

**To:**

**Cadent Gas Limited**

**Scotland Gas Networks plc**

**Southern Gas Networks plc**

Date: 07 February 2025

**Direction under Special Condition 3.18 of the Gas Transporter Licence held by the licensees listed above to add allowances for the Tier 1 Stubs Repex Policy Re-opener.**

- A1.1 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').
- A1.2 Special Condition 3.18 provides re-opener mechanisms by which the Licensee may seek additional funding during the RIIO-2 price control period for Tier 1 Stubs Repex activities.
- A1.3 The Licensees applied under Special Condition 3.18 in October 2023 or March 2024. The Authority publicly consulted on its [Draft Determinations](#) between 7 November 2024 and 5 December 2024. This document included a draft of this direction, as required by Part D of Special Condition 3.18.
- A1.4 We received two responses and have placed all non-confidential responses on our website. Having considered those responses, we have decided to proceed with making this direction. Our rationale is set out within our Final Determinations, which has been published alongside this direction.
- A1.5 This direction is issued pursuant to Special Condition 3.18 and sets out approved funding, adjustments to the value of the STUBt term and the regulatory years to which that adjustment relates. These are set out in Annex 1.
- A1.6 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 3.18 Tier 1 Stubs Repex Policy Re-opener STUBt**

Approved amounts (18/19 prices):

- SGN £1.94m
- Cadent £20.84m

<b>Distribution Network/ Regulatory Year</b>	<b>2021/22 (£m)</b>	<b>2022/23 (£m)</b>	<b>2023/24 (£m)</b>	<b>2024/25 (£m)</b>	<b>2025/26 (£m)</b>	<b>Total (£m)</b>
EoE	0.35	1.26	0.84	1.10	1.10	4.65
Lon	0.02	0.34	1.15	1.05	0.77	3.33
NW	0.95	0.97	1.09	1.98	1.97	6.96
WM	0.09	1.02	0.67	2.24	1.88	5.91
Northern Gas Networks plc	N/A	N/A	N/A	N/A	N/A	N/A
Scotland Gas Networks plc	0.00	0.00	0.14	0.14	0.14	0.42
Southern Gas Networks plc	0.00	0.00	0.17	0.50	0.85	1.52
Wales and West Utilities plc	N/A	N/A	N/A	N/A	N/A	N/A