

10th December 2025

Kate Lloyd
Ofgem,
10 South Colonnade,
Canary Wharf,
London,
E14 4PU

Dear Kate,

Appointment of the Unified Gas Network Code Manager – Industry Collaboration

Thank you for the opportunity to speak with you and your Code Reform colleagues at our call on 6th November. As a follow-up to the meeting, we wanted to share an update on our collaborative work to help ready the gas network codes for consolidation and the appointment of a Code Manager.

As a collective of Licenced Gas Transporters (both Independent and those regulated via RIIO, collectively referred to as the “GTs”), Encodar as the provider of Uniform Network Code administration services (via the ‘Joint Office’), and Xoserve as the Central Data Services Provider; we have committed to work together to jointly design a proposal for a Unified Gas Network Code Manager model. This joint proposal will consolidate license obligations under one Code Manager organisation, simplifying governance arrangements, enabling closer collaboration between system and code changes and ultimately reducing costs. Our intent is for this model to be tested with wider gas network code constituencies, before being shared with Ofgem for consideration as part of the Expressions of Interest process.

The GTs, Encodar and Xoserve all play a critical part in the functioning of the gas network codes, and our roles are enshrined within the current framework. National Gas Transmission (NGT) and the Gas Distribution Networks (GDNs) presently have Standard Special Conditions in their licences that require: the establishment of common transportation arrangements (A11), the provision of joint code administration services (A12), and the continued appointment of a CDSP (A15). Similarly, the Independent Gas Transporters (IGTs) hold regulatory obligations that require them to establish common transportation arrangements and

utilise Xoserve's central systems through accession to the Data Services Contract (DSC). They contract for IGT UNC code administrative delivery, with Talan currently providing these services.

Under the current funding, governance, and ownership arrangements, NGT and the GDNs are the shareholders of both Encodar and Xoserve and are also represented on both companies' Boards; Shipper and IGT-appointed representatives also hold seats on Xoserve's board.

In line with Ofgem's proposals for the code consolidation, we are fostering collaboration between all parties essential to the current operation of both gas network codes. Additionally, Shippers will continue to act as core stakeholders in the reformed gas network code, and through consultation, we will strive to develop well-rounded proposals through this process that deliver value to all key groups.

The GTs in their position as overarching Licence holders, and Encodar and Xoserve in their roles as incumbent service providers, are collectively well placed to collaborate on the formation of a Unified Gas Network Code Manager model. We have commenced working as a group to define an optimal code management model, built upon the principles of value for money, retainment of industry-leading expertise, and independence. We also see considerable value in bringing in a Gas Code Manager in a timely manner with minimal disruption and disturbance across the industry.

We understand the uncertainty and confusion that would be caused if we each pursued individual and independent strategies. We are therefore working closely together with a shared aim to identify an industry backed single proposal that supports the appointment of an efficient and cost-effective Unified Gas Network Code Manager. As well as achieving the aims of Code Reform, we believe this approach can also deliver a simplified and more effective market framework, and provide an opportunity to address any existing weaknesses in the current arrangements.

Unlike electricity, where technical and commercial arrangements are reflected in separate codes, the UNC/IGT UNC are wider in scope, and a vast array of specialist expertise exists amongst the current service providers that are essential to their effective operation. We think a Code Manager model that harnesses the specialist expertise within existing service providers will promote continuity, and help ensure a smoother transition to code management.

Finally, we note that independence and freedom of conflicts of interests are key pillars of the draft Code Manager Licence. Our collaborative work

aims to build upon the changes introduced by the Xoserve Funding Governance & Ownership (FGO) programme, which resulted in a more diverse Board and provisions that allow all both Shippers and Transporters to play a role in governing the CDSP on an economic and efficient basis. We recognise as well that an effective Code Manager design will also facilitate strong and sustained industry engagement which is critical to long term success. We will therefore design proposals that best utilise the expertise built by existing service providers, and develop corporate structural changes that demonstrate the required levels of independence.

We welcome continued dialogue with Ofgem on our collaborative work to design a model that represents value for money, is robustly independent, and best utilises existing expertise.

To aid efficient future communication, as the GTs are the existing Licence holders, please use National Gas and Cadent as your primary contacts regarding this work.

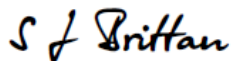
Yours faithfully,



Tony Nixon – Director of Regulation
National Gas Transmission



Richard Court – Director Regulatory Strategy
Cadent (and on behalf of the other Gas Distribution Networks)



Steve Brittan – Chief Executive Officer
Xoserve

PA McKie

Paul McKie – Head of Service Delivery
Encodar

AG Travell

Alex Travell – Head of Regulation
BUUK Infrastructure (and on behalf of the other Independent Gas
Transporters)