

Consultation

Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments

(Consumer funding for maintaining and/or reinstating gas
interconnector import capability)

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Contact:	Dr Adrian Richardson , Deputy Director, Energy Markets & Security Hamsini Satchithanathan , Head of Gas Security & Flexibility
Team:	Energy Markets & Security
Telephone:	020 263 9870
Email:	energy.securityofsupply@ofgem.gov.uk

This statutory consultation seeks views on Ofgem’s proposed licence and Price Control Financial Instruments modifications to enable National Gas Transmission plc (National Gas) to recover the costs of arrangements intended to maintain and/or reinstate gas import capability through either or both of the continental European interconnectors. The proposed changes are designed to support Great Britain’s gas security of supply by helping to ensure that sufficient gas import capability remains available to meet demand during periods of system stress and severe winter conditions.

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

We¹ welcome responses from all stakeholders with an interest in gas security of supply, including gas and electricity consumers, consumer representative groups, industry participants, gas shippers, network and infrastructure operators, market participants, government bodies, and other interested parties. We also welcome responses from members of the public.

This consultation explains the background to the proposed licence modifications as set out in Annex 1 of Notice of statutory consultation on a proposal to modify National Gas Transmission plc's Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments, the evidence supporting the need for intervention, the options considered, and the proposed approach to cost recovery. It also sets out the consultation questions and explains how stakeholders can provide their views. We have also published an Impact Assessment to accompany this consultation which provides stakeholders with information on the need to maintain and/or reinstate continental European interconnector import capability to support Great Britain's gas security of supply, including by strengthening resilience under the stress conditions reflected in the statutory infrastructure standard.

Once this consultation closes, we will consider all responses before reaching a final decision. We are committed to transparency in our decision-making and, subject to any confidentiality requests, we intend to publish consultation responses alongside our decision and next steps on our website.

If you would like your response, or part of it, to be treated as confidential, please make this clear in your submission and explain the reasons for confidentiality. Please clearly identify any confidential information and, where possible, provide it in separate appendices to facilitate publication of the non-confidential elements of your response.

¹ The terms "the Authority", "we", "our" and "us" are used interchangeably in this document.

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

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Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

Contents

Executive summary	7
1. Introduction.....	10
Purpose of this consultation	11
Consultation Questions	12
Context and related publications	12
Way forward	13
Consultation stages	13
2. Gas Security of Supply: Context and Problem Statement	14
GB Gas Demand	16
Great Britain's Gas Supply Sources	17
Gas Supply Capability	18
Gas Supply Capability – UK Continental Shelf	19
Gas Supply Capability – Norwegian Continental Shelf.....	20
Gas Supply Capability – Liquefied Natural Gas	21
Gas Supply Capability – Underground Gas Storage.....	22
Gas Supply Capability – Gas Interconnectors.....	24
Gas Supply Capability Overall Position	26
3. Quantifying the Emerging Gas Security of Supply Risk.....	27
4. Options for mitigating the emerging gas security of supply risk: Our assessment of the options.....	30
5. Proposed Changes to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments	35
Reasons for and Effects of the Proposed Licence Modification	36
Reasons and Effects of the proposed changes to the PCFM and PCFH	38
Overview of services and types of costs in scope of this mechanism	38
6. Conclusions and next steps.....	40
Your response, data, and confidentiality.....	40
How to track the progress of a consultation	41
Appendix 1. Allowances for the delivery of the Import Capacity Availability Agreement (ICAASOA_t), by Regulatory Year (£ nominal m)	42
Appendix 2. Feedback	43

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

Send us your feedback 43

Appendix 3. Privacy policy 44

Personal data 44

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

Figures and Tables

Figure 1: Daily GB End User Gas Demand + Exports to Ireland	16
Figure 2: Daily Supply to GB by Gas Supply Source	17
Figure 3: NESO, Gas Supply Security Assessment 2025 map, updated to show supply optionality for winter 2026/27 before the implementation of the intervention	19
Figure 4: UKCS Daily Supply to GB	20
Figure 5: NCS Daily Supply to GB.....	21
Figure 6: Daily Supply of Gas from LNG Terminals into the NTS.....	22
Figure 7: Daily Supply of Gas from Underground Storage into the NTS	24
Figure 8: Daily Import to and Export from GB of Gas via the Continental European Interconnectors to Belgium and The Netherlands combined	26
Figure 9: Peak demand and supply capability under stress conditions of the type considered under the “1-in-20/N-1” infrastructure standard, without mitigation	28
Figure 10: Peak demand and supply capability under stress conditions of the type considered under the “1-in-20/N-1” infrastructure standard, with INT mitigation	34

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

Executive summary

While Great Britain benefits from a strong and resilient gas system, our gas supply is undergoing significant change. Domestic gas production from the UK Continental Shelf is in structural decline and, although annual gas demand has fallen, gas remains important in meeting peak demand during severe winter weather. At the same time, reductions in continental European interconnector import capability will, by this winter, have removed around 60 mcm/d of capability from market access, equivalent to around 15% of the GB peak-demand assumption used in our analysis. Together, these changes are reducing Great Britain's gas supply resilience.

Our analysis shows that in the vast majority of anticipated circumstances, the GB gas system will continue to deliver the gas needed to meet demand. However, it also shows the importance of maintaining sufficient infrastructure capability for very rare stress conditions. Without intervention, Great Britain could potentially face a negative supply margin in winter 2026/27 involving extremely high gas demand on a 1-in-20 cold weather day and the loss of the single largest element of GB gas infrastructure. The position could become more constrained in future winters without intervention. While these are low-probability stress scenarios, their potential consequences are significant. Different analytical approaches produce different estimates of the precise margin, but our discussions with National Gas and NESO point to the same underlying need to enhance GB supply capability for this winter and those to come. We therefore consider that timely action is needed to strengthen Great Britain's gas supply resilience.

Ofgem has worked with the Department for Energy Security and Net Zero (DESNZ), National Gas Transmission plc (National Gas) and the National Energy System Operator (NESO) to understand the developing security of supply position and potential mitigations. A range of measures are being considered over the medium and longer term, including through *DESNZ's Gas System in Transition: Security of Supply* work. However, maintaining continental European interconnector import capability is the only currently available intervention identified that both addresses the immediate security of supply position for winter 2026/27 and provides continuing security of supply benefits over the following four years.

National Gas will enter into an agreement with Interconnector Limited (INT). For winter 2026/27, this will prevent the planned further reduction in INT import capability and maintain the infrastructure needed to respond rapidly during periods of system stress. It also supports investment to maintain import capability in future winters during the five-year agreement. The agreement does not remove the need for further measures led by government that are likely to be required to support security of supply and wider gas

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

system resilience over the medium and longer term. The proposed licence framework would also be capable of applying to a future arrangement with Bacton-Balgzand Line Company V.O.F. (BBL).

Ofgem has provided National Gas with consent under Standard Special Condition A36 of its Gas Transporter Licence to investigate, negotiate and enter into arrangements with either or both continental European interconnector operators. Under that consent, National Gas will enter into the INT agreement, which Ofgem has separately approved under Standard Licence Condition 3 of INT's Gas Interconnector Licence. We did not publicly consult on that consent or approval because we did not consider it necessary or possible within the timescales required to prevent a further reduction in import capability for this winter.

However, the agreement is structured so that liabilities for National Gas only arise following modifications to National Gas's licence. The agreement therefore cannot give rise to costs that are passed on to gas consumers unless we make those modifications. We are now consulting on the proposed modifications to National Gas's licence and Price Control Financial Instrument needed to establish that cost-recovery mechanism. If we decide not to make the licence modification, payments cannot be made under the INT agreement and the parties are ultimately entitled to terminate it.

Neither the agreement nor the consents and approvals already given therefore prejudice our decision on the proposed licence modifications. This consultation, together with the Impact Assessment and other documents published alongside it, sets out our analysis and reasoning so that stakeholders can understand our proposed approach and respond before we reach that decision. We recognise the potential cost to consumers, particularly given current affordability concerns, and will consider all relevant consultation responses before reaching our final decision.

The proposed licence framework would enable National Gas to recover payments made under qualifying interconnector agreements together with its eligible costs of establishing, administering and delivering them. It includes regulatory oversight, reporting, annual reconciliation and a process for consulting on changes to allowances where required. Our Impact Assessment analysis estimates that retaining this interconnector import capability over the five-year agreement would have a bill impact of £1.19 per domestic gas meter account per year.² We welcome views on the proposed licence modifications and associated cost-recovery arrangements as set out in the Notice of statutory consultation on a proposal to modify National Gas Transmission

² Impact Assessment published 22 October 2026.

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

plc's Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (proposed licence modifications).

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

1. Introduction

- 1.1. Great Britain's gas supply position is undergoing a period of significant change. Domestic gas production from the UK Continental Shelf continues to decline, while the operation and availability of other supply sources are evolving in response to changing market conditions. At the same time, gas continues to play a critical role in meeting peak energy demand, particularly during periods of severe winter weather, and remains an important source of flexibility for the wider energy system.
- 1.2. Under the UK's gas security of supply framework, the UK Secretary of State is responsible for ensuring that the necessary measures are taken to meet the statutory infrastructure standard set out in UK legislation. The standard is that sufficient gas supply capability (technical capacity) is available to meet demand during a severe winter event, even in the event of the disruption of the largest single item of gas infrastructure. Known as the "1-in-20/N-1" infrastructure standard, this is designed to protect consumers by ensuring there is sufficient redundancy within the gas system during low-probability but high-impact stress events.³
- 1.3. Recent analysis undertaken by Ofgem, alongside work with National Gas, NESO and DESNZ, indicates that Great Britain's gas system will continue to be able to supply sufficient gas for all consumers' needs on an average winter day. However, it also indicates that action is needed to strengthen resilience against the most extreme scenarios, including those of the type addressed by the "1-in-20/N-1" infrastructure standard.
- 1.4. While such scenarios are very unlikely, their potential consequences are significant. DESNZ has already confirmed its intention to support the market from 2030 onwards in its Gas System in Transition Consultation Interim Response. Ofgem nevertheless considers that action is needed in the short term to provide proportionate protection against the low-probability, high-impact scenarios identified in our analysis. Ofgem's Principal Objective is "to protect the interests of existing and future energy consumers". In carrying out this objective, Ofgem must also have regard to a number of factors, including security of supply.
- 1.5. In response to these emerging risks, Ofgem has worked with DESNZ, National Gas and NESO to assess potential mitigations. Based on this work and the evidence available to Ofgem, we have concluded that maintaining continental European

³ <https://www.legislation.gov.uk/eur/2017/1938/contents>

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

interconnector import capability is the only currently available intervention identified that both materially addresses the immediate security of supply position for winter 2026/27 and provides continuing security of supply benefits over the following four winters. We subsequently assessed the specific INT arrangement, in accordance with our own statutory duties and powers, and concluded that it should be approved through the regulatory approvals described below, subject to further consultation and decision on the enabling licence modification. Further measures are likely to be required over the medium and longer term as part of the wider programme led by government. The proposed licence changes would also enable a future agreement with another interconnector, subject to the necessary approvals.

- 1.6. To facilitate this approach, Ofgem has provided National Gas with consent (under Standard Special Condition A36 of its Gas Transporter Licence) to investigate, negotiate and enter into arrangements with either or both interconnector operators to secure the availability of gas import capability required to support Great Britain's security of supply. This consent does not provide National Gas with a mechanism to recover the efficient costs associated with these arrangements.
- 1.7. National Gas and INT will enter into an agreement, which Ofgem has separately approved under Standard Licence Condition 3 of INT's interconnector licence.
- 1.8. We are consulting on the modification of National Gas's Gas Transporter Licence and Price Control Financial Instruments to include a new pass-through mechanism (as described in Section 5) for National Gas to recover costs associated with qualifying arrangements with either interconnector. The first of these is the National Gas-INT Import Capacity Availability Agreement (ICAA). The modifications also provide a framework for recovering costs associated with any future agreement with BBL, subject to consultation on a direction to update allowances and enable recovery of those additional costs.

Purpose of this consultation

- 1.9. This consultation seeks stakeholder views on Ofgem's proposed licence modifications to enable National Gas, the owner and system operator of Great Britain's National Transmission System (NTS), to recover the costs associated with arrangements intended to maintain and/or reinstate gas import capability for Great Britain via the continental European gas interconnectors.
- 1.10. The proposed licence modifications form part of a broader programme of work to address emerging gas security of supply risks. This consultation focuses specifically on the proposed regulatory framework and associated cost recovery

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

arrangements for National Gas arrangements with both interconnectors, including enabling the consumer funding of the existing agreement with INT. We have also set out our reasons for providing the approval and consent in this consultation, we will consider all relevant responses when making our final decision on whether to make the proposed licence modifications, which would enable arrangements to become fully operative.

Consultation Questions

1.11. Stakeholders are invited to comment on the proposed licence and Price Control Financial Instruments modifications:

- Question 1: Do you agree with the proposed changes to National Gas Transmission plc Gas Transporter Licence, Special Conditions, and the Financial Instruments?
- Question 2: Do you have any further comments in relation to this Statutory Consultation?

Context and related publications

1.12. This consultation should be read alongside our other documents published on or around the date of this consultation:

- Consent to allow National Gas Transmission plc (Licensee) to investigate, negotiate, enter into and perform arrangements pursuant to Standard Special Condition A36

Approval of the Import Capacity Availability Agreement (ICAA) under Standard Condition 3 of Interconnector Limited (INT)'s Gas Interconnector Licence

- Notice of statutory consultation on a proposal to modify National Gas Transmission plc's Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Notice of statutory consultation)
- Price Control Financial Instruments:
 - GT3 PCFM 3 Feb 2026 ICAASOt modification
 - GT3 Price Control Financial Handbook
- Impact Assessment of Arrangements to Maintain and/or Reinstatement Gas interconnector Import Capability Supported by GB Gas Consumers

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

- and supporting analysis contained within this document, which sets out:
 - the current and future outlook for Great Britain gas demand;
 - the changing nature of Great Britain's gas supply sources;
 - the emerging gas security of supply risks;
 - the options considered to address those risks; and
 - the rationale for the proposed interconnector-based mitigation.

1.13. Readers may also wish to refer to relevant publications from DESNZ, National Gas and NESO relating to gas security of supply, including National Gas's upcoming Winter Outlook publications, NESO's upcoming Gas Security of Supply Assessment publications, and DESNZ's Gas System in Transition: Security of Supply Consultation⁴ and upcoming National Risk Assessment.

Way forward

1.14. Following consideration of responses to this consultation, Ofgem will determine whether to proceed with the proposed licence modifications, amend them, or pursue an alternative approach.

1.15. Subject to consultation responses and any subsequent decision, Ofgem intends to publish its final decision in late 2026/early 2027. Any licence modifications will take effect following the statutory implementation and appeal periods applicable to licence modifications.

Consultation stages

1.16. We are proposing the following timeline for our Statutory Consultation and Impact Assessment:

- **Stage 1:** Consultation opens (22 October 2026)
- **Stage 2:** Consultation closes (awaiting decision) (20 November 2026)
- **Stage 3:** Responses reviewed and published
- **Stage 4:** Final decision late 2026/early 2027
- **Stage 5:** Implementation of any licence modifications, subject to the applicable statutory processes

⁴ [Gas system in transition: security of supply - GOV.UK](https://www.gov.uk/government/consultations/gas-system-in-transition-security-of-supply)

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

2. Gas Security of Supply: Context and Problem Statement

This section explains the changes in GB gas demand and supply capability that have reduced the resilience of the gas system and contributed to the security of supply risk addressed by this consultation. It explains the statutory security of supply standard, which requires sufficient infrastructure capability to meet demand under very rare stress conditions, and considers the recent behaviour and outlook for GB gas demand and each of GB's five main sources of gas supply.

- 2.1. Great Britain's gas system continues to play a critical role in delivering energy to homes, businesses and power generation, providing around one-third of the UK's energy needs. While overall gas demand has declined over recent years, periods of very high demand continue to occur during severe cold weather.
- 2.2. Under the UK's gas security of supply framework, the UK Secretary of State is responsible for ensuring that the necessary measures are taken to meet the statutory infrastructure standard set out in UK legislation. The standard requires the technical capacity of the remaining gas infrastructure, following disruption of the single largest gas infrastructure, to be sufficient to meet total gas demand during a day of exceptionally high gas demand occurring with a statistical probability of once in 20 years. Known as the "1-in-20/N-1" infrastructure standard, this is designed to protect consumers by ensuring there is sufficient redundancy within the gas system during low-probability but high-impact stress events.
- 2.3. National Gas is the sole Gas Transmission Owner (GTO) and Gas System Operator (GSO) in Great Britain. National Gas, in its role as the GSO, is responsible for, amongst other things, the day-to-day operation of the NTS, including balancing supply and demand, maintaining satisfactory system pressures, providing market functions and ensuring gas quality standards are met. Furthermore, National Gas's statutory role is to develop, maintain and operate an economic and efficient National Transmission System and does not extend to securing upstream gas supplies or guaranteeing their availability to the GB market.
- 2.4. Ofgem's Principal Objective is to protect the interests of existing and future energy consumers, including their interests in the security of gas supply. In carrying out its functions, Ofgem must also have regard to the need to secure that, so far as it is economical to meet them, all reasonable demands in Great Britain for gas are

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

met. Ofgem regulates National Gas and the gas interconnectors and takes the regulatory decisions relevant to the arrangements described in this consultation.

- 2.5. In this chapter, we present evidence on changing gas demand and supply patterns and other relevant factors that provide the context for the proposed licence changes. The analysis presented is based on publicly available data from the National Gas data portal⁵ and covers data going back to 1 July 2017 in order to capture a particularly high demand event known as ‘Beast from the East’ in late February-Early March 2018, which was the highest gas demand period ever experienced in GB. This analysis is not intended to replicate National Gas’s assessment against the statutory “1-in-20/N-1” infrastructure standard, which will shortly be published by National Gas in their Winter Outlook. Nor does it intend to replicate the NESO’s longer-term Gas Security of Supply Assessment, which will be published shortly. Rather, it provides the Ofgem assessment of the resilience of GB’s gas supply position, specifically under conditions of very high demand and the loss of the single largest gas infrastructure element, and informs our assessment of the need for timely intervention.

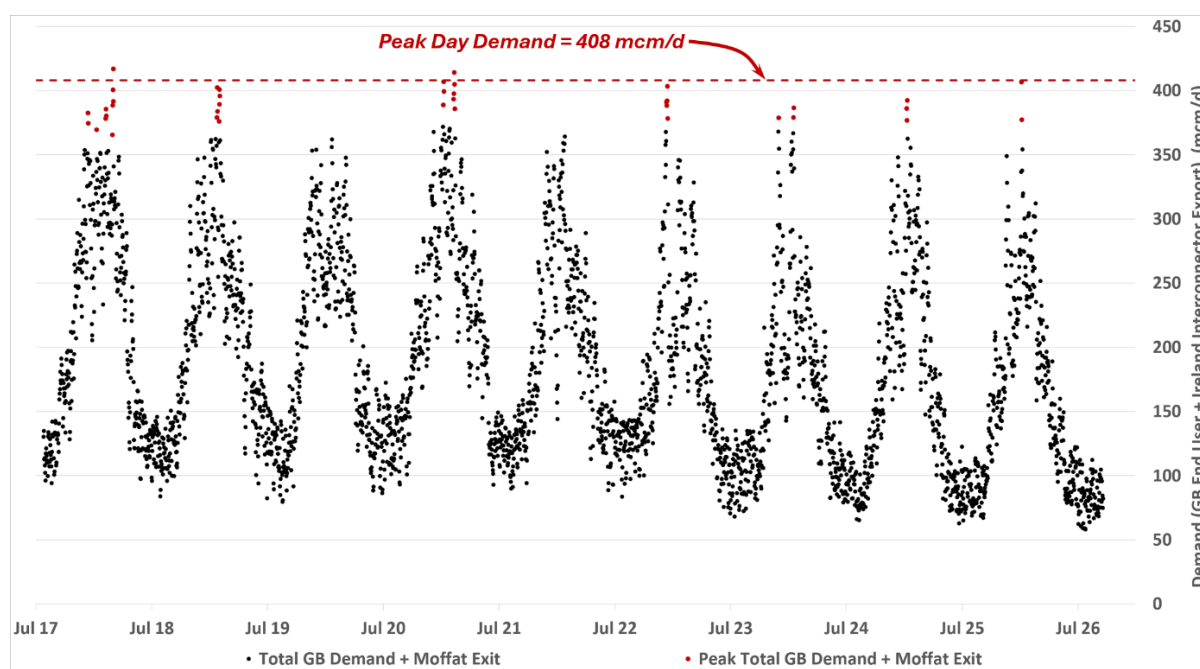
⁵ <https://data.nationalgas.com/find-gas-data>

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

GB Gas Demand

- 2.6. Gas is primarily used in Great Britain (GB) for heating and cooking, power generation, industrial and commercial sectors, and exports. Gas constitutes approximately 35% of the UK's energy mix⁶. Overall gas demand has generally declined over the last few years due to several factors. However, most winters feature at least some high gas demand days driven by particularly cold weather.
- 2.7. Figure 1 below clearly shows the steady overall decline in gas demand (black dots) but also that the peak demand days (red dots) that occur in most (but not all) winters have essentially remained at the same level.

Figure 1: Daily GB End User Gas Demand + Exports to Ireland



- 2.8. Not every winter has an extreme cold snap. However, for “peak” gas demand, we have picked 408 mcm/d, which is the 95th percentile of the peak demand days since July 2017. This demand level is still lower than that seen on 1 March 2018 during Beast from the East (417 mcm/d), which is the highest this country has seen since July 2017.
- 2.9. While annual gas demand has declined, peak daily demand has remained broadly stable in recent years. There is uncertainty over how quickly peak demand may change in future. For the purposes of our short-term assessment, we therefore

⁶ DESNZ (2025) [Digest of UK Energy Statistics \(DUKES\): natural gas](#): Chapter 4: Natural gas

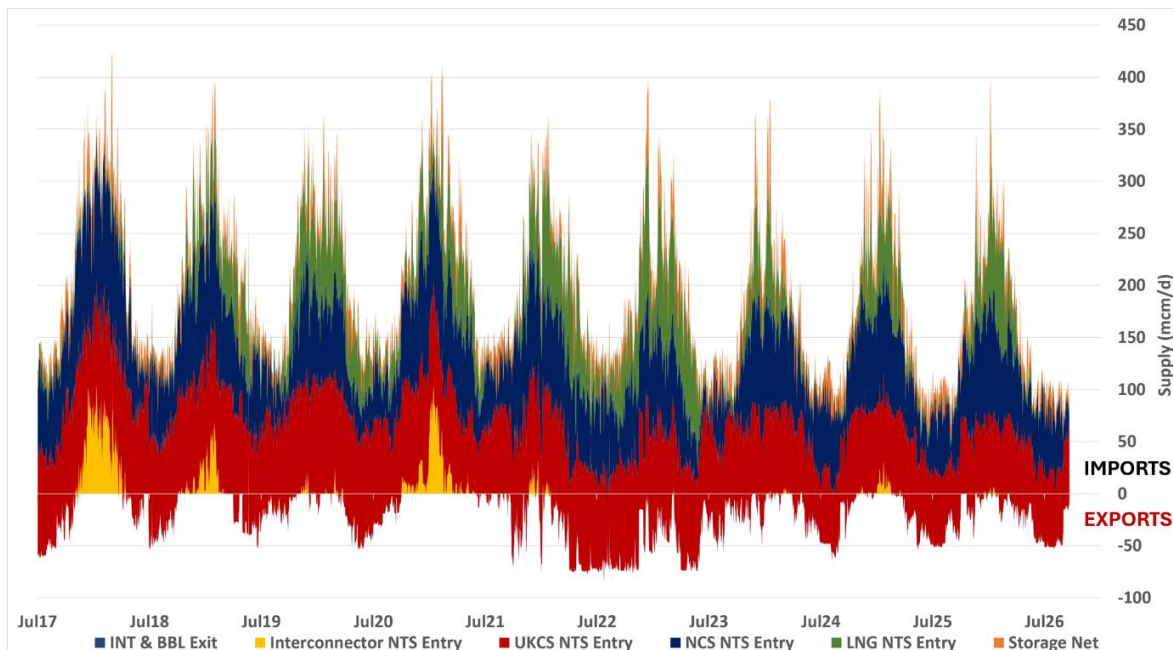
Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

consider recent observed peak demand to provide a reasonable basis for assessing the adequacy of available supply capability.

Great Britain's Gas Supply Sources

2.10. GB's gas supply is derived from five source categories into the gas National Transmission System (NTS) operated by National Gas (NG). Gas from the UK Continental Shelf (UKCS) and Norwegian Continental Shelf (NCS) arrives onshore via a variety of pipelines. In 2025/26 these sources accounted for around 35% each of total GB gas supply⁷. Liquefied Natural Gas (LNG) is received through GB's three LNG terminals (Dragon and South Hook, both located in Milford Haven in West Wales, and Grain LNG in Kent). LNG provided around 25% of GB gas supply in 2025/26. There are also several underground gas storage facilities in GB, which inject gas from the other four sources, store it and withdraw the gas from storage for supply into the National Transmission System (NTS) when commercially attractive. Gas from storage provided 5% of GB gas supply in 2025/26. GB also has the ability to import gas via two interconnector pipelines connecting Bacton gas terminal in Norfolk to Belgium and The Netherlands, and which, in spite of having the capacity to provide about 20% of GB's peak demand, provided only 0.2% of GB gas supply in 2025/26.⁷

Figure 2: Daily Supply to GB by Gas Supply Source



⁷ National Gas, [Gas Winter Review 2025/26](#): Supply Summary, Table 4

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

Note: Some gas entering the NTS is exported to Belgium and The Netherlands via interconnectors. This exported gas is represented by the base of the red area below the zero line on the y-axis. This does not mean that it is UKCS gas that is exported as gas from all sources is mixed within the NTS. However, this chart shows all GB gas supply stacked on a baseline of exports to Belgium and the Netherlands so the supply on the positive part of the y-axis match the GB + exports to Ireland demand shown on Figure 1.

2.11. While the way gas is used in GB and the five sources from which it is supplied are changing and will continue to evolve over the coming years. The nature and behaviour of each source is described in detail in paragraphs 2.13 - 2.24 but some high-level trends are seen in Figure 2. Domestic production from the UKCS is relatively steady year-round but has been in structural decline for many years due to a combination of geological and commercial factors. NCS gas is delivered to GB on a seasonal basis with significant delivery in the winter and lower levels in the summer. Similarly, LNG supplies are largely concentrated in the winter months and very low in summer. Gas supply from interconnectors was significant in winters 17/18 and 20/21 but has been low in other years. Gas from storage has provided a smaller but continuing role driven by short term market conditions throughout the year.

2.12. Geopolitical tensions, such as conflicts in Ukraine and the Middle East, continue to create uncertainty and contribute to volatility in global gas markets. Despite this, GB will be able to access gas from global markets, subject to prevailing market conditions. Naturally declining domestic production will increase GB's reliance on its ability to access gas from a diverse range of sources. LNG and continental European imports via gas interconnectors will therefore play an increasingly important role in providing capability to meet national gas demand, particularly during periods of high demand and stress.

Gas Supply Capability

2.13. Gas supply capability (also referred to as gas infrastructure capacity⁸ or supply capability⁹) refers to the maximum volume of gas that could be supplied to the GB market, assuming all infrastructure and sources are available. It provides a measure of the gas system's ability to meet demand, particularly in periods of peak consumption. This is distinct from gas supply which refers to the actual gas available and delivered to the market. GB's gas security therefore relies on sufficient gas supply and having sufficient capability to deliver this gas when needed.

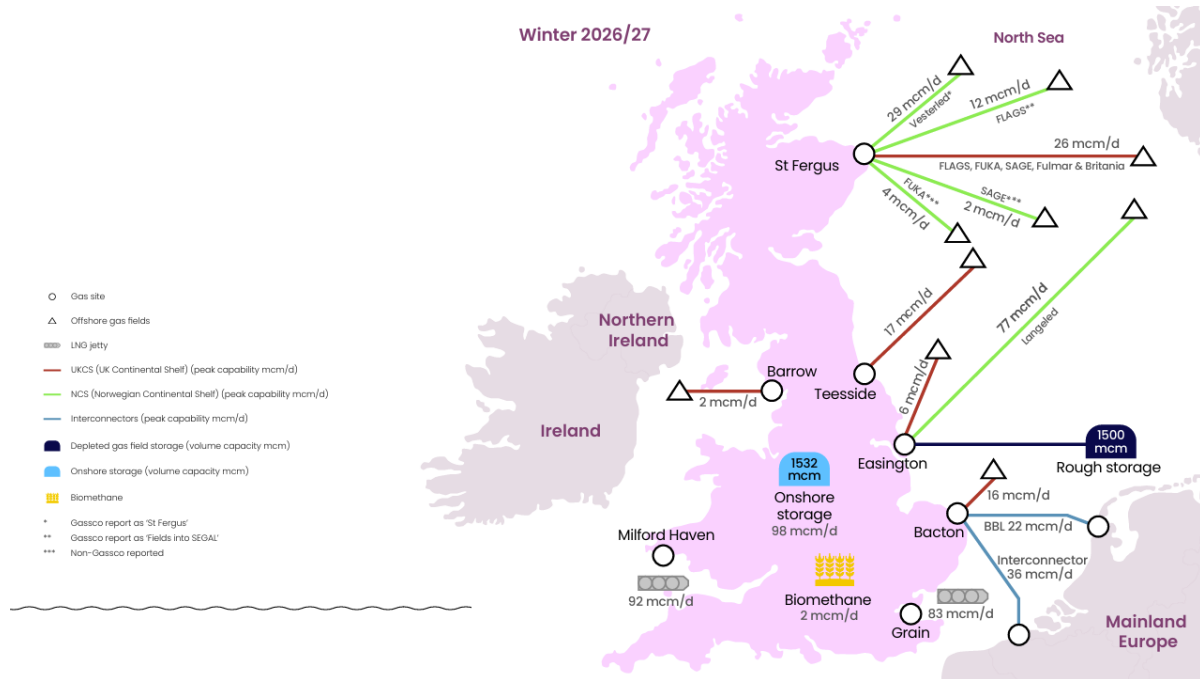
⁸ DESNZ, [Gas System in Transition: Security of Supply](#): Chapter 2: Priorities for gas security of supply

⁹ National Gas, [Gas Winter Review 2025/26](#)

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

2.14. The following sections describe the gas system capability, observed supply behaviour and short-term outlook of each of the five supply sources.

Figure 3: NESO, Gas Supply Security Assessment 2025 map, updated to show supply optionality for winter 2026/27 before the implementation of the intervention



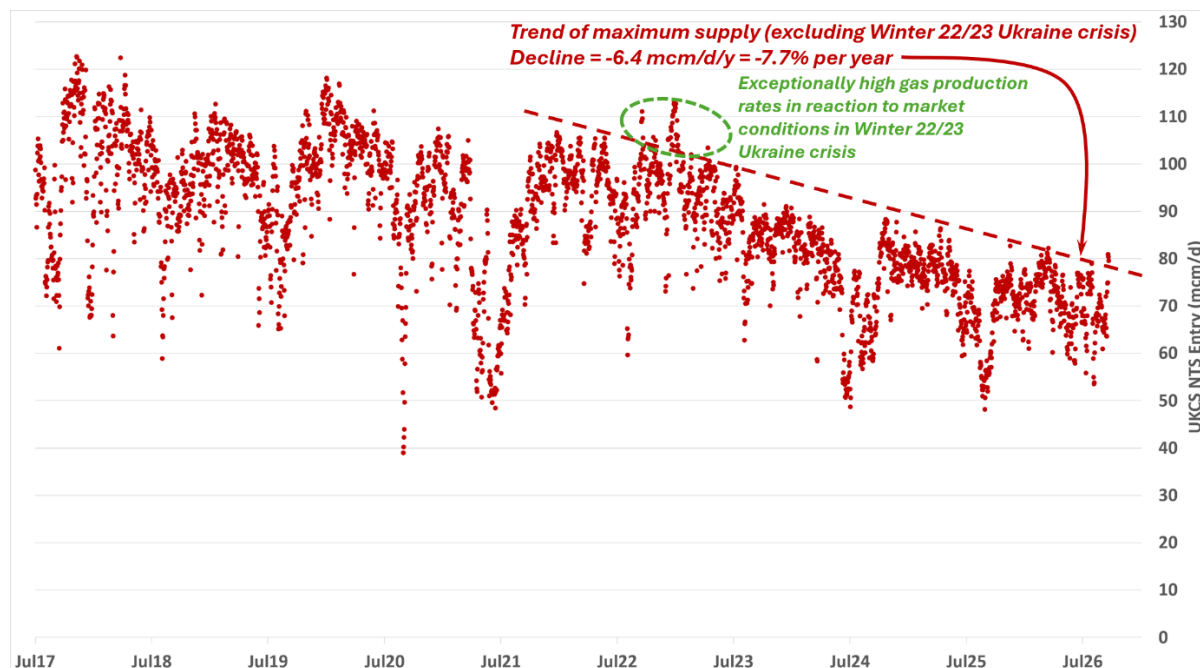
Gas Supply Capability – UK Continental Shelf

2.15. Gas from the UKCS provided around 35% of total GB gas demand during winter 2025/26. Gas from UKCS enters the NTS through five coastal gas terminals (Figure 3). UKCS continues to be an important baseline component of GB's gas capability. However, its maximum production rate has been in structural decline for several years as per Figure 4. The maximum daily delivery to the NTS achieved in Winter 25/26 was 83 mcm/d.

2.16. While the future rate of decline is somewhat uncertain, the evidence indicates a continuing reduction in domestic production capability, increasing GB's reliance on other sources of supply.

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

Figure 4: UKCS Daily Supply to GB



Gas Supply Capability – Norwegian Continental Shelf

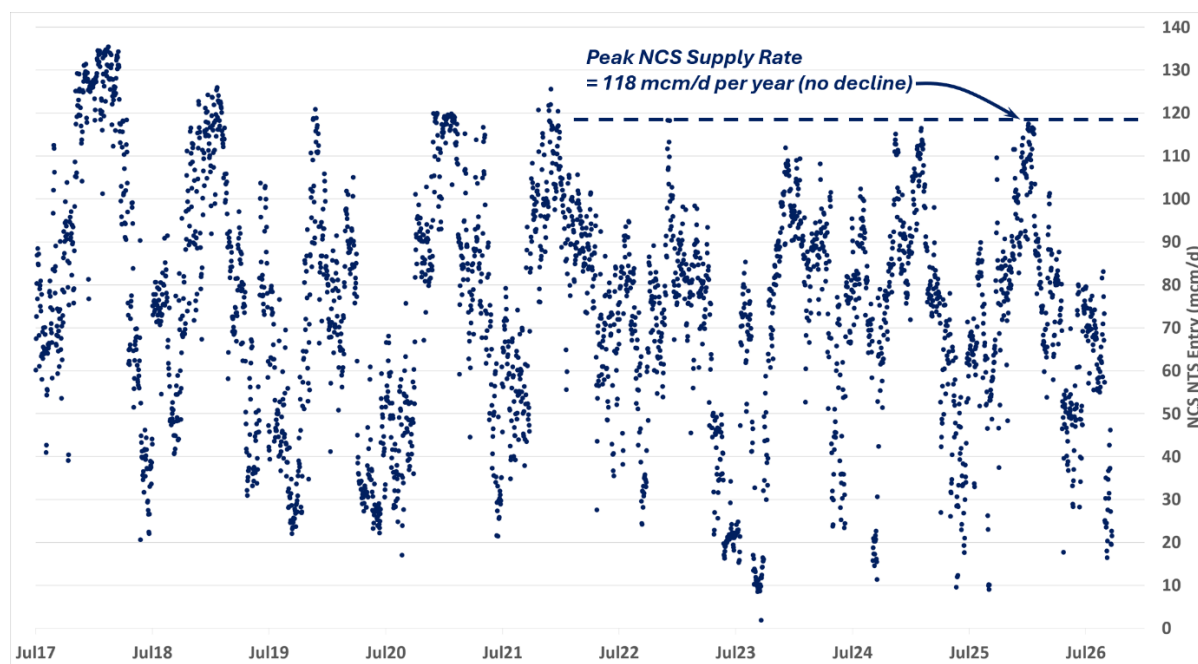
2.17. The NCS provided around 35% of total GB gas demand during winter 2025/26.⁷

Norwegian gas is delivered directly to GB via a network of offshore pipelines but principally via the Langeled pipeline. The rate of supply is highly seasonal with supply in winter constrained by the capacity of the pipeline system (Figure 5). The maximum daily delivery to the NTS achieved since 2022 is 118 mcm/d. Gas production from the NCS is likely to be quite stable for at least the next few years and, to a large extent, constrained by the size of the pipeline system. It is expected to start declining about 5-6% per annum in 2029 and 2030.¹⁰

¹⁰ <https://www.sodir.no/en/whats-new/publications/reports/the-shelf/the-shelf-in-2025/production-operating-fields-and-investments/>

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

Figure 5: NCS Daily Supply to GB



Gas Supply Capability – Liquefied Natural Gas

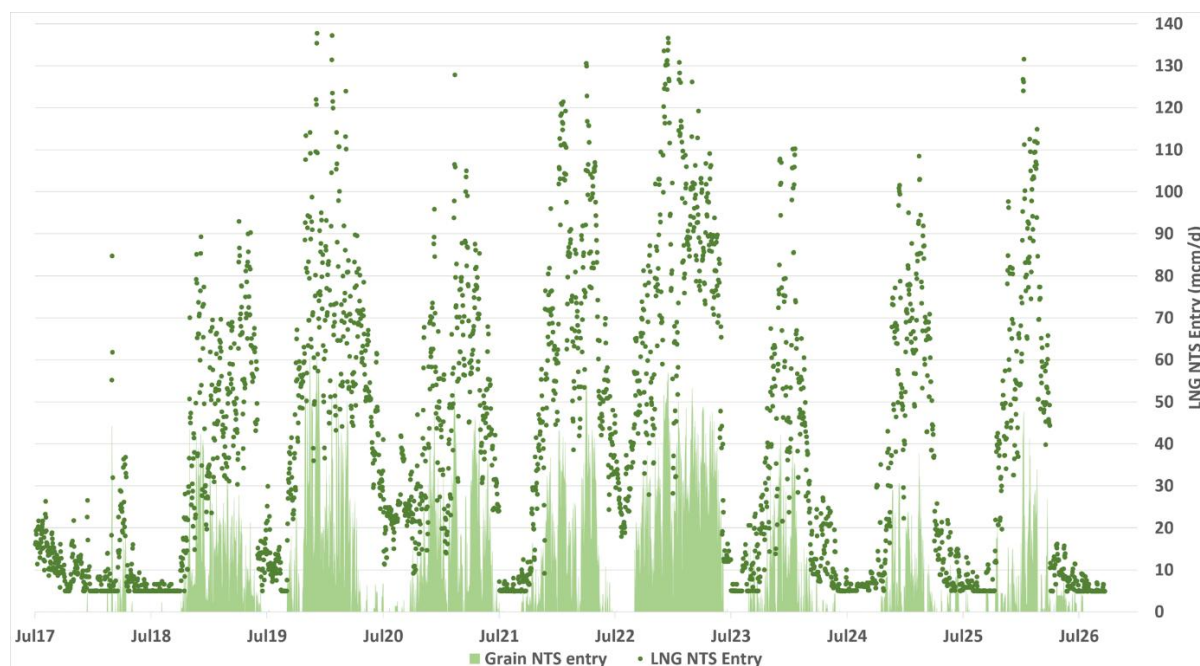
- 2.18. Liquefied natural gas (LNG) provided around 25% of total GB gas demand during winter 2025/26.⁷ GB currently has three LNG import terminals: South Hook and Dragon, located adjacent to each other in Milford Haven in South Wales, and the Grain LNG terminal in Kent. LNG is an important source of supply with these terminals providing capability to import LNG from many sources around the world. Imports remain dependent on international market conditions and the commercial attractiveness of GB relative to competing markets.
- 2.19. Like NCS gas, deliveries of LNG are highly seasonal (Figure 6). Maximum supply is constrained by the size of the regasification facilities at the LNG terminals and gas flow conditions within the NTS. The three LNG terminals have a maximum theoretical capacity of 150 mcm/d,¹¹ while the highest combined delivery to the NTS observed to date is 138 mcm/d.
- 2.20. For the purpose of our analysis, we assumed that the two LNG import terminals in West Wales and the associated pipeline infrastructure are unavailable reflecting the loss of the single largest gas infrastructure element. Therefore, this leaves Grain LNG terminal as the remaining source of LNG capability. Grain has a

¹¹ National Gas, [Gas Winter Outlook 2025.pdf](#), page 22.

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

theoretical maximum delivery capability of 73 mcm/d¹², while the highest demonstrated delivery is 61 mcm/d (in 2019).¹³ As discussed further in Chapter 3, we therefore use 61 mcm/d in our assessment.

Figure 6: Daily Supply of Gas from LNG Terminals into the NTS



Gas Supply Capability – Underground gas storage

2.21. GB gas storage provided around 5% of total GB gas supply during winter 2025/26.⁷

In contrast to Europe where long-term seasonal storage plays an important role in gas security, GB gas storage currently primarily provides short-term flexibility, helping to balance the system during periods of high demand or supply disruption. Deliverability is therefore a key factor in the contribution storage can make during peak demand events. The delivery of gas from storage is highly variable as it depends on the volume of gas held in storage (see **Error! Reference source not found.**), the deliverability of individual facilities and prevailing market and operational conditions¹⁴. Storage capacity and stock levels do not therefore

¹² <https://www.grainlmg.com/operational-information#remit-energy-market-information>

¹³ We are aware that asset improvements at Grain LNG have recently increased LNG regasification and storage capacity. However, currently there is no information in the public domain to demonstrate how this increased capacity manifests as gas deliverability to the NTS under operational conditions.

¹⁴ Simultaneous optimal fullness levels are required for GB's underground storage sites to deliver combined maximum volumes.

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

translate directly into deliverability onto the gas system. Deliverability from most gas storage facilities also declines as gas is withdrawn.

2.22. GB currently has seven gas storage facilities effectively operating as such, with a combined maximum capacity of about 1.5 bcm. The maximum theoretical deliverability to the NTS of all active storage facilities combined if all were 100% full and exported at maximum would be around 112 mcm/d.¹⁵ However, this assumes all facilities are sufficiently full and able to deliver their maximum rate simultaneously and therefore does not provide a reliable measure of the capability that could reasonably be assumed to be available during a period of system stress.

2.23. In winter 2025/26, storage delivered 86 mcm/d on one occasion, representing a high but demonstrated level of delivery from the storage facilities currently operating. We therefore use 86 mcm/d as the storage capability assumption in our assessment, rather than theoretical maximum deliverability or total storage capacity. Rough¹⁶ is not considered as operating as an active storage facility in this analysis.^{17 18}

¹⁵ <https://www.nationalgas.com/sites/default/files/documents/Gas%20Winter%20Outlook%202025.pdf>

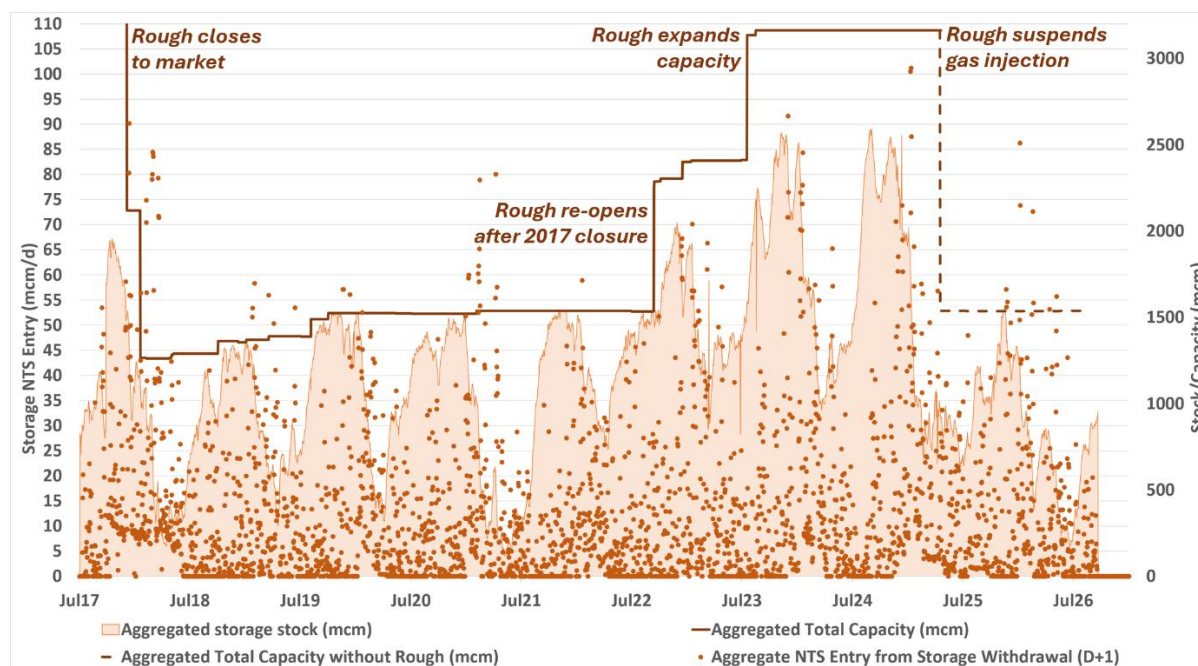
¹⁶ Rough is the UK's largest underground gas storage facility, located in a depleted offshore gas reservoir in the Southern North Sea about 29 km off the East Yorkshire coast and connected to the national gas network via the Easington Gas Terminal.

¹⁷ According to Centrica's annual interim results announcement 2025, Centrica stated that they would look to reduce losses and not carry these beyond 2025 by producing the remaining gas from Rough over winter 2025/2026 ([centrica-plc-2025-interim-results-announcement.pdf](#)).

¹⁸ <https://data.nationalgas.com/reports/find-gas-reports/view>

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

Figure 7: Daily supply of gas from underground storage into the NTS



Gas Supply Capability – Gas interconnectors

2.24. While the gas interconnectors connecting GB and continental Europe¹⁹ provided only around 0.2% of GB gas supply in winter 2025/26⁷, they are an important component of overall gas supply capability. Their importance lies in their ability to provide access, at short notice, to additional sources of gas at significant and sustained volumes during periods of high demand or system stress.

2.25. GB is connected to continental Europe through merchant bi-directional gas interconnectors: INT connecting GB and Belgium, and BBL connecting GB and The Netherlands. The import capability of each interconnector is driven by three electrically-driven gas compressors (with an additional backup compressor) on the European side, which are the equipment used to drive gas imports through the interconnector pipelines to GB. Historically, these interconnectors have both imported gas to GB and exported gas to continental Europe. Before 2022, flows

¹⁹ The Moffat Interconnector is currently a physical one-way (unidirectional) pipeline, transporting gas from Great Britain to Northern Ireland, the Republic of Ireland, and the Isle of Man. The “2011 Joint Protocol for Load Shedding at the Moffat Interconnection Point” between the gas system operators in GB and Ireland established that, in emergency planning, Moffat flows are assumed to be curtailed only on an equitable basis alongside GB demand reduction, not as interruptible exports. Therefore, for the purposes of this analysis, gas exports to the entire island of Ireland are considered an element of demand rather than a source of security of supply.

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

generally followed a seasonal pattern, with imports to GB more common during winter and exports from GB during summer (see *Figure 8*). On occasion, imports approached the maximum capability of the installed infrastructure.

- 2.26. This import/export behaviour pattern changed after the full-scale invasion of Ukraine by Russia in February 2022, following which Russian gas supplies to Europe were drastically curtailed and Europe depended on sustained gas imports from GB to a much greater extent than previously. The result has been a significant reduction in imports from Europe to GB, reducing the import revenues the interconnector operators depend on for long-term economic viability in the provision of import capability. If a system stress event were to occur in GB, we would expect gas prices to respond and provide an incentive for gas shippers to import gas from continental Europe, provided sufficient interconnector import capability remains available. This is also evidenced in our Impact Assessment.
- 2.27. Before the recent reductions, INT and BBL had technical GB import capability of around 73 mcm/d and 45 mcm/d respectively. In 2021, INT reduced the capacity available to the market by around 4 mcm/d following a maintenance-related issue. BBL subsequently reduced its GB import capability by about 23 mcm/d in two stages during June and December 2024, leaving around 22 mcm/d available. This reduction also reflects constraints on BBL's access to electricity in the Netherlands, which currently limit its ability to operate the full suite of compressors required for GB imports.
- 2.28. INT ran an Open Season²⁰ in Summer 2025 offering GB import capacity, expressing that, without confirmed revenues, it needed to review and right size its technical and commercial capacity offering for the future. Following the conclusion of the Open Season, and absent such bookings, INT announced in November 2025²¹ that it would reduce its GB import capacity in two stages. The first reduction of about 8 mcm/d, equivalent to the capacity provided by one compressor, took effect in November 2025²². A second reduction of around 25 mcm/d, equivalent to a second compressor, was planned for October 2026. Without intervention, INT would proceed with its planned second reduction, thus leaving INT with GB import capability of around 36 mcm/d. Ofgem considers that

²⁰ [Interconnector Annual Capacity Release Gas Year 2025](#)

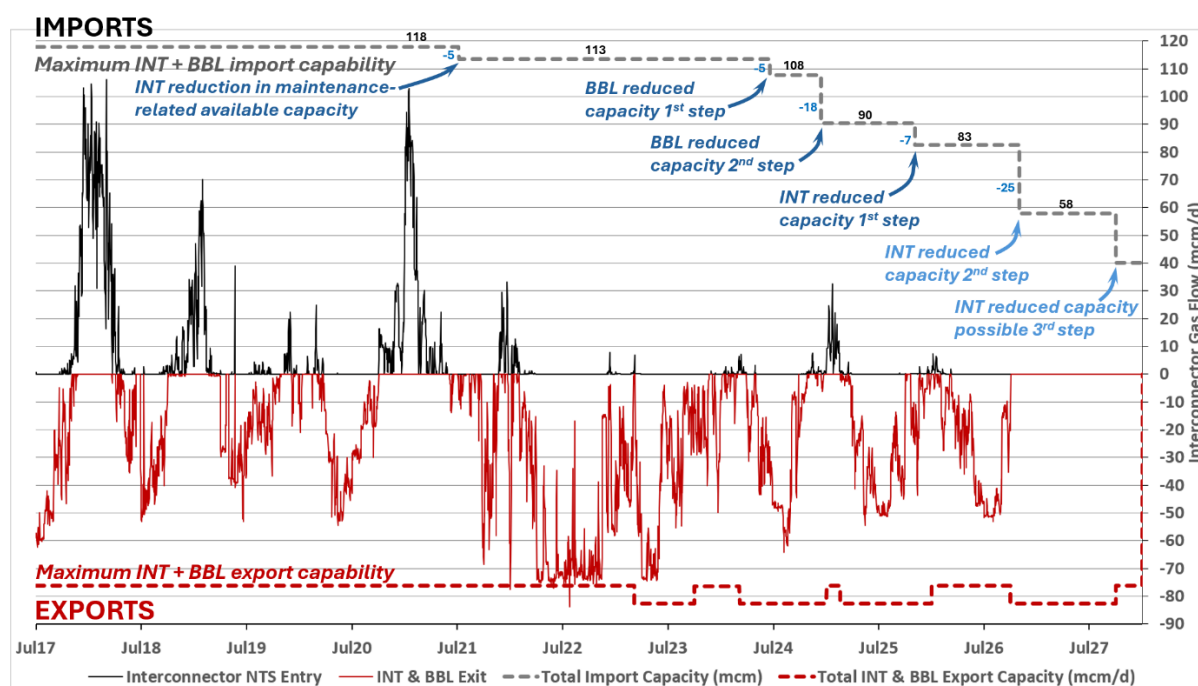
²¹ <https://www.fluxys.com/-/media/project/fluxys/public/corporate/fluxyscom/documents/iuk/market-announcement---close-of-open-season-and-review-of-int-be-to-uk-capacity-offering.pdf>

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

further reductions could occur if the commercial outlook for GB import capacity continues to deteriorate.

2.29. Taken together, by winter 2026/27, the reductions by INT and BBL will have removed around 60 mcm/d of GB import capacity. This is equivalent to around 15% of the 408 mcm/d peak demand assumption used in our analysis. These reductions have therefore materially reduced the import capacity available to GB during periods of peak demand or system stress.

Figure 8: Daily Import to and Export from GB of Gas via the Continental European interconnectors to Belgium and The Netherlands combined



Gas Supply Capability Overall Position

2.30. Declining UKCS gas production increases the importance of maintaining access to a diverse range of supply sources, while reductions in continental European interconnector import capacity have removed capacity that could otherwise be available during periods of peak demand and system stress. Taken together, these changes are reducing the resilience of GB's gas supply position.

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

3. Assessing Gas Security of Supply Under Stress Conditions

This section brings together the evidence from the previous section to assess the emerging gas security of supply risk. Our analysis indicates that, under the very rare conditions of very high demand and the loss of the single largest gas infrastructure element, GB could face a negative supply margin of -5 mcm/d²³ in winter 2026/27. The position is likely to become more constrained in subsequent winters without intervention.

3.1. Figure 9 (below) shows our estimate of GB's gas supply situation under the stress conditions used in this analysis: very high gas demand of 408 mcm/d combined with the loss of the single largest gas infrastructure element. The analysis uses the following supply capability assumptions for winter 2026/27:

1. **UKCS:** 80 mcm/d, reflecting the production declines described in paragraph 2.15.
2. **NCS:** 118 mcm/d, reflecting the maximum daily delivery over the last four years. The expected production decline, described in paragraph 2.17, is not included as this does not necessarily result in an equivalent reduction in delivery capability to GB,
3. **Grain LNG:** 61 mcm/d, reflecting its maximum demonstrated delivery, as described in paragraph 2.19. For the purposes of our analysis, consistent with the "1-in-20/N-1" infrastructure standard, the two LNG terminals in Milford Haven and the associated pipeline infrastructure are assumed to be unavailable, reflecting the loss of the single largest gas infrastructure element
4. **2.19Storage:** 86 mcm/d, representing the highest demonstrated flow rate since April 2025, as described in paragraph 2.23, and
5. **Interconnectors:** 58 mcm/d, comprising the import capability expected to remain available from INT (36 mcm/d) and BBL (22 mcm/d), if INT removes market access to a capacity offering equivalent to that provided by a second compressor in October 2026 as currently indicated to the market as described in paragraph 2.28.

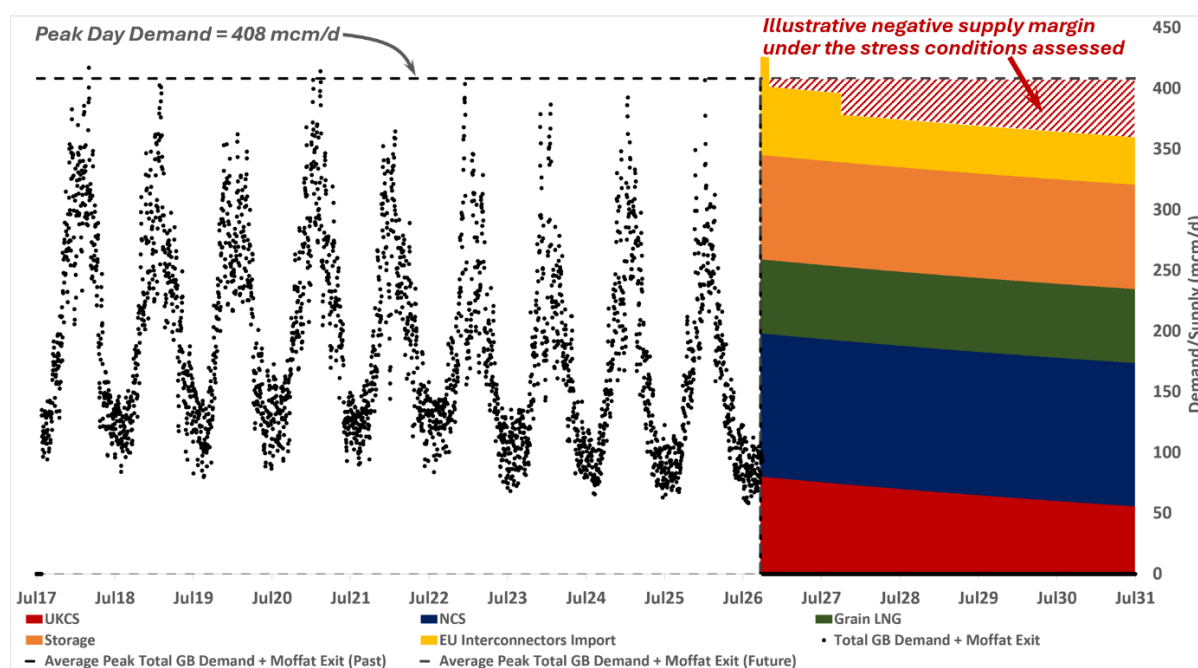
Our analysis indicates that this results in a total gas supply capability of 403 mcm/d at the start of winter 2026/27. Based on the demand and supply

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

assumptions set out above, our analysis therefore indicates a negative supply margin of -5 mcm/d for winter 2026/27 under low-probability stress conditions of the type considered under the “1-in-20/N-1” infrastructure standard: very high gas demand combined with the loss of the single largest gas infrastructure item.

- 3.2. Different analytical approaches may produce different estimates of the precise supply margin, reflecting different assumptions about peak demand and available supply capability. We have used the approach set out here because it provides a transparent assessment based on publicly available data on the National Gas data portal.

Figure 9: Peak demand and supply capability under stress conditions of the type considered under the “1-in-20/N-1” infrastructure standard, without mitigation



- 3.3. The negative margin for this winter identified by our analysis would arise only under low-probability stress conditions considered in the statutory infrastructure standard set out in UK legislation: a combination of very high gas demand and the simultaneous loss of a significant source of gas supply capability. Different combinations of demand and infrastructure loss could produce similar pressures on the system. This does not mean that a Gas Deficit Emergency is expected to occur. Rather, it indicates that GB has less resilience to withstand such conditions, increasing the risk of emergency conditions.

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

- 3.4. The position may become more constrained in subsequent winters. UKCS production capability is expected to continue declining, while further reductions in interconnector import capability would reduce the available supply margin further.
- 3.5. We have also undertaken further analysis to test the conclusions of our deterministic assessment against a wider range of possible demand and supply outcomes. This additional analysis supports our conclusion that GB's gas supply resilience would lessen without intervention and timely action is required to mitigate the emerging security of supply risk.
- 3.6. Through discussions with National Gas and NESO analysts, we have compared our conclusions with the outcomes of modelling undertaken by National Gas to support its upcoming Winter Outlook and by NESO to support its upcoming Gas Security of Supply Assessment publication. While the methodologies and precise estimates differ, the analyses indicate a consistent analysis of GB's gas security of supply position.

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

4. Assessment of the options available in response to the changing security of supply position

This section explains the work undertaken by Ofgem, DESNZ, National Gas and NESO, to understand and assess the potential mitigation options available to address the emerging gas security of supply risk. It explains why maintaining and/or reinstating continental European interconnector import capability is considered the appropriate short-term mitigation.

- 4.1. Ofgem's Principal Objective is to protect the interests of existing and future energy consumers. In carrying out this objective, Ofgem has specific statutory duties which require that it must also have regard to a number of factors, including security of supply. A secure and resilient gas system helps ensure that consumers' energy needs can continue to be met, including during periods of system stress. While the scenarios identified in our analysis are low probability, their potential impacts would be significant. We therefore consider it necessary and prudent to take proportionate action to strengthen security of supply for winter 2026/27 and beyond, while longer-term solutions continue to be developed.
- 4.2. Since December 2024, Ofgem has worked with DESNZ, National Gas and NESO to assess GB's changing gas supply and demand position and identify potential mitigations. This work has been coordinated through Ofgem's "Gas Enduring Capability, Competitiveness & Availability" (GECCA) workstream.
- 4.3. This work identified that existing measures were insufficient to fully address the emerging gas security of supply risk and identified a range of potential additional measures for consideration. These included, but were not limited to, maintaining and/or reinstating interconnector capability, gas network charging reform, gas quality regulatory reform, network upgrades, gas storage, LNG import facilities, and demand side response. These interventions span the short, medium and longer term and have the potential to strengthen the resilience and deliverability of the GB gas system as market and supply conditions evolve.
- 4.4. Given the timing and nature of the emerging risk, the organisations assessed potential measures over the course of 2025, against three principal considerations:
 - Deliverability: whether the intervention could be delivered in time to materially strengthen the security of supply position from winter 2026/27 and beyond

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

- Capability: whether the intervention could materially mitigate the identified security of supply risk
- Costs: the costs consumers would face from the intervention

4.5. In late-2025, the group of organisations identified a number of measures capable of contributing to security of supply over the short to medium-term:

1. Interconnector capability: all parties to work to maintain and/or reinstate continental European import capability.
2. Network capability: NG to pursue key network upgrades that enhance operational flexibility and gas flow rates under high demand conditions²⁴.
3. Network Charging: NG to consider network charging reforms to enhance the competitiveness of Great Britain as a market for the delivery of gas imports, by incentivising gas shippers to use GB import facilities, thereby improving Great Britain's security of supply.²⁵
4. Gas quality and regulatory reform: Ofgem, NG, DESNZ and HSE are considering the implications for enhancing security of supply of gas imports and any limitations that current regulations, codes or standards may create.

All these high-priority actions are in progress. However, of these four, the interconnector measure was the only currently available intervention identified as capable of both materially addressing the immediate security of supply position in time for winter 2026/27 and providing continuing security of supply benefits over the following four winters. Following this work, in March 2026, the Secretary of State wrote to both National Gas and Ofgem, encouraging them to put in place a solution to maintain interconnector import capability as soon as possible. Ofgem subsequently considered the regulatory steps required to enable any such arrangements, in accordance with its own statutory duties and powers.

4.6. Other potential interventions, including options related to underground gas storage, new LNG import facilities and demand side response, were also considered as part of this work. At that stage, they were not identified as appropriate measures to address the security of supply risk for winter 2026/27 and future winters. DESNZ subsequently continued to consider potential interventions alongside the interconnector work, but did not progress them for

²⁴ Western Import Resilience: [West Import Resilience \(formerly Western Gas Network\) | National Gas](#). South East Resilience: [National Gas to invest £870 million in Cambridgeshire and surrounding counties | National Gas](#).

²⁵ NG proposed UNC903: [The Introduction of a Single NTS Capacity Reference Price | Joint Office of Gas Transporters - Gas Governance](#). This is awaiting Ofgem's decision.

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

winter 2026/27. These measures form part of medium and longer-term security of supply needs, including through DESNZ's Gas System In Transition work.²⁶

- 4.7. It was clear at that time, and remains clear now, that GB needs to retain sufficient gas supply capability to meet demand during periods of peak demand and system stress, while longer-term policy options are developed. Any reduction in import capability increases the risk that GB may be unable to access sufficient gas supplies when they are most needed. There is therefore a need for Ofgem to take the necessary regulatory steps promptly to enable appropriate arrangements to be put in place ahead of winter 2026/27. Any short-term intervention would need to provide effective protection against periods of system stress and disruption for this and future winters, be capable of implementation as soon as practicable, minimise market distortion, and represent value for current and future energy consumers.
- 4.8. Based on the work undertaken with DESNZ, National Gas and NESO, and the evidence available to Ofgem, maintaining continental European interconnector import capability is the only currently available intervention identified that both addresses the immediate security of supply position for winter 2026/27 and provides continuing security of supply benefits over the following four winters.
- 4.9. In the particular circumstances, and having considered the alternative measures described above and the costs, benefits and risks of the intervention set out in the accompanying Impact Assessment, we consider that the intervention is justified when weighed against the counterfactual of allowing the currently planned reduction in INT import capability to proceed.
- 4.10. Ofgem subsequently considered whether National Gas should be permitted to explore and enter into specific arrangements with the interconnector operators. In line with Ofgem's consent under Standard Special Condition A36, National Gas negotiated and will enter into an agreement with INT. Ofgem separately assessed and approved that agreement under Standard Licence Condition 3 of INT's Gas Interconnector Licence.
- 4.11. For winter 2026/27, this will prevent the planned further reduction in INT import capability and preserve the infrastructure needed to respond rapidly to periods of system stress. The agreement also supports investment intended to maintain this capability for future winters and delaying action is expected to make the capability more costly to restore in future.

²⁶ DESNZ's consultation ran from 26th November 2025 to 18th February 2026 and received 115 responses. See [Gas system in transition: security of supply - GOV.UK](#)

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

4.12. The effect of this mitigation on the gas demand/supply balance under the stress conditions assessed is shown in Figure 10. For winter 2026/27 this would maintain 83 mcm/d of overall European interconnector import capability (61 mcm/d for INT and 22 mcm/d for BBL). This agreement also maintains this level of capability for future years. However, the agreement between National Gas and INT does not remove the need for further measures to support security of supply over the medium and longer term, which will be addressed by DESNZ in their full response to the Gas System in Transition: Security of Supply consultation. These could include future arrangements with other continental European interconnectors, alongside other potential interventions. The proposed regulatory framework is intended to retain the flexibility to accommodate such arrangements, should they subsequently be considered appropriate.

4.13. Ofgem has provided approval to INT pursuant to Standard Licence Condition 3 to enter into an agreement with National Gas (Import Capacity Availability Agreement). The Import Capacity Availability Agreement provides:

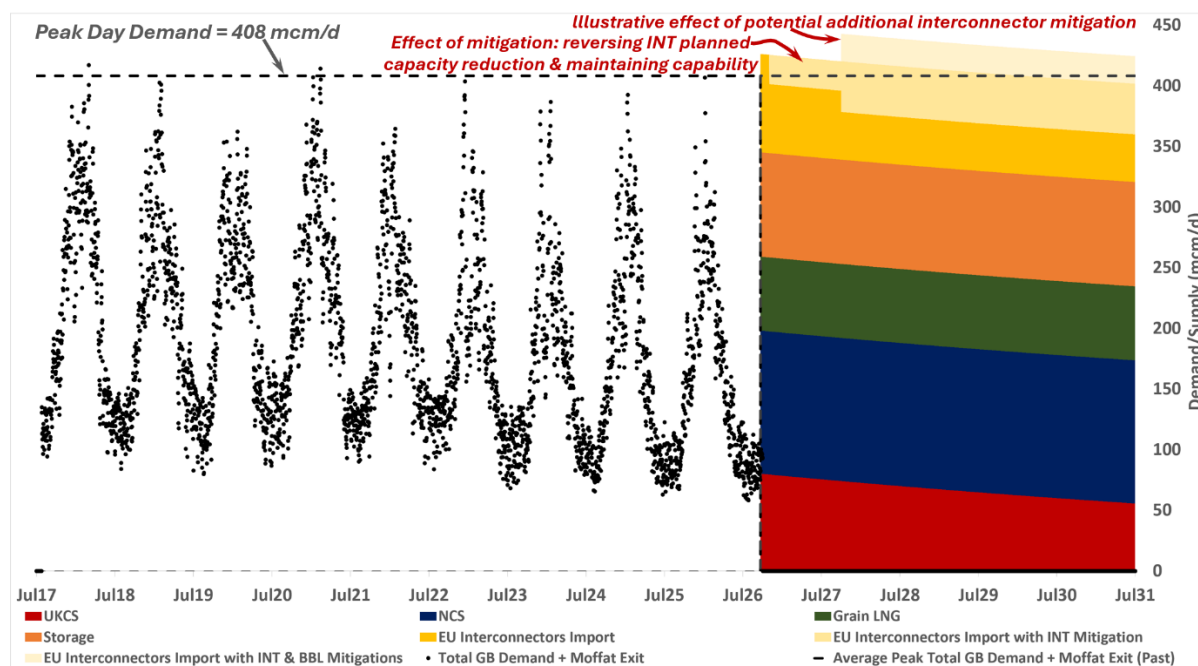
- A five-year service agreement between INT and National Gas, under which INT provides a specified level of GB gas import capability to gas shippers all year round.
- A specified level of interruptible and firm capacity:
 - On implementation of the agreement: INT will provide 16.5 GWh/h (approximately 36 mcm/d) of capacity on a Firm basis and 11.3 GWh/h (approximately 25 mcm/d) of capacity on an Interruptible basis.
 - Over the course of the agreement: INT will provide (to the extent possible in accordance with the terms of the agreement), a greater proportion of firm capacity.
- In the event of a system stress event that results in a significant GB import flow via the INT's gas interconnector, above a contractual threshold, INT will rebate costs to GB consumers (via National Gas).

4.14. Ofgem considers that the INT arrangement is in consumers' interests because, on the evidence available to us, it is the only currently available intervention identified that both addresses the immediate security of supply position for winter 2026/27 and provides continuing security of supply benefits over the following four years. However, we recognise the potential costs to consumers at a time affordability is a real challenge. Considering, in particular, the potential more material negative impacts set out in the accompanying Impact Assessment, we are nonetheless minded to approve this licence modification in these circumstances. However, we welcome consultation responses and note that this

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

arrangement does not remove the need for further action. Further government-led interventions are likely to be needed to support security of supply and wider gas system resilience, and the INT arrangement does not preclude these.

Figure 10: Peak demand and supply capability under stress conditions of the type considered under the “1-in-20/N-1” infrastructure standard, with INT mitigation²⁷



²⁷ Any additional interconnector mitigation shown is illustrative only and does not represent a decision or commitment to pursue a further interconnector arrangement.

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

5. Proposed Changes to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments

This section sets out the proposed amendments to National Gas Transmission plc Gas Transporter Licence and Price Control Financial Instruments to establish a cost-recovery framework, including the reasons for and effects of the proposed licence modifications. It explains the regulatory steps already taken to enable interconnector arrangements, including the Standard Special Condition A36 consent and the separate approval of the INT agreement as per Standard Licence Condition 3 of INT's interconnector licence.

This section also provides an overview of the services that INT will be required to deliver under its Import Capacity Availability Agreement (ICAA), as well as the services that National Gas will provide to facilitate this agreement.

- 5.1. Having concluded, for the reasons set out in Chapter 4, that action is needed to maintain and/or reinstate interconnector import capability as an immediate mitigation, Ofgem has taken a number of regulatory steps to enable National Gas to develop and enter into appropriate arrangements.
- 5.2. First, Ofgem has provided consent to National Gas, under Standard Special Condition A36 of its Gas Transporter Licence, to investigate, negotiate and enter into arrangements with continental European interconnectors to maintain and/or reinstate gas import capability.
- 5.3. National Gas and INT will enter into an Import Capacity Availability Agreement. Ofgem has separately approved the Import Capacity Availability Agreement under Standard Licence Condition 3 of INT's Gas Interconnector licence.
- 5.4. Although Ofgem has already consented to National Gas entering into the arrangement and has separately approved the Import Capacity Availability Agreement between National Gas and INT, the Import Capacity Availability Agreement depends on an appropriate mechanism being put in place by National Gas to recover the relevant costs. We are consulting on the proposed licence modifications and Price Control Financial Instruments needed to establish that mechanism and will consider all relevant consultation responses before deciding whether to make them. If the proposed modifications are not made, payments

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

cannot be made under the Import Capacity Availability Agreement and the Import Capacity Availability Agreement will ultimately terminate.

- 5.5. We are therefore proposing modifications to National Gas's Gas Transporter Licence to establish a specific cost-recovery mechanism through which National Gas can recover the relevant costs from consumers. The proposed framework is also intended to retain flexibility to accommodate costs associated with any future arrangements with other continental European interconnectors. Should an additional agreement be entered into, we would then consult on a direction to update the allowances and permit recovery of the associated costs.
- 5.6. This chapter explains the proposed licence modifications, the proposed changes to the Price Control Financial Instruments, the costs that would be recoverable from consumers, the regulatory protections and oversight that would apply, and the expected impact on consumers.
- 5.7. We are also proposing changes to the Price Control Financial Instruments, ie the PCFM and PCFH to insert the relevant regulatory term ICAASO_t to ensure that National Gas has a mechanism through which it can recover the relevant costs through this pass-through mechanism.

Reasons for and Effects of the Proposed Licence Modification

- 5.8. This consultation, together with the accompanying Notice of statutory consultation, proposes modifications to the National Gas Transmission plc Gas Transporter Licence to introduce a new pass-through mechanism for costs associated with Import Capacity Availability Agreements. Specifically, we propose to:
 - Amend Special Condition 1.1 (Interpretation and Definitions) to introduce new definitions associated with the pass-through mechanism.
 - Amend Special Condition 6.3 (System Operator Pass-Through Items (SOPT_t)) to introduce a new pass-through term, ICAASO_t, within the existing System Operator pass-through framework.
 - Introduce a new Special Condition 6.5 (Import Capacity Availability Agreements).
- 5.9. The proposed Special Condition 6.5 would:
 - Establish a regulatory framework enabling National Gas to enter into Import Capacity Availability Agreements with interconnector operators to maintain

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

and/or reinstate import capacity, where these arrangements are required to support system operation and security of supply.

- Introduce a new licence term, ICAASO_t, through which National Gas may recover:
 - payments made to interconnector operators under Import Capacity Availability Agreements; and
 - National Gas's own incurred costs associated with establishing, administering and delivering those agreements.
- Provide for the recovery of these costs through the existing System Operator pass-through mechanism in Special Condition 6.3.
- Establish an allowance-based funding framework through Appendix 1 and Appendix 2 of Special Condition 6.5, setting out the annual allowances associated with the delivery of Import Capacity Availability Agreements. Currently, it includes allowances for the INT/National Gas agreement, which we have provided a consent for.
- Establish the scope of the licensee's own costs covered by this condition in Appendix 3 (redacted).
- Provide Ofgem with the ability to amend allowance values where necessary through a formal direction process, following consultation with National Gas and, where relevant, the affected interconnector operator. As set out above, this is necessary to facilitate a potential future agreement with other continental European interconnectors (ie BBL). In such a case, we will consult on a direction related to the proposed amendments to Appendix 2 in Special Condition 6.5.
- Require National Gas to develop and maintain an Ofgem-approved reconciliation methodology for comparing actual costs against allowances and determining any resulting adjustments.
- Establish an annual reconciliation mechanism through the ICAASOAR_t term to ensure that any adjustments due under the ICAA as well as other costs incurred by National Gas in line with the reconciliation methodology to establish and operate the arrangements are passed-through appropriately.
- Introduce governance, reporting and transparency requirements to support accurate, proportionate and auditable cost recovery.

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

Reasons and Effects of the proposed changes to the PCFM and PCFH

5.10. The proposed licence modifications require consequential changes to the PCFM and the PCFH to reflect the introduction of the new ICAASO_t pass-through term. The proposed amendments are set out in the documents published alongside this consultation²⁸.

5.11. We consider these changes necessary to ensure that the PCFM and PCFH remain aligned with the licence framework and function as intended. The amendments will enable the recovery, through transportation charges, of costs incurred by National Gas under the Import Capacity Availability Agreement (ICAA) in accordance with the proposed licence arrangements.

Overview of services and types of costs in scope of this mechanism

5.12. Ofgem proposes that the following types of services and costs, totalling £147.2m (in nominal terms) are recoverable through the proposed pass-through mechanism:

- Payments by National Gas to European interconnectors incurred in accordance with the National Gas/INT Import Capacity Availability Agreements; and
- National Gas's own costs associated with establishing, administering and delivering those agreements.

The accompanying Impact Assessment explains how these costs translate into the estimated annual consumer bill impact.

5.13. On or around 22/10/2026, National Gas will enter into the Import Capacity Availability Agreement with INT to maintain 27.8 GWh/h (approximately 61 mcm/d) of total GB import capacity to the market for a duration of 5 years. This capacity will be made available for capacity bookings by gas shippers through Interconnector's normal market arrangements, under the INT Access Agreement.

²⁸ We note that there is a parallel "snagging" consultation currently underway to address minor errors in the PCFM and PCFH. We have not yet published our decision on that consultation, and the issues raised through that process are therefore not reflected in the proposed changes set out here.

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

- 5.14. To deliver the capacity service, the interconnector operator would incur costs associated with capital investment, operational and maintenance services, and commercial, regulatory and reporting obligations.
- 5.15. National Gas's recoverable costs²⁹ include those directly associated with the development, implementation, administration and ongoing management of existing and future Import Capacity Availability Agreements. This may include commercial and contract management activities, regulatory and compliance functions, performance monitoring and reporting, financial, legal, audit and reconciliation support, project management and governance, and other costs that are reasonably and directly attributable to establishing, operating and delivering such arrangements³⁰.
- 5.16. Payments made to INT for the services described above will represent the majority of the costs passed through, with National Gas's own costs representing a relatively small proportion of the overall expenditure. See the Impact Assessment we are publishing alongside this consultation document for further detail.
- 5.17. We will monitor and review the costs incurred annually.
- 5.18. The National Gas/INT Import Capacity Availability Agreement provides for a reconciliation of certain costs under specific circumstances only in line with the provisions set out in the agreement. Consequently, Special Condition 6.5 also provides for the annual reconciliation of costs in line with an Authority-approved reconciliation methodology, where necessary, to ensure that amounts recovered accurately reflect the costs incurred by the relevant interconnector operator with whom National Gas will enter into an agreement (currently, this is INT), as well as National Gas's own costs incurred in administering this agreement.
- 5.19. Given the expected evolution of GB gas supply and demand patterns, National Gas may enter into a similar agreement with BBL to maintain and/or reinstate interconnector import capacity from Europe. Any such arrangement would be subject to a separate assessment and, where appropriate, a further consultation on a direction related to these cost recovery arrangements.

²⁹ These costs are not included in the total sum in Appendix 1 of Special Condition 6.5 as they remain subject to uncertainty. While legal costs are relatively well defined, implementation and administration costs will depend on the final scope of work and contractual arrangements.

³⁰ For clarity, National Gas has already incurred relatively limited costs that it has not yet recovered due to there being no appropriate mechanism for it to do so. We consider that where these costs have been economically and efficiently incurred, it is appropriate for National Gas to recover them and we are therefore proposing that these costs be included in the recoverable sum as part of the reconciliation mechanism contained in Special Condition 6.5. During the consultation period, we will work with National Gas to define the scope of, and methodology for, the reconciliation process.

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

6. Conclusions and next steps

6.1 We look forward to hearing your views on this consultation:

Question 1: Do you agree with the proposed changes to National Gas Transmission plc Gas Transporter Licence, Special Conditions, and the Financial Instruments?

Question 2: Do you have any further comments in relation to this Statutory Consultation?

6.2 This consultation is statutory and closes on 20 November 2026. Following the close of the consultation period, we will review and consider all responses received and, where the respondent does not deem their responses confidential, we will publish the responses alongside our decision.

6.3 We expect to publish our decision in late 2026/early 2027. Subject to the responses that we receive, we anticipate that any modifications to National Gas's licence would come into effect 56 days after we publish our decision.

Your response, data, and confidentiality

6.4 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 and labelled with the title of this consultation.

6.5 We will publish non-confidential responses on our website.

6.6 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.

6.7 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.

6.8 If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

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 3.

- 6.9 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)'.

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

Appendix 1. Allowances for the delivery of the Import Capacity Availability Agreement (ICAASOA_t), by Regulatory Year (£ nominal m)

Import Capacity Availability Agreement	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
National Gas/ INT	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
National Gas / BBL	0.00	0.00	0.00	0.00	0.00	0.00

The profile across regulatory years reflects the timing of payments and reconciliation under the five-year agreement

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

Appendix 2. Feedback

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.

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

Appendix 3. Privacy policy

Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, “Ofgem”). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest ie a consultation.

4. With whom we will be sharing your personal data

We will not share your personal data.

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for 12 months.

6. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services

Consultation Proposed modifications to National Gas Transmission plc Gas Transporter Licence, Special Conditions (System operator pass-through items) and Price Control Financial Instruments (Consumer funding for maintaining and/or reinstating gas interconnector import capability)

- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/> or telephone 0303 123 1113.

7. Your personal data will not be sent overseas

8. Your personal data will not be used for any automated decision making.

9. Your personal data will be stored in a secure government IT system.

10. More information For more information on how Ofgem processes your data, view our [Ofgem privacy policy](#).