

# Consultation

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## RIIO-2 NZASP Re-opener Draft Determinations: NGN Birkshall Rationalisation and Relocation Works Project

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Publication date:	27 January 2025
Response deadline:	24 February 2025
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We<sup>1</sup> are consulting on Northern Gas Network’s (NGN’s) Birkshall Rationalisation and Relocation Works Project (‘the Project’) which was submitted under the Net Zero Pre-construction Work and Small Net Zero Projects (NZASP) re-opener mechanism (Special Condition (SpC) 3.9 of NGN’s Gas Transporter licence). This application was submitted by NGN on 16 August 2024. We would like views from people with an interest in gas transmission (GT) or gas distribution (GD). We also welcome responses from other stakeholders and the public.

This document outlines the scope, purpose and questions of the consultation and how you can get involved. Once the consultation is closed, we will consider all responses. We want to be transparent in our consultations. We will publish the non-confidential responses we receive alongside a decision on the next steps on our website at [ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations). If you want your response – in whole or in part – to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

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<sup>1</sup> The terms “we”, “us”, “our”, “Ofgem” and “the Authority” are used interchangeably in this document and refer to the Gas and Electricity Markets Authority. Ofgem is the office of the Authority.

**Consultation** – RIIIO-2 NZASP Re-opener Draft Determinations: NGN Birkshall  
Rationalisation and Relocation Works Project

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## **1. Introduction**

### **Background**

- 1.1 Network companies are natural monopolies. Effective regulation of privatised for-profit monopolies is essential to ensure they cannot unfairly exercise their monopoly power to the detriment of their customers. This is particularly important in the case of essential utilities, such as energy, where consumers have no choice on whether or not to pay what they are charged. It is therefore crucial that an effective regulator protects energy consumers by controlling how much network companies can charge their customers. Ofgem does this through periodic price controls that are designed to ensure network companies are properly incentivised to deliver the best possible outcomes for current and future energy consumers. This includes ensuring that consumers only pay for investments that are needed and do not overpay for those investments.
- 1.2 The current price control model is known as RIIO (Revenue = Incentives + Innovation + Outputs). RIIO-2 is the second price control under the RIIO model for electricity transmission, gas transmission and gas distribution, and runs from 1 April 2021 until 31 March 2026. It includes a range of Uncertainty Mechanisms (UMs) that allow us to assess applications for additional funding during RIIO-2 as the need, cost or timing of proposed projects becomes clearer. This ensures that consumers fund projects only when there is clear evidence of benefit, and we have clarity on likely costs and cost efficiency. These mechanisms also ensure that the RIIO-2 price control has flexibility to adapt as the pathways to Net Zero become clearer.
- 1.3 Where possible, we have set automatic UMs, such as the Generation and Demand Connection Volume Drivers, which provide Electricity Transmission Owners with immediate funding when they are required to undertake new customer connection works. In other areas, where the degree of uncertainty is too great to allow for an automatic mechanism, we set 're-openers' which will allow us to assess proposals robustly once information with sufficient accuracy is made available.

### **Purpose of the re-opener mechanism**

- 1.4 The NZASP re-opener allows GD and GT network companies to recover costs for undertaking early design, development, general pre-construction work, and net zero facilitation capital projects that will enable the achievement of Net Zero Carbon Targets.

- 1.5 The NZASP re-opener is an Authority-only triggered re-opener, meaning that the licensee does not have an automatic right to make a submission, and may only do so where the Authority has determined, based on preliminary information provided by the licensee, that its proposals are likely to be within scope of the NZASP re-opener. Triggering a re-opener application does not place any obligation on the Authority to approve a licensee's proposals or to award any additional funding to the licensee.
- 1.6 We triggered the re-opener on 7 June 2024, after an assessment of the initial needs case submitted by NGN. We considered this needs case was broadly within scope of the re-opener and met the materiality threshold.
- 1.7 The [Bradford Low Carbon Hydrogen](#) (BLCH) project proposes to include a green hydrogen production facility to supply an adjacent hydrogen vehicle refuelling station for local buses, public and private sector fleets. BLCH aims to be one of the UK's largest low carbon hydrogen production facilities and seeks to address the UK Government's legally binding commitment to achieve net zero emissions by 2050<sup>2</sup>.
- 1.8 For the BLCH facility to comply with engineering and safety standards, NGN states the relocation of assets is critical. NGN are therefore proposing to move a number of natural gas assets, within a former gas holder station in Birkshall, to enable the BLCH project to proceed. Further information on the needs case of this project can be found in Chapter 0 of this document.
- 1.9 This asset relocation can therefore be considered a hydrogen-enabling and net zero facilitation project. It has therefore been submitted under the NZASP re-opener as a capital project that will help achieve Net Zero Carbon Targets.

### **What are we consulting on**

- 1.10 We are consulting on our views of the needs case, optioneering and efficient costs put forward by NGN as part of its re-opener submission.

### **Context and related publications**

- 1.11 This document is intended to be read alongside:
- [RIIO-2 Re-opener Guidance and Application Requirements Document](#)
  - [Net Zero Pre-construction Work and Small Net Zero Projects Re-opener Governance Document](#)

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<sup>2</sup> [The UK's plans and progress to reach net zero by 2050 - House of Commons Library](#)

- [NGN's Project application](#)
- [NZASP licence condition](#) – Licences available on the Electronic Public Register.

### **Next steps**

- 1.12 After considering all consultation responses, we will endeavour to conclude our assessment of NGN's re-opener application with a decision in due course.
- 1.13 Under the NZASP re-opener, directions are issued by Ofgem to set out any allowance adjustments. These allowances are adjusted by changing the value of the relevant term within the licence and the Regulatory Years to which that adjustment relates. We have included a draft direction in Appendix 1 of this consultation which sets out our proposed direction. We will issue a formal direction to set out any adjustments alongside our Final Determinations.

### **How to respond**

- 1.14 We want to hear from anyone interested in this consultation. Please send your response to [ReopenerConsultations@ofgem.gov.uk](mailto:ReopenerConsultations@ofgem.gov.uk). The deadline for response is 24 February 2025.
- 1.15 We've asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.
- 1.16 We will publish all non-confidential responses on our website at [www.ofgem.gov.uk/consultations](http://www.ofgem.gov.uk/consultations).

### **Your response, your data and confidentiality**

- 1.17 You can ask us to keep your response, or parts of your response, confidential. We'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.
- 1.18 If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you *do* wish to be kept confidential and those that you *do not* wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we'll get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.

- 1.19 If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the UK's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 4.
- 1.20 If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

### **General feedback**

- 1.21 We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:
1. Do you have any comments about the overall process of this consultation?
  2. Do you have any comments about its tone and content?
  3. Was it easy to read and understand? Or could it have been better written?
  4. Were its conclusions balanced?
  5. Did it make reasoned recommendations for improvement?
  6. Any further comments?

Please send any general feedback comments to [stakeholders@ofgem.gov.uk](mailto:stakeholders@ofgem.gov.uk)

## How to track the progress of the consultation

You can track the progress of a consultation from upcoming to decision status using the 'notify me' function on a consultation page when published on our website. Choose the notify me button and enter your email address into the pop-up window and submit.

[ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations)

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Would you like to be kept up to date with *Consultation*  
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Submit >

Once subscribed to the notifications for a particular consultation, you will receive an email to notify you when it has changed status. Our consultation stages are:

**Upcoming** > **Open** > **Closed** (awaiting decision) > **Closed** (with decision)



## 2. Summary of our Draft Determinations

2.1 **Table 1** below summarises our Draft Determination for NGN's NZASP application. Chapter 3 discusses this in greater detail.

**Table 1: Summary of our Draft Determination for NGN's NZASP application (£m, 18/19 prices)**

	<b>NGN submitted costs</b>	<b>Ofgem adjustments</b>	<b>Ofgem draft allowance</b>
<b>Total</b>	4.72	-1.11	3.61

### **3. Our assessment and Draft Determinations**

#### **Questions**

- Q1. Do you agree with our assessment of NGN’s application under the NZASP Re-opener? Please include your views on our assessment of the needs case, optioneering and draft allowances.
- Q2. Do you agree that costs should be socialised across only NGN consumers, rather than all Great Britain (GB) consumers?
- Q3. Do you agree with the 10% company contribution rate, and our proposed Totex Incentive Mechanism (TIM) adjustment?
- Q4. Do you have any views on the draft direction contained in Appendix 1?

#### **Needs case assessment**

- 3.1 As discussed in paragraphs 1.7 to 1.9 above, the Project is a key enabler to the BLCH project. The BLCH project has been awarded a Low Carbon Hydrogen Agreement (LCHA) via the Government’s Hydrogen Allocation Round 1 (HAR1) process.
- 3.2 For the BLCH project to comply with engineering and safety requirements, approximately 25% additional space is required on the current Birkshall site. NGN has therefore proposed to relocate the Above Ground Installation (AGI) and re-design to occupy a smaller footprint to generate the additional space.
- 3.3 We agree that the Project is a key enabler for the BLCH project, which has been awarded Government funding in the HAR1 process. We consider that this particular project is a Net Zero facilitation project, as listed in our NZASP guidance document. We are therefore satisfied this Project is within scope of the NZASP re-opener mechanism in accordance with SpC 3.9 of NGN’s Gas Transporter licence.

#### **Optioneering assessment**

- 3.4 NGN commissioned an engineering design consultant to develop a design study for the AGI relocation. The study concluded that, given space limitations of the site, there are a limited number of technically feasible options available.
- 3.5 NGN’s preferred option involves relocating assets<sup>3</sup> to an alternative location within the Birkshall site and re-designing these to occupy a smaller footprint.

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<sup>3</sup> Assets include Pressure Reduction Systems (PRSs) and associated equipment, buried pipework and above ground pipework.

This would provide a suitable location for the construction and operation of the BLCH facility in line with the required standards. Further detail on NGN’s optioneering can be found in Appendix 2.

- 3.6 We are satisfied that appropriate optioneering has been considered to address the needs case.

### Cost assessment

- 3.7 **Table 2** below provides a more detailed summary of the cost adjustments that we are proposing:

**Table 2: Cost assessment for NGN’s Birkshall NZASP Project (£m, 18/19 prices)**

Cost category	NGN submitted costs	Ofgem adjustments	Draft allowances
Main works*	4.08	0.00	4.08
Risk allowance	0.47	-0.16	0.31
NGN direct costs	0.69	-0.49	0.20
<b>Efficient Project Costs</b>	<b>5.24</b>	<b>-0.65</b>	<b>4.59</b>
NGN contribution (10%)	-0.52	+0.06	-0.46
TIM impact adjustment	-	-0.52	-0.52
<b>Total</b>	<b>4.72</b>	<b>-1.11</b>	<b>3.61</b>

\* Includes £0.04m decommissioning costs originally omitted by NGN

#### Main works

- 3.8 NGN has confirmed that in error it had omitted decommissioning costs for above ground pipework from its original submission. NGN provided a cost breakdown totalling £41,400 for this work, which has been added to its cost request detailed in **Table 1**.

- 3.9 Following our assessment of efficient costs, we propose to make no adjustments to the main works cost category included in this re-opener application. NGN has confirmed project costs are a combination of commercially tendered quotes and using rate cards from similar projects. NGN has also included cost comparisons to a previous similar project to demonstrate cost efficiency.

#### Risk allowance

- 3.10 NGN has included a risk allowance for the main works cost category. We propose to reduce NGN’s proposed risk rate from 11.5% to 7.5%, in line with

other re-opener projects and average risk allowances across the RIIO-2 business plan portfolio.<sup>4</sup>

- 3.11 NGN highlighted in its submission that experience gained from the delivery of similar projects has allowed it to apply learnings and de-risk this project. We therefore do not consider that a higher than average risk allowance has been justified.

#### NGN direct costs

- 3.12 NGN has included costs for finance, legal, IT and data, regulation and strategy activities. We do not consider these to be direct costs. These are central business functions which we consider to be business as usual (BAU). We do not consider there has been robust justification from NGN that these costs will increase as a direct result of delivering these proposals. We propose to fund engineering and project management and support functions activities (£0.20m).

#### NGN contribution

- 3.13 As discussed in our NZASP guidance, the default level of expected contribution is 10% for substantially innovative projects. We welcome NGN's proposals to include a 10% contribution in line with these expectations. We are maintaining the 10% contribution rate but because our assessment of the efficient project costs is lower than NGN's forecast costs, the actual contribution is decreased. We also propose to protect this 10% contribution from TIM impact, more details can be found in paragraphs 3.17 to 0 below.

### **Treatment of regulatory funding**

- 3.14 When we assess whether projects should receive re-opener funding, we must also consider and justify consumer bill impact. Projects must demonstrate clear benefits to consumers in addition to costs being efficient and robustly justified. For example, if a transmission project demonstrates clear benefits to all GB consumers, we typically consider socialising costs across all GB consumers.
- 3.15 NGN has suggested that socialising costs across NGN's own network and consumers is more appropriate than socialising across all GB consumers, given the BLCH project will primarily contribute to regional emissions reductions.
- 3.16 We propose to fund via the NZP<sub>t</sub> term (the Net Zero Pre-construction Work and Small Net Zero Projects Re-opener term) which contributes to the calculation of

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<sup>4</sup> [RIIO-2 non-operational IT capex re-opener final determinations and directions 2024: Cadent, NGET, SHET, SGN and WWU | Ofgem](#) – paragraph 5.18

the Totex Allowance and will socialise costs among NGN's own network and customers. We do not consider there is sufficient justification in socialising across all GB consumers, using the pass-through term in the NTS Operator's licence (NZPS<sub>t</sub>), given the BLCH project could provide regional benefits rather than having a tangible impact across GB.

### **TIM Impact Adjustment**

- 3.17 As the NZP<sub>t</sub> term contributes to the calculation of the Totex Allowance, funding under this term is also subject to the TIM. This is a mechanism within the GD2 Price Control Financial Model (PCFM) which provides for the licensee to bear a specific share of any project overspend or retain a specified share of any underspend. This is represented, in either case, by a difference between the Totex Allowance and the actual totex expenditure.
- 3.18 If NGN spends at an efficient level, as we would expect, then the TIM would return approximately half of NGN's totex funding and would reduce the 10% company contribution NGN has provided. We therefore propose to calculate our allowances using the following formula, which will negate the impact of TIM on the company contribution, ensuring NGN provide a 10% minimum contribution:

$$[Allowance] = [Assessed\ Efficient\ Cost] - [Company\ Contribution]/[TIS]$$

Where:

TIS means the Totex Incentive Strength.

- 3.19 Applying Ofgem's assessed efficient costs (£4.59m) and NGN contribution (£0.46m) values as per **Table 2** above, in addition to NGN's Totex Incentive Strength of 49%<sup>5</sup>, gives the following allowance:

$$\begin{aligned} [Allowance] &= [4.59] - \left[ \frac{0.46}{49\%} \right] \\ &= £3.61m \end{aligned}$$

We therefore propose to award £3.61m for NGN's Project.

### **Proposed project deliverables**

- 3.20 Project deliverables are project specific outputs, such as key activity milestones or evidence to be reported to Ofgem. This provides evidence that projects are progressing as planned. These are set out in the direction, meaning deliverables should be met as a condition of receiving funding through the re-opener.

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<sup>5</sup> as per NGN's licence.

Funding can be adjusted where Ofgem determines under-delivery or non-delivery of a project deliverable (subject to a well-reasoned justification for under or non-delivery from the licensee).

- 3.21 In accordance with SpC 3.9 of NGN’s Licence, we are consulting on the draft direction which is set out in Appendix 1. As part of this, and in accordance with the NZASP re-opener governance document, we are consulting on the proposed Project deliverables. Prior to a decision being issued, NGN should indicate, in writing, that they will comply with the Project deliverables following any amendments made by Ofgem.
- 3.22 **Table 3** below contains the project deliverables proposed by NGN within its re-opener application and includes our proposed changes. New text is double underscored and text removed is struck through. If any of the proposed deadlines are before our Final Determinations are issued, we may amend them as appropriate.

**Table 3: proposed project deliverables**

Reference	Proposed project deliverable	Indicative deadline	Evidence
1	Submission of interim report	31/03/25	The report should set out: <ul style="list-style-type: none"> <li>a) Completion of design, procurement and main contract award,</li> <li>b) Progress on construction commencement</li> </ul>
2	Submission of interim report	31/10/25	The report should set out completion of main works.
3	Submission of close-down report	31/03/26	The report should set out: <ul style="list-style-type: none"> <li>a) Completion of all site works and commissioning of equipment, <u>confirming the Project has been successfully delivered, and any instance of under or non-delivery</u></li> <li>b) <u>How the project learnings have been shared with relevant stakeholders,</u></li> <li>c) <u>Any further requirements set out in the re-opener guidance document</u></li> </ul>

## **4. Next steps**

- 4.1 We welcome your responses to this consultation, both generally, and in particular to the specific questions in Chapter 3. After having considered all consultation responses, we will endeavour to conclude our assessment of NGN's Re-opener application with a decision in due course.
- 4.2 Under SpC 3.9, we will issue a direction to set out any adjustments to the NZP term alongside our decision.

## Appendices

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## **Appendix 1 – Draft Direction**

### **Introductory note**

Following our assessment of this re-opener submission, we have set out our Draft Determinations. Any decision, for example to add additional allowances for a project, will be implemented into the Licensees' licence via a direction. This Appendix provides a draft of the direction that will implement our Final Determination, as required by Special Condition 3.9. Upon consultation, and full consideration of consultation responses, we intend to confirm the direction at the same time as setting out our Final Determinations.

This draft direction is subject to responses to our Draft Determination. Any representations with respect to the Draft Determination or associated draft direction below must be made on or before 24 February 2025 to: Catherine Warrilow, Office of Gas and Electricity Markets, 10 S Colonnade, London, E14 4PU or by email to [catherine.warrilow@ofgem.gov.uk](mailto:catherine.warrilow@ofgem.gov.uk).

### **Draft Direction**

#### **To:**

**Northern Gas Networks plc**

#### **Direction under Special Condition 3.9 of the Gas Transporter Licence held by Northern Gas Networks plc to add allowances for the Net Zero Pre-construction work and Small Net Zero Projects Re-opener.**

##### General

1. Northern Gas Networks plc ('the Licensee') is the holder of a licence granted or treated as granted under section 7 of the Gas Act 1986 ('the Act').
2. Special Condition ('SpC') 3.9 provides a re-opener mechanism by which the Licensee may seek additional funding during the RIIO-2 price control period for Net Zero Pre-Construction Work and Small Net Zero Projects.
3. The Licensee applied under SpC 3.9 on 16 September 2024 for funding relating to the Birkshall Rationalisation and Relocation Works Project ('the Project'). The Authority publicly consulted on its Draft Determinations between 27 January 2025 and 24 February 2025. The consultation included a draft of this direction, as required by Part C of SpC 3.9.
4. We received [x] responses and have placed all non-confidential responses on our website. Having considered those responses, we have decided to proceed with making this direction.

Approved funding for the Project

5. The approved amount is [£3.61m] in 18/19 values. Further detail on the funding values are set out in our decision published on [date].
6. The approved amount of [£3.61m] will be funded through the NZP<sub>t</sub> term within SpC 3.9. Annex 1 sets out the amounts to be recovered in each Regulatory Year. In addition to the funding approved, the Licensee will provide a contribution of [£0.46m] in 18/19 values.

Project funding conditions

7. In accordance with Special Condition 3.9 and the NZASP Re-opener Governance Document, the Licensee must comply with the following conditions in undertaking the Project. It must:
  - a. undertake the Project in accordance with the description set out in their re-opener application,
  - b. complete all the deliverables relating to the Project as set out in Annex 2 of this direction,
  - c. inform the Authority promptly in writing of any material change to the cost of the Project or any material event or circumstance that is likely to delay the Project or affect its ability to deliver the Project as set out in its submission; and,
  - d. as part of the close-down report, set out how it has completed the deliverables set out in Annex 2 below.
8. If the Licensee fails to comply with a condition imposed by this direction, the Authority will make use of this report in considering whether any funding should be returned to consumers, pursuant to Part A of Special Condition 3.9.
9. We also consider it best practice for the Licensee to share learnings from the Project, including publishing the learnings on the Licensee's website.

*NOW THEREFORE,*

10. This direction is issued pursuant to SpC 3.9 and sets out approved funding, adjustments to the value of the relevant term (NZP<sub>t</sub>) and the regulatory years to which that adjustment relates. These are set out in Annexes 1 and 2 of this direction.
11. 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**

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**For and on behalf of the Authority**

**Annex 1: SpC 3.9 Net Zero Pre-construction Work and Small Net Zero Projects  
(£m, 18/19 prices)**

<b>Distribution Network/Regulatory Year</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>Total</b>
Northern Gas Networks plc	0.00	0.00	0.00	1.26	2.35	3.61

**Annex 2: Project deliverables**

This annex sets out our requirements that NGN will be held to account for delivering through this project. Should NGT be unable to meet these deadlines, they must notify Ofgem of this at least two weeks beforehand, setting out the reasons for the delay and a revised submission date.

<b>Reference</b>	<b>Proposed project deliverable</b>	<b>Indicative deadline</b>	<b>Evidence</b>
1	Submission of interim report	31/03/25	The report should set out: c) Completion of design, procurement and main contract award, d) Progress on construction commencement
2	Submission of interim report	31/10/25	The report should set out completion of main works.
3	Submission of close-down report	31/03/26	The report should set out: d) Completion of all site works and commissioning of equipment, <u>confirming the Project has been successfully delivered, and any instance of under or non-delivery</u> e) <u>How the project learnings have been shared with relevant stakeholders,</u> f) <u>Any further requirements set out in the re-opener guidance document</u>

## **Appendix 2 – Optioneering**

A2.1 NGN claims there are a limited number of options which are technically feasible and would satisfy the space requirements of BLCH.

### **Do minimum options**

A2.2 There are two “do minimum” options which would negate the requirement for this NZASP submission, but would instead require adjustments to the planned BLCH facility:

***i) Reduce the capacity of the BLCH facility,***

A reduction in production capacity reduces the space requirements for the hydrogen production facility, however, the relationship between production (in MW) and space requirement (in m<sup>2</sup>) will not be linear due to the separation distances needed between equipment and overall layout considerations. This means that to facilitate a 20% reduction in space requirements, a larger than 20% reduction in production capacity would be necessary. This could have a potentially have a negative effect on the BLCH business case and could risk the BLCH project not providing value for money to the consumer.

***ii) Relocate the BLCH facility.***

NGN claims relocation would significantly delay the project design and construction timeline, which could in turn negatively affect economic viability of the BLCH project. Projects with HAR1 funding have a target to achieve commercial operations by June 2027 and the location of hydrogen production facilities was a key factor used to decide which projects to award HAR1 funding to. If an alternative site could not be identified, this could also affect the overall viability of BLCH.

A2.3 NGN does not believe either of these options are suitable because they would risk the overall viability of the BLCH project. Both options are outside of NGN’s control and would require a redesign of the BLCH project, which would require BLCH stakeholder agreement (such as project developers and DESNZ).

A2.4 Furthermore, as part of the HAR1 evaluation process, shortlisting of potential projects was assessed based on four key factors: location, affordability, size and diversity of offtaker/energy input source/operating model. The “do nothing” options to adjust capacity or location would affect key factors on the HAR1 evaluation process.

### **Alternative options**

A2.5 A specialist engineering design consultant developed a conceptual design study for the establishment of a new AGI with PRS and new boiler house. This process

identified a preferred option and two alternative options for the design of the AGI and re-routing of pipework. Due to the limited options and discrete nature of the work, NGN's view is that the differences between preferred and alternative options are relatively minor.

***i) Preferred option – existing assets to be decommissioned and removed***

<b>Category</b>	<b>Description of work</b>
HP system	<ul style="list-style-type: none"> <li>• Decommission of approximately 200m of buried 300mm steel pipeline (within existing site boundary)</li> <li>• Decommission and removal of associated above ground assets</li> </ul>
MP system	<ul style="list-style-type: none"> <li>• Decommission of approximately 240m of buried 250mm PE pipeline (within existing site boundary &amp; public verge)</li> <li>• Decommission of approximately 60m of buried 18" Steel pipeline (within existing site boundary)</li> <li>• Decommission of approximately 155m of buried 15" Steel pipeline (within existing site boundary &amp; public highway)</li> <li>• Decommission of approximately 38m of buried 12" Steel pipeline (within existing site boundary)</li> <li>• Decommission and removal of associated above ground assets</li> </ul>
LP system	<ul style="list-style-type: none"> <li>• Decommission of approximately 32m of buried 630mm PE pipeline (within existing site boundary)</li> <li>• Decommission of approximately 95m of buried 36" Cast Iron pipeline (within existing site boundary)</li> <li>• Decommission and removal of associated above ground assets</li> </ul>
AGI	<ul style="list-style-type: none"> <li>• Removal of Pressure Reduction Stations and all associated equipment</li> </ul>
Enabling works	<ul style="list-style-type: none"> <li>• Removal of redundant above ground assets</li> <li>• Project management</li> <li>• Site preliminaries</li> </ul>

***Preferred option - New assets to be constructed and installed***

<b>Category</b>	<b>Description of assets to be installed</b>
HP system	<ul style="list-style-type: none"> <li>• Installation and commissioning of approximately 16m of buried steel pipeline</li> <li>• Installation of associated above ground assets, including pressure control and instrumentation</li> </ul>
MP system	<ul style="list-style-type: none"> <li>• Installation and commissioning of approximately 40m of buried PE pipeline (within existing site boundary and public highway)</li> <li>• Installation and commissioning of approximately 125m of buried PE pipeline (within public highway)</li> <li>• Installation of associated above ground assets, including pressure control and instrumentation</li> </ul>
LP system	<ul style="list-style-type: none"> <li>• Installation and commissioning of approximately 195m of buried PE pipeline (within existing site boundary)</li> <li>• Installation of associated above ground assets, including pressure control and instrumentation</li> </ul>
AGI	<ul style="list-style-type: none"> <li>• 2 × HP-MP PRS skids</li> <li>• 3 × MP-LP PRS skids</li> <li>• 2 × HP filter and heat exchanger skids</li> <li>• Boiler house</li> <li>• Control room and valve wheel store</li> <li>• Site roadway and necessary hard standing areas for maintenance</li> <li>• Valve pits</li> </ul>
Enabling works	<ul style="list-style-type: none"> <li>• New perimeter fence and security measures</li> <li>• Concrete slabs, turning circle and traffic safety measures</li> <li>• Permitting, street works and traffic management</li> <li>• Contaminated ground clearance</li> <li>• Project management</li> </ul>

***ii) Alternative option 1***

This option is identical to the preferred option for the location of the new AGI and re-routing of the MP and LP pipework. The difference is the re-routing of one HP pipeline which runs North to South across the middle of the site.

***iii) Alternative option 2***

This option is identical to the preferred option for the location of the new AGI and re-routing of the HP and MP pipework. The difference is the re-routing of one LP pipeline

which runs along the South-Western and Western perimeter of the Birkshall site, before exiting at the North-Western corner.

A2.6 NGN considered the alternative options based on a qualitative basis across five key criteria relative to the preferred option. These were related to improving safety, reducing operating costs, disruption to stakeholders, tangible benefits and providing additional network resilience.

A2.7 This assessment concluded the preferred option was the most suitable option as neither alternative option provided any additional benefits, and the increased capex would be likely to bring additional challenges and risks.

## **Appendix 3 – Privacy notice on consultations**

### **Personal data**

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

#### **1. The identity of the controller and contact details of our Data Protection Officer**

The Gas and Electricity Markets Authority is the controller, (for ease of reference, “Ofgem”). The Data Protection Officer can be contacted at [dpo@ofgem.gov.uk](mailto:dpo@ofgem.gov.uk)

#### **2. Why we are collecting your personal data**

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

#### **3. Our legal basis for processing your personal data**

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

#### **4. With whom we will be sharing your personal data**

We will not share your personal data with third parties.

#### **5. For how long we will keep your personal data, or criteria used to determine the retention period.**

Your personal data will be held for six months after the project has closed.

#### **6. Your rights**

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data



- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3<sup>rd</sup> parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

**7. Your personal data will not be sent overseas**

**8. Your personal data will not be used for any automated decision making.**

**9. Your personal data will be stored in a secure government IT system.**

**10. More information** For more information on how Ofgem processes your data, click on the link to our "[ofgem privacy promise](#)".