposing a targeted change to the governance document to allow some Gas Distribution Network (GDNs) to move UIOLI funding between their networks within the same company group. We consider that the proposed amendment is necessary to ensure that the Biomethane Connections UIOLI mechanism operates efficiently and delivers value to consumers.

¹ References to the “Authority”, “Ofgem”, “we”, “us” and “our” are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work.

² Capitalised terms not defined in this letter have the meanings given to them in the Biomethane Connections UIOLI Governance Document.

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1. Introduction

Purpose of this consultation

- 1.1 Under the current Biomethane Connections UIOLI Governance Document arrangements, funding is allocated on a fixed regional network by network basis within each GDN group. However, in practice demand for biomethane connections does not follow these boundaries.
- 1.2 This means:
 - some network regions may have unused funding; while
 - other regions may be unable to progress viable projects.
- 1.3 As a result, projects that could deliver value to consumers may be delayed or not go ahead at all.
- 1.4 Recent GDN data shows:
 - demand for biomethane connections varies across networks within the same GDN group; and
 - some networks are forecast to underspend, while others face constraints.
- 1.5 This data suggests that the existing governance framework in the Biomethane Connections UIOLI Governance Document does not fully reflect how biomethane opportunities arise in practice, which are driven by local project pipelines rather than network boundaries.

Consultation stages

Stage 1 Consultation open: 06 July 2026

Stage 2 Consultation closes (awaiting decision). Deadline for responses: 20 July 2026

Stage 3 Responses reviewed and published: 03 August 2026

Stage 4 Consultation outcome (decision or policy statement): 03 August 2026

How to respond

We want to hear from anyone interested in this consultation. Please send your response to the person or team named on the front page of this document.

We have asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.

We will publish non-confidential responses on our website.

Your response, data, and confidentiality

You can ask us to keep your response, or parts of your response, confidential. We will respect this, subject to obligations to disclose information. For example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations, or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you do wish to be kept confidential and those that you do not wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we will contact you to discuss which parts of the information in your response should be kept confidential and which can be published. We might ask for reasons why.

If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the United Kingdom's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 4.

If you wish to respond confidentially, we will keep your response confidential, but we will publish the number, but not the names, of confidential responses we receive. We will not link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

How to track the progress of a consultation

1. Find the web page for the call for input you would like to receive updates on.
2. Click 'Get emails about this page', enter your email address and click 'Submit'.
3. You will receive an email to notify you when it has changed status.

A consultation has three stages: 'Open', 'Closed (awaiting decision)', and 'Closed (with decision)'.

2. Expected benefits of the proposed change

2.1 Allowing applicable GDNs to reallocate allowances internally across their GDN group is expected to:

- make better use of the funding already available;
- enable more viable biomethane connections to go ahead;
- ensure funding follows demand rather than being fixed by geography; and
- improve value for consumers without increasing the overall UIOLI allowances set at RIIO-3 Final Determinations.

2.2 We consider this a proportionate change that better aligns the mechanism with its original purpose – to support efficient and timely biomethane connections.

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Conclusions and next steps

- 2.3 We welcome responses by **5pm on 20 July 2026** to RIIO3@ofgem.gov.uk.
- 2.4 The Authority proposes that the amended Biomethane UIOLI Governance Document will come into effect on 3 August.
- 2.5 We are not seeking to review the wider governance document at this stage. There will be a further opportunity to comment on broader licence and governance arrangements for the Biomethane Connections UIOLI during:
- a Gas Transporter licence consultation in August 2026; and
 - a further consultation on associated documents in the autumn.
- 2.6 Following this consultation, if we decide to direct these modifications to the Biomethane Connections UIOLI Governance Document, we will consult on modifications to SpC 3.21 of the Gas Transporter licence as part of the licence consultation process in August 2026 or before then, to ensure that the settled policy intent is correctly implemented.

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Send us your feedback

We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this consultation. We would also like to get your answers to these questions:

- Do you have any comments about the quality of this document?
- Do you have any comments about its tone and content?
- Was it easy to read and understand? Or could it have been better written?
- Are its conclusions balanced?
- Did it make reasoned recommendations?
- Do you have any further comments?

Please send your feedback to stakeholders@ofgem.gov.uk.