

Uniform Network Code (UNC) 0894/A: *‘Facilitating Biomethane entry into the GDN by exporting methane from the GDN into the NTS via Compression’* (UNC0894/A)

Decision:	The Authority ¹ directs the original modification proposal, UNC0894 to be made ²
Target audience:	UNC Panel, Parties to the UNC and other interested parties
Date of publication:	30 September 2026
Implementation date:	To be confirmed by the code administrator.

Background

The increasing deployment of low-carbon gas, particularly biomethane, has the potential to create localised network constraints in geographically remote areas where production volumes can exceed prevailing gas demand. As a result, biomethane facilities may be unable to inject their desired quantities to the Local Distribution Zone (LDZ) network. One potential means of easing these constraints is to transport gas from the Gas Distribution Network (GDN) back into the National Transmission System (NTS) via reverse flow compression.

The modification proposals

The Original Proposal (0894)

On 6 August 2024, Cadent Gas raised UNC0894: ‘Facilitating Biomethane entry into the GDN by exporting methane from the GDN into the NTS via Compression’ (the ‘Original Proposal’).

¹ References to the “Authority,” “Ofgem,” “we” and “our” are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.

The Original Proposal would establish a new connection type, wherein gas could be flowed upstream from a GDN into the NTS. This connection would be classified as a new form of Offtake as opposed to a System Entry Point, meaning that some activities, such as capacity booking, would not be required to flow gas.

Cadent believes that 0894 would better facilitate Relevant Objective b) as it encourages an innovative utilisation of the combined system, stating this is the most efficient approach.

The Alternate Proposal (0894A)

On 7 February 2025, National Gas Transmission (NGT) submitted an Alternate Proposal: UNC0894A (the 'Alternate Proposal'). The Alternate Proposal proposes establishing a new NTS entry point which enables the transport of gas from the GDN into the NTS via reverse flow compression to facilitate biomethane injections onto LDZs. Capacity Charges would apply for the booking of NTS Entry Capacity via this new NTS entry point.

Similarly, NGT believes that 0894A would better facilitate Relevant Objective b) as it encourages an innovative utilisation of the combined system, also stating this to be the most efficient approach.

UNC Panel³ recommendation

At the UNC Panel meeting on 18 December 2025, a majority of the UNC Panel considered that the Original Proposal, 0894, better facilitated the Relevant Objectives than the Alternate Proposal, 0894A. The UNC Panel, however, recommended the implementation of both proposals, with 13 of 14 Panel Members voting to implement the Original Proposal, 0894, and 14 of 14 Panel Members voting to implement the Alternate Proposal, 0894A. Ultimately, 7

³ The UNC Panel is established and constituted from time to time pursuant to and in accordance with the UNC Modification Rules.

Panel Members (of a possible 11) voted that 0894 better facilitates the Relevant Objectives than 0894A.

Our decision

We have considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 18 December 2025. We have considered and taken into account all relevant information, including the responses to the industry consultation on the modification proposals which are attached to the FMR.⁴ We have concluded that:

- implementation of the original proposal, UNC0894, will better facilitate the achievement of the relevant objectives of the UNC;⁵ and
- directing that the modification be made is consistent with our principal objective and statutory duties.⁶

Reasons for our decision

We consider this modification will better facilitate UNC Relevant Objectives (b), (d) and (f) and that it has a neutral or no impact on the other Relevant Objectives. We consider this modification to have a neutral or no impact on the remaining UNC Objectives. We also note that this modification may provide benefit consumers in line with our net zero duty and our growth duty.

⁴ UNC modification proposals, modification reports, and representations can be viewed on the Joint Office of Gas Transporters website at [Joint Office of Gas Transporters](#)

⁵ As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, available at: [Licences and licence conditions | Ofgem](#)

⁶ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Gas Act 1986 as amended.

(b) so far as is consistent with sub-paragraph (a), the coordinated, efficient, and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters

The Proposers of both 0894 and 0894A stated that the modification would have a positive impact on Relevant Objective (b) as it would encourage an innovative utilisation of the combined system, which they deemed as the most efficient approach to achieve this.

Panel members agreed that the implementation of 0894 would have a positive impact on Relevant Objective b). Panel Members argued that reverse compression from a GDN to the NTS may represent the most economic and efficient option to provide capacity at some GDN entry points. Recognising this possibility via the introduction of new provisions in the UNC ensures the option is considered. This, the Panel Members argued, would in turn facilitate coordinated, economic, and efficient operation of the combined pipeline system.

Panel members agreed that the implementation of 0894A would have a positive impact on Relevant Objective b) for the same reasons as 0894.

Consultation respondents unanimously considered that both 0894 and 0894A would have a positive impact on Relevant Objective (b), albeit to varying degrees. Several respondents noted that the arrangements introduced in both proposals would establish an organised framework for the process of reverse compression from GDNs into the NTS, with one respondent noting that reverse compression may represent the most economic and efficient means of providing capacity at GDN entry points. Several respondents likewise highlighted the potential benefit to Net Zero ambitions outlined by both proposals, namely via enabling increased flows of biomethane into the distribution network while minimising curtailment. One respondent additionally noted that both proposals introduce arrangements which would expand the scope of available reinforcement options for distribution entry customers.

Some respondents highlighted 0894 as having a greater positive impact on Relevant Objective (b) than 0894A. Several respondents stated that 0894 would be more economically efficient to implement and would better facilitate Net Zero benefits than 0894A. Likewise, two respondents noted that the implementation of 0894, as opposed to 0894A, would not require License changes. One respondent noted that, as 0894 utilises existing functions, it would be beneficial for consumer value.

Conversely, some respondents highlighted 0894A as having a greater positive impact on Relevant Objective (b) than 0894. These respondents primarily highlighted concerns on 0894's handling of entry capacity, namely a lack of firm capacity rights, as opposed to 0894A, which one respondent described as having a more "robust" framework in this regard. One respondent additionally argued that that 0894A provides a longer-term solution, given that its implementation may be required in future as an eventual replacement of 0894.

We consider that both 0894 and 0894A would have a positive impact on Relevant Objective (b). We agree with the view of Panel Members and consultation respondents that both modifications would establish a framework for the implementation of reverse compression, which would provide additional GDN capacity for biomethane, increasing the efficient use of the system through the reduction of system constraints.

While we consider that both modifications would have an overall positive impact on Relevant Objective (b), we consider that 0894 is likely to have a greater positive impact overall in comparison to 0894A through a more efficient approach to the implementation of reverse compression. While we acknowledge the view of one consultation respondent that 0894A provides a longer-term solution as it may eventually be required as a replacement of 0894, we do not view the implementation of 0894A to be the most efficient decision under current conditions. Indeed, while the total volume of gas being transported via reverse flow compression remains as low as currently anticipated, 0894 remains the most efficient

option. We do not consider the implementation of 0894A in the present day, *prior* to any potential future increase in these volumes of gas, to be the optimal approach. Indeed, we are concerned that the implementation of NTS Entry Charges established by 0894A could, at such an early stage with current expected low total volumes of gas being transported, disincentive the very future expansion of these volumes that may one day require 0894A's implementation. Consequently, at this early stage, we consider that 0894 represents a more efficient option than 0894A.

We encourage industry to keep the arrangements for reverse compression under review for future consideration, dependent on the total volume of gas being transported via reverse flow compression. At present and while volumes remain small, the approach set out by 0894 represents the most sensible and efficient option – however, if volumes increase substantially in future, it may be necessary to reconsider this position.

(d) so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition:

(i) between relevant shippers;

(ii) between relevant suppliers; and/or

(iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers

Cadent Gas identified no impact on Relevant Objective (d) by 0894. NGT identified no impact on Relevant Objective (d) by 0894A.

Panel members were not in agreement on the impacts of 0894 on Relevant Objective (d). Some argued that the removal of a barrier to the creation of capacity in some regions could be valuable for both future connections and the expansion of existing plants which inject green gas to a GDN. However, some argued that the lack of a requirement to book capacity

could risk placing entry sites that are situated closer to the NTS at a competitive advantage, a view that was supported by a consultation response.

Panel Members agreed that the implementation of 0894A would have a positive impact on Relevant Objective d), arguing that, as with 0894, 0894A would increase the volumes of network capacity available for biomethane injection. However, Panel Members considered that an NTS Entry Capacity Charge would be appropriate and would ensure equitable treatment in-line with other system users. They stated that other biomethane sites connected directly to the NTS or (after the implementation of UNC Modification 0887) via an IGT would pay NTS entry charges in accordance with these principles.

No impact, either positive or negative, was identified by other consultation respondents on relevant objective (d) by either 0894 or 0894A.

We consider that both 0894 and 0894A would have no impact on Relevant Objective (d). While we do recognise the potential for competition issues to arise in the longer-term, particularly if biomethane production on the GDNs dramatically increases, we consider there to be no impact on competition for the foreseeable future. We anticipate limited volumes of biomethane to be flowed via reverse compression in the short term, with negligible risk of constraints for producers seeking flow. Therefore, we consider both 0894 and 0894A to have a neutral impact on this UNC Objective.

(f) so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code

Cadent Gas identified no impact on Relevant Objective (f) by 0894. NGT identified no impact on Relevant Objective (f) by 0894A.

Panel disagreed on the impacts of the proposals on the efficiency of the implementation of the code. Some agreed that the implementation of 0894 would have a positive impact on Relevant Objective f), saying that 0894 introduces a proportionate and cost-effective change to the UNC for the small initial usage rates envisaged, and that these would only be likely in isolated areas of some regions. Panel Members further debated that proportionate arrangements for the reconciliation of UIG would be possible and a quicker, cheaper central systems solution could be implemented.

Some Panel Members stated that the implementation of 0894 would have a negative impact on Relevant Objective f), considering 0894 to introduce a “manual workaround” which potentially introduces risk into the systems administration. However, some Panel Members considered this reasoning was invalid, because 0894 utilises an existing process for an immaterial amount. Additionally, some Panel Members noted that manual workarounds are not unusual and are instigated to avoid inefficient expenditure.

Some Panel Members agreed that the implementation of 0894A would have a negative impact on Relevant Objective f). These Panel Members believed that a specific classification of System Entry Point (only accessible to DN users) is inconsistent with the principle of a System Entry Point. Also, these Panel Members further considered that further charging and License changes and costly system changes (which they argued are disproportionate to the operation of the Modification) would be required. Finally, these Panel Members opined that a manual workaround for disapplication of overruns is needed, which potentially introduces risk into the systems administration.

One consultation respondent considered that 0894A would have a negative impact on Relevant Objective (f), stating they disagreed that system, charging and license changes would be necessary to be able to define arrangements for reverse compression, which they argued 0894A would necessitate.

We consider that 0894 is unlikely to have any impact on Relevant Objective (f), but that 0894A would have a negative impact. We acknowledge and agree with the point raised by this consultation respondent that 0894A would necessitate system charging and license changes following its implementation that may not be strictly necessary to implement reverse flow compression. By comparison, 0894 would facilitate reverse flow compression without requiring any such changes, representing a more efficient approach to achieving this, leading to no negative impact overall.

Consumer Impacts

Panel Members stated that both proposals would likely have a marginally positive impact on consumers. Some panel members, however, noted that 0894A would have a higher implementation cost than 0894.

We consider the impact on consumers of both 0894 and 0894A to be minimal. We anticipate that any material impacts which could potentially arise would come at later date, on an individual project basis (rather than directly as a result of the implementation of either modification), with projects subject to Ofgem decision-making on infrastructure. While we consider there to be a minimal impact on consumers as a result of 0894 or 0894A's implementation, we do identify that 0894A is likely to have a greater potential for negative impacts than 0894 would, as a result of 0894A's capacity booking requirements. 0894A would apply NTS Entry Capacity Charges, increasing overall costs to consumers indirectly. By comparison 0894 would not implement any such charges. As such, we view 0894 as the most beneficial option when considering consumer impact.

Security of Supply

One consultation respondent argued that both modification proposals would benefit security of supply by creating a more flexible gas system in the form of reverse flow compression and facilitating the injection of additional green gas into the network.

We consider that both 0894 and 0894A would have a positive impact on Security of Supply. We agree with a consultation respondent that the implementation of reverse flow compression would help create a more flexible gas system and facilitate the injection of additional green gas into the network. We consider that either modification would represent a potential increase in domestic gas production by facilitating this additional capacity for green gas, which would contribute toward a reduction on reliance on external gas sources. As such, we believe that both proposals would benefit GB's security of supply.

Net Zero

The Proposers of both modifications assert that their respective modifications would benefit Net Zero ambitions, with both likely to have a marginally positive impact upon “reduced environmental damage.”

Panel Members agreed with Cadent and NGT that both modifications would benefit Net Zero ambitions, further noting that both aim to facilitate additional green gas being delivered to the GB gas market. Panel Members further noted that both modifications would strengthen the ability of the system to accommodate dispersed renewable gas production.

The consultation respondents broadly agreed that both modifications would deliver net zero benefits. One respondent highlighted that both modifications' facilitation of reverse flow compression would benefit the transition from a one-way natural-gas network to a more flexible system, and that this would promote the inclusion of more green gases onto the

network. Another respondent noted that both modification proposals remove a barrier to creating additional GDN capacity, which can be valuable for plants to inject green gas into a GDN. Two respondents stated that 0894 would better deliver Net Zero benefits than 0894A. Of these two respondents, one argued that 0894 represents a more efficient means of enabling green gas entry into GDNs, whereas 0894A would take longer to deliver and would cost more due to necessary system changes.

We consider that both 0894 and 0894A would likely have positive impact on Net Zero. By implementing the necessary arrangements to facilitate reverse flow compression, both modifications would create the potential for additional biomethane injection and production at the distribution level. We expect that either modification would have a similar positive effect on the level of biomethane produced and injected as a result of their implementation.

Decision notice

In accordance with Standard Special Condition A11 of the Gas Transporters Licence, the Authority has decided that modification proposal UNC 0894: ‘Facilitating Biomethane entry into the GDN by exporting methane from the GDN into the NTS via Compression’ should be made.

While we consider that 0894 is the most suitable option in the short-term, this should not be considered an indication that we see no potential merit in the approach of 0894A at a future time. We encourage industry to keep the arrangements for reverse compression under review for future consideration, dependent on the total volume of gas being transported this way. While volumes remain small, the approach set out by 0894 represents the most sensible and efficient option. Where volumes increase substantially in the future, it may be necessary to revisit this.

Ofgem will consult imminently on the suitability of current gas arrangements as we move forward toward the renewable transition of the gas system.

William Duff

Head of Gas System Operations

Signed on behalf of the Authority and authorised for that purpose.