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20<sup>th</sup> July 2026

Dear Tom,

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Newport NP10 8FZ

**Ty Wales & West**

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## **Wales & West Utilities (WWU) response to Ofgem Consultation on Biomethane UIOLI governance document**

Thank you for the opportunity to respond to this consultation. WWU is a gas transporter and a regional gas distribution network ("GDN"), serving 2.6 million supply points in Wales and south-west England. This response is not confidential and may be published.

We support measures to increase biomethane injection into distribution networks and propose a change to the proposed amendment that would:

- 1) Make the arrangement applicable to all GDNs rather than only to Cadent; and
- 2) Make the process for making the resultant changes to allowance clearer.

The consultation proposes amending paragraph 2.6 in the governance document to read:

2.16 A licensee that operates over more than one distribution network ~~must not~~may reallocate the allowances between its networks. ~~A GDN must not submit a Coordinated Adjustment Mechanism (CAM) application for Biomethane UIOLI funding. We will seek to reject any such applications should they be submitted.~~

In practice this only applies to Cadent.

We propose that 2.16 should read:

2.16 A licensee, or licensees by mutual agreement, may reallocate allowances between networks using Special Condition 3.8 Coordinated Adjustment Mechanism

This would require an amendment to Special Condition 3.8 to allow it to apply to the Biomethane UIOLI allowance but would mean that the process was clear. This amendment could be included in the licence snagging modification that is due shortly. The wording proposed in the consultation leaves open questions as to how the allowances are

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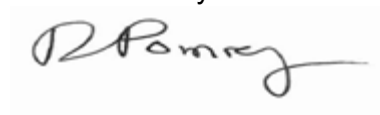


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reallocated. We assume that where, for example, £10M was moved from one network to another the Allowed Revenue would rise in the receiving network and fall in the donating network; however, it could be that the only the benefit is transferred and the Allowed Revenues do not change.

We also draw your attention to the points raised in the letter sent by SGN on behalf of all GDNs to Stephanie Cameron by email on 29<sup>th</sup> June 2026, a copy is attached.

Yours sincerely



Richard Pomroy  
Regulation Manager  
Wales & West Utilities

Attached: Joint GDN Biomethane UIOLI Governance Doc Feedback.pdf