



Making a positive difference
for energy consumers

To:

Cadent Gas Limited
Northern Gas Networks Limited
Scotland Gas Networks plc
Southern Gas Networks plc
Wales & West Utilities Limited

Notice of decision to modify Special Condition 3.21 Biomethane Distributed Entry Reinforcement - Biomethane Connections in the Gas Transporter Licence held by the licensees listed above.

**Gas Act 1986
Section 23(1)(a)**

Modification of the Special Conditions of all GDN Gas Transporter Licences

1. Each of the licensees to which this document is addressed is the holder of a Gas Transporter licence which has been granted or treated as granted under section 7 of the Gas Act 1986 ('the Act').
2. Under section 23(2) of the Act the Gas and Electricity Markets Authority ('the Authority')¹ gave notice on 10 August 2026 ('the Notice') that we propose to modify Special Condition (SpC) 3.21 Biomethane Distributed Entry Reinforcement Biomethane Connections 'Use It Or Lose It' (UIOLI) allowance. We stated that any representations to the modification proposal must be made on or before 7 September 2026.
3. A copy of the Notice was sent to the Secretary of State in accordance with section 23(4)(b) of the Act, and we have not received a direction that the change should not be made.
4. We received five responses to the Notice, which we carefully considered. We have placed all non-confidential responses on our website². Our response to these comments is set out in our accompanying decision document which is also published on our website.

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

² [Modifications to Special Condition 3.21 of the gas transporter licence - Biomethane Distributed Entry Reinforcement | Ofgem](#)

The Office of Gas and Electricity Markets

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5. It is necessary to make an administrative update on the modifications set out in the Notice. This update is shown highlighted in yellow in the tracked SpC 3.21 condition published alongside the decision on our website. The reason for the difference is to change the reference to the corporate name 'SGN' to 'SGN Group' in the allowance table of Appendix 1 of SpC3.21.
6. We are making these licence changes because:
 - It is necessary to make consequential and targeted change to SpC 3.21, following our decision to allow Gas Distribution Networks' (GDNs) corporate groups operating more than one GDN to allocate Biomethane Connections UIOLI allowances across their networks.
7. The effect of the modification will be to:
 - Modify the table in Appendix 1 of SpC 3.21 of the GDNs' Gas Transporter Licences to replace the current price control period Biomethane Connections UIOLI allowance totals per network with annual Biomethane Connections UIOLI allowance per corporate group.
8. Where an application for permission to appeal our decision is made to the Competition and Markets Authority under section 23B of the Act, Rule 5.6 of the Energy Licence Modification Appeals: Competition and Markets Authority Rules³ requires that the appellant must send to any relevant licence holders which are not parties to the appeal a non-sensitive notice setting out the matters required in Rule 5.2. The attached Schedule 2 provides a list of the relevant licence holders in relation to this modification. Section 23(10) of the Act sets out the meaning of 'relevant licence holder'.
9. Under the powers set out in section 23(1)(a) of the Act, we hereby modify the special licence conditions for GDNs' Gas Transporter licences in the manner specified in the tracked SpC 3.21 condition published alongside the decision on our website. This decision will take effect from 15 December 2026.
10. This document is notice of the reasons for the decision to modify the Gas Transporter licences held by the licensees listed above as required by section 38A of the Act.

³ CMA70 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655601/energy-licence-modification-appeals-rules.pdf

Donald Lam

Head of Gas Distribution Policy, Network Price Controls

**Duly authorised on behalf of the
Gas and Electricity Markets Authority**

19 October 2026

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