

Public

07 Gas Advisory Council

June 2026

Disclaimer: Work contained herein is still in draft / work in progress format and subject to change. Draft material for early stakeholder engagement and awareness.

07 GAC Agenda

30th June 2026 – Broadwick House London

Time	Topic
10.00-10.15	Welcome – Actions Review & General Updates
10.15-10.45	Current GAC Project Update
10.45-11.15	Gas Market Roadmap Feedback Session
11.15-12.30	Gas Market Roadmap – Future Projects Discussion
12.30-13.15	Lunch
13.15-13.30	NESO Headline Report
13.30-15.45	NESO Updates: FES 10 Year Outlook ~Break~ NESO Biomethane Report “Exploring the Role of Biomethane in the Energy System to 2050” EMAC Updates
15.45-16.00	AOB & Close

Actions Review

ID	Description	Owner	Status
6.1	GAC Members to review draft GMR to be circulated by NESO	NESO	Closed – report sent and feedback received
6.2	GAC Members to fill the Feedback form on GAC term	GAC	Open – GAC members to fill out form

Gas Advisory Council 2025/26
Feedback



GAC Projects

Hydrogen Blending June 2026

Discussions held so far:

15th Dec 2025: Hydrogen Blending Working Group Kick- off Session

11th Feb 2026: System Value Discussion – FTI Consulting

23rd Feb 2026: Technical Readiness & Regulatory Readiness Discussion – Blending Implementation Programme

11th March 2026: NESO-DESNZ Bilateral discussion

Key outputs:

Blending summary paper for review with members

Next steps:

In discussion with DESNZ for project next steps.

Following GMR Publication we will look to commence the evidence gathering phase and regular optional working groups.

Hydrogen Blending Paper Discussion Themes

Issue	Description	Next steps	Owner
Safety and regulatory approval	The HSE's decision on whether blending is safe is still pending.	Blending decision expected 2027	Health and Safety Executive (HSE)
Strategic System Value	If blending is deemed to be safe, further work may be required to understand the strategic role of blending	Government cost-benefit-analysis (CBA) work expected	DESNZ
Impacts on sensitive end users	Linked into Government wider assessment for strategic system value, there is an evidence gap around sensitive end users.	Project workstream to identify scale of potential impacts on sensitive users to feed into DESNZ.	Gas Advisory Council (GAC)
Interaction with Business Models	Understanding the wider impact of blending inclusion in hydrogen business models	Government decision on blending + policy levers/ subsidies	DESNZ
Network Readiness – Billing and settlement implications	The Real Time Settlement Methodology (RTSM) programme is looking at more accurate and effective billing arrangements and will complete a cost-benefit analysis to assess the impact of a variable calorific value.	RTSM is best placed to continue work in this space. Xoserve to continue analysis on impacts to central systems throughout project.	RTSM workgroups
Network Readiness Market arrangements (incl code changes)	Network readiness and market arrangement to facilitate blending are being looked at by the blending implementation programme.	Blending Implementation Programme is best placed to continue working in this space.	Blending Implementation Programme – Phase 2

Biomethane Post GGSS June 2026

Discussions held so far:

17th Dec 2025: Biomethane Working Group Kick- off Session

Feb/March 2026: Biomethane Stakeholder Engagement

April 2026: Post GGSS Subsidy Workshop

May 2026: Supplier and Shipper Workshop

June 2026: Summary Paper development

Key outputs:

Biomethane summary paper for review with members

Aspects of report inputted into the GMR

Next steps:

Circulation with DESNZ post member review

Awaiting DESNZ consultation to determine if any further work necessary

Gas Storage June 2026

Discussions held so far:

4th December 2025: GAC & GSSA online meeting

17th December 2025: Gas Storage Project Update (with DESNZ)

Decision made that, given limited resources and the size of the current consultation, the most pragmatic approach is to focus on completing individual consultation responses and engaging with DESNZ

Consultation close date: 18th February 2026

6th April 2026: Amy Coleman (DESNZ) provided update on consultation at 06 GAC

Current Update:

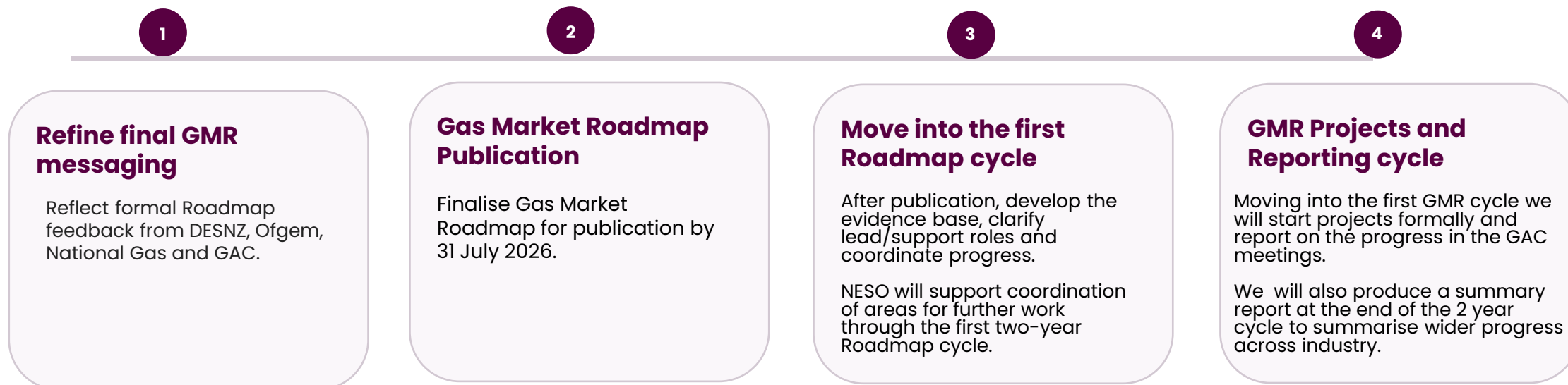
Political uncertainty may have implications for works underway. DESNZ still aiming for a full response to the consultation by the end of the year or early next year. And are still hoping to publish an interim update before the summer but they are navigating protocols around what can and can't be published during the leadership contest.

Next Steps:

NESO support offered to DESNZ for consultation analysis surrounding Gas Storage.

Gas Market Roadmap Feedback

Next steps: publication



Publication and follow-up: finalise for publication by 31 July 2026, then use the first Roadmap cycle to progress evidence, refine areas for further work and support coordinated action.

GMR Feedback: You said, we did

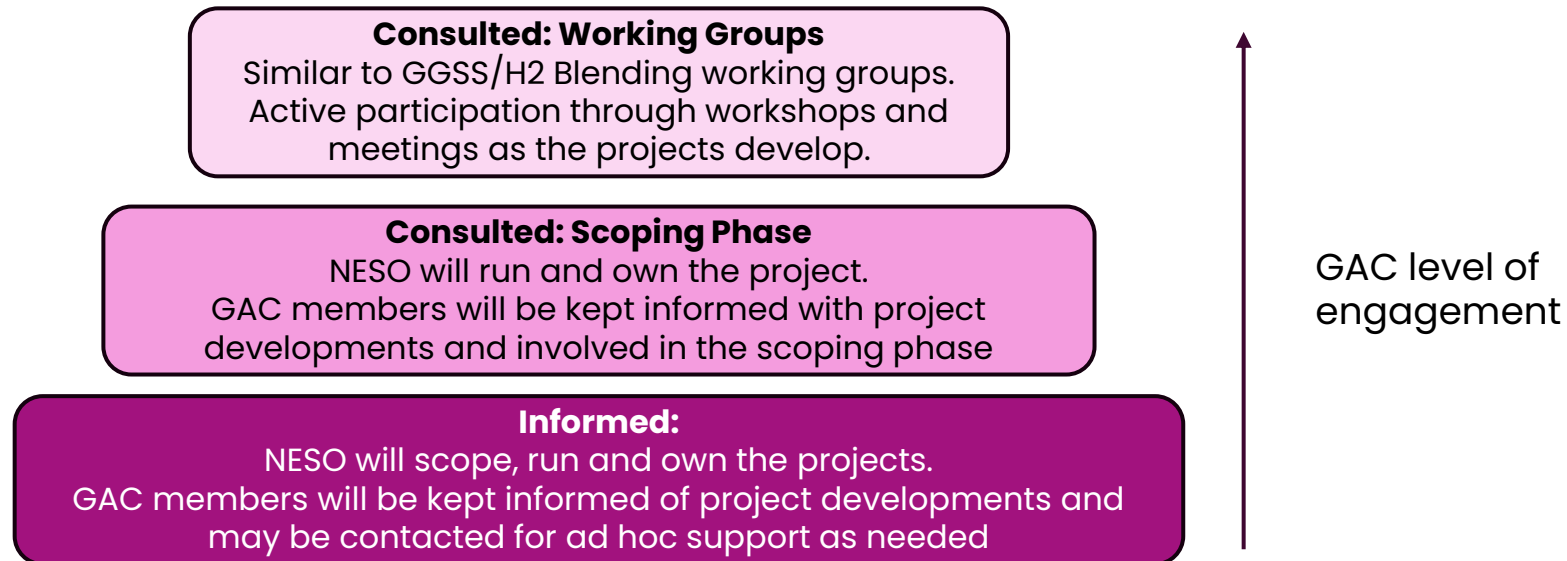
Feedback received is shown as the main bullet; the indented bullet summarises what has been done.

- **Broad agreement with the central challenges, however ensuring that it is clear to the reader that current arrangements are working well**
 - **What we did:** we have added some clearer framing that the current arrangements are working well but change may be needed to future proof the market.
- **Need clearer framing and messaging; report felt long but not adding new insight for industry experts.**
 - **What we did:** Refined wording where possible. However, as this is the first GMR, the document has been deliberately positioned as a high-level, accessible baseline rather than a directive or intervention-focused report. This reflects both its early-stage nature and the importance of avoiding unintended market signals, particularly while policy development remains ongoing.
- **Question marks around the use of FES and FES 10 Year Outlook.**
 - **What we did:** we have clarified the uncertainty within the FES pathways and included 10YF figures to reflect the need for action. Additionally, we may consider using additional scenarios in specific projects where relevant (eg as a counterfactual/counter-balance)
- **Roles, responsibilities and coordination needed to be clearer.**
 - **What we did:** Added further detail to define NESO, DESNZ, Ofgem and industry roles more clearly in gas market strategy.
- **Gas quality should play a larger role.**
 - **What we did:** we have highlighted certain gas quality issues in relation to the development of emerging markets and low carbon gases. We propose continuing to monitor and engage on gas quality issues with the GAC ahead of the next GMR.
- **Clarity needed on what happens next.**
 - **What we did:** Added clearer next-step framing through the roadmap projects section and next steps and conclusions. We are also hoping that the project scoping phase will provide clarity on the projects next steps.

Gas Market Roadmap Projects

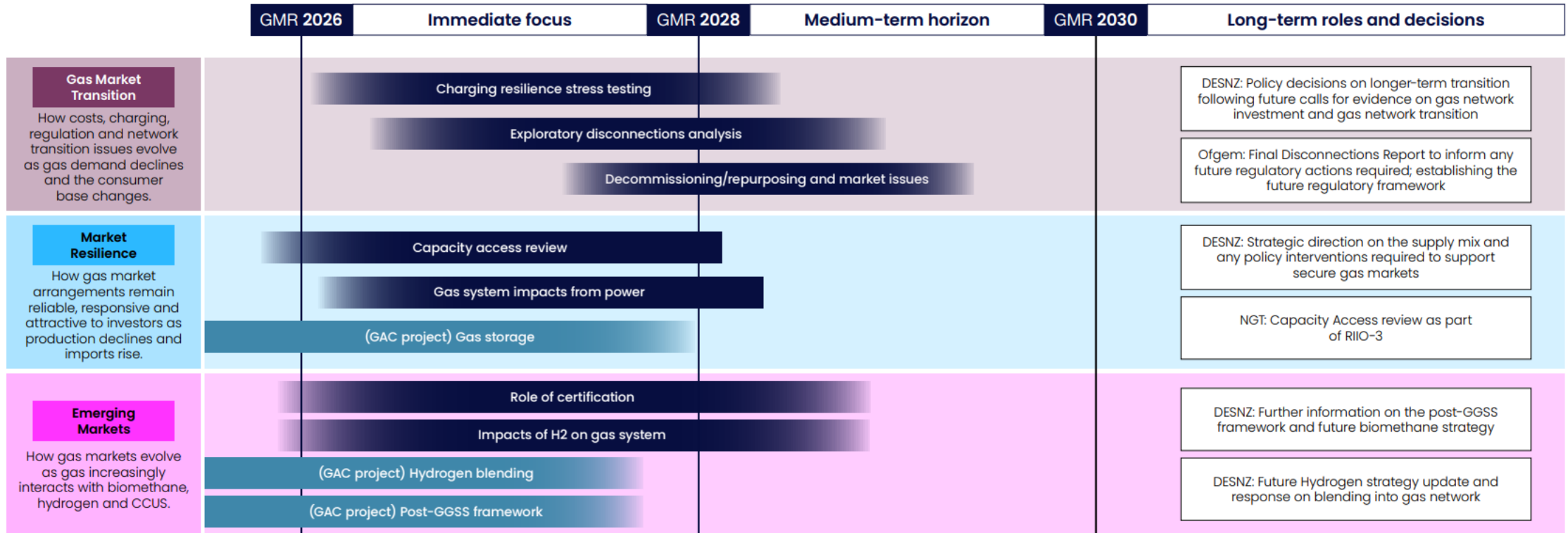
GMR cycles and GAC involvement

Some projects outlined may require more involvement with the GAC than others, and we are looking to seek your feedback on how you wish to be involved in projects. At a minimum we would ensure GAC members are kept updated on project developments. Options may include:



As we are still in the early phases of developing the project approach we will test these options between GAC 06 and 07.

Upcoming Projects



Lunch

NESO Headline Report

NESO Publications (April– June)

- **Summer Outlook 2026 (Apr 2026)**

What: NESO's electricity system outlook for Apr–Oct 2026, covering adequacy expectations, operational challenges, and market context.

Why it matters: Supports industry summer readiness and signals the operational risks/tools likely to be needed over the period.

Link: <https://www.neso.energy/document/380251/download>

Key Publications (April – June)

1. **DESNZ – Ofgem Review: final report (22 Apr 2026)**
What: Final report on strengthening Ofgem’s role and powers.
Why it matters: Expands regulatory focus to evolving markets (e.g. heat, hydrogen, CCUS), supporting transition from gas to low-carbon alternatives.
[Ofgem Review 2026: final report](#)
2. **DESNZ – Hydrogen to Power & interconnectors: government response (May 2026)**
What: Government response on enabling hydrogen-fired generation in electricity markets.
Why it matters: Positions hydrogen as a future replacement for unabated gas in flexible generation and security of supply
[Capacity Market: Call for evidence response on Hydrogen to Power and Interconnectors – government response](#)
3. **Ofgem – Energy price cap update (27 May 2026)**
What: Update to default tariff cap (Jul–Sep 2026 period).
Why it matters: Continued exposure to gas price volatility highlights importance of reducing reliance on natural gas and scaling low-carbon alternatives. [Energy price cap will rise by 13% from July | Ofgem](#)
4. **DESNZ – Flexibility in electrolytic hydrogen production (ongoing consultation, Jun 2026)**
What: Call for evidence on flexible hydrogen production.
Why it matters: Positions hydrogen as a key cross-vector flexibility solution (linking electricity surplus with gas networks).
[Flexibility in electrolytic hydrogen production and use: call for evidence](#)
5. **DESNZ – UK ETS & CCS policy developments (consultations closed 4th Jun 2026)**
What: Includes proposals on CCS pipeline regulation under the UK ETS.
Why it matters: Indicates progression of CCUS frameworks toward delivery, enabling decarbonisation of gas and industrial sectors.
[UK Emissions Trading Scheme: Regulating cross-boundary CCS pipelines – GOV.UK](#)

Headline Report: Code Updates

Apr–Jun

- **Ofgem has rejected modification [0843](#)** which sought to establish an Independent Shrinkage Expert citing that a review of the current shrinkage model would offer better value.
- [Weinerberger's](#) Denton brickworks will be replacing 224 natural gas-powered burners with hydrogen-compatible systems with aims to have **one kiln fully operational on hydrogen**—or both partially converted—by autumn 2027 with a full site-wide transition to 100% hydrogen firing to commence in autumn 2028.
- Cadent raised [0933](#) to increase their accuracy when **modelling biomethane capacity** on the network by installing daily metering equipment on sites not currently mandated.
- DESNZ held a call to discuss stakeholder engagement for the development of the **Hydrogen Network Code** which will include webinars for general stakeholders and a small (circa 15 participants) advisory group who will shape the new code.
- National Gas submitted their **Exit Capacity Reserve Prices** and the Annual Yearly and Annual Quarterly Interconnection Point Reserve Prices for 1st October 2026 to Ofgem [2026 Notice of Charges | Joint Office of Gas Transporters – Gas Governance](#)
- EDF has raised [MOD 0937R](#) to move from **capacity charging to commodity charging**.
- [Ofgem announced](#) that Xoserve has been invited to submit licensing assessment forms, on a non-competitive basis, for the **Gas Network Code Manager**
- Cadent has been granted a 6 month extension for [MOD0917](#) (**socialisation of propanation costs**) to allow them time to complete analysis to aid in the discussion

Molecule Consultations

These are the consultations that have been received and assessed this month

Title	Issued By	Issued	Deadline
Modifications to additional network price control (RIIO-3) associated documents	Ofgem	01/04/26	13/05/26
Consultation on the draft second preliminary Strategic Direction Statement for industry codes	Ofgem	02/04/26	28/05/26
Peterborough Compressor Emissions: re-opener application	Ofgem	07/04/26	05/05/26
Gas DSR Methodology Consultation 2026	JO	15/04/26	15/05/26
MOD0923 Disapplication of TPD Section D7 (DSR Options) for 2026 only	JO	16/04/26	08/05/26
MOD0921S Broadening the definition of the Data Permissions Matrix to align with disclosure of UK Link Gemini data	JO	16/04/26	08/05/26
Market Stabilisation Charge licence condition	Ofgem	17/04/26	15/05/26
CSL01 – Exclusion of Standalone Networks from IGT UNC	IGTUNC	27/04/26	19/05/26
Phase 2 Tranche C Draft Determination: Liverpool Bay CCS Ltd	Ofgem	15/05/26	15/06/26



Molecule Consultations

These are the consultations that have been received and assessed this month

Title	Issued By	Issued	Deadline
Notice proposing modifications to the Pension Regulatory Instructions and Guidance	Ofgem	22/05/26	19/06/26
UNC0920 – PARCA Security Amount	JO	22/05/26	19/06/26
Flexibility in electrolytic hydrogen production and use	DESNZ	28/05/26	06/07/26
Securing open data in energy: triage in data best practice guidance	Ofgem	29/05/26	14/07/26
Flexibility in electrolytic hydrogen production and use	DESNZ	28/05/26	06/07/26
IGT181 – Revision of Virtual Last Resort User and Contingent Procurement of Supplier Demand Event Triggers	IGTUNC	01/06/26	22/06/26
Supply chain security: proposed guidance	Ofgem	02/06/26	29/06/26
Capacity methodology statements preliminary consultation	National Gas (through JO)	12/06/26	10/07/26
Bi-directional capacity exemptions (Moffat / Gormanston Interconnector Points)	TBC	TBC	TBC



NESO Updates

FES 10 Year Outlook

Cameron Coogan

Section redacted

Biomethane Insights

Katy Read

Section redacted

Public

Electricity Markets Advisory Council

4 June 2026

Agenda

Item	Lead	Time
<i>Informal lunch and networking (optional)</i>		12:00 – 13:00
Introductions and scene setting		
Welcome	Rebecca Beresford (NESO), Lizzie Blaxland (NESO), Monica Collings (Chair)	13:00 – 13:10
Playback of bilateral conversations and initial observations	Monica Collings (Chair)	13:10 – 13:40
General updates		
NESO's interconnector trading restrictions	Cross-Border Strategy (NESO)	13:40 – 13:50
<i>Break</i>		13:50 – 14:10
For discussion		
GB system investment and cost of capital levers to optimise	Anthony Belcher (NESO)	14:10 – 14:40
Gas Markets Roadmap	Martin Shannon (NESO)	14:40 – 15:20
Future EMAC topics	Monica Collings (Chair)	15:20 – 15:40
<i>Close and next steps</i>		15:40 – 15:45

NESO's interconnector trading restrictions

Magda Morenes (NESO)

Carlos Vallejo (NESO)

EU – NESO Trading Limits

[Market Notice detailing EU-NESO Trading restrictions](#)

Restriction:

- Maximum of 300MW trade on an Interconnector if trading in *opposite* direction to the Day Ahead schedule (each Interconnector assessed independently)
- No restriction if trading in *same* direction as Day Ahead schedule
- AND, total of 1500MW across all affected Interconnectors
- Each hour assessed separately

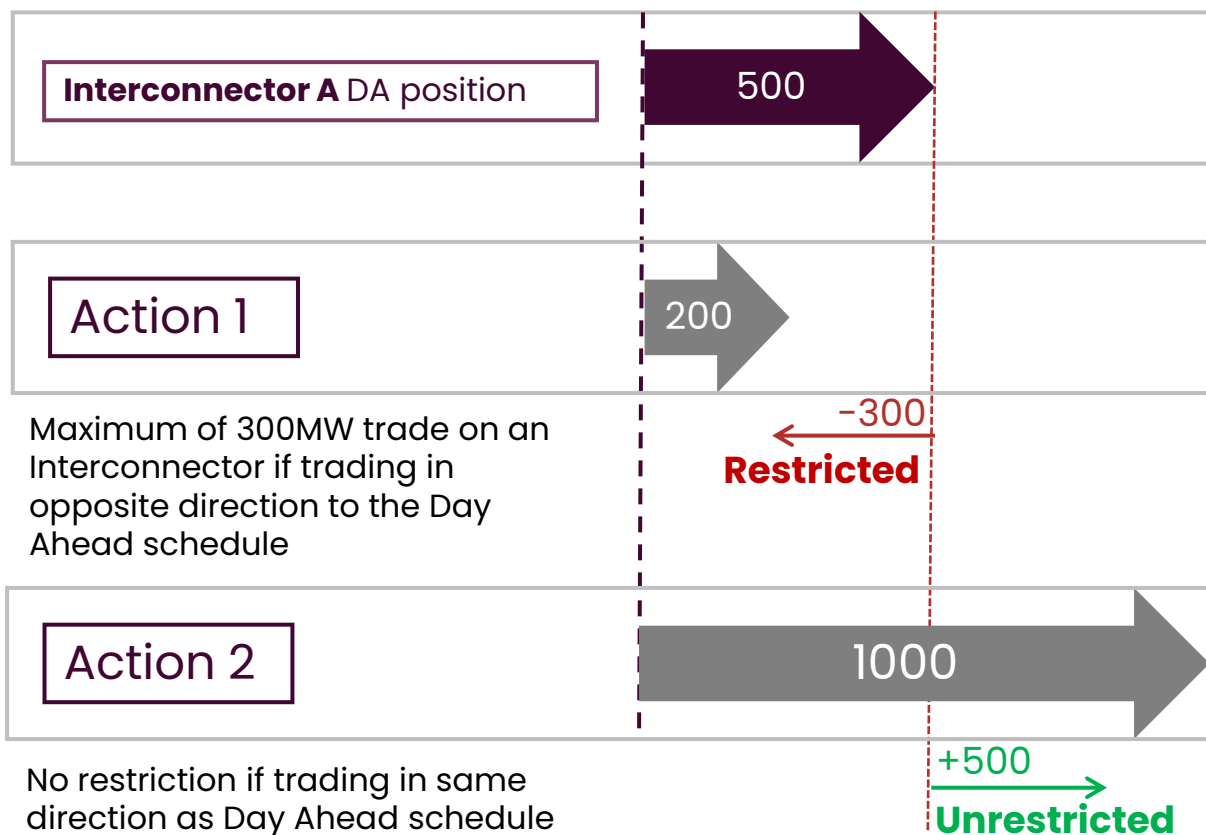
Key Points:

- Restriction is **only** on NESO trading activity, **not** market participants
- Short-term measure in place until the end of the year when a longer-term solution is planned
- NESO does not have concerns over electricity system security
- NESO can request additional volume above the limits if required for system security

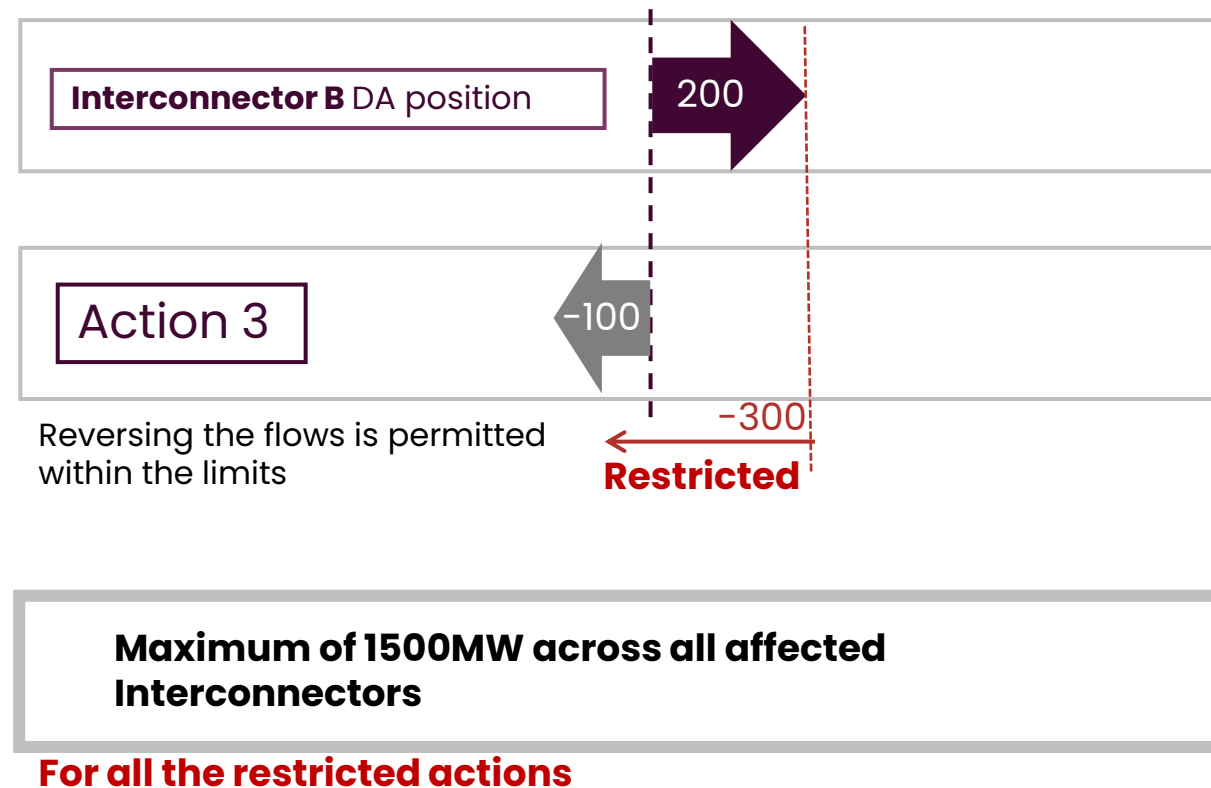
Interconnector	Country	TSO
IFA, IFA2, ElecLink	France	RTE
Viking Link	Denmark	Energinet
BritNed	Netherlands	TenneT
Nemo Link	Belgium	Elia

EU – NESO Trading Limits

Example 1



Example 2



GB system investment and cost of capital levers to optimise

Anthony Belcher (NESO)

Reducing risk premia– lever of change

What do we want to achieve?

Aims for the session:

NESO to understand how different risks drive
Cost of Capital

Promote discussion and engagement

Provide foundation for further engagement
and work on this topic

- What are the main factors that make up risk premia?
- Can we quantify them?
- Which can NESO influence?
- How can this drive lower energy costs for consumers?

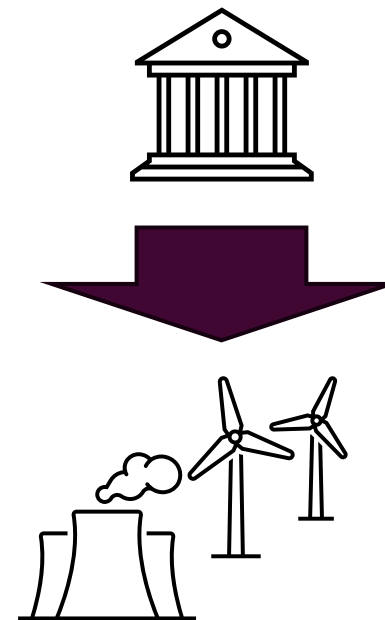
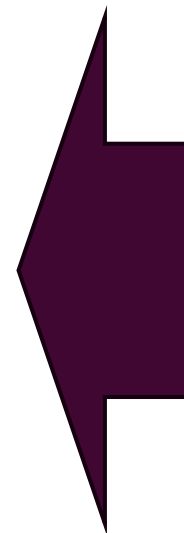
Driving investment

UK energy goals will only be met through the continued deployment of capital by investors

£15bn by 2030 – Gas transmission and distribution networks

£80bn (£9bn before 2030) – electricity transmission network

£30bn per year in electricity generation assets



Energy policy

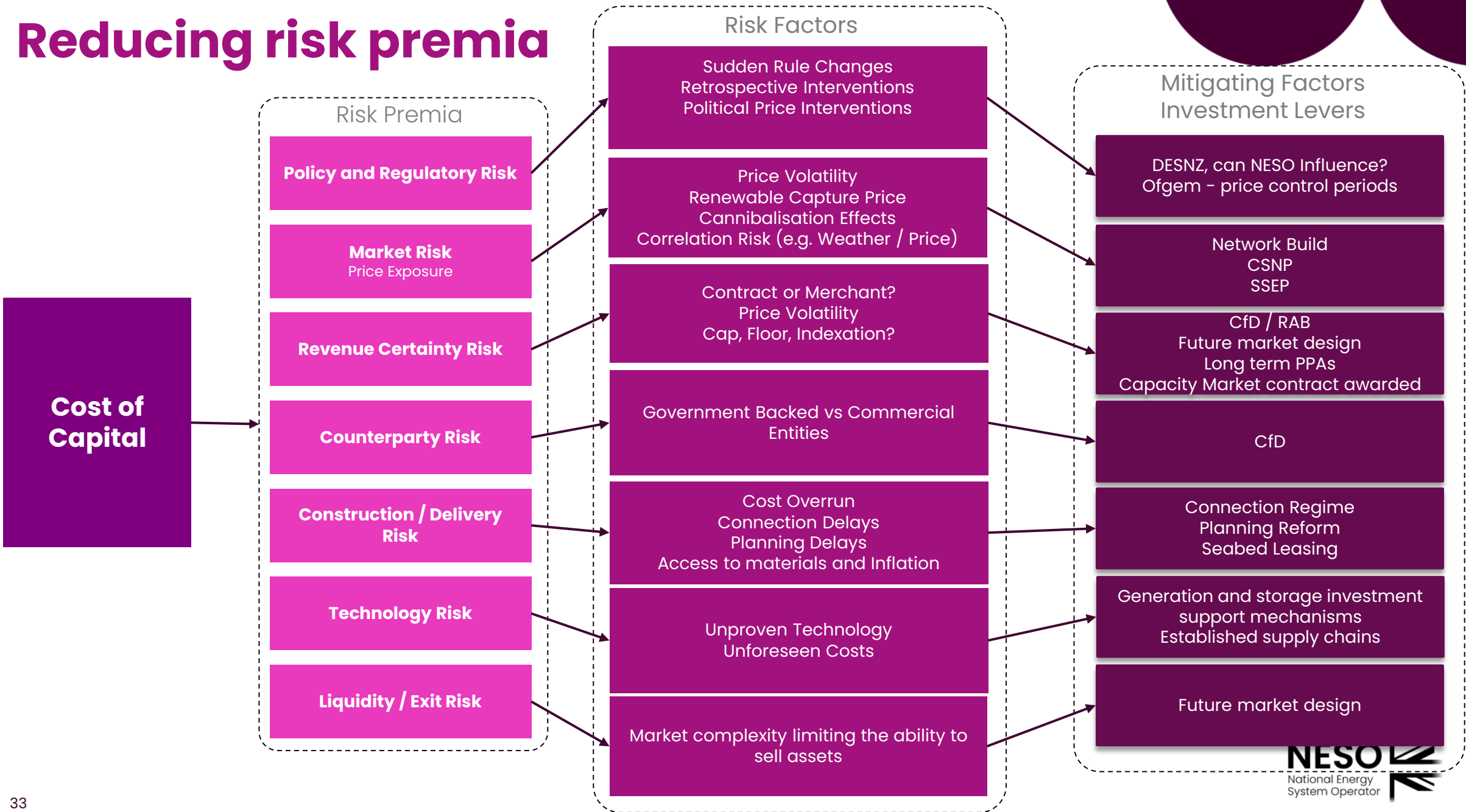
Rate environment

International environment

Market structure

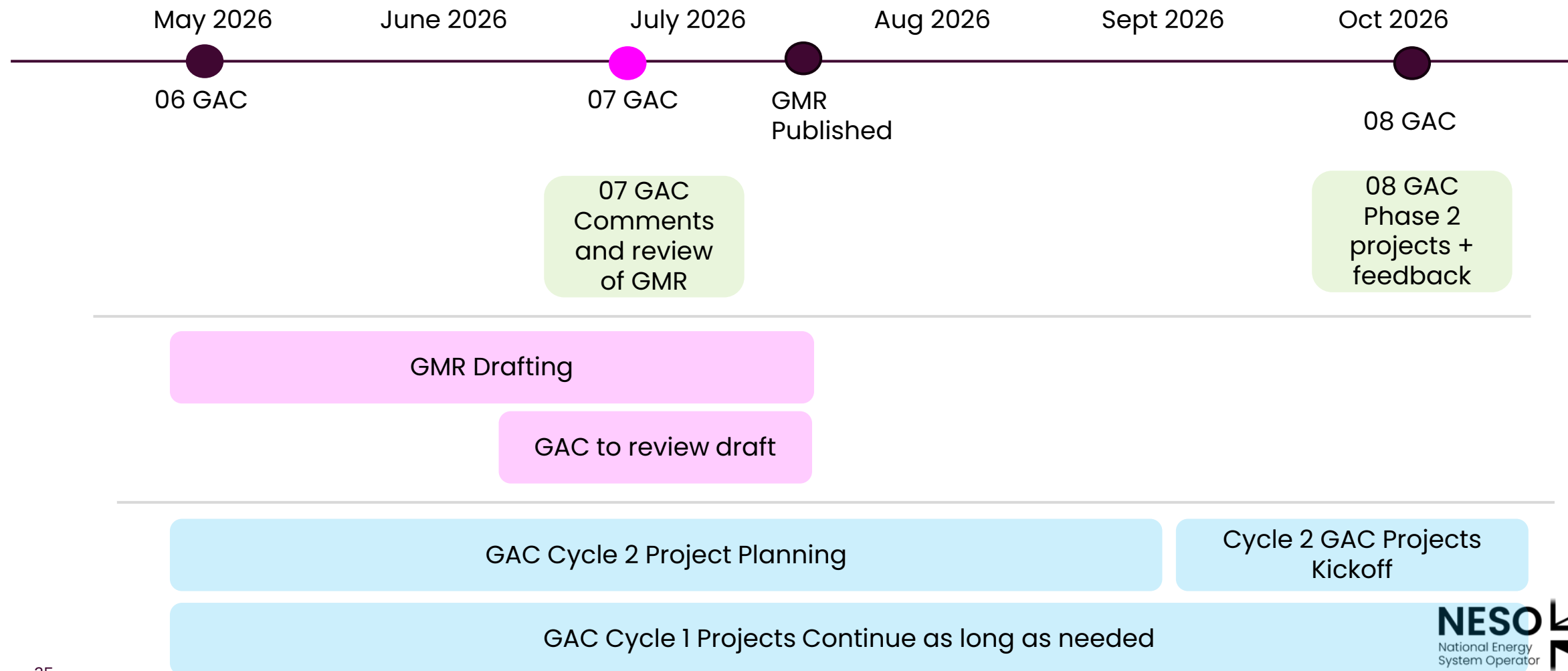
Energy plans

Reducing risk premia



Next Steps and Close

Next Steps for GAC



AOB

1) Grant Wilson – £25m
Funding

Thank you