national gas

Securing Britain's Energy

A policy paper from **National Gas** February 2026

Foreword

For nearly 50 years, I have witnessed profound change in Britain's energy system. Despite that change, Britain has consistently enjoyed a secure and reliable supply of energy for decades - underpinned by careful forward planning, sustained investment and, until recently, a relatively stable domestic and international energy landscape.

Most people understandably give little thought to the energy system until something goes wrong. However, cold weather often serves as a reminder of a simple, but often forgotten, truth: energy is not an abstract policy goal, but the means by which we meet our most basic needs as a society - keeping our homes warm, lights on and businesses running.

Yet today, the national conversation about energy too often unfolds at a distance from the everyday realities it exists to serve.

Britain is now in the midst of another generational energy transition, driven by the existential threat of climate change.

There is real progress to celebrate. We are using more renewable energy than ever before, and this Government deserves significant credit for its ambition to lead internationally on clean power. Cutting emissions, reducing reliance on fossil fuels over time and expanding renewables are all essential to Britain's future prosperity and security. There is no serious debate about that.

However, it is equally important to recognise the critical role gas continues to play in maintaining a stable and reliable energy system - particularly during periods of cold weather and low renewable generation.

While gas demand will decline over time, our analysis shows it will remain largely unchanged on the coldest days for many years to come. This is not an argument against renewables, but a reminder that a resilient energy system at Britain's scale requires flexibility and diversity.

Analysis set out in our recent *Winter Outlooks*, the National Energy System Operator's *Gas Supply Security Assessment* and the Government's *Gas System in Transition* consultation clearly marks the challenges ahead. Declining North Sea production and recent changes in global energy markets are increasing Britain's reliance on imports and tightening supply margins in the coming years.

At the same time, a more turbulent geopolitical landscape and the increasing frequency of extreme weather events are introducing new risks to our energy security.

In addressing these challenges, we are once again confronted by the "energy trilemma" - the delicate balance between security of supply, affordability and the pace of decarbonisation when shaping energy policy. Our priorities must evolve to meet the needs of the time, and we find ourselves at another defining moment.

The Government's consultation on the future security of gas supply is therefore timely, welcome and necessary, and it should be commended for its leadership in gripping this important issue.

Through this consultation, it is right to ask important questions about what has gone before. For example, we must collectively consider whether existing market-based arrangements, which have served us well for many years, remain sufficient to meet the demands of the future.

As Britain's Gas System Operator, our priority is always to deliver a safe, secure and reliable supply of gas through the National Transmission System. However, our expertise and experience also mean we are well placed to support Government, regulators and industry and offer an evidence-based perspective on Britain's gas security needs.

That is why we have published *Securing Britain's Energy* – a paper summarising our response to the Government's *Gas System in Transition: Security of Supply* consultation.

While there are few easy answers, there are credible and deliverable options available. Although no single organisation holds all the levers, we have set out a range of policy options that we believe could safeguard Britain's energy security.

Ultimately, decisions about how to balance security, affordability and decarbonisation rest with Government and depend on the level of risk the nation is prepared to accept. The options we present, structured around three core aims, are designed to support that decision-making with clear, deliverable options grounded in a realistic assessment of risk.

Meeting these challenges will require a coordinated, pragmatic and forward-looking approach. However, swift and decisive action is also needed to address potential near-term challenges and that work is already well underway.

National Gas stands ready to work with Government, NESO, Ofgem and industry to safeguard Britain's longterm energy security.

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Chief Executive | National Gas

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Introduction

Securing Britain's Energy is a policy paper from National Gas. It summarises our response to the UK Government's *Gas System in Transition: Security of Supply consultation* which closed on Wednesday 18 February 2026. As such, this paper is best read and considered in tandem with the Government's consultation document.

More specifically, **Section One** sets out **who we are** and **our role** when it comes to gas security of supply, **an overview to our response** and **the context** in which it should be considered. **Section Two** sets out the range of policy options we have put to Government.

Section One

About National Gas: Securing Britain's Energy

Who we are

National Gas owns and operates the National Transmission System (NTS) in Great Britain.

Our licence obligates us to develop, maintain and operate an economic and efficient network as established under the Gas Act 1986.

These obligations include facilitating competition in the supply of gas, maintaining system balance on the day, operating safely within pressure and gas quality limits, and planning and developing the network to meet peak demand against the established 1-in-20 demand standard.

Our role

The only formal security standard applied to supply of gas in Great Britain is the N-1 standard, as defined in Article 5 of the retained EU regulation 2017/1938. This N-1 standard, which is applied to the Secretary of State for Energy Security and Net Zero, is an infrastructure-based test that assesses whether the system in Great Britain has sufficient aggregate gas supply capability upstream of the National Transmission System, to meet demand in the event of the failure of the single largest supply source.

Importantly, N-1 relates to upstream supply capability. This includes upstream production (UK Continental Shelf), imports (EU and Norway), LNG (Liquefied Natural Gas) and storage availability and deliverability. As such, it is a test of physical gas supply capability, rather than an assessment of the realistic maximum volume of actual gas that may be deliverable to the National Transmission System on any given day.

The overall availability of gas is expected to be ensured through market arrangements and commercial incentives, rather than through obligations on the System Operator. This separation between upstream infrastructure capability and the actual gas supply availability is well-established within the current regulatory and policy framework.

On the day, National Gas fulfils its role as residual energy balancer of the National Transmission System through trading on the on-the-day commodity market, both title and physical gas, buying or selling gas as necessary to physically balance the system, and maintain system integrity within established ranges of pressure and volume across the network.

This operational role requires visibility of supply conditions to manage any emerging system stress events and escalate risks, where appropriate. However, National Gas does not have the responsibility for securing the availability or delivery of any upstream gas supply capability.

As the Gas System Operator, we do not control upstream production, import capacity, storage levels or wider commercial supply decisions. Gas Shippers, as National Gas customers on the National Transmission System, are incentivised under the gas balancing regime and associated commercial framework agreements to balance their portfolios on any gas day. These incentives create the commercial environment within which shippers secure sufficient upstream gas supplies to meet their customers' daily demand.

National Gas does procure some physical gas supply through Operating Margins (OM) ahead of the day. However this is only an operational tool, held in reserve, and available for release at short notice to support system integrity under defined stress scenarios, as opposed to a mechanism for securing a level of supply availability to balance the network. Therefore, responsibility for ensuring sufficient upstream supply capability therefore sits outside National Gas's current Gas Transporter Licence and Uniform Network Code obligations.

Similarly, National Gas is not required to proactively reinforce the transmission network for the purpose of securing upstream supply availability. Investment in transmission network infrastructure is typically undertaken where justified by an economic assessment of identifiable operability, or constraint risk, or where driven by a specific customer request. Such reinforcements, where approved by Ofgem, are therefore either the outcome of a cost benefit analysis linked to defined network risk, or are customer led and subject to a Net Present Value (NPV) assessment and a long-term capacity commitment rather than mechanisms intended to ensure national level of gas supply adequacy.

Therefore, while National Gas plays a critical role in identifying, managing and communicating risks to the operation of the gas system, it is not directly responsible for securing the supply of gas to the Great Britain market or securing sufficient upstream supply capability.

Overview

National Gas plays a critical role at the heart of Britain's energy system. As such, we welcome the Government's programme of work on the Gas System in Transition, and this timely consultation examining security of supply. Together, with the forthcoming Energy Resilience Strategy, this work must secure Great Britain's energy needs today, and in the decades to come.

Gas supply security is fundamentally distinct from electricity which presents a unique challenge. High levels of gas import dependence, exposure to global markets, the separation of molecule availability from physical supply capability, and the transportation of large-scale energy flows through a limited number of supply points in Great Britain have all contributed to a different risk profile and set of system challenges facing the country's energy system. As such, it is right that the Government urgently explores measures to mitigate against these, ensuring Britain has resilience in both supply and infrastructure.

Over several decades, the National Transmission System, Britain's national gas network, has evolved significantly in the way it is planned, operated, and balanced. These changes have been driven by shifts in policy decisions, market liberalisation, resource availability, and infrastructure investment.

However, Britain's supply-demand dynamics have also changed markedly over the last 25 years, as domestic production has declined. Increasingly, system flexibility has shifted toward storage and importation, which now serves a significantly larger share of the annual gas demand curve. This reliance is expected to increase further through the 2030s. While annual gas demand may fall, peak demand is forecast to remain broadly unchanged, as gas fired generation continues to play a critical role and increasingly operates as a form of strategic power storage during periods of low renewable output.

Recent assessments show that risks to Britain's gas security are increasing during periods of high demand, driven by a material decline in supply margins. NESO's Gas Supply Security Assessment (GSSA) and National Gas' Winter Outlook (2025) identify credible near term scenarios in which supply shortfalls could arise following supply losses, and underline that lead times for securing additional supply side mitigations can be substantial.

Clear and timely decisions on risk appetite, and the measures necessary to address them, are now urgently needed to ensure Great Britain can continue to meet its required gas and power demand, both safely and reliably, throughout the energy transition.

As the Government looks to develop its approach to the supply and delivery of gas, National Gas recommends underpinning policy decisions with **three clear aims.** These will help protect existing supply capacity and infrastructure capabilities, and unlock greater provision, where required:

1. **Establish Britain's risk appetite and future gas security of supply standards**
2. **Develop a future-proofed and competitive gas market**
3. **Strengthen gas network and supply infrastructure resilience**

The Context

Current market setup

Britain's gas market has historically been designed around the principle that well functioning markets will deliver commodity supply, with the UK Continental Shelf playing a central role. The system is decentralised, with gas shippers financially incentivised to secure sufficient supply to meet their demand portfolios, while long-term capacity bookings provide infrastructure investment signals to National Gas as the System Operator.

This is underpinned by user commitment. This model has historically delivered a high degree of flexibility through a highly liquid spot market, enabling shippers to respond quickly to price signals and secure gas in the short-term, with long-term capacity bookings providing commercial certainty of access to the National Transmission System.

However, while this approach has served Great Britain well – particularly when domestic production and pipeline imports were more abundant – it is increasingly misaligned with current market conditions. Great Britain is now a net importer of gas, more reliant on LNG, and more exposed to global market volatility in ways not anticipated when the existing framework and market was established. There are growing signs that the current market structure is becoming less fit for purpose.

The decline in long-term capacity bookings has also made infrastructure planning more challenging. Evidence suggests that infrastructure required to meet low probability but high impact events, such as periods of peak power demand coinciding with low renewable generation, is increasingly under commercial pressure. If these pressures persist, there is a risk that critical infrastructure providers may exit the market without replacement, creating material risks to security of supply.

Immediate challenges

National Gas analysis indicates that supply margins are primarily declining due to reduced UK Continental Shelf (UKCS) production and lower interconnector availability. This is against a backdrop of relatively stable demand. While geological decline is a significant factor, nongeological drivers may also be contributing to reduced UKCS supply. Without intervention, Great Britain could move into a marginally negative N-1 supply infrastructure position in the short-term.[1]

[1] This is unconfirmed at the time of writing, but tightening N-1 margins for winter 2025/26 are outlined in National Gas' Winter Outlook. National Gas is keeping expected margins under review to understand how these are impacted by the latest market intelligence. The margins for winter 2026/27 will be published in our Winter Outlook in October 2026. National Gas' response to this consultation focuses on the medium-to-long-term, however we are also working with the Department for Energy Security and Net Zero to identify possible (albeit limited) solutions to any short-term challenges identified.

The enduring role of natural gas

As established in the consultation and the Government's Clean Power Action Plan, there will be an enduring role for gas in the power sector for decades to come. Despite the overall annualised demand for gas declining,[2] peak gas demand for power remains high. In our 2025 Winter Outlook, National Gas saw peak demand increase by 8 mcm/d,[3] over year-on-year winter 2024/5 – 2025/26.[4]

The role of gas is, therefore, evolving to fulfil a crucial "strategic reserve" for power generation, as well as continuing to be the primary energy source for domestic heating (at least) in the medium-term.[5] Even with the significant build out of renewables, the inherent variability of wind and solar means that system balancing needs can be larger during periods of low renewable output - reinforcing the ongoing role of dispatchable capacity. Put simply, gas as a dispatchable energy vector will continue to close the gap between power demand and supply, ensuring the lights stay on, homes stay warm, and industry can operate.

With this context, National Gas agrees that the *Gas System in Transition: Security of Supply Consultation* correctly identifies the key challenges facing the gas sector and we commend the Government for bringing this important consultation forward.

The challenges presented cannot be fixed with a single solution, and thus Britain requires a range of both market-based and infrastructure interventions to meet security of supply. As such, National Gas has set out three core aims to underpin Government policy interventions.

Our approach has therefore been based on policy options that could help address the forecast margins associated with NESO's *Gas Supply Security Assessment*, alongside the current infrastructure-focused standards (N-1 supply and 1-in-20 demand). However, where the Government sets the level of risk for supply, and the associated security of supply standards, this may alter the options we have put forward.

Key policy options include:

- **The existing infrastructure-focused standards should be complemented with the introduction of a new security of supply standard covering deliverable commodity**. This should be based on the Gas Supply Security Assessment (GSSA), with Government holding accountability.

- **Accelerate critical National Transmission System resilience projects and remove constraints on key network feeders (pipelines)** to ensure the network can support an evolving supply mix and flow patterns. This should be supported by timely planning, consenting, and regulatory processes.

- **Maintain and expand capability from storage and LNG infrastructure, facilitate the introduction of Floating Storage Regasification Unit (FSRU) where required, and establish market frameworks that enable a viable business model for merchant interconnectors,** working with investors to ensure the ongoing commercial viability of all flexible supply infrastructure.

Collectively, we believe these recommendations could significantly reduce the deficit in NESO's GSSA N-1 scenario to around 20-35 mcm on the peak day. While this deficit could still be disruptive, it is within the range of the typical volumes of demand turn down procured as part of National Gas' Operating Margins.[6] This along with our other operational tools, could be deployed to minimise the disruption of this scenario were it to occur.

Delivering future proofed network infrastructure and flexible import capability is inseparable from strengthening Britain's market-based approach to gas supply, as each depends on the other to function. We have welcomed our ongoing engagement and collaboration with Government, Ofgem, NESO and industry to date, and stand ready to continue this work as Government considers the development of any new strategic gas supply source or other intervention.

2 NESO, *Gas Supply Security Assessment*, November 2025
3 The term mcm/d refers to a million cubic meters per day, a unit of measurement for volume flow rates.
4 National Gas, *Gas Winter Outlook 2025*, October 2025
5 Internal National Gas analysis
6 Gas that is used by National Gas when necessary to address operational stress on the National Transmission System (NTS)

Section Two

Policy Options

National Gas welcomes the Government considering the type of gas market policy that will be required to manage continued security of supply. Given the gas landscape, we recommend a collaborative approach between Government, Ofgem, NESO and National Gas that supports industry to implement any policy and intervention option(s) required to ensure the evolving capability of our network and ensure the needs of the wider gas system are met.

While infrastructure sufficiency and resilience alone will not guarantee the delivery of gas, a holistic approach that also considers market frameworks and entry conditions for Britain's gas imports will be critical. As such, the policy options we have put forward aim to help address the challenges of declining domestic gas production, evolving demand patterns, infrastructure resilience and the commercial viability of gas supply assets.

The key issue for the Government to address is how best to manage any low probability, short duration deficit, unlikely to be secured by the market on a commercial basis. This is particularly important as Britain becomes increasingly reliant on imported gas. We recognise that this consultation seeks evidence on the merits of potential measures, including additional storage, Floating Storage and Regasification Units (FSRUs), demand side options, and expanded LNG capacity. We would also recommend consideration of how best to optimise remaining UKCS production to keep existing gas fields for their full lifetime. This should look to ensure Britain can continue to extract economic, energy security and industrial value from existing resources and infrastructure.

As such, we have established three core aims that we believe Government should use to underpin policy decisions and help secure a robust and competitive gas market for Great Britain.

To inform our proposals, we have based our policy options on the forecast margins associated with NESO's Gas Supply Security Assessment, alongside the current infrastructure standards (N-1 supply and 1-in-20 planning). Our aim has been to propose policy options which we believe would ensure that any deficits are limited to a level which could be managed by utilising our current operational tools, such as Operating Margins. These proposals do not directly consider cost, affordability, regulatory implications, or wider Government objectives and targets. However, we recognise these are factors the Government will need to consider as part of its overall policy and decision-making process.

Aim One: Establish Britain's risk appetite and future gas security of supply standards

National Gas considers that a critical first step to ensure Britain's future energy security is for the Government to define its risk appetite for the gas system. This risk appetite should underpin the overall approach to the gas market, covering both infrastructure resilience and supply availability, alongside informing the appropriate security of supply standards. The level at which these are set will determine the extent to which additional infrastructure investment or changes to gas balancing and market arrangements are required.

At present, two principal infrastructure-focused standards apply: the 1-in-20 planning standard and the N-1 infrastructure supply standard. National Gas considers both should be retained. However, these should be complemented by a third standard focused on deliverable commodity security. This additional standard should draw on the assessments set out in NESO's *Gas Supply Security Assessment* (GSSA), which considers both the availability and deliverability of gas supply. Taken together, these standards would provide a more comprehensive and robust framework for assessing security of supply in Great Britain through the energy transition.

The current upstream, capability based approach does not fully reflect the probability of physical gas delivery or the risks associated with storage depletion during prolonged periods of cold weather. The GSSA indicates that the loss of the single largest supply infrastructure could result in a theoretical supply shortfall of up to 127 mcm/d in 2030/31. This equates to around one quarter of forecast peak demand and exceeds forecast peak gas fired power demand, with smaller shortfalls likely to be identified in the preceding years.

1. Establish Britain's risk appetite and future gas security of supply standards

1a. Risk appetite

Government should define the scenarios against which the gas system is expected to be resilient, and the level of risk within which Great Britain's energy market should operate. This should include consideration of prolonged LNG supply disruptions and coincident stress events over a defined 'cold snap' period. The Government's risk appetite should inform the security standard or standards applied in Great Britain, and guide decisions on infrastructure investment and gas market and balancing interventions.

1b. Security standards

The existing infrastructure-focused standards (the N-1 supply infrastructure and the 1-in-20 planning standard) should be retained and complemented by the introduction of a new security of supply standard covering deliverable commodity, that Government has accountability for. National Gas's gas transporter licence requires the National Transmission System to be planned and developed to meet peak aggregate daily demand with a statistical probability of occurring once in 20 years. In addition, National Gas publishes the N-1 assessment in its Winter Outlook, demonstrating system resilience to maintain positive margins in the event of the unplanned loss of the single largest supply infrastructure. These should be maintained to apply as a minimum baseline to ensure necessary NTS resilience to meet demand for a range of scenarios.

In addition, the new standard should be based on the Gas Supply Security Assessment (GSSA) methodology developed by NESO and would place accountability on Government to ensure that the standard is met. In a similar way to the 1-in-20 and N-1 standards for infrastructure, this deliverable commodity standard would focus on supply. The GSSA methodology looks to assess both the availability and deliverability of gas, including the likelihood of physical delivery and the impact of storage depletion during periods of sustained cold weather.

Aim Two: Develop a future-proofed and competitive gas market

Infrastructure sufficiency alone does not guarantee molecules. Unless Britain remains attractive for gas to land. It is critical that Great Britain strengthens its market-based approach to gas supply to mitigate the risk of future supply shortfalls during periods of peak demand. To strengthen GB's competitiveness, measures should include evaluating the gas quality standards (e.g. Wobbe Index) and supporting market attractiveness with more competitive pricing (e.g. stacked entry costs) – keeping in step with neighbouring European markets. Considering the future make-up of GB supply will also be vital, including achieving the right balance of term-contract and spot price purchase for gas.

Alongside assessing Britain's competitiveness to import gas, we also recommend optimising remaining UKCS production to maximise the energy and industrial value of the UKCS, while progressing the North Sea's transition. Where aligned with Government goals, this could help bolster energy supply and reduce the risk of tightening supply margins.

2. Develop a future-proofed and competitive gas market

2a. Regulation

Initiate an immediate review of the upper limit for the Wobbe Index, working with industry. The review should reach an optimum Wobbe Index range that delivers supply benefits without increasing operational and safety risks. This includes better alignment with specifications in Belgium and the Netherlands (i.e. increase of up to 52.85 MJ/m^3). Increasing the upper limit will secure greater access to flexible imports (reducing potential import flow curtailments due to non-compliance), reduce nitrogen ballasting costs, and improve GB's attractiveness relative to European markets.

Commission a review of the governance arrangements for gas quality parameters set out in Schedule 3 of the Gas Safety Management Regulations 1996 (GS(M)R). This should be done in parallel with the review of the Wobbe Index. The objective should be to ensure future changes can be progressed in a more timely, coordinated and predictable manner, supporting system resilience and access to diverse gas supplies, while maintaining safety standards. This should ensure downstream operators are not compromised by any changes.

Government should maintain a compatible approach to commercial and regulatory regimes between GB and EU gas markets. To achieve this, Government should continue engaging with relevant stakeholders, such as TSOs and EU authorities and streamline the EU Network Codes in retained EU law. This should be informed by industry to ensure legislation is not a barrier to future desired alignment with EU rules. This is critical for diverse supplies into GB through interconnector imports, supports exports to continental Europe (e.g. for refill of EU storage) and maintains security of supply for the island of Ireland through the Moffat interconnector.

2b. Gas procurement

Government and Ofgem should conduct a sprint review into whether GB should adopt greater term contracting into the supply mix. This should look to determine whether to encourage or require shippers to enter into more term contracts, and if required, the proportion of term contracts. The overall aims of the review should be to ensure a balanced gas procurement strategy that supports resilience and commercial competitiveness of infrastructure providers, while also appropriately protecting against price volatility and maintaining an element of flexibility. The review should also include Government and Ofgem exploring international practices, to understand the benefits or constraints of such models, and how these operate in other countries, such as Japan and Germany.

2c. Optimising the UK Continental Shelf (UKCS)

Optimise remaining UK Continental Shelf (UKCS) production, keeping existing gas fields for their full lifetime. This should be considered where economically and environmentally appropriate, as a means of moderating the declining supply margin during the transition. Assessing whether targeted technical, commercial or regulatory measures could support efficient recovery would help ensure that GB makes full use of its existing domestic resources.

2d. Entry costs, tariffs, charging arrangements

Implement a single reference National Transmission System Capacity reference price. By implementing UNC Modification 0903 (UNC 0903), this would lower entry charges, reduce volatility and improve cost predictability for customers, strengthening the commercial case for landing or transiting gas in GB. This is crucial as GB is a net importer of gas. GB's average entry tariff (NBP) is at the upper end of the European range (around €1.5/MWh across products), whereas many continental EU entry points are much lower (around €0.5–€1.0/MWh).

Deployment: UNC 0903 could impact NTS Transportation charges from October 2027.

Ofgem and DESNZ should continue collaborating with National Gas and industry to review NTS Entry Capacity arrangements in RIIO-GT3, exploring mechanisms outside of the Planning and Advanced Reservation of Capacity Agreement (PARCA) process. This includes examining the proportion of 'user pays' vs socialisation that should exist for project costs, where the project is to be considered of net benefit to GB security of supply and thus consumers (in terms of the price of gas). Current arrangements may render new investment, such as for LNG, in GB unattractive to developers once stacked with other requirements, such as upstream commitment and terminal infrastructure. We are reviewing this within T3 to include the purpose and principles of the capacity regime, proposing reforms and adjustments to support security of supply, efficient investments, and management of the system.

2e. Demand incentives

Explore how to secure Demand Side Response (DSR) market growth. This should include Government, Ofgem and National Gas working to evaluate responses to this consultation and assess if material growth in offered volume reduction is feasible (recognising current volumes offered are insufficient). This is necessary to facilitate the overall purpose of DSR to mitigate the risk of entering/impact of a Network Gas Supply Emergency (NGSE). Increased participation in the scheme is important to unlock the necessary industrial demand connected to the NTS.

Deployment: National Gas has a UNC obligation to run a DSR tender each summer, launching by the end of July. Therefore, if engagement is conducted over 2026 and fruitful, additional volume reduction offers could be agreed in late summer 2027 as pre-contracted DSR, ahead of winter 2027/28 deployment.

Aim Three: Strengthen gas network and supply infrastructure resilience

Access to gas must be underpinned by resilient infrastructure. Capacity and resilience upgrades are therefore essential, alongside ensuring the commercial viability of interconnectors, and additional storage and send out capability, delivered in a way that does not sterilise existing commercial sites.

As such, National Gas strongly supports the maintenance and prioritisation of existing midstream infrastructure, including supply points across Britain like pipeline and LNG terminals, interconnectors and geological storage, together with their associated capacity and capability.

National Transmission System resilience projects, including the South East Resilience and Western Import Resilience, should be progressed at pace to remove bottlenecks and system constraints, as supply diversity reduces and import reliance grows. This must be supported by planning, land and consents processes that enables this investment, as well as efficient regulatory processes.

While potential EU-GB imports associated with market frameworks that enable a viable business model for merchant interconnectors alongside minimising onshore constraints remain essential, if a N-1 GSSA standard is introduced, the residual deficit in this scenario is still likely to be material. For context, a 127 mcm/d currently indicated is equivalent to approximately three Rough-sized storage facilities (at previous peak deliverability – not space), or six Floating Storage Regasification Unit (FSRU) operating at 20 mcm/d.

As such, while we consider that a balanced package of measures will be required and should be introduced where required, we believe the most critical challenge is to overcome the reduced availability and deliverability of medium-range storage (during extreme events over the transition).

As such, solutions that provide high-deliverability, and short duration supply certainty are critical. This should focus on increasing flexible supply capacity, supported by an appropriate commercial framework. National Gas, as the System Operator, recognises value in supply diversity, particularly where these offer geographical spread across the National Transmission System.

3. Strengthen gas network and supply infrastructure resilience

3a. National Transmission System resilience

Government, Ofgem and NESO should take a proactive approach to NTS resilience and remove constraints on key feeders. Such as, delivering High Impact Points of Failure (HIPF)) projects to mitigate the impact of unplanned infrastructure disruptions, and accelerating the West Import Resilience Project, the South East Resilience Project, and compressor reliability programmes, providing flexibility for dispatchable power generation.[7] This will enable any new entry point to secure firm capacity aligned to expected flows. This requires supportive planning, land and consents processes, and efficient regulatory processes.

[7] Providing increased flexibility for dispatchable power generation is necessary as we transition towards Net Zero and have more reliance on intermittent renewable generation.

Deployment: Four out of five elements of the West Import Resilience Project are expected to be delivered and operational by December 2028, with the fifth aspect expected in 2031, to accommodate necessary control system modifications. The reconfiguration of Cambridge Compressor station of the South East Resilience Project is expected to be delivered and operational by December 2027. While the compressor programmes at Nether Kellet and Bishop Auckland are currently expected to be delivered and operational by December 2028 (part of the Compressor reliability programmes).

3b. LNG

Government should maintain existing LNG storage and send-out capability and examine options to expand LNG storage and/or send out capability aligned with future security standards, where this improves deliverability and resilience, with any required NTS reinforcements considered in parallel. Expanding LNG storage volumes and/or send out capability will improve the ability to deliver gas into the NTS at times of stress, rather than relying on real time LNG imports or shipping schedules.

Government should consider how to enable LNG terminals to adapt for cleaner molecule solutions (e.g. ammonia or carbon), reducing stranded asset risk. The Government could help to achieve this by including future fuel opportunities as part of NESO's CSNP and SSEP, highlighting strategic locations where future terminals could reside. Government could also explore (with LNG terminal providers) including LNG terminals within the relevant regulated business models for future low carbon fuels, to future-proof investments.

3c. Interconnectors

Government and Ofgem should establish market frameworks that enable a viable business model for merchant interconnectors. Interconnector flexibility and capacity is an important aspect for both short- and long-term energy security. Commercial support could help to avoid further reduction in available capacity. This will help deliver GB's overall need to maintain and protect existing supply capacity and capabilities.

3d. Storage

Government should work with industry to maintain existing storage capacity and introduce or facilitate expansion aligned with future security standards. This should be introduced alongside commercial incentives to address any low market spreads and support long-term commercial viability. Where capacity is added, the capability and resilience of the NTS must be considered. Increasing storage capacity provides greater domestic resilience, and protection against shipping delays, market disruption or extreme weather, and enables the market time to source cargos (if and where required).

If Government decides to introduce strategic storage reserves, ensure this is additive, and does not reduce existing storage stock. National Gas agrees a strategic reserve, under the direct or indirect control of Government, would be beneficial to security of supply. As the Gas System Operator, we would look to work with Government to identify, procure, and manage the gas to introduce greater capacity on the NTS. However, it should be noted that using existing storage for a strategic reserve would remove flexibility from the market, and could distort price signals, and increase the risk of the reserve being needed to balance the network.

3e. Floating Storage Regasification Units (FSRUs)

Government should explore the commercial viability of FSRUs and introduce FSRU capacity into GB's storage infrastructure, where required for future security of supply standards. The benefits of FSRUs include quicker delivery than other infrastructure, portability and reversibility – reducing the risk of stranded asset. FSRUs would support additional supply capacity – with the potential to sustain flows for 3-4 days, per delivery, alongside providing import diversity and deliverability to supplement existing GB LNG terminals, adding additional capability.

Collaboration between Government, industry and National Gas should ensure FSRUs can reach Final Investment Decision (FID), and the location of any potential FSRUs considers NTS capacity, or includes addressing NTS constraints, if present. For example, the Teesside terminal has been the location for a LNG FSRU project in the GB market, and National Gas believes the associated infrastructure and upstream assets still exist from the original FSRU. The NTS can also take increased volume from this location with no need for downstream investment in NTS. While introducing a regulated framework could enhance transparency, improve cost efficiency, and support alignment with energy security objectives.

Deployment: On the continent, FSRUs have been delivered in up to 6 months. The first phase of the Eemshaven FRSU in the Netherlands was delivered in six months, and Wilhelmshaven in Germany was delivered in 5 months. Locating an FSRU where there are not NTS capacity constraints will support quicker operational delivery.

To learn more about **National Gas** and our work to secure Britain's energy, please visit: **www.nationalgas.com**

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