national gas transmission

Market Change Newsletter

Issue 24
March 2026

Welcome

Welcome to the latest edition of our Newsletter!

In this issue:

A Message from Liz Ferry – Head of Markets

Welcome to the March edition of the National Gas Markets Newsletter. The start of 2026 has already brought significant developments across our work programmes, from responding to multiple CCUS consultations and progressing the Hydrogen Blending Implementation Programme, to shaping future frameworks for demand-side response and capacity planning. With industry engagement accelerating and key government publications expected later this year, this is a pivotal moment for the evolution of the gas market.

In this issue, you'll find updates on our contributions to the Future Frameworks consultations, insights into the emerging hydrogen "heartland" in the Humber,

progress on the 1% Oxygen GS(M)R exemption request, and the latest on capacity methodology reviews and UNC modifications. We also share advancements in gas quality data transparency and introduce new members of the Markets team.

We hope these highlights give you a clear view of the work underway and encourage continued collaboration across the sector. As always, we welcome your thoughts and feedback.

Liz Ferry

Future Frameworks

CCUS Update

National Gas (NG) has responded to two recent consultations in the Carbon Capture, Usage and Storage (CCUS) space, and is currently preparing a third.

The Future Network Strategy Call for Evidence was launched on 6 August 2025 and closed on 31 October. It explored the strategic, regulatory and commercial steps required to transition the UK's carbon dioxide Transport and Storage networks from government-led deployment to a self-sustaining, market-led CCUS sector. It placed a particular focus on defining the high-level principles for network unbundling and considered topics such as network utilisation, risk management, and regulatory framework and support package development.

In our response, NG emphasised that government must focus on increasing demand for T&S services and providing regulatory and financial certainty to de-risk early investment, while also progressing the Principal Operator Model for unbundling and ensuring clear roles across the sector.

The second consultation was the Ensuring Fair Access to CO_2 Infrastructure consultation, launched on 28 November 2025 and closed on 20 February 2026. It explored what a market-led connections process for mature CCUS infrastructure might look like, across both pipeline and non-pipeline transport providers and different types of users.

Our response highlighted that government should step away from administering the connections process as the market matures, and that a clear, transparent and strategic approach to prioritising and assessing connection applications - supported by application fees, network analysis, and consistent charging structures - is essential to ensure fair, efficient and non-discriminatory access.

NG is currently drawing up a response to a third consultation, on Non-Pipeline Transport (NPT). This consultation examines how non-pipeline CO_2 transport modalities (e.g., shipping, rail, road) should be integrated into the CCUS regulatory framework, and seeks views on commercial models, interoperability, and the role of NPT in supporting access for users located outside cluster geographies.

Please contact Phoebe Nixon or Emma Lowrie for further information.

DSR Update

We have raised a mod, UNC 0923: Disapplication of TPD Section D7 (DSR Options) for 2026, which seeks a temporary removal of the obligation to run a Demand Side Response (DSR) tender in 2026. DSR is a voluntary scheme where large gas consumers agree to reduce demand during periods of system stress in return for option and exercise payments.

Not operating the tender in 2026 would enable us to determine the extent to which an increased aggregate volume reduction offered could be achievable through increased consumer participation and/or enhancements to the existing framework. This pause would allow us to consider potential refinements to the product design, take account of insights from DESNZ's gas security consultation and reflect on how best to approach future tenders.

A key focus is enhanced consumer engagement. Through bilateral outreach to major users, closer collaboration with trade associations, and continued webinars, we're working to better understand participation barriers and build confidence in the scheme. This proactive engagement will help us build a clearer understanding of participation opportunities and considerations, informing how the DSR offering may evolve in future years

For further information or to provide any feedback on this subject please contact Emma Lowrie or visit the Gas DSR webpage.

Hydrogen Blending Implementation Programme

Phase 2A of the NIA Blending Implementation Programme is now concluded, with a minded-to delivery model agreed across the Networks, Industry and Government.

The Market Frameworks workstream focused on the design and appraisal of commercial framework solutions to support the implementation of hydrogen blending across both the Distribution and Transmission networks. The main area of change sits within connections, whereby a new blending application window process aligned with the HPBM rounds (i.e. HAR and CCUS) has been developed and agreed across multiple stakeholder groups including UNC 0849R Blending Review Group and Hydrogen UK's Blending Taskforce.

Phase 2B (delivery) of the programme is now underway and will involve the implementation of the Phase 2A recommendations.

Please Contact Megan Bray for more information.

Hydrogen Operability

National Gas is joining Centrica, Equinor and SSE Thermal in a bid to develop Britain's first 'hydrogen heartland' in the Humber. Together as Humber Hydrogen, We are leading the development of key hydrogen infrastructure and will participate in a competitive process to determine where the UK's first integrated hydrogen transport and storage network will be based. Humber Hydrogen connects hydrogen from production and storage to pipelines and industrial end users across East Yorkshire and North Lincolnshire, with key sites at Aldbrough, Easington, Saltend, Immingham and Keadby. It brings together partners with proven delivery experience across the full hydrogen value chain, and a shared commitment to the Humber's role as Britain's hydrogen heartland.

As the hydrogen operability team, we are continuing to engage with DESNZ and OFGEM and also with our Humber Hydrogen partners on how future hydrogen frameworks may work, focusing particularly on areas such as charging. We also look forward to the expected hydrogen strategy document expected to be published by the government later this year.

Gas Capacity

0920 – PARCA Security Amount

This UNC modification 0920 proposes to modify the Total PARCA Security Amount defined within UNC TPD section Y. This proposal is to retain the PARCA Security methodology within the UNC and to reference the Statement for Connection Charging where the basis for security components would be set out and kept under regular review.

The modification has now progressed through 4 workgroups and a proposal for a revised structure based on a more cost reflective basis has been discussed.

The Mod is due to return to UNC Modification Panel on 21st May with a workgroup report ahead of consultation.

For further information or to provide any feedback on this subject please contact Nicola Lond.

Capacity Methodology Statements review

There are 5 Capacity Methodology Statements to be reviewed by February 2027.

- Entry Capacity Release (ECR)

- Exit Capacity Release (ExCR)
- Entry Capacity Substitution (ECS)
- Exit Capacity Substitution and Revision (ExCS)
- Entry Capacity Trade and Transfer (ECTT)

The current statements can be found here: Capacity methodology statements | National Gas

This process is now in progress with a preliminary consultation with industry expected ahead of the summer. Feedback from review group 0901R: Review of the arrangements for reservation of NTS Capacity is being considered as part of this process, particularly in relation to the Net Present Value (NPV) test. Updates will be provided via the Transmission Workgroup.

For further information or to provide any feedback on this subject please contact Nicola Lond.

EU & Gas Quality

Europe

In December 2024, we raised UNC0902R to gather industry views on ACER's proposed updates to the CAM Network Code and to assess the appropriate level of GB alignment or divergence. Following its conclusion by Panel in October 2025, its successor modification, UNC0916 'Reform of Capacity Arrangements at Interconnection Points' has since been raised and progressed to Workgroup. UNC0916 seeks to implement the reforms agreed through the UNC0902R process, ensuring the GB interconnection capacity regime maintains compatibility with trading arrangements across the interconnectors.

The proposed changes UNC0916 wishes to implement conflict with existing UK legislation because current UK legislation does not allow the UNC to update or replace the retained EU Network Codes. NGT raised this with government and following discussions, government indicated (subject to ministerial approval) that it prefers to make one comprehensive update for all the retained EU Gas Network Codes which would create the flexibility to make future changes through the existing industry governance process rather than repeated legislative changes. We therefore raised UNC0924R in January 2026. It was approved at February 2026 Panel and had its first meeting at 5 March Transmission Workgroup where industry expressed a preference for the detailed development of UNC0924 to be undertaken jointly with adjacent TSOs and for our conclusions to be reported back to the Workgroup periodically.

UNC0924R is intended to review the retained EU Network Codes (Capacity Allocation Mechanism (CAM), Tariffs (TAR), Interoperability (INT) and Balancing (BAL)) and how they sit alongside:

- The UNC
- Existing contractual arrangements
- Industry processes

The aim of UNC0924R is to determine:

1. **What needs to stay in legislation** - which articles of the retained EU Network Codes should continue to be legally binding, and whether they should remain detailed rules or be recast as high-level principles.
2. **What could be moved into industry governance** - which provisions would be better managed through frameworks such as the UNC, the NGT Charging Guide, or the SMPS.
3. **How industry can shape the forthcoming government consultation** - the work of UNC0924R will help industry prepare for and inform a future consultation on how the UK should update the retained EU Gas Network Codes.

In light of the need to progress UNC0924R to enable the implementation of UNC0916, the workgroup agreed to pause UNC 0916 enabling updates to be provided on the proposed changes to the EU CAM NC as they become available or the workgroup to be reactivated. The final text from the European Commission that would confirm the reforms to the EU CAM Code is expected for second quarter 2026, however, exact timings and finalised changes remain unclear.

For more information, or to share your thoughts and views on the subject, please contact Ofordi Nabokei, or come along to future 0924R Workgroups to join the discussion.

1% Oxygen GS(M)R Exemption

We are pleased to confirm that the 1% Oxygen GS(M)R class exemption request has now been submitted to the Health and Safety Executive (HSE).

To support the growth of biomethane injection, National Gas has prepared and submitted an evidence case to the Health and Safety Executive (HSE) seeking a class exemption from GS(M)R. This would allow NGT - and GDNs for parts of their networks operating above 38 barg - to convey gas with up to 1 mol% oxygen.

The exemption aims to reduce technical and economic barriers for producers while maintaining safe and manageable gas quality across the NTS and higher-pressure GDN networks. Our methodology for managing non-standard gas quality requests - developed with industry and sensitive downstream users - is already live and available via the National Gas Connections Document Library.

If you would like to follow or contribute to ongoing discussions, please join the UNC Gas Quality Workgroup sessions.

For more information, please contact Ahmed Jama.

Gas Quality Data Transparency

Phase 1 of the Gas Quality Data Transparency project went live in September 2025, providing near real-time and historical gas quality data at “within network points” which includes GDN offtakes, compressor stations and multi-junctions - via the Gas Data Portal. This continues to be well received and is supporting wider industry analysis.

Work is now underway to scope Phase 2, following strong industry interest in expanding transparency to NTS entry-point data. Internally, several workshops have been held to review potential technical pathways, alongside regular monthly discussions at the UNC Gas Quality Workgroup, where this has become a standing agenda item. Those who would like to have their say in the direction of Gas Quality Data Transparency are encouraged to attend these monthly workgroup sessions.

You can access the Gas Quality reports here:
https://data.nationalgas.com/reports/find-gas-quality-reports

For more information, please contact Ahmed Jama.

Hydrogen Sulphide (H_2S) Contract Amendment – UNC Modification Raised

The team has raised a Hydrogen Sulphide (H_2S) enabling Modification in March. This follows several months of engagement with Delivery Facility Operators (DFOs), and the wider industry to resolve a long-standing inconsistency in how H_2S limits are expressed in some Network Entry Agreements (NEAs).

A subset of NEAs currently references 3.3 ppm, a historic conversion based on 0°C. Under GS(M)R, the statutory limit is 5 mg/m³, which correctly converts to 3.46 ppm at standard reference conditions. This means “ppm-based” agreements are unintentionally stricter than “mg/m³ -based” ones, leading to an inconsistent application between those parties.

The enabling Modification allows National Gas to update affected NEAs to the correct 3.46 ppm equivalent for parties who request it, ensuring contractual consistency, transparency, and alignment with GS(M)R.

Now that the full Modification has been raised, workgroup discussions will take place over the coming months. Those who would like to follow or contribute to the discussion are encouraged to join the UNC Gas Quality Workgroup sessions.

For more information, please contact Ahmed Jama or Philip Hobbins.

New Team Members

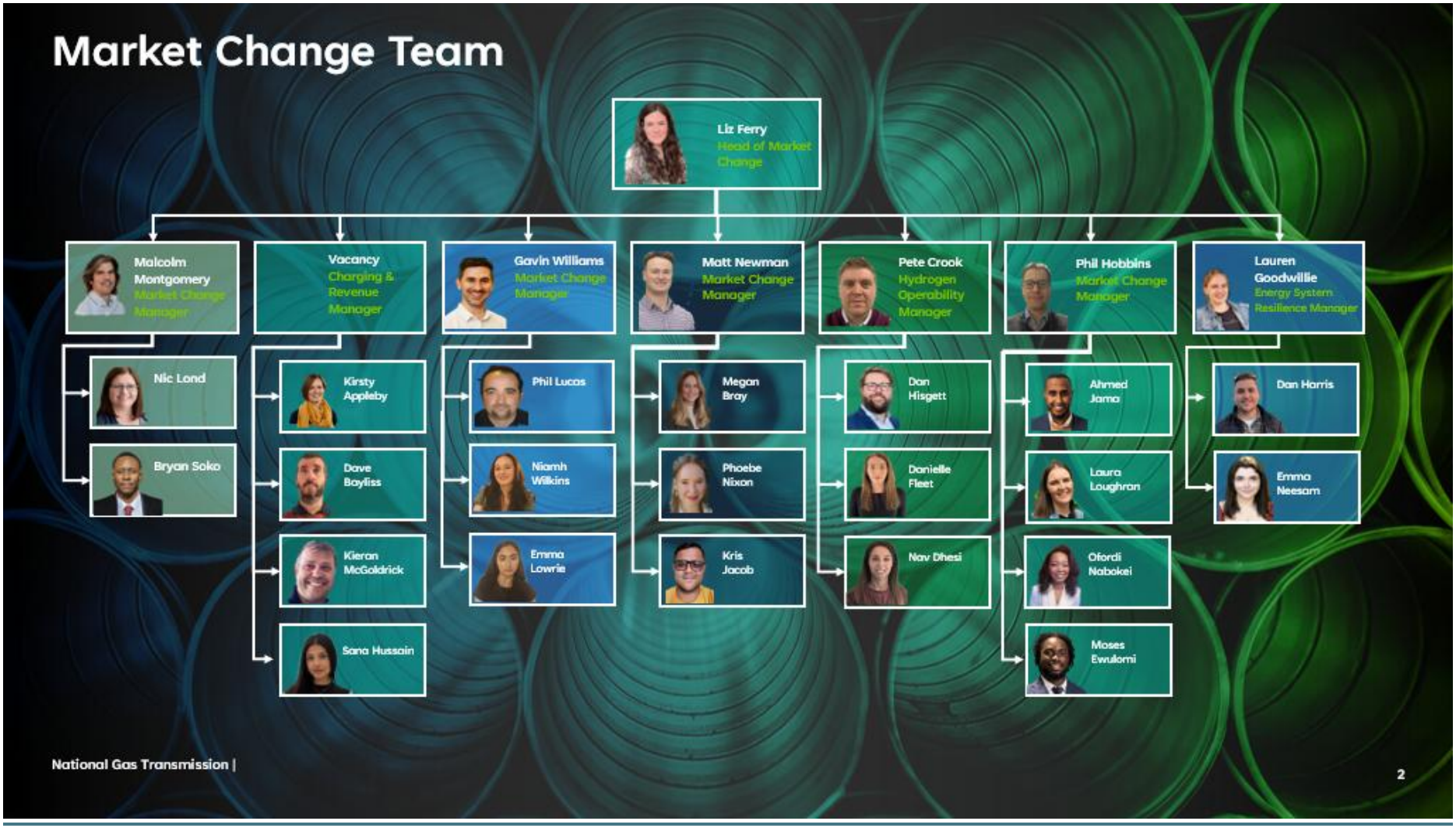
Welcome Sana Hussain!

We are delighted to welcome Sana to the Charging and Revenue team within Markets. She holds a degree in Mechanical Engineering and joins us from the System Capability and Risk team, having worked at National Gas Transmission for over two years since joining in 2023. Sana is eager to deepen her knowledge of all aspects of Charging and Revenue and contribute to the team's ongoing development.

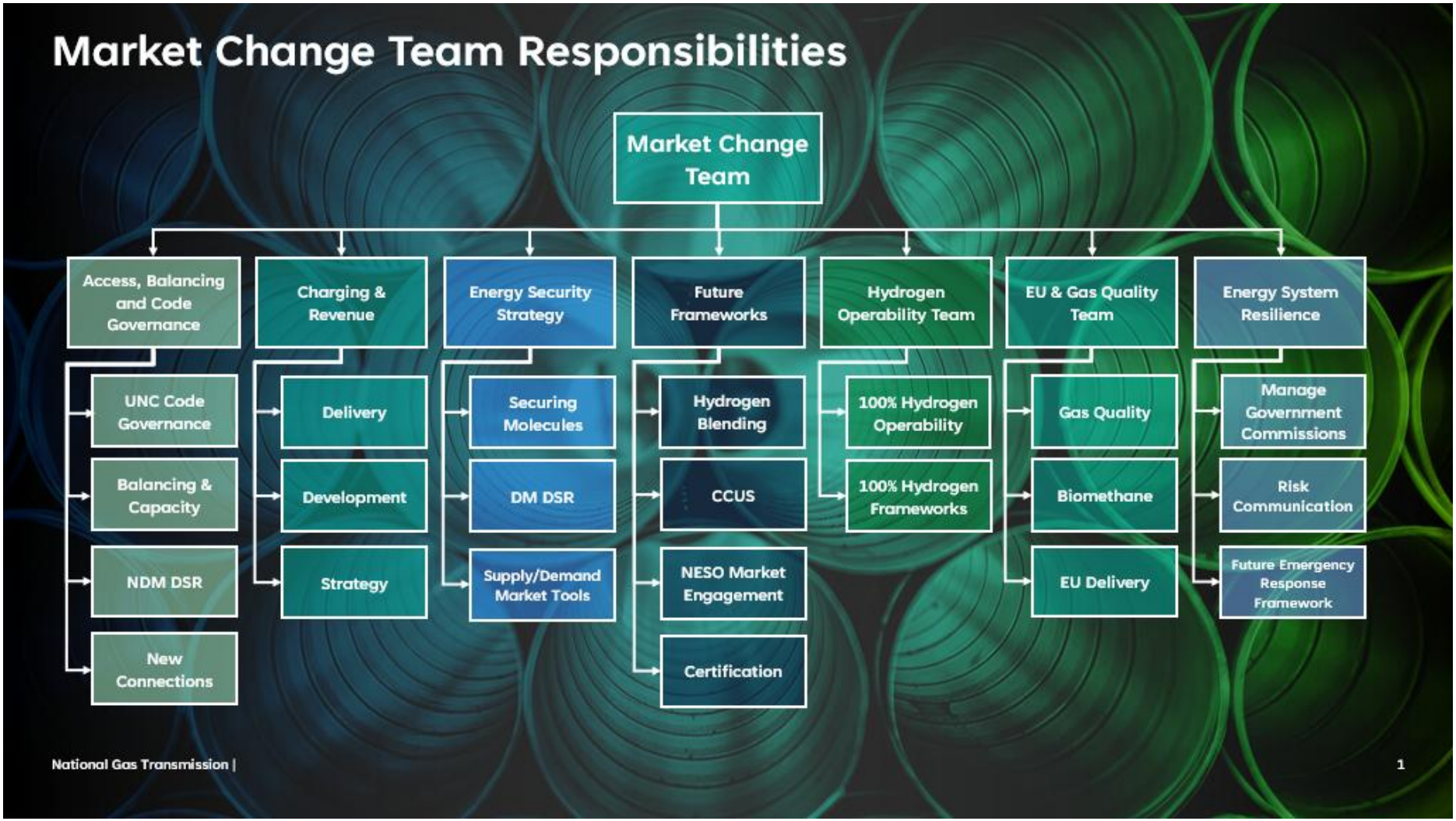
Welcome Moses Ewulomi!

We're excited to welcome Moses to the EU and Gas Quality team. With a degree in Civil Engineering, he joins us for his second placement at National Gas. Moses first came to the organisation in September 2025, spending his initial placement with the Decommissioning team in Major Programmes. He's looking forward to broadening his knowledge of the market change space and contributing work that is vital to the organisation.

New Team Chart



Updated Team Accountabilities



Contact Us

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

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