



2025/26 Gas Incentive Performance

Quarterly Report

January – March 2026

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 by 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 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 Gas plc Special Conditions

Financial Incentives – Performance Scorecard

Incentive	Purpose	Cap and Collar	2025/26 Licence Benchmark Performance	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.	<p>Constraints were observed at Milford Haven in January and February.</p> <ul style="list-style-type: none"> January: Interruptible Entry capacity was scaled back, further Firm Entry capacity was withheld from within-day auctions, and locational bid offers were requested (none accepted). February: Actions included entry capacity buybacks, locational buys, and locational sells. In total, ~52 GWh was sold, ~23 GWh was bought to maintain system balance, and ~30 GWh was procured via buybacks. <p>No other constraint actions occurred during the quarter, with risks managed through operational tools, planning, and strategy.</p>
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.	<p>In this quarter errors on the D-1 incentive were lower with an average error of 7.98mcm/day compared to the same period last year (8.5mcm/day). Day to day volatility was lower than Q4 24/25 with an average of 15.94mcm/day (24/25 was 17.89mcm/day). On the D-2 to D-5 incentive, an average error of 14.25mcm/day was seen throughout the quarter which was lower than the same period last year (15.01 mcm/day).</p>
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	<p>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.</p> <p>Price Performance Measure (PPM) Target: 1.5% of System Average Price (SAP).</p>	<p>The average price spread for residual balancing trades was 1.1% of SAP compared to the 1.5% target. PPM reached a maximum value of 19.7% of SAP on 05/01/26.</p> <p>The average linepack change achieved was 2.0 mcm compared to the 2.8mcm target. LPM reached a maximum value of 8.5 mcm on 05/01/26.</p>
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.	<p>Maintenance Period covers 1st Apr – 31st October.</p> <ol style="list-style-type: none"> Changes – minimisation of changes initiated by NGT – Target 7.25% of the total maintenance plan days in the year. Use of Days – (VO) – Target 11 days. 	<p>No changes from previous quarter’s commentary as incentive ended on 31st October.</p>

			3. Use of Days – (ex VO) – Target align 75% of customer impacting.	
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 £2,766.53/tonne.	In Q4 2025/26, a total of 722 tonnes of natural gas were vented, of which 119 tonnes were attributable to electric compressors. This represents an increase of 139 tonnes compared with Q4 2024/25.