

Decision

Decision on modifications to Independent Gas Transporter licence conditions for the Relative Price Control

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This document sets out our decision to modify Special Condition 1: Charging of Gas Shippers – Relative Price Control, and to introduce a new Special Condition 2: Independent Gas Transporter (IGT) Regulatory Instructions and Guidance, in the gas transporter licences held by Independent Gas Transporters.

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1. Introduction

- 1.1 The Independent Gas Transporter (IGT) Relative Price Control (RPC) is the framework that limits the transportation charges IGTs can levy on users of their networks. On 14 August 2026, we published our policy decision on the IGT RPC review.¹ In that decision, we confirmed that we would implement a targeted package of reforms to the RPC and introduce enhanced annual reporting requirements for IGTs.
- 1.2 At the same time, we published a statutory consultation on proposed modifications to the gas transporter licences held by IGTs, with a view to implementing our policy decision. The proposed modifications would update Special Condition 1: Charging of Gas Shippers – Relative Price Control (SPC1), and introduce a new Special Condition 2: IGT Regulatory Instructions and Guidance (SPC2). This document sets out our decision on the licence modifications.

Context and related publications

- 1.3 This decision should be read alongside our policy decision on the IGT RPC review and the statutory consultation documents. The policy decision explains the reasons for reforming the RPC framework. The statutory consultation sets out the proposed licence modifications needed to implement that policy decision.

Decision-making stages

- 1.4 The key stages of this decision-making process are:

Stage 1 Policy consultation: 27 March 2026 to 22 May 2026.

Stage 2 Policy decision and statutory consultation published: 14 August 2026.

Stage 3 Statutory consultation closed: 11 September 2026.

Stage 4 Statutory consultation decision: 23 October 2026

¹ [IGT-RPC-decision-v1.3.pdf](#)

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2. Responses to the statutory consultation and decision

Decision

- 2.1 We received four non-confidential responses to the statutory consultation, which are published on Ofgem's website. All respondents supported the proposed modifications or confirmed that the modified licence conditions reflected our policy decision. Having considered these responses, we have decided to proceed with the licence modifications consulted on.
- 2.2 These modifications include revising SPC1 to:
- allow a one-off uplift to align IGT charges with the equivalent downstream Gas Distribution Network (GDN) charges through a two-year phasing approach;
 - enable IGTs to realign their charges with the equivalent downstream GDN charges at the start of each subsequent RIIO price control period after RIIO-3;
 - retain the existing floor and ceiling mechanism; and
 - update the RPC methodology, including replacing the inflation adjustment from the Retail Prices Index (RPI) and changing it to the Consumer Prices Index including owner-occupiers' housing costs (CPIH), and removing the ongoing efficiency factor.
- 2.3 The modifications also include introducing a new SPC2 to implement proportionate regulatory reporting requirements in the IGT sector.
- 2.4 We have also decided to make an administrative change to the version of SPC1 published for statutory consultation by removing Appendix 1. Appendix 1 was intended to identify the IGT licensees to which SPC1 applies, but the current version does not reflect the latest list of relevant licensees. In any event, the application of SPC1 to an individual IGT is determined by the terms and conditions of that company's licence or relevant statutory decisions made by Ofgem, rather than by the list in Appendix 1. Maintaining an up-to-date list of relevant licensees in SPC1 creates an unnecessary administrative burden. Removing Appendix 1 does not change the licensees to which SPC1 applies or its substantive effect.
- 2.5 This licence modification decision applies to the gas transporter licences held by IGTs that currently contain SPC1. A full list of these companies can be found in the statutory notice published alongside this document.
- 2.6 Ofgem is separately consulting on an administrative update to the licences held by Harlaxton Gas Networks Limited, Leep Gas Networks Limited and Stark Infra-Gas Limited, which do not currently contain SPC1. In that consultation, we are proposing to insert both SPC1 and SPC2 to regularise their licence conditions.²

² [Notice of intent: regularising Gas Transporter Licences without SPC1 | Ofgem](#)

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That consultation will close on 2 November 2026 and Ofgem will make a separate decision regarding the proposed modifications of those three licences in due course.

Summary of responses

- 2.7 BUUK Infrastructure supported the proposed amendments to SPC1 and the introduction of SPC2. It considered that the proposed licence modifications met Ofgem's statutory objectives and welcomed the application of the revised RPC to IGT charge adjustment from January 2027. It also supported the development of IGT Regulatory Instruction and Guidance (RIG) and committed to continuous engagement with Ofgem on developing the reporting requirements.
- 2.8 ESP Utilities Group Limited agreed that the revised licence drafting met the intent of the policy decision on RPC and supported the introduction of reporting guidelines for IGTs.
- 2.9 The Independent Networks Association welcomed the decision to reform the RPC. It also welcomed phased introduction of enhanced, proportionate reporting requirements and noted that our decision reflects the concerns IGTs raised about proportionality, particularly for smaller operators. It also indicated its willingness to further engage with Ofgem in developing the reporting requirements.
- 2.10 Last Mile Gas Limited supported our RPC decision and the proposed licence modifications for SPC1. It also supported the IGT RIGs as drafted and the reporting approach set out in our policy decision.

Our response

- 2.11 We welcome the support for the proposed licence modifications. The responses confirm that the proposed modifications accurately reflect our policy decision. We consider that no further changes to SPC1 and SPC2 are required before implementation, except for the administrative change to SPC1 detailed in paragraph 2.4 above.
- 2.12 We agree with the points raised on reporting proportionality. These points are consistent with the approach set out in our policy decision. We will continue to engage with IGTs on developing the IGT RIGs, including reporting templates. We aim to finalise the IGT RIGs in accordance with the process set out in SPC2 before the start of the 2027/28 regulatory year.