



Market Change Newsletter

Issue 23
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Welcome

Welcome to the latest edition of our Newsletter!

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Market Change

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A Message from Liz Ferry – Head of Markets



Dear Colleagues,

Welcome to this quarter's update on developments shaping the gas industry. It's been a busy period with progress across capacity, charging, energy security, and future market frameworks.

On **capacity**, the review of NTS reservation arrangements has concluded, paving the way for change through UNC modifications 0912 and 0920, both now approaching decision stage. In **charging**, UNC0903 has been referred to Ofgem for Authority Direction, and we await their Regulatory Impact Assessment. We've also published an updated Charging Guide to help navigate the

regime.

Energy security remains a priority. The Brigg hydrogen blending trial has successfully demonstrated the ability to transport and measure hydrogen blends on the live NTS, and proposals to enable reverse gas flow onto the NTS are progressing through consultation. Meanwhile, **Demand Side Response (DSR)** continues to play a vital role in system resilience. We're engaging with large consumers to grow participation ahead of the next tender in summer 2026, and we encourage views on DESNZ's forthcoming consultation on gas security of supply.

Looking ahead, we're working on **gas quality initiatives**, including a proposed GS(M)R exemption to support biomethane growth and the successful launch of Phase 1 of the Gas Quality Data Transparency project. On the European front, UNC0916 is advancing reforms to capacity arrangements at interconnection points to maintain compatibility with evolving EU frameworks. And as hydrogen moves closer to reality, our Hydrogen System Operation team is collaborating with industry and government to define the frameworks needed for safe and efficient operation of future hydrogen networks.

Thank you for your continued engagement and collaboration as we navigate these changes together. For more details or to share feedback, please reach out to the contacts listed in each section.

[Liz Ferry](#)



Gas Capacity

0901R – Review of arrangements for reservation of NTS Capacity - Update

Workgroups were held between January and October 2025 for the [Review of the arrangements for reservation of NTS Capacity](#).

The Final [Request Workgroup Report](#) was returned to Panel in October and the request was closed as it was deemed to have met its objective of reviewing the arrangements.

Next Steps: The outcomes within the Final report will be considered and taken forward as appropriate either by UNC modifications or other means of change e.g. amendments to the Capacity Methodologies. Two UNC modifications, 0912 and 0920 have been raised so far (see below).

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

0912s – PARCA Quarterly NTS Entry Capacity minimum duration quantity

Following the discussions within review group 0901R (see above), we have raised this modification [0912](#) which proposes to reduce the minimum amount of committed capacity required for NTS Entry Capacity when entering into a Planning and Advance Reservation of Capacity Agreement (PARCA), in the circumstance where no Net Present Value (NPV) test is required.

The reservation of capacity to meet a PARCA request may be met by various solutions. This can be by the reservation of Available NTS Capacity (unsold Baseline), Substitution from another point or by reinforcement (investment) of the network. This Modification proposes to align the minimum level of capacity commitment required when PARCA is reserving Available NTS Capacity by reducing this to be the same amount as the other solutions, to 4 quarters from 16 quarters.

This Mod has had 3 workgroups and is returning with a Final Modification Report to the UNC Modification Panel on 20th November for a decision following consultation.

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

0920 – PARCA Security Amount– New Mod

Following the discussions within review group 0901R (see above), we have raised this modification [0920](#) which 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 proposed 6 workgroups during which the basis for security would be discussed and agreed upon building on the discussions had during the 0901R review group with the objective of having an appropriate and proportionate PARCA security amount.

The Mod will be presented at UNC Modification Panel on 20th November for a decision following a Pre-mod discussion at November Transmission Workgroup.

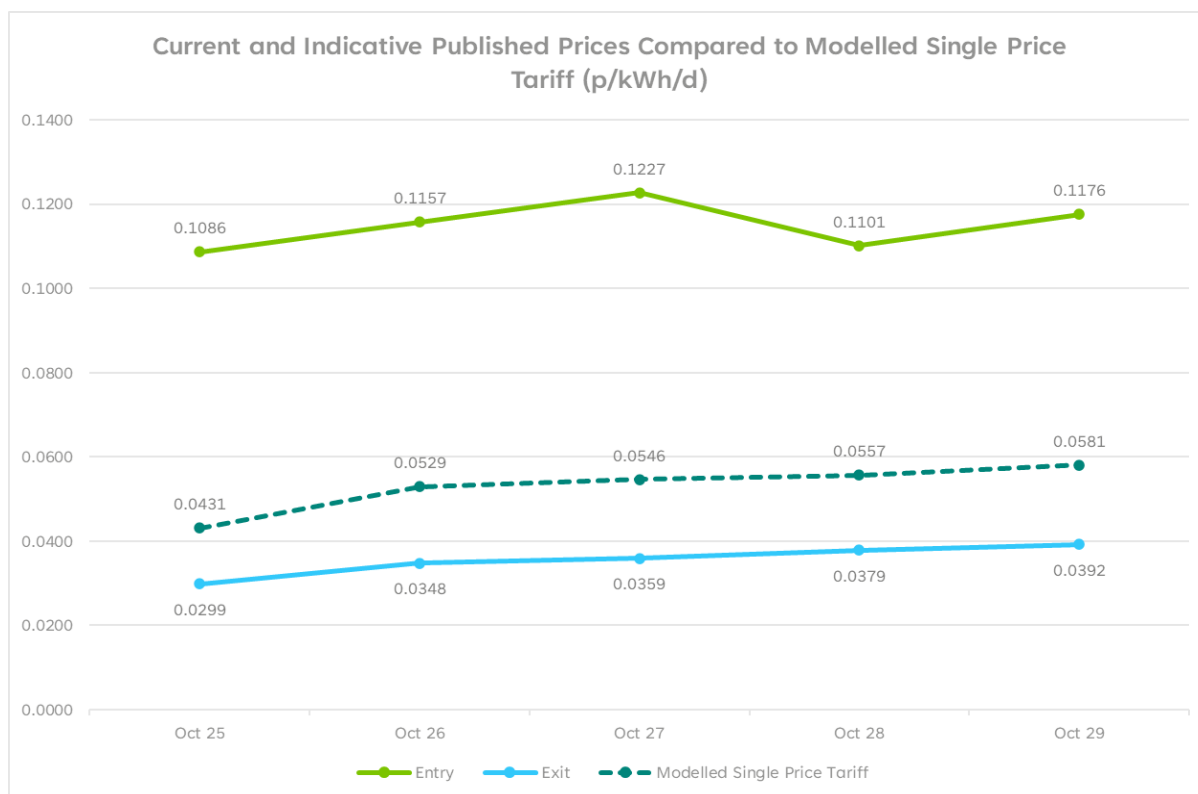
For further information or to provide any feedback on this subject please contact [Nicola Lond.](#)

Charging

UNC Modification 0903 – Awaiting Ofgem decision

NGT's [Modification UNC0903](#) proposes to introduce a single NTS Capacity Reference price. Lower quantities of Entry Capacity purchased by Users compared to Exit Capacity mean that Entry Capacity charges are considerably higher than Exit, and subject to much greater volatility. The proposal of a Single NTS Capacity Reference Price aims to improve the current Charging Methodology and Framework by:

- **Reducing Tariff Volatility** in Transmission Services Entry and Exit Capacity prices by altering the Methodology to remove the ring-fencing of Entry and Exit Capacity Revenues
- **Reducing Sensitivity** in the calculation of key drivers to Entry and Exit Capacity prices
- **Reducing Entry Reserve Prices** to a level below that of the status quo. Lower costs than they otherwise would be under the as-is method could help support GB's Security of Supply.



Having progressed through Workgroups since February 2025, the Joint Office received 27 Responses from stakeholders to the UNC Consultation and the Final Modification Report was presented to Panel on 16/10/25, thereafter referred to Ofgem for Authority Direction. Ofgem have confirmed they will initiate a Regulatory Impact Assessment but are yet to confirm whether they will open a Consultation on that RIA. Given the complexity of the analysis it is anticipated it will take several months to reach a decision.

Updated Charging Guide published

An updated version of the [Charging Guide](#) has been uploaded to the [Charging](#) section of the NGT website. It's a valuable tool to understand the importance of Charging and how the regime works.

As ever, if you have any queries for the Team, please email us at box.ntsgascharges@nationalgas.com

Energy Security Strategy

UNC Derogation D0001- Brigg Hydrogen Blending Trial

Since the previous issue of this newsletter, the first UNC Derogation to be submitted to the Joint Office (D0001) was approved by the Authority. D0001 disapplied specific

sections of the UNC that might otherwise constrain the ability to undertake a hydrogen blending trial at Brigg power station. Following on from the phase 1 FutureGrid trial, the proof-of-concept trial aimed to:

- Demonstrate the ability for the live NTS to transport hydrogen blend
- Analyse the efficacy of a gas-fired power station to operate using hydrogen blend
- Test the ability for a new blending probe to provide an effective method of injecting hydrogen for a blend
- Test the ability for a standalone hydrogen analyser to measure the composition of hydrogen within natural gas
- Test the efficacy of standard NTS flow meter modifications (via an update) to compensate for hydrogen within the methane blend

The trial has now been completed, and a closure report will be issued with further information. UNC derogations are ring fenced to a particular location and/or time-period to facilitate net zero trials and therefore existing arrangements resume at this location on an enduring basis.

For further information, please speak to [Gavin Williams](#).

Reverse gas flow onto the NTS – UNC Modification 0894/A

Modification 0894 was raised by Cadent principally to enable the flow of gas from GDNs to the NTS that would facilitate biomethane delivery onto the GDN. During warm summer nights when gas demand from the LDZ is low, the proposer stated that there is a risk of biomethane curtailment onto the LDZ. The solution would create physical capability on the LDZ by flowing a volume of gas onto the NTS to accommodate additional biomethane injection.

Cadent's modification considers the GDN/NTS interface an offtake between systems. In NGT's view, this system interface is considered an NTS entry point and as such NGT considered it appropriate for commercial arrangements to apply as per other points of entry to the NTS. NGT therefore raised an Alternative Modification (0894A), yet both modifications aim to achieve the same overall outcome to the aforementioned problem.

Both 0894 and 0894A have now proceeded to formal consultation stage, following which the UNC Panel will consider the final modification report.

For further information, please speak to [Gavin Williams](#).

Demand Side Response (DM DSR)

Demand Side Response (DSR) is a voluntary scheme that enables large gas consumers to voluntarily reduce their demand at times of system stress when called upon by National Gas Transmission in return for an 'option' payment for being on standby, as well as an 'exercise' payment for compliance with an instruction to reduce demand. This proactive approach helps to maintain system balance and avoid escalation of a national gas supply shortage into a Network Gas Supply Emergency (NGSE). Gas consumers that make a DSR offer that is accepted by NGT may receive payment that is greater than the compensation available for involuntary curtailment during times of system stress in a gas supply emergency.

NGT are currently engaging with eligible consumers with the ambition to grow the aggregate volume of gas DSR offered from directly connected consumers. A webinar was held on Tuesday 4th November with eligible industry participants to discuss performance of the scheme to date and consider potential reforms. The next tender will be in summer 2026 for the 2026/27 winter and further communications and engagement will be available nearer to the time.

Further views on DSR are welcomed and in addition, we encourage you to provide views by submitting a response to DESNZ's forthcoming consultation on gas security of supply. For further information on gas DSR, please contact either [Gavin Williams](#), [Phil Lucas](#) or [Philip Hobbins](#). Or visit the Gas DSR [webpage](#).



EU & Gas Quality

Biomethane 1% Oxygen GS(M)R Exemption:

To support the growth of biomethane injection, National Gas is preparing an evidence case for submission to the Health and Safety Executive (HSE) seeking a class exemption from GS(M)R that 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 ease technical and economic barriers for producers while ensuring gas quality remains safe and manageable. If successful, oxygen specifications for producers would be considered on a case-by-case basis, depending on whether gas could reach sensitive sites.

Since our last update, we have consulted with industry on our proposed methodology for managing non-standard gas quality requests and refined it following feedback, particularly from sensitive downstream users. This methodology is now live and available on [our National Gas Connections Document Library](#):

We are also working closely with our GDN colleagues to finalise the exemption report, which we plan to submit imminently.

For more information, please contact Ahmed.Jama@nationalgas.com

Gas Quality Data Transparency:

We are pleased to confirm that Phase 1 of the Gas Quality Data Transparency project successfully completed and launched in September 2025, delivering near real-time and historical gas quality data measured at ‘within network’ points—such as GDN offtakes, NTS compressor stations, and multi-junctions—via our Gas Data Portal. We have received positive feedback from customers and the wider industry, reinforcing the value of this initiative.

As previously shared, National Gas provided a live demonstration of the user interface at the [August Gas Quality Workgroup](#), followed by external user acceptance testing carried out by several members of the Gas Quality Workgroup representing the wider group.

The next step is to work even closer with industry to shape Phase 2 of the Gas Quality Data Transparency journey.

You can access the Gas Quality reports here:

<https://data.nationalgas.com/reports/find-gas-quality-reports>

For more information, please contact Ahmed.Jama@nationalgas.com

EU:

In December 2024, we raised [UNC0902R](#) to discuss with industry, the EU Association for the Cooperation of Energy Regulators’ (ACER) proposed amendments to the Capacity Allocation Mechanism Network Code (CAM NC) and sought to determine in collaboration with industry the ideal level of GB alignment or divergence.

In October 2025, UNC0902R was concluded by Panel. Its successor modification, [UNC0916](#) ‘Reform of Capacity Arrangements at Interconnection Points’ was also discussed by Panel and referred to Workgroup. UNC0916 seeks, in light of UNC 0902R, to implement reforms to the capacity regime that apply at GB Interconnection Points to maintain compatibility in trading arrangements across the interconnectors. The reforms included in UNC0916 are:

- Introduction of new firm capacity auctions for both entry and exit at GB Interconnection Points, to be made available for Users to participate via the PRISMA platform (enabled by NGT system development to Gemini)

- Monthly capacity auctions whereby Users will be able to apply for up to three monthly standard firm capacity products within a given quarter
- Additional auctions to enable the re-offering of unsold firm capacity of yearly, quarterly, and monthly standard capacity products on a weekly basis
- Rolling balance-of-month auction, offering a strip of daily capacity products from auction day + 2 gas days to the last gas day of the month (inclusive)
- Introduction of the ability for NGT and its adjacent TSOs to jointly decide to amend the level of large price step and small price step following the end of the last auction round of an auction day
- Amendment to change the Interconnection Point within-day capacity auction first bidding round closing time from “01:30 on Day D-1” to “21:00 on Day D-1”; and
- Remove provisions relating to the demand assessment process for incremental capacity and / or references to the release of incremental capacity at interconnection points.
- The final text from the European Commission that would confirm the reforms to the EU CAM Code was anticipated to be by the end of 2025. However, EU Commission adoption is now planned for second quarter 2026¹ – the proposed reforms within UNC0916 are subject to the final text from the EU. The planned timing, therefore, has implications for UNC0916 which will be discussed at [Transmission Workgroup](#).

For more information, or to share your thoughts and views on the subject, please contact [Laura Loughran](#) and [Ofordi Nabokei](#), or come along to future Transmission Workgroups to join the discussion.

Hydrogen Operability

Hydrogen System Operation

Over the past six months, the Hydrogen System Operation team have been busy working with industry externally and experts internally to try and define some of the key activities and processes required to safely and efficiently operate a Hydrogen Network such as Project Union: East Coast.

Our external work with the Market Frameworks Sub Group of the Hydrogen Delivery Council looked at frameworks for a range of potential Day 1 hydrogen networks and

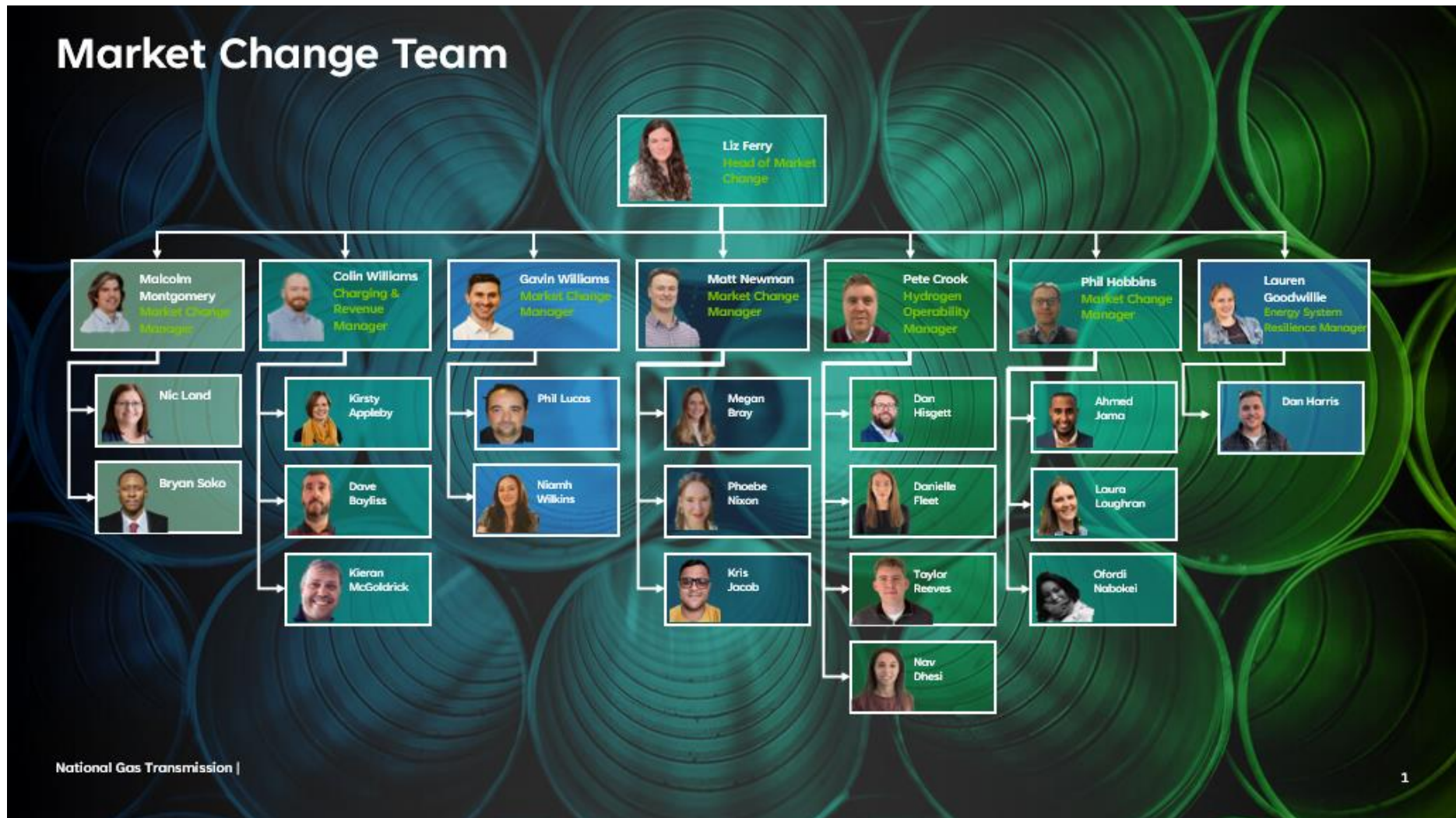
¹ [Network code on capacity allocation mechanisms in gas transmission systems – revision](#)

resulted in publication of the [Report on Hydrogen Market Frameworks for Initial Hydrogen Networks](#) as well as informing the follow up consultation led by DESNZ.

We look forward to resuming our work with DESNZ and the HDC as industry continues to work together to further develop the Market Frameworks required for hydrogen networks. We also aim to follow up on our previous report on [Commercial Frameworks for Project Union](#), which will detail our current thinking, specifically tailored to commercial operation of Project Union East Coast in the coming months.

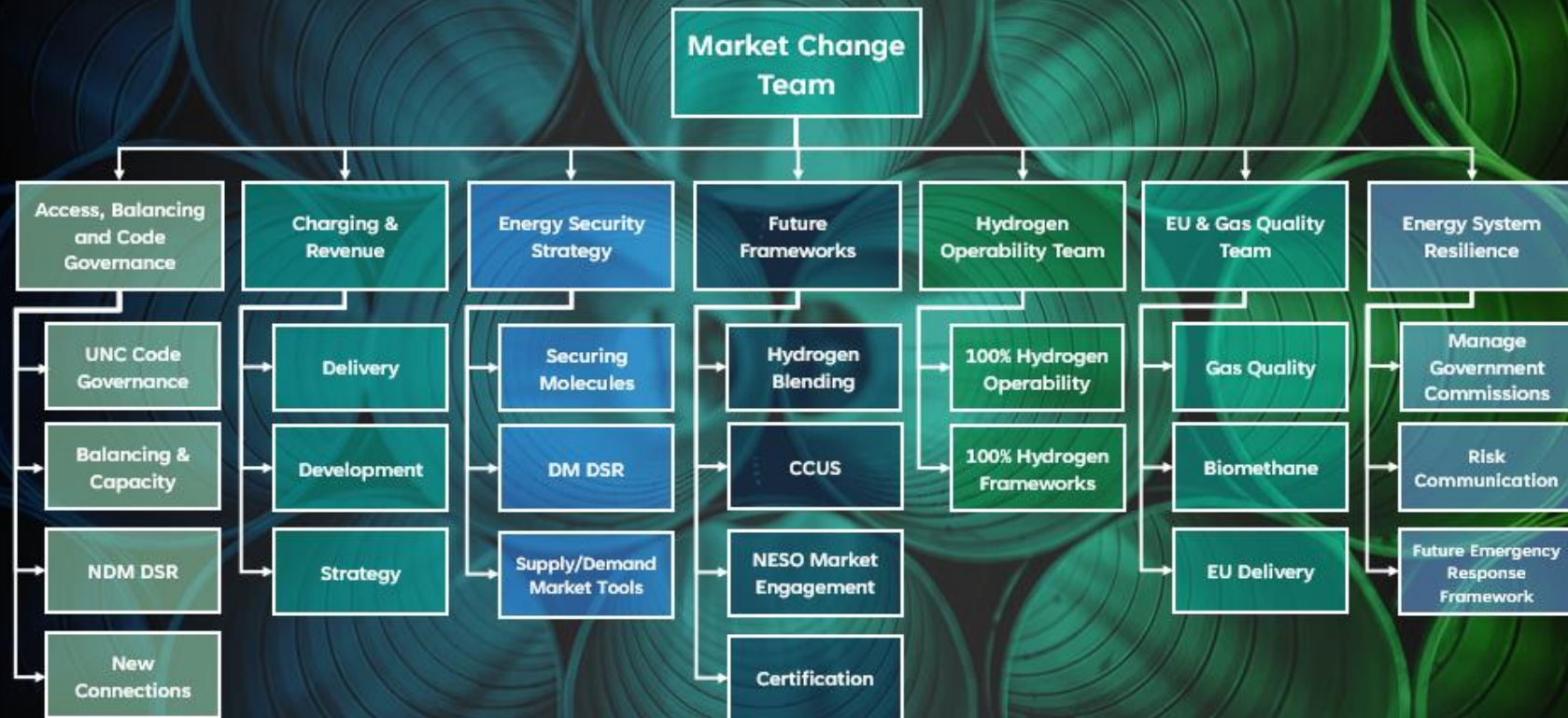
For further information or to provide any feedback on this subject please contact [Dan Hisgett](#).

New Team Chart



Updated Team Accountabilities

Market Change Team Responsibilities



Contact Us

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

box.gsoconsultants@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 [Niamh Wilkins](#)