2026/27 Gas System Operator Incentive Performance

Quarterly Report · April – June 2026

Introduction

This report provides an overview of the National Gas Transmission (NGT) system operator incentives. This edition covers April to June 2026. The Gas System Operator (GSO) function of NGT is subject to licence obligations and several financial and reputational incentive arrangements, measured in accordance with the licence. 2026/27 is the first year of the RIIO-T3 price control and all parameters below reflect the RIIO-T3 licence. These arrangements are designed to minimise the overall cost of system operation, benefiting consumers, and allow NGT to retain a share of value created — or bear a share of cost — through the caps and collars shown.

Financial Incentives — Performance Scorecard

Incentive	Purpose	Cap & collar	2026/27 licence benchmark (RIIO-T3)	Performance & influences — April to June 2026
Capacity Constraint Management	To incentivise the maximum release of capacity (above our obligations) and minimise the cost of constraints against a set financial cost target.	**+£5.2m to −£5.2m**	Net cost target of £6.7m for entry and exit constraint management, including the commodity cost of gas in locational actions. Incentive revenue or penalty is 39% of the under- or over-spend, with 61% passed back to Shippers.	No constraint actions were required in the first quarter; risks were managed through operational tools, planning and strategy.
Demand Forecasting D-1	Deliver an accurate 13:00 day-ahead demand forecast to support efficient market decisions.	**+£1.7m to −£1.7m**	Target absolute forecast error of 6.79 mcm/day, with a wind generation adjuster of up to 2 mcm/day. Each 1 mcm/day of error above or below target is valued at ±£567k.	The quarter recorded an average forecast error of 6.77 mcm/day and day-on-day volatility of 9.98 mcm/day, both marginally lower than the same period last year. Forecast performance was influenced by uncertainty around terminals' maintenance, gas and electricity price volatility, variability in weather and heating and cooling demand.
Residual Balancing	To balance supply and demand on the gas day, minimising the impact our trading has on the market when action is taken.	**+£2.4m to −£4.2m**	Linepack Performance Measure (LPM): target 2.8 mcm/day change; neutral between 2.8 and 5.6 mcm/day in shoulder months (October, November, February, March). Price Performance Measure (PPM): target 1.5% of System Average Price (SAP).	Average LPM for the quarter is 1.24mcm/day compared to the 2.8mcm/day target, with the highest day at 5.04mcm. Average PPM is 0.61% slightly higher than 0.46% same period last year. We traded on the OCM on 43 of 91 days (47%), compared with 46 of 91 days (51%) in the same period last year. OCM prices remained volatile, with SAP ranging from 97.62 p/th (25 June 2026) to 131.08 p/th (16 May 2026).
Maintenance	Deliver the summer maintenance plan with minimal NGT-initiated change, protecting customers' access to the network.	**+£0.6m to −£1.7m**	Changes: minimise NGT-initiated changes — 3.5% benchmark of total maintenance plan days. Use of Days (valve operations): 5-day target, downside only. Use of Days (ex-	Provisional Outlook 1. Changes – Total workload days 433 (388 non-VO + 45 VO days) • Target 17 days or fewer • Current performance = 0 days

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			valve operations): align 90% of customer-impacting days.	2. Use of Days – Total number of days 5. • Performance 0 days – full alignment 3. Use of Days – Total number of days 388 (non-VO days). • Total 380 advice notice days (aligned). • Total 8 maintenance notice days (not aligned). • Current performance 97.9% against 90% target.
Greenhouse Gas Emissions	To consider the environmental impact of our compressor operations when venting.	**+£2.0m to −£2.0m**	Annual vented-emissions target of 2,156 tonnes in 2026/27, reducing by 75 tonnes each year to 1,856 tonnes by 2030/31. Deadband of ±100 tonnes; each tonne outside the deadband is valued at the central carbon price which is current ~£7792/tonne for 2026/27.	During Q1 401 tonnes were vented, approximately 19% of annual allowance. Venting is 59 tonnes (+12.5%) higher than the same period of 2025/26, against a target 26% tighter. Increase is mainly correlated with an increase in maintenance activities across the network.
NTS Shrinkage	Procure shrinkage gas (own-use gas, unaccounted-for gas and calorific value shrinkage) efficiently; the incentive focuses on trading performance.	**+£2.3m to −£2.3m**	Trading performance measured against Price Reporting Agency (Argus) reference prices, volume-weighted where available, otherwise end of day.	Shrinkage costs during the quarter were influenced by elevated gas prices following the Middle East crisis, with prices peaking at over 50% above pre-crisis levels before easing slightly. Lower Shrinkage volumes for May helped reduce costs; however, this was reversed by increased UAG volumes for June, resulting in higher overall gas-related costs. Electricity volumes reduced significantly in June, although this was insufficient to offset the impact of higher gas volumes.

For further details on each incentive see nationalgas.com/about-us/system-operator-incentives, or contact Ebikedou Cliff-Ekubo (Ebikedou.Cliff-Ekubo@nationalgas.com), Senior Commercial Incentive Analyst.