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20 October 2026

To:
National Gas Transmission plc
Cadent Gas Limited
Northern Gas Networks Limited
Scotland Gas Networks plc
Southern Gas Networks plc
Wales & West Utilities Limited

Gas Act 1986
Section 23(1)(b)

Modification of the Standard Special Conditions of the gas transporter licence held by each of the licensees listed above

1. Each of the licensees to whom this document is addressed is the holder of a gas transporter licence (the 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 1 July 2026 ('the Notice') that we propose to modify Standard Special conditions of the Licence:
    a. A3: Definitions and interpretation
    b. A27: Disposal of Assets and restriction on charges over receivables
    c. A33: Restriction on Use of Certain Information and Independence of the Transportation Business
    d. A36: Restriction on Activity and Financial Ring-fencing
    e. A37: Availability of Resources
    f. A38: Credit rating of the Licensee and related obligations
    g. A39: Indebtedness
    h. A42: Requirement for sufficiently independent directors

3. We stated that any representations to the modification proposal must be made on or before 12 August 2026.

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

The Office of Gas and Electricity Markets
10 South Colonnade, Canary Wharf, London, E14 4PU **Tel** 020 7901 7000
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4. 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.

5. We received 12 responses to the Statutory Consultation to which this Notice relates, which we carefully considered. We have placed all non-confidential responses on our website. Our response to these comments is set out in Schedule 2 of the accompanying decision.

6. It is necessary to make a number of alterations to the modifications set out in the Notice. These alterations are shown highlighted in yellow in the attached Schedule 1. The reasons for any differences between the modifications set out in the Notice and the modifications reflected in Schedule 1 - Modifications to the Gas Transporter Standard Special Licence Conditions are to correct typographical errors and to address issues and corrections raised since the issuing of the Notice.

7. The reasons and effects for making the modifications, together with the full text of the modifications and associated documents, can be found at Energy Networks Ring-fence Review statutory consultation | Ofgem. Alternatively they are available from foi@ofgem.gov.uk.

8. In addition, further details and background on these changes are set out in the following documents:

    a. Ring fence review: energy networks call for input[2];
    b. Energy Networks Ring-fence Review consultation[3]; and
    c. Energy Networks Ring-fence Review statutory consultation[4]

9. Where an application for permission to appeal our decision is made to the Competition and Markets Authority (CMA) under section 23B of the Act, Rule 5.6 of the Energy Licence Modification Appeals: Competition and Markets Authority Rules[5] requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-sensitive notice setting out the matters required in Rule 5.2. Section 23(10) of the Act sets out the meaning of 'relevant licence holder'.

[2] https://www.ofgem.gov.uk/call-for-input/ring-fence-review-energy-networks

[3] https://www.ofgem.gov.uk/consultation/energy-networks-ring-fence-review-consultation

[4] https://www.ofgem.gov.uk/consultation/energy-networks-ring-fence-review-statutory-consultation

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

10. Under the powers set out in section 23(1)(a) of the Act, we hereby modify the Standard Special licence conditions for the gas transporter licence held by each of the licensees listed above in the manner specified in attached Schedule 1. This decision will take effect from 16 December 2026.

11. This document is notice of the reasons for the decision to modify the gas transporter licence held by each of the licensees listed above as required by section 38A of the Act.

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Mick Watson
Deputy Director
Duly authorised on behalf of the
Gas and Electricity Markets Authority

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