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Standard Special Condition A57

In December 2020 OFGEM published their RIIO-2 Final Determinations for the transmission and gas distribution price controls. These set out the key elements of the price control from 1 April 2021 to 31 March 2026. This included a new licence obligation for the gas transporter licence holders to comply with an enhanced obligations framework in relation to the exit capacity booking process.

Standard Special Licence Condition ("SSC") A57 (Exit Capacity Planning) of the gas transporter licences requires the licence holder ("licensee") to comply with the Exit Capacity Planning Guidance ("the Guidance") which is available here: Exit Capacity Planning Guidance | Ofgem

The Guidance comprises a set of requirements relating to the following areas of capacity booking activity.

- Methodology: GDNs must provide information on the structure of their networks known as Network Topology, and both GDNs and NGT must provide information on their forecasts of demand and the details of the processes in place to calculate these forecasts.
- Engagement: the GDNs and NGT must collaboratively work with each other and with other stakeholders to maximise booking efficiency across the gas transportation network as a whole.
- Reporting: licensees must report annually to the Authority on capacity booking methodology, stakeholder engagement, decision-making and data to demonstrate efficient booking outcomes.

Some of the information has been redacted due to its sensitivity in line with DESNZ and the CPNI general principles of security around its wider disclosure.

Introduction

To meet our Gas Transporter license obligations, the NTS Exit Capacity that we book must be sufficient to meet demand on a peak 1 in 20 day.

As per the ECPG we are now obliged to align capacity bookings, if possible, to the 1 in 20 peak demand forecasts. We work with expert industry partners to develop our annual forecasts. The starting point is actual demand from the previous year which is analysed along with information obtained from recognised industry sources. Results are tested against our previous years' forecast to improve accuracy year-on-year. This gives us greater confidence when booking NTS exit capacity to ensure security of supply for customers and compliance with our licence conditions and deliver the best industry solution within current commercial frameworks.

Our annual demand forecasts are carried out at Local Distribution Zone (LDZ) level and published in our Long Term Development statement in line with our GT licence and section O of the UNC. These forecasts are updated each year to take in to account any changes in the economy and government legislation. This allows decisions on the directions towards the renewable economy to be included in our forecast when actual decisions have been made. Our demand forecasts are discussed further in our Long Term Development statement, along with our demand forecasting methodology which can be found on our website here. Following industry wide engagement with our stakeholders the forecasts are used to inform our exit capacity booking strategy.

Analysis

The strategy used for each of our LDZs bookings has been outlined below. Our South and South East LDZ strategies have been influenced by the NGT methodology which doesn't allow capacity reductions at offtakes with user commitments. a result, we are still limited in our ability to match our preferred exit bookings to our current demand forecasts. In previous years we have generally avoided booking any additional enduring capacity due to the potential for change in long term demand forecasts and the inherent risk of holding more capacity than required without the ability to reduce due to user commitment. This year we followed the same approach.

Our NTS exit capacity bookings for 1st October 2024 to 30th September 2025 period have been included in the appendices of this document. We have not made any adjustments to our assured pressure or flex requirements during this year's process.

Scotland Overview

Our analysis indicated that Scotland LDZ has sufficient exit capacity to meet our peak day requirement for our 10-year planning horizon. However, at a topological level there were where sufficient capacity could not be delivered.

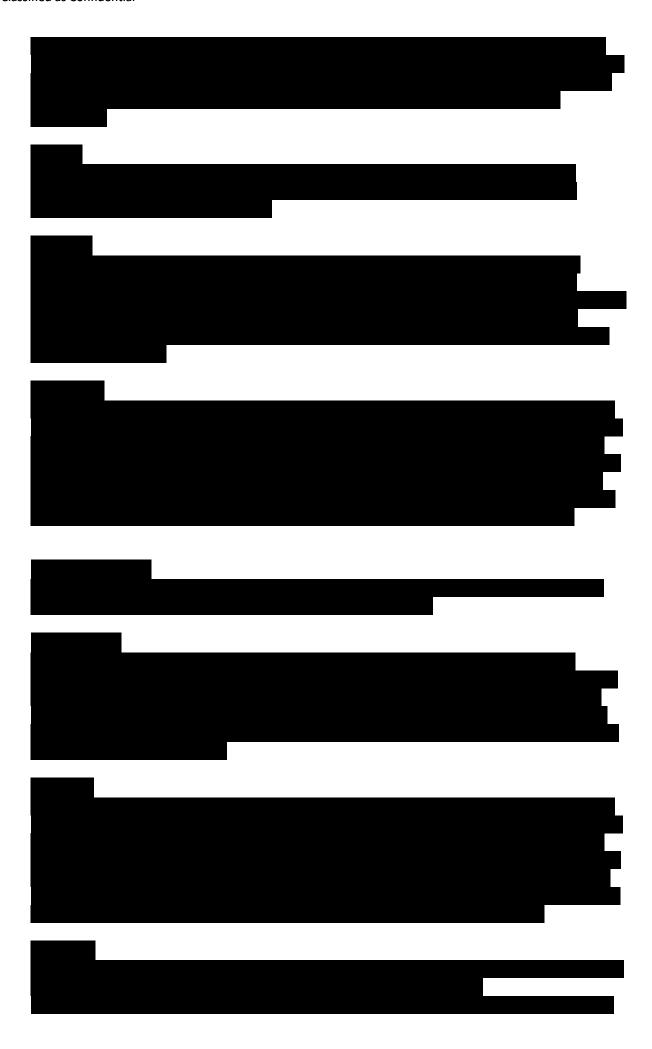


After negotiations with NGT on our options it was concluded that annual capacity could be booked at

In addition, offtakes with any excess capacity would be reduced to the highest capacity required in the current peak day demand forecast period. This approach is taken to avoid the need to increase again in future and potentially incur capacity commitments should Annual Capacity not be available.

The total capacity booking for 2024/25 is 0.09 mcm/d greater than the declared peak day.





Scotland	Enduring	Increase	Reduction	Result						
Offtake	Flat (mcm/d)	Flat (mcm/d)	Flat (mcm/d)	Flat (mcm/d)						
This information has been redacted due to its sensitivity in line with DESNZ and the CPNI general principles of security arounds its wider disclosure										

Table 1 Scotland LDZ changes 2024-25

Scotland Pressure

Our Scotland Transmission system can operate at pressures higher than the NTS assured pressures. Reducing assured pressure in this LDZ will restrict our ability to fill our system to MOP (Maximum Operating Pressure) which will reduce LDZ linepack and NTS/GDN Offtake capacity. This reduction in storage and offtake capacity could result in the need to reinforce pipelines and / or rebuild affected offtakes at significant cost to our customers to meet our 1:20 requirements.

Scotland Storage Requirement

An LDZ storage requirement of 12.3% was identified using CONSUS. This equates to 3.9 Mscm at peak day. We have insufficient linepack available in SC LDZ to meet this requirement, therefore NTS Exit (Flex) capacity is required to make up the shortfall. We have not made any changes to our Flex capacity bookings. Inability to access NTS Exit (Flex) capacity would result in the need to reinforce our network to create additional linepack at significant cost.

South Overview

Our analysis indicates that South LDZ has sufficient exit capacity to meet our peak day requirement for our 10-year planning horizon. However, at a topological level there were several areas where capacity could not be delivered

Capacity deficits at several sites leads to an unbalanced LDZ, and additional capacity held at in excess of our 1:20 requirement was therefore needed to help balance the system. It was also concluded that additional annual capacity would need to be booked at

This LDZ has an active user commitment at

The total capacity booking for 2024/25 is 0.682 mcm/d greater than the declared peak day.



South LDZ	Enduring	Increase	Reduction	Result
Offtake	Flat	Flat	Flat	Flat
	(mcm/d)	(mcm/d)	(mcm/d)	(mcm/d)

This information has been redacted due to its sensitivity in line with BEIS and the CPNI general principles of security arounds its wider disclosure

Tobic 2 South LDZ Change 2024-25

South Pressure

South LDZ has assured pressures in this LDZ it would restrict our ability to fill our linepack system to MOP (Maximum Operating Pressure) which will reduce LDZ linepack and NTS/GDN Offtake capacity. This reduction in storage and offtake capacity may result in the need to reinforce pipelines and / or rebuild affected offtakes at significant cost to our customers to meet our 1:20 requirements.

South Storage Requirement

An LDZ storage requirement of 13.7% was identified using CONSUS. At peak day this equates to 4.47 Mscm. We have insufficient linepack available in SO LDZ to meet this requirement, therefore NTS Exit (Flex) capacity is required to make up the shortfall. We have not made any changes to our Flex capacity bookings. Inability to access NTS Exit (Flex) capacity would result in the need to reinforce our network to create additional linepack at significant cost.

South East Overview

degree of flexibility to offset a deficit at one location with a surplus at another. This does however cause network imbalances which prohibits our ability to maximise our LDZ storage.

Our analysis indicates our South East LDZ has excess exit capacity to meet our peak day requirement for our 10 year planning horizon. However, capacity bookings are unbalanced due to previous NTS exit substitution, which removed available baseline capacity at NTS/GDN offtakes on NTS feeder 5. The available capacity at these offtakes was reduced to below our historically booked levels and the forecasts supplied to NGT under UNC OAD section H.

Due to this substitution, SGN took the decision to book enduring capacity
This capacity becomes available this year and we enter the 1st year of a 4-year user
commitment. Although is not the optimum location for this capacity, it does provide a
better balance than in previous years and at the time of booking, lack of available capacity at other
locations meant that it was prudent to secure additional feeder 5 capacity where available.
Our user commitment at has also come to an end, allowing us to reduce our booking at
this location, this was reduced in line with our maximum (Y10) aggregate requirement for the

Decision was taken to not book a small amount of unsold capacity at due to short term operational restrictions at this location. It is noted that this capacity should be protected against substitution as a requirement more than our current enduring booking has been highlighted in our forecast supplied to NGT under UNC OAD section H.

Making further reductions at locations without active user commitments on Feeder 5 would have reduced our ability to maximise our linepack and therefore threatened our ability to meet our LDZ storage requirement. We therefore hold a Y1 aggregate surplus of 1.2 mcm/d.

South East Changes

planning period.

South East	Enduring	Increase	Reduction	Result
Offtake	Flat	Flat	Flat	Flat
	(mcm/d)	(mcm/d)	(mcm/d)	(mcm/d)

This information has been redacted due to its sensitivity in line with DESNZ and the CPNI general principles of security arounds its wider disclosure

South East Pressure

Reducing assured pressure in South East LDZ would restrict our ability to fill our linepack system to MOP which will reduce LDZ linepack and NTS/GDN Offtake capacity. This reduction in storage and offtake capacity may result in the need to reinforce pipelines and / or rebuild affected offtakes at significant cost to meet our 1:20 requirements.

South East Storage Requirement

An LDZ storage requirement of 13% was identified using CONSUS. At peak day this equates to 5.57 Mscm. We have insufficient linepack available in SE LDZ to meet this requirement, therefore NTS Exit (Flex) capacity is required to make up the shortfall. We have not made any changes to our Flex capacity bookings. Inability to access NTS Exit (Flex) capacity would result in the need to reinforce our network to create additional linepack at significant cost to our customers.

NGT Engagement

SGN met with NGT on 19th June 2024 to discuss potential booking strategies. Our response to their requests for reductions in AOPs was discussed with us notifying them that we would be rejecting all requested reductions.

User commitments were briefly discussed and reconfirmed alongside the lack of available capacity on NTS Feeder 5. NGT mentioned that options were being investigated to return capacity to feeder 5 as part of GD3 resilience plans.

SGN raised the risk that adherence to FES forecasts rather than SGNs for could lead to an understatement of future demand and therefore the investment required to meet our requirements.

SGN highlighted that	our user com	mitment at		was comin	ng to an end a	and a new
4-year user commitn	nent at	was due to	begin. As such	we would be I	ooking to red	luce our
booking at	to bring this	closer in line	with our requi	rement.		

SGNs analysis was still in progress at this time but we suggested that our bookings would be broadly similar with previous years.

On completion of our analysis, it was determined that we needed to request additional above obligated capacity at offtakes. In early July, once our bookings had been entered in Gemini, SGN confirmed to NGT by e-mail that above baseline requests had been submitted. We were informed that we would receive a response to our requests once NGT had carried out analysis. On the 20th August we received written confirmation by e-mail that all our bookings including those above baseline had been accepted and that it was felt that a post analysis meeting was not required unless we wanted to make any further changes prior to final submission.

Off-peak Pressures

As well as requesting permanent reductions to our AOPs, NGT also requested reductions in AOPs outside of peak demand conditions for all three of SGNs LDZs. Accepting reductions in AOPs down the demand curve would inhibit our ability to maximise our own storage systems and our ability to operate our networks flexibly to accommodate safety critical maintenance programmes. However,

ad-hoc deviations from assured pressures are managed by the respective control rooms under the process defined in the UNC OAD section I. Leaving this process in the hands of the control rooms, who have greater day to day situational awareness of on-going and scheduled maintenance on the networks, remains the most efficient way of managing this process.

Quantifying costs

This report makes several references to the potential need to reinforce our networks or rebuild our offtakes should our storage capability be reduced, either by reduction of AOPs or through lost access to NTS Exit (Flex) capacity. The costs for these potential scenarios are described as 'significant'. The exact costs entailed are difficult to quantify and would be subject to the exact scope of required works. However, costs are likely to exceed £1m per km of pipeline, and each offtake rebuild may cost between £1m and £10m depending on size.

Inter DN co operation

There are several interconnections between DN's which existed prior to network sales. Due to operational requirements these connections must remain in place.

Each year, we work with our colleagues within the relevant GDN's exchanging information including the volumes of gas required through the inter LDZ supply routes. The information is exchanged in line with section J TPD of the UNC.

We currently have 3 Inter-LDZ transfers:

South East LDZ

To Cadent (x1)

South LDZ

• To Cadent (x2)

The required volumes to support these transfers are included within our exit capacity bookings.

Final Outcome

NTS Exit Capacity Bookings 2024/25

South East				Assured Offt	ake Pressure	Requiremen	Peak 1:20 Booked Capacity						
Offtake	Topology	Control	Max Capacity (mcm/d)	Min Capacity (mcm/d)	Downstream MOP (bar)	06:00	22:00	Flat (mcm/d)	Flat (mcm/d)	Flex (mcm/d)			
			This informa	This information has been redacted due to its sensitivity in line with BEIS and the CPNI general principles of security arounds its wider disclosure									
TOTAL(s)													

Table 4 South East LDZ capacity bookings 2024-25

South				Assured Offt	ake Pressure	Peak 1:20 Requiremen t	Peak 1:20 Booked Capacity			
Offtake	Topology	Control	Max Capacity (mcm/d)	Min Capacity (mcm/d)	Downstream MOP (bar)	06:00	22:00	Flat (mcm/d)	Flat (mcm/d)	Flex (mcm/d)
			This informa	ition has been re	e CPNI general					
				princip	oles of security arc	ounds its widerd	isclosure			
TOTAL(s)										

Table 5 South LDZ capacity bookings 2024-25

Scotland				Assured Offt	ake Pressure	Requiremen		1:20 Capacity		
Offtake	Topology	Control	Max Capacity (mcm/d)	Min Capacity (mcm/d)	Downstream MOP (bar)	06:00	22:00	Flat (mcm/d)	Flat (mcm/d)	Flex (mcm/d)
			This inf	ormation has be general p						
TOTAL(s)										

Table 6 Scotland LDZ capacity bookings 2024-25

Forecast Offtake Information (UNC Section H) 2024/25 (D13 – D300)

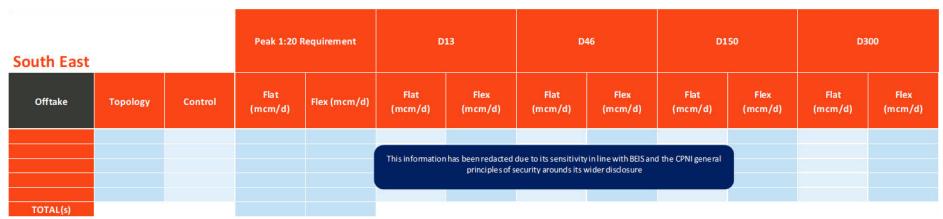


Table 7 South East LDZ Section H information 2024-25

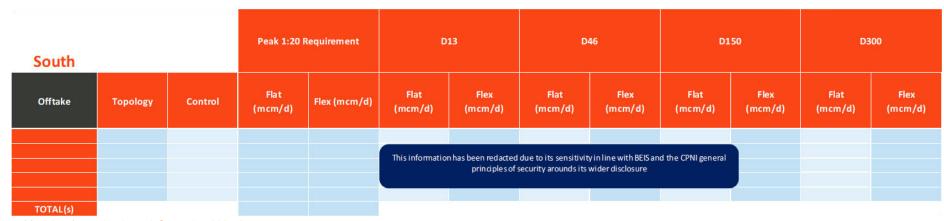


Table 8 South LDZ Section H information 2024-25

Scotland		Peak 1:20 Requirement		D13		D46		D150		D300		
Offtake	Topology	Control	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)
TOTAL(s)					This information							

Table 9 Scotland LDZ Section H information 2024-25

Forecast Offtake Information (UNC Section H) 2025/26 (D13 – D300)

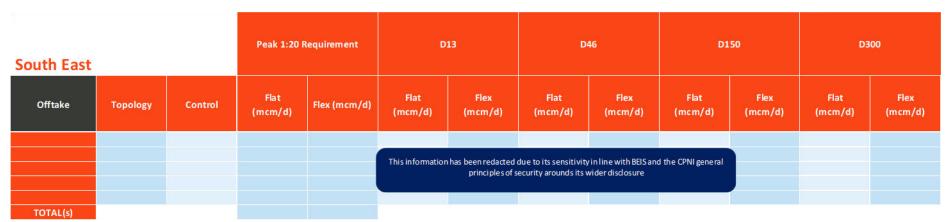


Table 10 South East LDZ Section H information 2025-26

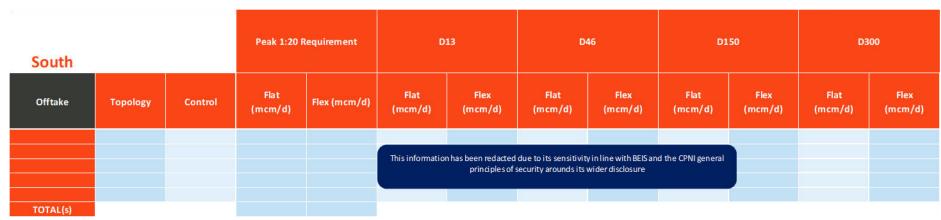


Table 11 South LDZ Section H information 2025-26

Scotland		Peak 1:20 Requirement		D13		D46		D150		D300		
Offtake	Topology	Control	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)
TOTAL(s)					This information	n has been redacted principles of s	due to its sensitivit security arounds its					

Table 12 Scotland LDZ Section H information 2025-26

Forecast Offtake Information (UNC Section H) 2026/27 (D13 – D300)

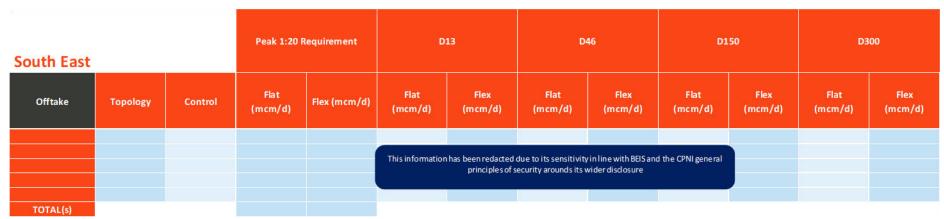


Table 13 South East LDZ Section H information 2026-27

South		Peak 1:20 Requirement		D13		D46		D150		D300		
Offtake	Topology	Control	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)
					This information	n has been redacted principles of s						
TOTAL(s)												

Table 14 South LDZ Section H information 2026-27

Scotland			Peak 1:20 Requirement		D13		D46		D150		D300	
Offtake	Topology	Control	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)
					This information	n has been redacted principles of						
TOTAL(s)												

Table 15 Scotland LDZ Section H information 2026-27

Forecast Offtake Information (UNC Section H) 2027/28 (D13 – D300)

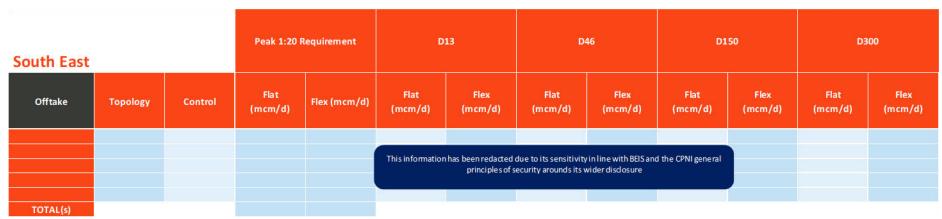


Table 16 South East LDZ Section H information 2027-28

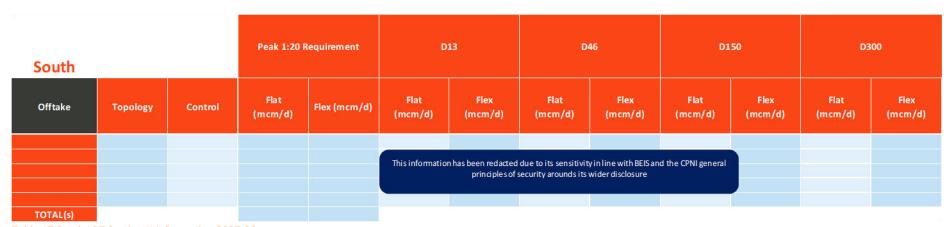


Table 17 South LDZ Section H information 2027-28

Scotland			Peak 1:20 Requirement		D13		D46		D150		D300	
Offtake	Topology	Control	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)
			This information has been redacted due to its sensitivity in line with BEIS and the CPNI general principles of security arounds its wider disclosure									

Table 18 Scotland LDZ Section H information 2027-28

Forecast Offtake Information (UNC Section H) 2028/29 (D13 – D300)

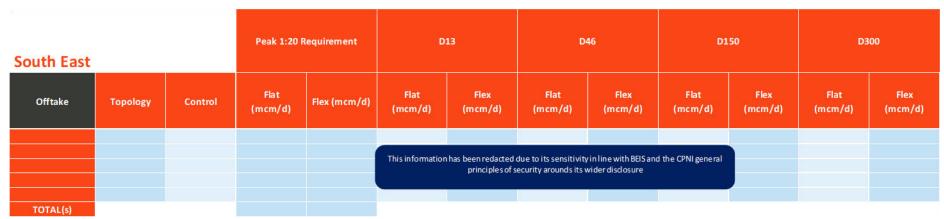


Table 19 South East LDZ Section H information 2028-29

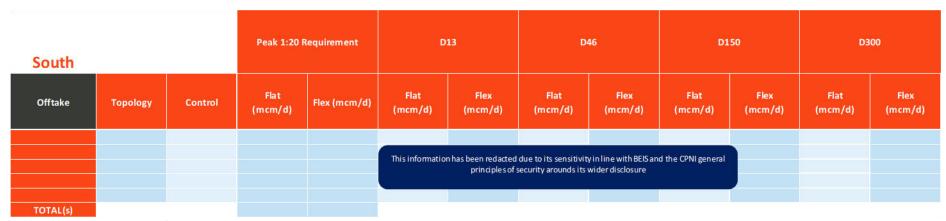


Table 20 South LDZ Section H information 2028-29

Scotland			Peak 1:20 Requirement		D13		D46		D150		D300	
Offtake	Topology	Control	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)
			This information has been redacted due to its sensitivity in line with BEIS and the CPNI general principles of security arounds its wider disclosure									

Table 21 Scotland LDZ Section H information 2028-29

Forecast Offtake Information (UNC Section H) 2029/30 (D13 – D300)

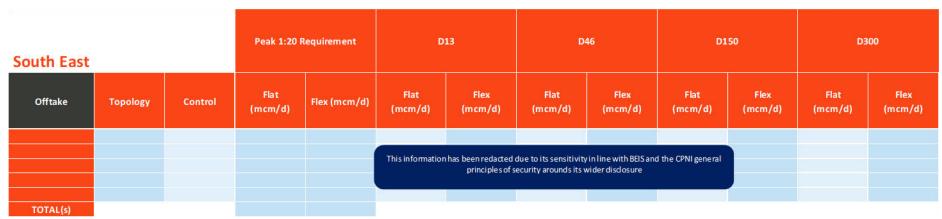


Table 22 South East LDZ Section H information 2029-30

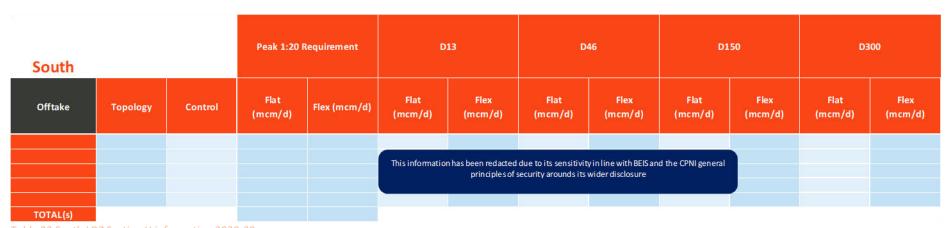


Table 23 South LDZ Section H information 2029-30

Scotland			Peak 1:20 Requirement		D13		D46		D150		D300	
Offtake	Topology	Control	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)	Flat (mcm/d)	Flex (mcm/d)
TOTAL(s)					This information	n has been redacted principles of s						

Table 24 Scotland LDZ Section H information 2029-30

Glossary

Bar - The unit of pressure that is approximately equal to atmospheric pressure (0.987 standard atmospheres). Where bar is suffixed with the letter g, such as in barg or mbarg, the pressure being referred to is gauge pressure, ie relative to atmospheric pressure. One-millibar (mbar) equals 0.001 bar.

DESNZ – Government

Department for Energy Security and Net Zero. DESNZ are focused on the energy portfolio from the former Department for Business, Energy and Industrial Strategy. (BEIS)

Cubic metre (m3) - The unit of volume, expressed under standard conditions of temperature and pressure, approximately equal to 35.37 cubic feet. One million cubic metres (mcm) are equal to 106 cubic metres, one billion cubic metres (bcm) equals 109 cubic metres.

Distribution system - A network of mains operating at three pressure tiers: intermediate (7 to 2barg), medium (2barg to 75mbarg) and low (less than 75mbarg).

Diurnal storage - Gas stored for the purpose of meeting within day variations in demand. Gas can be stored in special installations, such as gasholders, or in the form of linepack within transmission, i.e. >7barg pipeline systems.

Exit zone - A geographical area within an LDZ, which consists of a group of supply points, which on a peak day, receive gas from the same NTS Offtake.

Linepack - The usable volume of compressed gas within the national or local transmission system at any time.

Local Distribution Zone (LDZ) - A geographic area supplied by one or more NTS offtakes. Consists of high pressure (>7 barg) and lower pressure distribution system pipelines.

Local Transmission System (LTS) - A pipeline system operating at >7barg, that transports gas from NTS offtakes to distribution systems. Some large users may take their gas direct from the LTS.

National Transmission System (NTS) - A highpressure system consisting of terminals, compressor stations, pipeline systems and offtakes. Designed to operate at pressures up to 85barg. NTS pipelines transport gas from terminals to NTS offtakes.

Office of Gas and Electricity Markets (Ofgem) - The regulatory agency responsible for regulating the UK's gas and electricity markets. Offtake - An installation defining the boundary between NTS and LTS or a very large consumer. The offtake installation includes equipment for metering, pressure regulation, etc.

Peak-day demand (1 in 20 peak demand) - The 1 in 20 peak day demand is the level of demand that, in a long series of winters, with connected load held at the levels appropriate to the winter in question, would be exceeded in one out of 20 winters, with each winter counted only once.

PRI - Pressure Regulating Installation - The replacement term for PRS, district governor and all other local terms (such as STRS or TRS) when IGEM standard TD13 was introduced

PRS - Pressure Regulating
Station - An installation
which reduces the supply
pressure as gas passes
either between different
pressure rated tiers of the
LTS or from the LTS to the
below 7barg network or
between different pressure
tiers of the <7barg
network.