



# 2025/26 Gas Incentive Performance

## Quarterly Report

### April – June 2025

## Introduction

This report is to provide a quarterly overview of the National Gas Transmission (NGT) incentives. It was produced following feedback received through responses to industry events. It should be read in conjunction with the annual RIIO-2 System Operator Incentives supporting information published on our website in October each year which provides a summary of our annual financial performance and further incentive scheme details.

The Gas System Operator (GSO) function of NGT is subject to licence obligations and several financial and reputational incentive arrangements, which are measured in accordance with the licence following consultation<sup>1</sup>.

These incentive arrangements are designed to minimise the overall cost of system operation leading to benefit for consumers, they are designed to influence our behaviour to minimise the impact on the market, to consider environmental impacts and to support the efficient operation of the wholesale gas market.

The various incentive schemes provide a focus on key areas where NGT can create value for the industry and consumers, the financial schemes allow NGT to retain a share of any value created or be penalised should targets not be met.

## For further details

Further details on each incentive see: <https://www.nationalgas.com/about-us/system-operator-incentives>

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<sup>1</sup> [National Grid Gas plc Special Conditions](#)

## Financial Incentives – Performance Scorecard

Incentive	Purpose	Cap and Collar	2025/26 Licence Benchmark	What has influenced performance this year
Capacity Constraint Management	To incentivise the maximum release of capacity (above our obligations) and minimise the costs of constraints against a set financial cost target.	+£5.2m to -£5.2m	A net cost target of £8.5m for entry and exit operational constraint management - incentive revenue or penalty is 39% of the over or under spend respectively with the remaining 61% being passed back to Shippers. NGT retains 14% of non-obligated capacity (entry and exit) sales under the incentive.	No constraint actions during the quarter, risk has been managed with operational tools, planning and strategy. Higher levels of entry and exit non-obligated capacity have been released compared to last year for the same period, due to increased customer requests.
Demand Forecasting D-1	Deliver accurate 13:00 day ahead demand forecast.	+£1.5m to -£1.5m	The scheme has a target forecast error of 8.35mcm per day adjusted up to a further 1mcm dependent (DFSA) upon the extent of additional short cycle storage injection capability connected to the NTS.	In this quarter errors on the D-1 incentive were higher with an average error of 7.27mcm/day compared to the same period last year (6.90mcm/day).  Day to day volatility was marginally higher than Q1 24/25 with an average of 10.24mcm/day (24/25 was 9.31mcm/day).  We are not currently forecasting a DFSA for the 2025/26 incentive year.
Residual Balancing	To balance supply and demand on the gas day minimising the impact our trading has on the market when we do take action to balance the network.	+£1.6m to -£2.8m	Linepack Performance Measure (LPM) Target: 2.8mcm/d change. For the shoulder months (October, November, February, and March) there is an increase in the target where there is in effect a neutral position between 2.8 and 5.6 mcm/d.  Price Performance Measure (PPM) Target: 1.5% of System Average Price (SAP).	<ul style="list-style-type: none"> <li>The average price spread for residual balancing trades was 0.7% of SAP compared to the 1.5% target. PPM reached a maximum value of 16.3% of SAP on 08/05/25.</li> <li>The average linepack change achieved was 1.5 mcm compared to the 1.8mcm target. LPM reached a maximum value of 7.6 mcm on 08/05/25.</li> </ul>
Maintenance	Deliver benchmark performance for summer maintenance outage days, including and excluding Valve Operations (VO). Minimise NGT driven changes to maintenance planning to deliver network access for customers	+£0.5m to -£1.5m.	Maintenance Period covers 1 <sup>st</sup> Apr – 31 <sup>st</sup> October.  1. Changes – minimisation of changes initiated by NGT – Target 7.25% of the total maintenance plan days in the year.  2. Use of Days – (VO) – Target 11 days.  3. Use of Days – (ex VO) – Target align 75% of customer impacting.	Provisional Outlook 1. Changes – Total workload days 307 (259 non-VO + 48 VO days) <ul style="list-style-type: none"> <li>Target 23 days or fewer</li> <li>Current performance = 3 days</li> </ul> 2. Use of Days – Total number of days 11. <ul style="list-style-type: none"> <li>Performance 6 days</li> </ul> 3. Use of Days – Total number of days 259 (non VO days). <ul style="list-style-type: none"> <li>Total 240 advice notice days (aligned).</li> <li>Total 19 maintenance notice days (not aligned).</li> <li>Current performance 94% against 75% target.</li> </ul>

Greenhouse Gas Emissions	To consider the environmental impact of our compressor operations when venting	+£1.5m to -£1.5m	Minimise emissions from compressors with a breakeven target of 2,897 tonnes. Emissions venting reference price for this incentive year is £2,635/tonne.	<p>A total of 304 tonnes of natural gas was vented during the quarter. Since April approximately 11% of the annual target has been used.</p> <p>As demand decreases, our focus shifts to summer processes and identifying units suitable for engine inhibiting for the summer period. This process temporarily isolates compressor units identified as unlikely to be needed during the summer, this isolation reduces periodic testing and subsequent venting thereby minimising our impact on the environment. This summer 9 units have been inhibited saving ~100 tonnes of emissions.</p>
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