



## Gas Markets Newsletter

Issue 18  
June 2024



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### Welcome

Welcome to the latest edition of our Newsletter!

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### A Message from Liz Ferry – Head of Markets

Welcome to June's Markets Newsletter.

Following on from March's Newsletter announcing Chris Logue's departure, I'm pleased to advise that I will be leading the Markets team on an enduring basis. I'm really proud of this team, and the work we deliver for industry and I'm looking forward to continuing in role and working with you all on the important topics within our remit.

We embark on this new financial and performance year with a renewed focus on delivering value for our stakeholders and customers. As described throughout this newsletter, we are progressing a number of market initiatives including Transmission Services Charging reforms, an exemption from GS(M)R to enable more biomethane connections and implementation of the revised lower limit for the Wobbe Index, developing the hydrogen blending delivery model, unbundling the commercial and regulatory frameworks for Carbon Capture, Utilisation and Storage, and so much more.

On behalf of Markets, thank you for your continued engagement and input. Please do reach out to myself, or any of the contacts cited below if you have any views or questions on the content covered in our newsletter.

[Liz Ferry](#)

## Gas Charging Updates

### Publication of Capacity Charges

National Gas has recently published the Transmission Services charges that will be effective from 1st October 2024. These charges have been calculated in accordance with the arrangements set out in Section Y of the Uniform Network Code (UNC), and as required under Article 29 of the Tariff Code and contain details of the multipliers and interruptible adjustments made to the Reference Prices.

Included in the publications are an additional 4 years' worth of future indicative prices, as well as the latest Storage and Revenue Recovery Charges.

We have also published an indicative view of General Non-Transmission Services charges to take effect from 01 October 2024. These will be subject to change ahead of their final publication before 31 July 2024. The table below highlights the combined Transmission Services and General Non-Transmission Services prices for Entry, Exit and in total across the prices that are in place from October 2023 and the Final Transmission Services prices and Indicative General Non-Transmission Services prices for October 2024.

	TX ENTRY	GNTX ENTRY	ENTRY	TX EXIT	GNTX EXIT	EXIT	TOTAL
<b>OCT 23</b>	0.0784	0.0533	<b>0.1317</b>	0.0127	0.0533	<b>0.0660</b>	<b>0.1977</b>
<b>OCT 24</b>	0.1308	0.0083	<b>0.1391</b>	0.0265	0.0083	<b>0.0348</b>	<b>0.1739</b>

More detail can be found in the full list of publications published on the [Charging Section](#) of the National Gas website:

- [Notice of Annual Yearly Interconnection Point Reserve Prices 2024](#)
- [Notice of Final NTS Annual Quarterly Interconnection Point Reserve Prices from 1 October 2024](#)
- [Notice of Final NTS Exit Capacity Charges effective 1 October 2024](#)
- [Indicative Notice of General Non-Transmission Services Charges from October 2024](#)
- [October 2024 Charging Information Provision](#)

A webinar has been arranged for 25 June at 1pm. For those who wish to find out more. Please click [HERE](#) to sign up.

For more information, please contact us at [box.ntsgascharges@nationalgas.com](mailto:box.ntsgascharges@nationalgas.com)

### Article 26 Consultation

Article 26 of the EU Tariff Network Code, as retained in UK law by the Gas (Security of Supply and Network Codes) (Amendment) (EU Exit) Regulations 2019, requires that a “periodic

consultation” on the Reference Price Methodology must be completed “at least every five years”.

On 16 February 2024 NGT published the [consultation document](#) and associated [data tables](#). The consultation closed on 16 April 2024. One response was received which has been published on [NGT’s website](#). On 31 May 2024, Ofgem published its [decision](#) on matters covered in the periodic consultation.

### **Transmission Services Charging: Future Developments**

Transmission Services and Entry/Exit pricing is an agenda item currently being discussed at [NTS Charging Methodology Forum](#) where we are seeking industry views. Specifically, to explore the impact and benefits of amending the Entry/Exit split from the current, where 50% of revenues are levied to Entry and 50% levied on Exit Customers. We are looking to understand, taking into account industry views, the impacts on our Relevant Objectives, Charging Relevant Objectives and Consumer Benefits. In the coming months, we plan to introduce some analysis and scenarios to help trigger further discussion.

For more information, or to share your views, please contact [Kirsty Appleby](#).

### **Modification to Revise the Determination of Non-Transmission Services Gas Year Target Revenue**

[UNC Modification 0857](#) was raised to revise the method of determination of NGT’s Allowed Non-Transmission Services revenue for a Gas Year. Allowed Revenues are applicable for a Formula Year; this is the period from April to March. However, charges are applicable for a Gas Year; this is the period from October to September. There is therefore a requirement when setting charges to determine a Gas Year target revenue value from the two ‘part’ Formula Years that coincide with the relevant Gas Year.

This Proposal revises the method used to determine Gas Year target revenue by considering the Allowed Revenues for both Formula Years that make up the Gas Year instead of only the first of such Formula Years, as under the existing methodology.

The key aim of this change is to achieve a greater degree of year-on-year stability of General Non-Transmission Services Gas Year target revenues, and therefore General Non-Transmission Services Charges. This UNC Modification was [approved by Ofgem](#) on 19 April 2024 and will be implemented on 01 October 2024. For more information, please contact [Ash Adams](#).

### **Industry Stakeholder Engagement**

NGT will continue to engage industry stakeholders using the NTSCMF, NGT led webinars (where required), relevant publications and material on our [website](#) to share charging related updates and provide the opportunity to discuss outputs.

For more details, please contact [Colin Williams](#).

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## **Gas Capacity Updates**

### **Capacity Methodologies Review**

National Gas publishes capacity methodology statements as is required under the Gas Transporter Licence. The following 5 Capacity Methodologies are due to be reviewed and published by April 2025:

- ECR- Entry Capacity Release
- ExCR- Exit Capacity Release
- ECS – Entry Capacity Substitution
- ExCS- Exit Capacity Substitution and revision
- ECTT – Entry Capacity Trade & Transfer

The existing capacity methodology statements can be found [here](#).

The scope for the review is currently under development. However, the focus of the review will be on feedback received regarding the ECR and ExCR in particular.

For further information or to provide feedback please contact [Nicola Lond](#).

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## Gas Quality Update

### GS(M)R Update

In March 2024 NGT raised UNC Modification 0870 ‘Amendments to Wobbe Index and Calorific Value Lower Limits at NTS System Entry Points’. This followed the Government’s review of the Gas Safety (Management) Regulations 1996 and their decision to amend the regulations to reduce the lower Wobbe limit in UK legislation from 47.2MJ/m<sup>3</sup> to 46.5MJ/m<sup>3</sup> (which is due to enter into force in April 2025).

Some Delivery Facility Operators have indicated that they wish to amend the Wobbe limit in their connection agreement with National Gas Transmission - UNC Modification 0870 enables this reduction to be implemented for those who have requested it. We are also working in parallel with our fellow European Transmission System Operators (EU TSOs) to ensure that the change to the Wobbe limit does not impact our ability to export gas to the continent – the modification also enables us to change the Wobbe limit within the Network Entry Provisions and Network Exit Provisions that are in place at interconnection points, with several adjacent EU TSOs.

For more details, please contact [Ofordi Nabokei-Hazekamp](#).

### Biomethane Update

National Gas Transmission has a critical role to play in the acceleration towards a cleaner future. Biomethane is a fuel which can improve the sustainability of the natural gas network and reduce Great Britain’s dependency on natural gas imports. At present, the maximum level of oxygen such sites may deliver is limited by GS(M)R to 0.2mol%. We have several biomethane connection applications and have received requests for a higher oxygen limit of 1mol%. A key issue for biomethane to be acceptable for grid injection is the removal of hydrogen sulphide. This requires ferric chloride to be added into the anaerobic digestors as well as activated carbon. Oxygen is added to improve the absorption of the hydrogen sulphide. Subsequent removal of that oxygen is costly and can present a material barrier to project viability. An exemption of 1mol% oxygen will significantly reduce this commercial barrier and is in keeping with our goals of reducing emissions and delivering consumer value.

We are currently in the initial phases of preparing an evidence case to submit to the HSE to permit us to offer up to 1mol% oxygen on the NTS. In addition, this will also allow the Distribution Networks to offer up to 1mol% on the higher pressure tiers of their networks (currently able to offer 1mol% but restricted to pressures of 38 barg.). Funding has been secured via the NIA (Network Innovation Allowance) for a study to address the impacts of an elevated level on oxygen on the NTS. The outputs of this study will help to inform the evidence case.

If the exemption is granted, we envisage that the 1mol% oxygen limit would be applied on a case-by-case basis. We intend to undertake a risk assessment and network analysis, which will include determining whether an elevated oxygen content could reach an offtake that is sensitive to oxygen. We are currently working on the detail regarding our internal processes.

For more information, please contact [Kirsty Appleby](#).

### **Improving Transparency**

Under UNC, TPD, Section I, there is a requirement for NGT to consult with industry if operators wish to make a change to Network Entry Provisions (which contain the gas quality limits). No such obligation exists if NGT wishes to agree 'non-standard' gas quality limits with new entry connections. This was recognised as a 'gap' in the GMaP project that reviewed the UNC change processes in relation to gas quality.

We believe that any potential changes to the oxygen limit might result in a greater need to address this 'gap' and therefore propose to progress a UNC Modification. This modification would consider appropriate obligations regarding Industry engagement where a new NTS entry point wishes to connect with parameters outside of the Gas Ten Year Statement limits. A pre-modification proposal was discussed in June's Transmission workgroup, and, subject to Panel approval, will be developed in coming months considering industry feedback which will help to shape the proposed process.

For more information, please contact [Nicola Lond](#).

## **Market Development Updates**

### **Carbon Capture, Utilisation and Storage**

In April, a workstream focussing on "Unbundling" the commercial and regulatory framework for Carbon Capture, Utilisation and Storage (CCUS) kicked-off. As currently drafted, these frameworks allow for multiple users (or carbon dioxide producers) to connect to a single transport and storage network, operated by a single transport and storage company, allowing carbon dioxide to be transported from its source to permanent offshore storage.

"Unbundling" would look to introduce a dual operating model, by which different parts of the transport and storage system are operated by different entities.

The aim of this workstream is to produce requirements of how the current commercial and regulatory framework might need to change, if "unbundling" were to be adopted by Government as a formal policy position and implemented into relevant Licenses and Network Codes.

If you are interested in any further information about CCUS or this workstream in particular, please contact [Phoebe Nixon](#).

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## Security of Supply Update

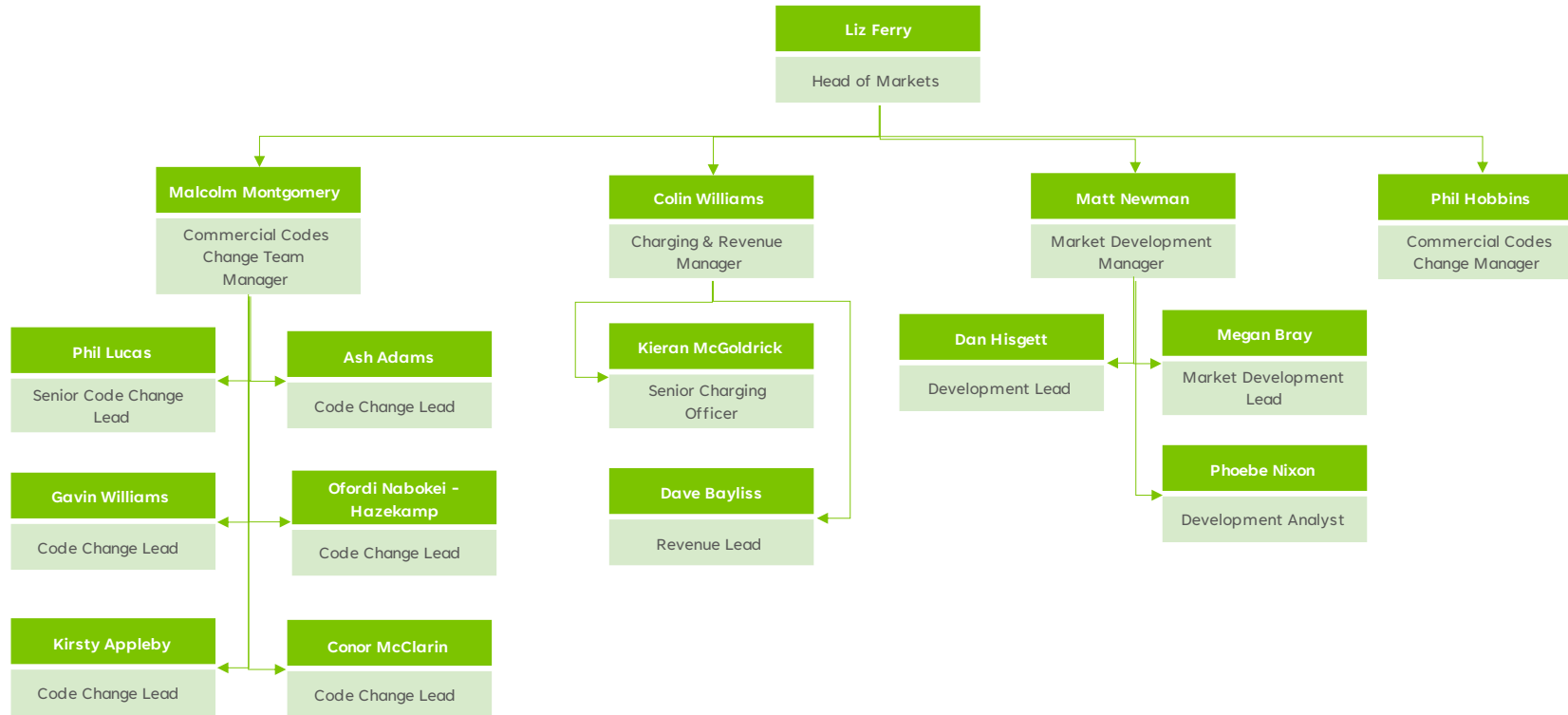
### Gas Demand Side Response (DSR) Update

We have continued to work on strengthening GB gas security with shippers and consumers via improvements to the Gas DSR regime. UNC Modification 0866 has now been implemented after an accelerated development process such that the enhancements requested by consumers can be implemented into the DSR options tender that we will launch at the end of July. We will be hosting a webinar on this topic on the afternoon of Monday 24th June 2024.

If you would like to join this Teams call or for further information please contact [Phil Hobbins](#).

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# Team Chart



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## Contact Us

We would love to hear from you! You can contact us by e-mailing:

[box.gsoconsultations@nationalgas.com](mailto:box.gsoconsultations@nationalgas.com)

You are receiving this newsletter because our records indicate that you are part of the NGT Stakeholder Community. If you no longer wish to receive similar e-mails regarding future gas market changes, please contact [Phoebe Nixon](#).