



National Gas Transmission

Procurement Guidelines Report

01 April 2025 – 31 March 2026

Version 1.0

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1.0 Executive Summary

National Gas Transmission (NGT) has been given the discretion by Ofgem with regard to the Procurement of System Management Services, subject to an obligation under National Gas's Transporter Licence to operate the system in an efficient, economic and co-ordinated manner, and taking into account the GT (Gas Transmission) incentives.

NGT confirms that System Management Services during the period covered by this report has been procured in accordance with the principles set out in the prevailing Procurement Guidelines, and therefore NGT considers that such activities satisfy its relevant Licence obligations.

2.0 Introduction

2.1 Purpose of the Document

This document sets out the Procurement Guidelines ("the Guidelines") which NGT is required to maintain, in accordance with Special Condition 9.18, System Management Services (the Special Condition) of the NGT plc, Gas Transporter Licence (the Licence). The purpose of the Guidelines are to provide information on the System Management Services and tools that NGT may procure in relation to its System Management role. The Guidelines cannot cover every possible situation that NGT may encounter. They represent a generic statement of the procurement principles and tools that the company will use in respect of gas, energy and/or capacity management.

Unless defined in the Guidelines, capitalised terms used herein shall have the same meanings given to them in the Licence or the Uniform Network Code (UNC). Where statutory obligations or the provisions of the UNC are considered inconsistent with any part of these Guidelines, then the relevant statutory obligation and/or UNC provision will take precedence.

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Or from:

Steven Fisher
Head of Commercial and Incentives
Energy Delivery
National Gas Transmission
Warwick
CV34 6DA

2.2 Reporting Period

The report includes details of System Management Services procured in relation to the gas flow period 1 April 2025 to 31 March 2026 inclusive.

This reporting period covers the last month of the Storage Year 2024/2025 (April 2025) and the majority of Storage Year 2025/2026 (May 2025 to March 2026).

3.0 Procurement of System Management Services

This report fulfils the requirements of Special Condition 9.18 of the National Gas Transmission (NGT) Gas Transporter Licence, which mandates the development of a Procurement Guidelines Report. Special Condition 9.19 outlines the System Management Services provided by NGT, which include activities related to balancing gas inputs and outputs in the National Transmission System (NTS). These activities encompass balancing trades, balancing trade derivatives, and constraint management services.

As specified under Part B of Special Condition 9.18, NGT's Procurement Guidelines Document¹ summarises the following System Management Services:

- **Operating Margins** – Ensuring system stability during times of system stress.
- **Shrinkage** – Gas used in the operation of the network, this can be either Own use energy, Unaccounted for gas or CV shrinkage
- **Contingency Procurer of Supplier Demand** – Procuring gas to meet supplier needs in the event of shipper termination, as defined in UNC TPD section D6.
- **Entry and Exit Capacity Management** – Managing capacity at entry and exit points.
- **Gas Balancing** – Balancing supply and demand within the system.
- **Demand Side Response** - Voluntary reduction of gas demand in the period following a Margins Notice (MN) or Gas Balancing Notification (GBN) being issued.

4.0 System Management Services Procured

The services National Gas procured in this period are summarised below.

¹ Procurement Guidelines V24.0.pdf

4.1 Operating Margins (OM)

The purpose of an OM system management service is to ensure operational balancing capability in the event of a supply failure, demand forecast change or plant failure whilst markets react. In addition, a quantity of OM is held in reserve to manage the orderly run-down of the system in an emergency.

Service Component	Component Description and Details
Holdings Contracts (Capacity and Deliverability Arrangements)	<p>NGT (OM) procured this service at the following facilities:</p> <p>Storage Facilities:</p> <ul style="list-style-type: none"> • Aldbrough storage facility • Hill Top Farm storage facility • Holford storage facility • Hornsea storage facility • Humbly Grove storage facility • Stublach Storage Facility • Rough Storage Facility <p>1 April 2025 – 31 March 2026 (will include contract sites from 24/25 and 25/26 procurement events)</p> <p>Delivery Arrangements:</p> <ul style="list-style-type: none"> • Milford Haven • Grain LNG • Power Stations

Service Component Description and Details			
Holdings Contracts (Capacity Arrangements)			
For the period 1 April 2025 – 31 March 2026, NGT procured OM as follows:			
Month	Contract Type	Space (kWh)	Average Unit cost (p/kWh/annum)
Apr 25	Capacity Contracts	352,896,077	2.5446
May 25 to Mar 26	Capacity Contracts	366,394,271	1.7229
Holdings Contracts (Delivery Arrangements)			
For the period 1 April 2025 – 31 March 2026, NGT procured OM as follows:			
Month	Contract Type	OM Deliverability (kWh/d)	Average Price (p/kWh/annum)
Apr 25	Delivery Contracts	628,669,670	4.3645
May 25 to Mar 26	Delivery Contracts	474,623,400	2.4415

Service Component Description and Details					
Gas Procurement	NGT utilises this service for the purposes of OM to address an OM gas deficit at a given storage facility where NGT holds OM Capacity Arrangements. OM may source the required gas by injecting gas that has been withdrawn from storage facilities with an OM gas surplus and, or through a market tender process or through the NGT trading desk.				
	Delivery Month	In-store quantity (kWh)	NBP quantity (kWh)	In-store weighted average price (p/kWh)	NBP weighted average price (p/kWh)
	Delivery Month	In-store quantity (kWh)	NBP quantity (kWh)	In-store weighted average price (p/kWh)	NBP weighted average price (p/kWh)
	June 2025	0	13,188,195	N/A	2.9970
	July 2025	0	309,999	N/A	2.6715
Gas Disposal	For the period 1 April 2025 – 31 March 2026, there was no OM gas disposal.				
OM Transfer between Storage Facilities	<p>NGT (OM) utilises this service to address a gas-in-store surplus or deficit by transferring OM gas between Storage Facilities.</p> <p>For the period 1 April 2025 – 31 March 2026 NGT transferred 12,000,000 kWh of OM gas between Storage facilities.</p>				
OM Utilisation	<p>NGT (OM) utilises Operating Margins services to ensure Operational Balancing capability in the event of a supply failure, demand forecast change or plant failure.</p> <p>For the period 1 April 2025 – 31 March 2026 there was no OM utilised.</p>				

4.2 Shrinkage

The NTS Shrinkage Provider manages the risk exposure associated with the shrinkage account. Shrinkage covers own use energy (to run compressors), CV shrinkage associated with variations in the calorific value of gas, and unaccounted for gas (meter error, data error, venting). The account is subject to normal cash-out arrangements if the daily gas quantities purchased do not match the daily shrinkage output allocations. NGT manages this service by trading gas at the National Balancing Point (NBP).

Service Component Description and Details						
NBP Trades	From 1 April 2025 – 31 March 2026, NGT’s procured NTS shrinkage via NBP Trades as follows:					
Month	Total Quantity Purchased (kWh)	Purchase Cost (£)	Weighted Average Purchase Price (p/kWh)	Total Quantity Sold (kWh)	Sell Revenue (£)	Weighted Average Sell Price (p/kWh)
Apr-25	96,713,430	3,655,110	3.7793	25,028,263	722,953	2.8885
May-25	104,479,812	3,727,735	3.5679	70,512,883	1,994,576	2.8287
Jun-25	87,921,300	3,120,135	3.5488	48,386,022	1,467,425	3.0327
Jul-25	198,467,681	5,917,265	2.9815	0	0	0
Aug-25	181,440,256	5,363,236	2.9559	0	0	0
Sep-25	133,171,462	4,017,110	3.0165	0	0	0
Oct-25	280,791,325	7,855,376	2.7976	5,714,885	154,650	2.7061
Nov-25	464,810,606	12,572,798	2.7049	4,689,136	121,725	2.5959
Dec-25	375,218,801	10,066,548	2.6828	1,582,583	37,314	2.3578
Jan-26	289,993,755	8,435,008	2.9087	54,335,363	1,445,787	2.6609
Feb-26	569,319,725	15,562,309	2.7335	1,875,654	47,787	2.5478
Mar-26	495,700,289	19,233,126	3.8800	0	0	0

Service Component Description and Details						
Imbalance Cash-out	From 1 April 2025 – 31 March 2026, NGT's imbalance cash-out for the NTS shrinkage account was as follows:					
Month	Total Quantity Purchased (kWh)	Purchase Cost (£)	Weighted Average Purchase Price (p/kWh)	Total Quantity Sold (kWh)	Sell Revenue (£)	Weighted Average Sell Price (p/kWh)
Apr-25	3,710,785	119,890	3.2308	8,216,038	229,465	2.7929
May-25	479,387	13,697	2.8573	13,021,580	361,590	2.7769
Jun-25	680,245	18,405	2.7056	14,656,604	428,189	2.9215
Jul-25	15,069,282	426,410	2.8297	1,371,016	38,095	2.7786
Aug-25	15,532,214	431,949	2.7810	1,772,755	47,402	2.6739
Sep-25	16,205,057	450,627	2.7808	0	0	0
Oct-25	23,346,060	655,867	2.8093	4,480,236	118,139	2.6369
Nov-25	27,920,745	750,609	2.6884	879,619	22,692	2.5797
Dec-25	11,474,912	286,290	2.4949	2,832,781	67,375	2.3784
Jan-26	9,246,464	315,357	3.4106	3,407,297	98,544	2.8922
Feb-26	13,740,438	383,938	2.7942	2,270,357	57,614	2.5376
Mar-26	18,139,591	818,799	4.5139	1,451,941	56,102	3.8639

4.3 Contingency Procurer of Supplier Demand

The purpose is to enable NGT to procure gas to meet any shipper less supplier demand, this situation occurs if the supplier's shipper has been terminated in accordance with the provisions of UNC. In the absence of revised shipping arrangements, the supplier(s) associated to that shipper may operate under a 'Deed of Undertaking' (DoU), resulting in the supplier becoming liable for all the energy balancing and transportation charges that would otherwise have been paid by the shipper. The absence of a shipper, all other things being equal would create a short system where outputs from the system are greater than the inputs, as the supplier itself has no means of delivering gas onto the system.

Service Component Description and Details	
Contingency Procurer Of Supplier Demand	During the period 1 April 2025 – 31 March 2026, NGT did not procure any gas within this role due to there being no requirement in the period.

4.4 Entry Capacity Management

The purpose of an entry capacity management service is to enable NGT to efficiently manage firm NTS entry capacity rights. Entry capacity holdings may need to be reduced to either efficiently manage capacity risk exposure or to reduce holdings and thereby manage flows onto the system. NGT may buyback firm NTS entry capacity from Users via the Gemini entry capacity system or it may enter into Capacity Management Agreements (CMAs). NGT may develop further services or enter contracts that will enable it to better manage both its operational and commercial risks.

Service Component Description and Details					
Buybacks on Gemini	For the period 1 April 2025 – 31 March 2026, NGT procured these services as follows:				
Month	ASEP	No. of days on which offers accepted	No. of offers accepted	Quantity accepted (kWh)	Weighted Average price (p/kWh)
Apr-25	None	0	0	0	0
May-25	None	0	0	0	0
Jun-25	None	0	0	0	0
Jul-25	None	0	0	0	0
Aug-25	None	0	0	0	0
Sep-25	None	0	0	0	0
Oct-25	None	0	0	0	0
Nov-25	None	0	0	0	0
Dec-25	None	0	0	0	0
Jan-26	None	0	0	0	0
Feb-26	Milford Haven	1	2	30,000,000	0.65
Mar-26	None	0	0	0	0

Service Component Description and Details			
CMA – Options Agreements	For the period 1 April 2025 – 31 March 2026, NGT procured these services as follows:		
Month	ASEP	Total Quantity Accepted (kWh)	Cost of Option (£)
Apr-25	None	0	0
May-25	None	0	0
Jun-25	None	0	0
Jul-25	None	0	0
Aug-25	None	0	0
Sep-25	None	0	0
Oct-25	None	0	0
Nov-25	None	0	0
Dec-25	None	0	0
Jan-26	None	0	0
Feb-26	None	0	0
Mar-26	None	0	0

Service Component Description and Details			
CMA – Forwards Agreements	For the period 1 April 2025 – 31 March 2026, NGT procured these services as follows:		
Month	ASEP	Quantity utilised (kWh)	Total Cost of Forward Buybacks (£)
Apr-25	None	0	0
May-25	None	0	0
Jun-25	None	0	0
Jul-25	None	0	0
Aug-25	None	0	0
Sep-25	None	0	0
Oct-25	None	0	0
Nov-25	None	0	0
Dec-25	None	0	0
Jan-26	None	0	0
Feb-26	None	0	0
Mar-26	None	0	0

Service Component Description and Details				
CMA – Options Utilisation	For the period 1 April 2025 – 31 March 2026, NGT procured these services as follows:			
Month	ASEP	Quantity utilised (kWh)	Total Cost of utilisation (exercise) (£)	No. of days on which option exercised
Apr-25	None	0	0	0
May-25	None	0	0	0
Jun-25	None	0	0	0
Jul-25	None	0	0	0
Aug-25	None	0	0	0
Sep-25	None	0	0	0
Oct-25	None	0	0	0
Nov-25	None	0	0	0
Dec-25	None	0	0	0
Jan-26	None	0	0	0
Feb-26	None	0	0	0
Mar-26	None	0	0	0

Service Component Description and Details	
Flow Management Agreements	For the period 1 April 2025 – 31 March 2026, NGT procured these services as follows:
Month	Total Cost (£)
Apr-25	0
May-25	0
Jun-25	0
Jul-25	0
Aug-25	0
Sep-25	0
Oct-25	0
Nov-25	0
Dec-25	0
Jan-26	0
Feb-26	0
Mar-26	0

4.5 Exit Capacity Management

The purpose of an exit capacity management service is to enable the system to accommodate gas flows in accordance with Users’ firm NTS exit capacity rights. In the event of desired exit flows exceeding capability, NGT may procure a range of demand/supply side services in order to achieve the desired changes in gas flows. NGT may buyback firm NTS exit capacity from Users via the Gemini exit capacity system or it may enter into Capacity Management Agreements (CMAs), to manage NTS exit constraints and/or Network Gas Supply Emergencies. NGT may develop further services or enter into contracts that will enable it to better manage both its operational and commercial risks.

Service Component Description and Details					
Buybacks on Gemini	For the period 1 April 2025 – 31 March 2026, NGT procured these services as follows:				
Month	Exit Point	No. of days on which offers accepted	No. of offers accepted	Quantity accepted (kWh)	Weighted Average price (p/kWh)
Apr-25	None	0	0	0	0
May-25	None	0	0	0	0
Jun-25	None	0	0	0	0
Jul-25	None	0	0	0	0
Aug-25	None	0	0	0	0
Sep-25	None	0	0	0	0
Oct-25	None	0	0	0	0
Nov-25	None	0	0	0	0
Dec-25	None	0	0	0	0
Jan-26	None	0	0	0	0
Feb-26	None	0	0	0	0
Mar-26	None	0	0	0	0

Service Component Description and Details			
CMA – Options Agreements	For the period 1 April 2025 – 31 March 2026, NGT procured these services as follows:		
Month	Exit Point	Total Quantity Accepted (kWh)	Cost of Option (£)
Apr-25	None	0	0
May-25	None	0	0
Jun-25	None	0	0
Jul-25	None	0	0
Aug-25	None	0	0
Sep-25	None	0	0
Oct-25	None	0	0
Nov-25	None	0	0
Dec-25	None	0	0
Jan-26	None	0	0
Feb-26	None	0	0
Mar-26	None	0	0

Service Component Description and Details			
CMAAs – Forwards Agreements	For the period 1 April 2025 – 31 March 2026, NGT procured these services as follows:		
Month	Exit Point	Quantity utilised (kWh)	Total Cost of Forward Buybacks (£)
Apr-25	None	0	0
May-25	None	0	0
Jun-25	None	0	0
Jul-25	None	0	0
Aug-25	None	0	0
Sep-25	None	0	0
Oct-25	None	0	0
Nov-25	None	0	0
Dec-25	None	0	0
Jan-26	None	0	0
Feb-26	None	0	0
Mar-26	None	0	0

Service Component Description and Details				
CMA – Options Utilisation	For the period 1 April 2025 – 31 March 2026, NGT procured these services as follows:			
Month	Exit Point	Quantity utilised (kWh)	Total Cost of utilisation (exercise) (£)	No. of days on which option exercised
Apr-25	None	0	0	0
May-25	None	0	0	0
Jun-25	None	0	0	0
Jul-25	None	0	0	0
Aug-25	None	0	0	0
Sep-25	None	0	0	0
Oct-25	None	0	0	0
Nov-25	None	0	0	0
Dec-25	None	0	0	0
Jan-26	None	0	0	0
Feb-26	None	0	0	0
Mar-26	None	0	0	0

Service Component Description and Details	
Flow Management Agreements	For the period 1 April 2025 – 31 March 2026, NGT procured these services as follows:
Month	Total Cost (£)
Apr-25	0
May-25	0
Jun-25	0
Jul-25	0
Aug-25	0
Sep-25	0
Oct-25	0
Nov-25	0
Dec-25	0
Jan-26	0
Feb-26	0
Mar-26	0

4.6 Gas Balancing

The purpose of a gas balancing system management service is to enable NGT, either acting in its role as residual system balancer to balance the gas inputs to and offtakes from the NTS within acceptable levels, or for the purposes of localised system management.

Service Component Description and Details							
NGT trades on the ICE Index On-the-day Commodity Market (OCM) day ahead and/or within day to resolve imbalances. OCM trades are deployed to achieve both national system balance and to meet localised requirements. For national system requirements, NGT can trade in all three OCM markets i.e. physical, title and locational. For localised requirements, NGT only trades in the locational market.							
During the period 1 April 2025 – 31 March 2026, NGT carried out the following OCM trades:							
OCM 'Title' trades to address a National Requirement: National 'NBP Title' Trades							
Month	No of Days on Which Trades Accepted	Number of Trade Buys	Number of Trade Sells	Quantity Purchased (kWh)	Quantity Sold (kWh)	Purchase Cost (£)	Sell Revenue (£)
Apr-25	13	70	99	140,058,634	213,590,150	4,195,143	6,062,315
May-25	16	103	119	216,169,171	231,291,636	6,485,389	6,157,057
Jun-25	17	73	78	123,001,903	153,803,666	3,600,994	4,325,700
Jul-25	13	42	63	102,955,843	146,887,188	2,990,232	3,996,797
Aug-25	11	91	15	183,960,670	27,314,217	5,138,497	701,088
Sep-25	20	293	0	685,346,546	-	18,905,064	-
Oct-25	14	151	122	375,511,877	272,849,109	10,216,719	6,855,740
Nov-25	12	28	117	59,815,790	265,053,414	1,620,121	6,383,067
Dec-25	14	10	192	24,911,035	424,161,665	636,470	9,956,497
Jan-26	23	227	43	472,899,374	84,697,524	14,019,074	2,549,116
Feb-26	20	25	328	53,661,302	726,962,628	1,418,589	18,931,921
Mar-26	21	36	238	77,634,508	499,598,142	3,796,565	21,394,331

Service Component Description and Details									
OCM 'Physical' trades to address a National Requirement									
Month	No. of days on which trades accepted	No. of Trade buys	No. of Trade sells	Quantity Purchased (kWh)	Quantity Sold (kWh)	Purchase cost (£)	Sell revenue (£)	Weighted Average Purchase Price (p/kWh)	Weighted Average Sell Price (p/kWh)
<i>No OCM Physical trades were conducted in this period to address a National Requirement.</i>									

Service Component Description and Details									
OCM 'Locational' trades to address a National Requirement									
Month	No. of days on which trades accepted	No. of Trade buys	No. of Trade sells	Quantity Purchased (kWh)	Quantity Sold (kWh)	Purchase cost (£)	Sell revenue (£)	Weighted Average Purchase Price (p/kWh)	Weighted Average Sell Price (p/kWh)
<i>No OCM Locational trades were conducted in this period to address a National Requirement.</i>									

Service Component Description and Details									
OCM 'Locational' trades to address a Localised Requirement									
Month	No. of days on which trades accepted	No. of Trade buys	No. of Trade sells	Quantity Purchased (kWh)	Quantity Sold (kWh)	Purchase cost (£)	Sell revenue (£)	Weighted Average Purchase Price (p/kWh)	Weighted Average Sell Price (p/kWh)
Feb 26	3	9	10	22,683,696	52,313,174	956,104	1,055,987	4.21	2.02

4.7 Demand Side Response (DSR)

Demand Side Response arrangements provide a mechanism for large consumers of gas to offer to voluntarily reduce their gas demand in return for a compensation payment, which they define, during times of system stress. DSR aims to reduce the likelihood, severity and duration of a gas supply emergency.

Service Component Description and Details									
Gas Demand Side Response Trades (Shipper DSR market trades)									
Month	No. of days on which trades accepted	No. of Trade buys	No. of Trade sells	Quantity Purchased (kWh)	Quantity Sold (kWh)	Purchase cost (£)	Sell revenue (£)	Weighted Average Purchase Price (p/kWh)	Weighted Average Sell Price (p/kWh)
<i>No Gas Demand Side Response trades were taken.</i>									

**Demand
Side
Response
(DSR)**

NGT has not entered Option Contracts for a DSR service to be available between 1 November 2025 and 30 April 2026 however, this report covers from 1 April 2025 to 31 March 2026 and contracts were awarded for the previous winter period which included April 2025.

The following Table shows an overview of contracts awarded from 1 April 2025 to 31 March 2026

Aggregate DSR reduction Quantity (kWh/d)	Weighted Average Option Price (p/kWh/d)	Total Option Cost (£)
4,290,638	0.47	£611,040