



2024/25 Gas Incentive Performance

Quarterly Report

January – March 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 during quarter 3 of 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 consultation¹.

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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¹ National Grid Gas plc Special Conditions

Financial Incentives – Performance Scorecard

2025/26 Performance based upon actuals from 1 January to 31 March 2025.

Incentive	Purpose	Cap and Collar	2024/25 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 were required during the quarter. However, in January, corrosion identified on the Bathgate Flow Control Valve resulted in a pressure restriction to facilitate further inspections, raising concerns about a potential Exit capacity constraint at the Bathgate Offtake. The risk was effectively managed through a combination of operational tools, strategic planning, and temporary measures, including manual boundary control, a temporary pressure restriction, and a compressor strategy implemented by operational staff.
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 (DFSAs) 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 8.50mcm/day compared to the same period last year (8.41mcm/day). Day to day volatility was higher than Q4 23/24 with an average of 17.89mcm/day (23/24 was 15.81mcm/day). A DFSA was included for the year with output of license calculation including a 0.16mcm adjustment.
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).	During this quarter we traded on 68% (61/90) of days, resulting in 111.1 mcm sold and 62.0 mcm brought. This was slightly higher than the same period last year, where we traded on 63% (57/91) of days. SAP (System Average Price) ranged over the quarter from 93.7 p/th (on 08/03/25) to 144.4 p/th (on 11/02/25). <ul style="list-style-type: none"> The average linepack change achieved was 2.1 mcm compared to the 2.8mcm target. LPM reached a maximum value of 8.5 mcm on 19/02/25. The average price spread for residual balancing trades was 0.8% of SAP compared to the 1.5% target. PPM reached a maximum value of 8.9% of SAP on 08/01/25.
Maintenance	Deliver benchmark performance for summer maintenance outage days,	+£0.5m to -£1.5m.	Maintenance Period covers 1 st Apr – 31 st October.	Performance year on 31 st October with: 1. Changes – Total workload days 226 (174 non-VO + 52 VO days)

	including and excluding Valve Operations (VO). Minimise NGT driven changes to maintenance planning to deliver network access for customers		<p>1. Changes – minimisation of changes initiated by NGT – Target 7.25% of the total maintenance plan days in the year.</p> <p>2. Use of Days – (VO) – Target 11 days.</p> <p>3. Use of Days – (ex VO) – Target align 75% of customer impacting.</p>	<ul style="list-style-type: none"> Target 16.4 days or fewer Current performance = 10 days <p>2. Use of Days – Total number of days 11.</p> <ul style="list-style-type: none"> Performance 0 days. <p>3. Use of Days – Total number of days 184 (non VO days).</p> <ul style="list-style-type: none"> Total 174 advice notice days (aligned). Total 10 maintenance notice days (not aligned). Current performance 94.6% against 75% target.
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.	This quarter a total of 583 tonnes of natural gas was vented. This is lower than the same quarter last year where 655 tonnes was vented. January was the highest in the quarter as more compression was needed due to the increase in demand from weather-related needs.