

To:

Cadent Gas Limited

Northern Gas Networks plc

Scotland Gas Networks plc

Southern Gas Networks plc

Wales and West Utilities Limited

Date: 9 December 2024

Direction under Special Conditions 3.20 and 3.22 of the Gas Transporter Licence held by the licensees listed above to add allowances for Diversions and Loss of Development Claims and New Large Load Connections Re-openers.

1. Each of the licensees to whom this document is addressed is the holder of a licence granted or treated as granted under section 7 of the Gas Act 1986 ('the Act').
2. Special Conditions 3.20 and 3.22 provides re-opener mechanisms by which the Licensee may seek additional funding during the RIIO-2 price control period for Diversions and Loss of Development Claims activities and New Large Loads respectively.
3. The Licensees applied under Special Conditions 3.20 In July 2024 and/or Special Conditions 3.22 in January 2024. The Authority publicly consulted on its Draft Determinations between 3 September 2024 and 1 October 2024. This document included a draft of this direction, as required by Part D of Special Conditions 3.20 and 3.22.
4. We received three responses and have placed all non-confidential responses on our website. Having considered those responses, we have decided to proceed with making this direction.
5. This direction is issued pursuant to Special Conditions 3.20 and 3.22 and sets out approved funding, adjustments to the value of relevant terms (DIVt and NLLRt) and the Regulatory Years to which that adjustment relates. These are set out in Annexes 1 and 2.
6. This direction will take effect immediately. This Direction constitutes notice stating the reasons for the decision for the purposes of section 38A of the Act.

Yours sincerely,

Nathan Macwhinnie

Deputy Director Price Control Operations

For and on behalf of the Authority

Annex 1: SpC 3.20 Diversions and Loss of Development Claims Re-opener DIVt

Approved amounts:

- SGN £12.93m
- WWU £42.24m

Distribution Network/Regulatory Year	2021/22	2022/23	2023/24	2024/25	2025/26	Total
EoE	N/A	N/A	N/A	N/A	N/A	N/A
Lon	N/A	N/A	N/A	N/A	N/A	N/A
NW	N/A	N/A	N/A	N/A	N/A	N/A
WM	N/A	N/A	N/A	N/A	N/A	N/A
Northern Gas Networks plc	N/A	N/A	N/A	N/A	N/A	N/A
Scotland Gas Networks plc	0.61	0.66	3.74	3.76	4.16	12.93
Southern Gas Networks plc	N/A	N/A	N/A	N/A	N/A	N/A
Wales and West Utilities plc	0.21	8.10	27.97	0.89	5.06	42.24

Annex 2: SpC 3.22 New Large Load Connections Re-opener NLLRt

Approved amounts:

- Cadent £12.93m
- WWU £8.19m

Distribution Network/Regulatory Year	2021/22	2022/23	2023/24	2024/25	2025/26	Total
EoE	1.04	0.06	0.00	5.44	0.95	7.49
Lon	N/A	N/A	N/A	N/A	N/A	N/A
NW	0.04	1.14	2.82	0.82	0.62	5.44
WM	N/A	N/A	N/A	N/A	N/A	N/A
Northern Gas Networks plc	N/A	N/A	N/A	N/A	N/A	N/A
Scotland Gas Networks plc	N/A	N/A	N/A	N/A	N/A	N/A
Southern Gas Networks plc	N/A	N/A	N/A	N/A	N/A	N/A
Wales and West Utilities plc	1.08	1.49	2.54	1.66	1.42	8.19