Decision

Decision on the Independent Gas Transporters Relative Price Control review

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Contact:	Matthew Chambers and Donald Lam
Team:	Gas Distribution Policy Team
Email:	RIIO3@ofgem.gov.uk

This document sets out our decision following our review of the Independent Gas Transporters (IGTs) Relative Price Control (RPC). The RPC is the framework that limits the transportation charges IGTs can levy to users of their networks. In March 2026, we consulted on changes to the RPC to address the way the current floor and ceiling are constraining charges across the sector. Having considered consultation responses, this decision explains the case for change, the changes we are making to the RPC, and the next steps for implementation, including licence modifications and enhanced reporting requirements.

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1. Introduction

1.1 Independent Gas Transporters (IGTs) play an important role in supporting the distribution of gas. There are now over 3 million customers connected through their networks, accounting for around 12% of the GB gas network. The energy landscape has changed significantly since the Relative Price Control (RPC) for IGTs was introduced, and we have been reviewing whether it needs to change to reflect how we expect the energy system to evolve in the future.

1.2 Under the current RPC, IGT charges are set by reference to the equivalent downstream Gas Distribution Networks (GDNs) charges. The RPC places a ceiling on how much IGT charges can change year-on-year, relative to GDN charges. However, as GDN charges have risen faster than the ceiling permits, IGT charges have fallen significantly behind equivalent GDN charges. We also consider that this misalignment could increase over time as GDN charges evolve to reflect net zero-related costs.

1.3 In April 2026, we consulted on the case for change to the current RPC arrangements, options for reform, proposals to improve reporting and transparency across the IGT sector and consulted on our minded-to position across these areas.[1]

1.4 This document sets out our decision to broadly maintain our minded-to position.

1.5 The statutory consultation on licence modifications to give effect to this decision can be found on our website and Electronic Public Register (EPR).

[1] Update of the Independent Gas Transporters Relative Price Control | Ofgem

2. Consultation responses and our decision

General

2.1 This chapter summarises the seven responses we received to our consultation on changes proposed to the IGT RPC and sets out our final decisions. Non-confidential responses have been published alongside this decision.

2.2 Having considered stakeholder responses, we have decided to implement a targeted package of IGT RPC reforms. These reforms will:

- allow a one-off uplift to align IGT charges with the equivalent downstream GDN charges through a two-year phasing approach;
- enable IGTs to realign their charges with the equivalent downstream GDN charges at the start of each subsequent RIIO price control period after RIIO-3;
- retain the existing floor and ceiling mechanism; and
- update the RPC methodology, including replacing the inflation adjustment from the Retail Prices Index (RPI) and changing it to the Consumer Prices Index including owner-occupiers' housing costs (CPIH), and removing the ongoing efficiency factor.

2.3 We consider that this package of reforms addresses the structural constraint in the current framework which has led to a prolonged divergence between IGT charges and equivalent downstream GDN charges. The two-year phasing approach provides a more gradual transition than immediate alignment with equivalent downstream GDN charges would have provided. Retaining the floor and ceiling, alongside periodic realignment, helps limit charging volatility. It also reduces the risk of the ceiling becoming persistently binding by allowing IGT charges to better track and periodically realign with equivalent downstream GDN charges. These changes will also preserve flexibility to consider wider financial resilience and independent networks issues through future policy work.

2.4 We will also consult on introducing enhanced annual reporting requirements for IGTs to improve our visibility of the sector and to help ensure that our oversight reflects the scale of the IGT sector.

2.5 The main body of this decision sets out our rationale for the policy changes. A fuller assessment of the likely impacts of the decision, including on consumers, network licensees, shippers and suppliers, is provided in the impact assessment at Appendix 1. We did not receive consultation responses disagreeing with the impact assessment and have therefore only made targeted updates to reflect our final decision.

Our consultation position, summary of stakeholder responses and our final decision

2.6 The following sections set out our decision by reference to the questions asked in the April 2026 consultation. For each question, we summarise our consultation position, the main points raised by stakeholders, and our final decision.

Q1 - Do you agree with our assessment that the current RPC floor and ceiling have resulted in a material constraining effect on IGT charges over time?

Q2 - Do you agree that a case for revising the RPC floor and/or ceiling has been sufficiently established?

Consultation position

2.7 In the consultation, we set out our assessment that the current RPC floor and ceiling have had an unintended constraining effect on IGT charges over a prolonged period.[2] As GDN comparator charges have increased beyond the level permitted by the RPC ceiling, IGT charges have been unable to rise in line with them, resulting in a sustained divergence between IGT and equivalent GDN charges. We considered that the current arrangements may no longer be fit for purpose given:

- the sustained divergence between IGT charges and equivalent GDN comparator charges caused by the RPC ceiling; and
- the potential for net zero-related pressures, such as gas disconnections and accelerated depreciation, to exacerbate this divergence and increase financeability risks for IGTs.

Stakeholder responses and our final decision

2.8 Having considered consultation responses, we have decided to retain our consultation position that the current RPC floor and ceiling have had an unintended constraining effect on IGT charges over time. We consider that the case for revising the RPC floor and ceiling is sufficiently established and there is a need for reform.

2.9 All IGT respondents supported this position, with several responses (including in confidential annexes) describing, and quantitatively showing, that the resulting gap between IGT and GDN charges exists and is increasing over time. They also reiterated that, if left unchanged, this constraint would continue to affect efficient revenue recovery and could increase pressure on IGTs as the gas distribution

[2] The current RPC floor and ceiling limit annual movements in IGT charges with the intent to mitigate periods of volatility and to protect investment in gas infrastructure. However, in practice, such constraint has been prolonged, preventing IGT charges (particularly for older sites) from rising in line with equivalent downstream GDN charges, creating a growing gap between the two.

market changes. We agree with the IGTs' position that this establishes a case for change to current arrangements.

2.10 SGN agreed that the RPC ceiling appears to have constrained IGT charges over time and that a case for review had been made. However, they did not consider that our consultation demonstrated that the constraint had placed IGT financeability at risk. SGN acknowledged that additional information may have been provided to Ofgem on a confidential basis to support this.

2.11 We disagree that the financeability risk was not demonstrated. The consultation showed that the RPC ceiling has constrained IGT charges over time, causing them to fall increasingly behind equivalent downstream GDN charges. We also explained that this issue could become more acute under net zero transition scenarios, as IGTs may have fewer customers from whom to recover their costs and they do not benefit from equivalent revenue recovery arrangements available to GDNs. The consultation also referred to confidential cost and financial information submitted by several IGTs. We considered this information both in reaching our consultation position and in making our final decision. Our assessment of that evidence indicates a credible risk that some IGTs could face increasing difficulty in recovering the costs of their licensed activities across their remaining customer base if these trends continue without reform of the RPC framework. This increases IGT financeability risks under net zero disconnection scenarios. We do not consider it appropriate to wait for these risks to fully materialise before taking action. The potential implications of net zero transition scenarios for customer numbers and cost recovery are foreseeable and may influence investor expectations well before any adverse outcomes become apparent. We therefore consider that it is necessary to reform the RPC framework now to provide greater certainty and mitigate the identified financeability risks.

Q3 - Do you agree with our proposed changes to the RPC floor and ceiling?

Consultation position

2.12 In the consultation, we sought views on three options for reforming the RPC floor and ceiling. These were:

- Option 1: full removal of the floor and ceiling, allowing IGT charges to align immediately with the equivalent downstream GDN charges;
- Option 2a: retaining the floor and ceiling, with an immediate uplift to align IGT charges with the equivalent downstream GDN charges and future realignment at the start of each RIIO price control period; and
- Option 2b: retaining the floor and ceiling, with a phased uplift to align IGT charges with the equivalent downstream GDN charges, followed by future realignment at the start of each RIIO price control period.

2.13 Our minded-to position was Option 2b.

Stakeholder responses and our final decision

2.14 We have decided to retain Option 2b as our final decision. Having considered consultation responses, we remain satisfied that this option best balances the need to address the historic constraint on IGT charges and the need to reduce any future resilience risks, while preserving consumer protections and providing a more gradual transition to higher IGT charges.

2.15 IGT respondents supported the need for reform and generally recognised that Option 2b would improve on the status quo by moving IGT charges towards alignment with the equivalent downstream GDN charges. However, the Independent Networks Association (INA), BUUK, ESP, Indigo and Last Mile expressed a clear preference for Option 1. They argued that Option 1 would:

- address financeability concerns more effectively by allowing charges to track equivalent downstream GDN charges on an ongoing basis and removing the risk of future constraints re-emerging;
- be more consistent with what they considered to be the original intent of the RPC, with the floor and ceiling applying for around twenty years before charges reverted to tracking equivalent downstream GDN charges;
- provide a simpler and more enduring framework by removing the need for future recalibration of the floor and ceiling; and
- not reduce consumer protection as consumer bills are determined based on GDN charges.

2.16 We recognise these arguments. However, we do not consider that full removal of the floor and ceiling (Option 1) is necessary, or proportionate, to address the financeability risks identified in this review. The historic divergence reflects the absence of a realignment mechanism, rather than evidencing that the floor and ceiling should be removed in full. Option 2b therefore enables this with a two-year transition and periodic adjustment. We also recognise the history with regard to the application of the floor and ceiling. However, the purpose of this review is to determine the most appropriate framework in the current market context. We consider that Option 2b provides an appropriate balance between supporting IGT financeability whilst preserving consumer protections. Retaining the floor and ceiling provides a safeguard against sharp within-period movements in IGT charges while maintaining the principle that charges remain linked to equivalent downstream GDN charges.

2.17 Indigo and Last Mile also raised concerns that Option 2b was far more difficult to implement than Option 1. We recognise that Option 1 would be the simplest to implement but we are also satisfied that Option 2b is implementable, having engaged with IGTs on licence drafting and implementation requirements and having provided sufficient time for the necessary licence changes to be made and tested.

2.18 We recognise that broader cost recovery, affordability and sustainability questions may arise for IGTs and other gas networks as the gas customer base declines over time. However, these wider issues are distinct from the targeted decision being made through this review. These are better addressed through our wider Future of Gas work with DESNZ, future financial resilience monitoring and future policy work on independent networks, informed by the improved evidence base from the new IGT reporting framework.

2.19 BUUK, ESP, Indigo and Last Mile argued that, if Ofgem proceeds with Option 2b, the transition should be Net Present Value (NPV)-neutral, allowing IGTs to recover revenue foregone during the phasing period. We do not agree that the RPC should allow IGT charges to exceed the equivalent downstream GDN charges to recover revenue foregone during the transition. A fundamental feature of the RPC is that IGT charges should be no more than the charges that would apply to the equivalent downstream GDN network. We consider that a two-year transition, rather than a transition across three years, strikes an appropriate balance between mitigating the impact of the initial uplift on the wider gas charging system and avoiding unnecessarily prolonging under-recovery of revenue by IGTs. Our decision will also allow IGT charges to be realigned to the equivalent downstream GDN charges at future price control resets without phasing.

2.20 Indigo, ESP and Last Mile suggested that, if the floor and ceiling are retained, the corridor between the floor and ceiling should be widened to reduce the risk of future constraint. Respondents did not provide a clear evidential basis for an alternative corridor, or how that percentage should be calibrated. We consider that periodic realignment at the start of each subsequent price control period provides a more durable solution to the risk of structural divergence re-emerging.

2.21 WWU and SGN raised broader concerns about whether the GDN downstream equivalent charges remain the right comparator for IGT charges, in view of differences in asset age, customer mix, operating models and regulatory frameworks. They suggested further information gathering was required to inform our final decision. WWU also raised a clarification on how GDN-specific repex[3] costs are treated, noting that repex element could be reflected in the charges used to set IGT charges through the RPC. We do not consider these points to be a reason to delay our targeted reform of the RPC floor and ceiling arrangement. Moving to a fully cost-reflective IGT price control or alternative regulatory model represents a materially broader review which is beyond the scope of this decision and would require separate assessment of whether it would better serve consumers' interests. The purpose of this review is to address the constraint created by the current operation of the RPC floor and ceiling. The evidence

[3] Repex refers to expenditure incurred by GDNs to replace existing network assets, including through the iron mains replacement programme to replace ageing iron gas mains with modern plastic pipes.

available to us supports action to reduce the sustained divergence between IGT and equivalent GDN charges, and to support IGT financeability.

Q4 - Do you agree with our proposed reporting requirements for the IGT sector?

Consultation position

2.22 In the consultation, we proposed enhanced annual reporting for IGTs across connections and disconnections, vulnerability, shrinkage, interruptions, complaints, Guaranteed Standards of Performance (GSOPs), Connected System Exit Point (CSEP) data and requirements as set out in Licence Condition D10. We considered this necessary to improve transparency and our oversight of the IGT sector in response to its increasing significance within the gas distribution market.

Stakeholder responses and our final decision

2.23 We have decided to proceed with introducing enhanced, but proportionate, annual reporting requirements for IGTs. We consider that this is necessary to strengthen our visibility of the sector, support more consistent monitoring of consumer and operational outcomes, and ensure our regulatory oversight reflects the scale and maturity of the IGT market. IGT respondents were broadly supportive of this objective but raised points regarding scope and proportionality.

2.24 Since the consultation, we have held working group meetings with INA and IGTs to develop draft reporting templates and guidance, with a focus on ensuring that the data collected is proportionate, consistent and useful. From these discussions we have also decided to include information on IGT revenues within the draft reporting templates. This will help us monitor whether the revised RPC arrangements are operating as intended and whether future constraint from the RPC ceiling begins to re-emerge. We will continue to refine these materials with IGTs before the reporting framework is finalised and published. Acknowledging stakeholders' points on ensuring the scope is clear and that data asks are proportionate, we have also decided that the first reporting year (April 2027 to March 2028) will operate on a voluntary basis. This will allow IGTs and Ofgem to test the proposed templates, identify any practical issues, and refine methodologies before the first mandatory reporting year (April 2028 to March 2029). We consider that this approach will improve data quality and reduce implementation risk, while still moving the sector towards a more transparent and consistent reporting framework.

2.25 SGN and WWU supported our consultation position on improving reporting on connections and disconnections. SGN noted the importance of informing an industry-wide view of consumer behaviour. We agree with this, and the data we collect will help inform our wider thinking on Future of Gas. The data required on disconnection is being developed to align broadly with the information being provided by GDNs and the needs of our wider disconnections review.

2.26 The INA, Indigo Pipelines, ESP and Last Mile raised concerns about proposed shrinkage reporting, noting that IGT networks are not metered in the same way as GDNs and that robust real-world measurement may be difficult. We recognise the concern but think that there would be benefit to gathering this data, as it will improve our visibility of IGTs' contribution to sector-wide shrinkage volumes. We will work with IGTs to consider whether aspects of the GDN shrinkage and leakage model can be applied proportionately to IGT networks, or whether an alternative methodology would be more appropriate. We will use the voluntary reporting year to test what can be reported reliably and proportionately.

2.27 We agree with the INA, BUUK and Last Mile that the customer satisfaction survey requirement is not proportionate for IGTs at this stage due to the burden of introducing and funding a standalone survey requirement and have therefore not included it in the reporting framework. We also agree with IGTs that reporting on Local Distribution Zones for connections, disconnections and information on IGT Priority Services Register customer numbers will support better comparability with GDN information and improve Ofgem's view of regional trends.

Q5 - To what extent should proportionality (such as thresholds, phased adoption, sampling) be applied to this reporting that would maintain data quality while limiting burden on smaller IGTs?

Consultation position

2.28 In the consultation, we recognised that applying enhanced reporting requirements to all IGT licensees could create a risk of disproportionate burden, particularly for smaller operators. However, we considered that all IGTs should meet a common minimum reporting standard to support consistent consumer protection and effective oversight across the sector.

Stakeholder responses and our final decision

2.29 We have decided to apply the reporting framework to all IGTs with Special Condition 1 (SpC1) on the RPC in their licences. Most IGT respondents supported a common minimum standard. We consider this necessary to avoid regulatory gaps and ensure Ofgem has a consistent view of the whole sector. To not do so would limit comparability, make it harder to identify sector-wide trends, and risk leaving gaps in our understanding of consumer and operational outcomes across the IGT market. However, in response to feedback from IGTs on proportionality and implementation, the first reporting year will operate on a voluntary basis. This will allow IGTs to test the templates, identify data gaps, refine definitions, improve consistency and ensure the reporting framework is proportionate (especially for smaller IGTs), before the reporting requirements become mandatory. We have decided not to apply the enhanced reporting requirements to IGTs whose licences only permit them to operate within a specified area. We note that these licensees' activities are limited to particular sites without other consumers and they also do not have SpC1 in their licences. Given the limited scope of the activities of these

IGTs, we do not consider it proportionate to bring them within the reporting framework.

Q6 - Do you have any views on our proposed 'other' changes to the IGT RPC?

Consultation position

2.30 In the consultation, we set out a number of additional proposed changes to support the wider RPC reforms. These included:

- removing or simplifying legacy references in SpC 1 of the IGT licence;
- replacing RPI with CPIH in the RPC methodology to align with wider price control indexation;
- setting out the pros and cons of retaining the ongoing efficiency factor; and
- updating the RPC guidance document to support implementation of the revised framework.

Stakeholder responses and our final decision

2.31 We have decided to retain some legacy references in SpC 1 rather than removing the provisions/definitions. BUUK noted that some non-domestic supply points remain subject to legacy derogation arrangements under SpC 1 and argued that the relevant licence provisions should be retained. We now recognise that a very small number of industrial and commercial connections may continue to be affected by existing derogation arrangements and we will therefore not remove this part of the licence.

2.32 We have decided to retain our consultation position and replace RPI with CPIH in the RPC methodology. Respondents who commented on inflation indices supported this if the floor and ceiling were retained. As we have decided to retain the floor and ceiling under Option 2b, we consider it appropriate to proceed with the move to CPIH. This change ensures alignment with wider regulatory practice.

2.33 We have decided to remove the ongoing efficiency factor from the RPC calculation. In our consultation, we set out the pros and cons of retaining a fixed efficiency requirement in the RPC. All IGT respondents argued that efficiency expectations are already reflected in the equivalent downstream GDN charges through the RIIO price control framework. They also argued that, where the RPC ceiling is binding, the efficiency factor further increases the gap between IGT charges and the equivalent downstream GDN charges. SGN broadly supported retaining the efficiency factor, and noted that it is not equivalent to expectations set in the RIIO price control.

2.34 Having considered these responses, we have concluded that the efficiency factor in the RPC no longer serves a clear policy purpose. While the factor formed part of the original RPC design, the original assumptions and corresponding efficiency values are from when the framework was introduced and are no longer accurate. GDN price controls have also evolved since the introduction of the RPC, and ongoing efficiency expectations are now reflected within the RIIO Price Control and therefore GDN allowed revenues, which in turn inform the downstream GDN benchmark used in the RPC. While it is difficult to determine precisely how much of those efficiency assumptions feeds through into the charges used in the RPC calculation, we consider that retaining a fixed efficiency factor risks applying a further downward adjustment on IGT charges in addition to the efficiency assumptions already embedded within the GDN benchmark.

2.35 Respondents also supported a future update to the RPC guidance document. We agree this could be beneficial and aim to work with the IGT sector on how best the guidance could be updated in due course to reflect the revised RPC arrangements.

3. Next steps

3.1 We have published a statutory consultation alongside this decision, setting out the proposed licence modifications needed to give effect to the changes described in this document. This consultation will remain open for 28 days. Subject to consideration of the responses, we are targeting a final licence modification decision in Autumn 2026.

3.2 Following the final licence decision, the statutory appeal period will apply before the licence modifications take effect. Our implementation timetable is intended to allow the licence changes to be in place in time for IGTs to adjust their charges in January 2027 based on the revised RPC arrangements. When the licence modification comes into effect, we intend to publish separately the proposed reporting requirements for IGTs.

3.3 We will continue to work with IGTs on implementation during the statutory licence consultation period, including through further engagement to develop the proposed enhanced reporting framework. This includes finalising the proposed reporting templates and guidance, testing definitions and methodologies before publication, and using the first reporting year on a voluntary basis before the framework becomes mandatory.

4. Send us your feedback

4.1 We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this decision. 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.

Appendix 1. Impact assessment (IA)

4.2 When we make decisions on energy policy and regulation within our powers, we must do so in a way that meets our principal objective to protect the interests of existing and future consumers of electricity and gas. Ofgem must also comply with several statutory duties when exercising its regulatory functions. We are conscious that our decision can have wider impacts on businesses involved in the energy system and beyond. This impact assessment summarises our assessment of the likely impacts of the decision and relevant alternatives. We do not consider this to be a section 5A Impact Assessment. The decision implements a phased approach to achieving alignment of IGT charges with GDN charges and to establish a sustainable business-as-usual approach for the RPC framework. Having considered the expected costs, benefits and distributional effects of the decision, we consider the level of analysis presented in this document to be proportionate to the scale and materiality of the expected impacts.

4.3 We consider that our decision will be positive for IGTs, neutral for consumers, and may increase costs within the wider gas charging system as IGT charges move towards equivalent downstream GDN charges. We have not identified material impacts on economic growth, security of supply, or the environment and climate resilience. We have not received any comments on the draft IA and have therefore made only targeted updates to reflect our final decision.

Impact on consumers

4.4 As noted in our draft impact assessment, gas network costs in consumers' energy bills are determined by GDN charges. This reinforces our conclusion that the current decision to reform the RPC is unlikely to increase consumers' energy bills.

4.5 Consumers pay for the use of electricity and gas networks through their energy bills. Gas network charges currently make up approximately 23% of the standard gas variable tariff (SVT).[4]

4.6 SVTs are limited by the energy price cap announced by Ofgem on a quarterly basis. The current methodology for calculating the energy price cap uses GDN charges as an input regardless of whether a customer is on a GDN or IGT network. We do not therefore consider that a change in IGT charges will impact the energy price cap and the impact on consumers will be neutral. This is also consistent with the overarching principle that consumers should not face higher costs than customers on a GDN network simply by being on an IGT network, established when the IGT RPC was introduced.

4.7 Consumers on fixed rate tariffs will be protected from any increased charges for the duration of their fixed rate. We also understand that GDN charges are used in

[4] Changes to energy price cap between 1 April and 30 June 2026 | Ofgem

the calculation of fixed rate tariffs and therefore the same principle as with the energy price cap above applies.

4.8 Whilst we do not expect this decision to change overall consumer impacts, we note that the impacts may not be distributed evenly across suppliers and gas shippers, reflecting differences in the proportion of IGT-connected customers they serve. Any resulting changes in suppliers' cost exposure could lead to small distributional effects across customer groups, even where aggregate consumer impacts remain broadly neutral. We do not consider these effects to be material to the overall impact assessment.

4.9 Maintaining the status quo may increase IGTs' financeability risks under net zero-aligned disconnection scenarios. In this scenario, IGTs may face increasing levels of constraint in the future from the RPC ceiling and be unable to recover their costs from licensed activities across their remaining customer base. We consider that these scenarios are uncertain in timing and scale, however they may introduce longer-term pressures on network resilience and disruption to future connections. In a severe downside scenario, financial resilience pressures could increase the risk of more costly regulatory intervention over time. These costs would flow through to energy bills and result in a negative outcome for consumers. Our decision to proceed with a phased uplift and ongoing periodic realignment is therefore expected to be neutral for consumers overall, by reducing these longer-term risks while maintaining the low to neutral direct bill impact described above.

4.10 The review indicates that the historically lower IGT charges have not generally been passed through to consumers connected to those networks in the form of lower bills. This finding provides useful context for assessing whether the benefits of independent network arrangements are ultimately visible to consumers and reflected in the prices they pay. We will take this insight into account as part of our ongoing consideration of the regulatory framework for independent networks.

Impact on consumers: public sector equality duty

4.11 As a public body, Ofgem is subject to the requirements of the Public Sector Equality Duty (PSED), as set out in section 149 of the Equality Act 2010. This places a duty upon the Authority to consider ways to eliminate discrimination, advance equality of opportunity and foster good relations between people who share protected characteristics, and those who do not. This is reflected in our equality, diversity and inclusion strategy[5], which states: "As the regulator of the energy sector, we recognise the real-life impact of the work that we do and the decisions we make." In developing this policy, we have had due regard to the impact on vulnerable consumers.

[5] Equality and diversity | Ofgem

4.12 We have not identified any distinct impacts on vulnerable consumers compared to the wider consumer population. Our decision is intended to support the continued safe and reliable operation of IGT networks for all consumers. Enhanced reporting requirements will also improve Ofgem's visibility of how vulnerable consumers are being served by IGTs.

Impact on gas network licensees

4.13 We consider that this decision will have a positive impact on IGTs. The current gap between IGT revenue based on current IGT charges and the equivalent GDN charges is calculated to be around £75 million, with our forward-looking projections indicating this could rise to £125 million by 2027. The phased uplift to the equivalent downstream GDN charges, together with future realignment at price control resets, will materially improve IGT revenue recovery compared with the status quo and reduce the risk that the RPC ceiling continues to constrain IGT charges over time. These changes aim to support the financial resilience of the IGT sector and the continued safe and reliable operation of IGT networks.

4.14 Charging at GDN equivalent levels is also expected to strengthen long-term revenue predictability for IGTs, support access to capital in a context where gas networks face uncertainty about future utilisation and may support investor confidence by improving the predictability of charging. We consider that this is consistent with our approach to GDNs in RIIO-3, which seeks to maintain the attractiveness of regulated networks to investors during the energy transition.

4.15 Removing the ongoing efficiency factor will also have a positive impact on IGTs by reducing the risk that the RPC calculation applies an additional downward adjustment on top of efficiency assumptions already reflected in the GDN-equivalent benchmark.

4.16 We consider that there will be no significant impact on GDNs. GDNs and IGTs charge the gas shippers for the use of their network independent of one another. GDNs' revenues are therefore expected to be unaffected by any change to the IGT RPC.

Impact on gas shippers and suppliers

4.17 Our decision will increase IGT network charges relative to the status quo as IGT charges move towards the equivalent downstream GDN charges. This may create additional costs within the wider gas charging system. This could include shippers who have the direct charging interface with IGTs and potentially suppliers, depending on commercial arrangements. However, we are not able to determine with confidence where the historic difference between constrained IGT charges and equivalent GDN charges has been absorbed within the wider gas charging chain. This is because we do not have visibility of the commercial arrangements between market participants. We consider that the value may have been retained by shippers/suppliers, offset elsewhere in tariff setting, or reflected through other commercial arrangements. We consider that the phased uplift of our decision helps mitigate the initial impact of higher IGT charges on the wider gas charging system by spreading the adjustment over a defined transition period, rather than requiring immediate full alignment.

Impact on economic growth

4.18 We have not identified any material impacts on economic growth from this decision. The phased approach is intended to minimise disruption to affected parties, and we do not expect the resulting changes to have a significant effect on investment decisions, competition, productivity, or wider economic activity.

Impact on security of supply

4.19 We have not identified any impact on security of supply from this decision beyond the risks of network failure discussed earlier.

Impact on the environment and climate resilience

4.20 We have not identified any environmental impact of this decision.