Modification

At what stage is this document in the process?

01 Modification
02 Workgroup Report
03 Draft Modification Report
04 Final Modification Report

IGT180:

CDSP Obligations required for the introduction of the Gas Shipper Obligation

Purpose of Modification:

The Gas Shipper Obligation (GSO) is intended to be the long-term funding mechanism for initial hydrogen production projects funded through the Hydrogen Production Business Model (HPBM). The GSO charge will be placed on Shippers based on the quantity of gas they ship to customers. The GSO scheme will be administered by the GSO Administrator (who is expected to be the Low Carbon Contracts Company (LCCC), subject to formal appointment through regulations) and will be outside of the IGT UNC (as well as the UNC). This Modification will create obligations on the Central Data Service Provider (CDSP) to provide services to the GSO Administrator to support the implementation of the GSO scheme, including a period of live data testing. It is proposed that a subsequent Modification to this one is developed and implemented to ensure the CDSP Obligations endure following implementation of the GSO legislation.

The Proposer recommends that this Modification should be:

- considered a material change and not subject to Self-Governance; and
- be assessed by a Joint UNC and IGT UNC Workgroup.

This Modification will be presented by the Proposer to the Panel on 23rd January 2026. The Panel will consider the Proposer's recommendations and determine the appropriate route.

Impacted Parties and Codes

High Impact:

CDSP

Medium Impact:

None identified.

Low Impact:

Suppliers, Shippers, Independent Gas Transporters (IGTs) and Consumers.

Contents

Timetable

The Proposer recommends the following timetable:

Initial Panel consideration	23rd January 2026
Initial consideration by Workgroup	12th February 2026
Workgroup Report presented to Panel	24th July 2026
Draft Modification Report issued for consultation	24th July 2026
Consultation Close-out for representations *(Consultation length reduced to 9 Working Days. Please note that the closeout date for responses is aligned to the UNC date)*	6th August 2026
Final Modification Report available for Panel	21st August 2026
Modification Panel decision	27th August 2026

Please note that IGT180 and UNC0922 will be discussed together via joint IGT UNC and UNC Workgroup meetings. The first three proposed meeting dates can be found on the IGT180 webpage. This page will remain up to date as more meeting dates are made available.

Any IGT UNC Parties wishing to attend these meetings can provide the name and email address for attendees to the IGT UNC Code Administrator (IGTUNC@talan.com), who will pass the details onto the Joint Office. Alternatively, parties can contact the Joint Office directly (enquiries@gasgovernance.co.uk) to provide this information.

Any questions?

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1 Summary

What

The GSO will provide long-term funding to initial hydrogen production projects awarded contracts under the HPBM. It will be a flexible funding mechanism, capable of scaling up to meet the needs of the hydrogen programme. The HPBM is intended to incentivise investment in low carbon hydrogen production and usage.

The powers in Part 2 of the Energy Act 2023 enable the Secretary of State (SOS) to make provision in regulations for a levy on licensed gas Shippers in Great Britain (GB) for the purpose of funding revenue support contracts for the HPBM. The supply of accurate data is essential for the facilitation of this. The government expects regulations for the GSO to be in force in 2027, which will place the obligation on Shippers to make the relevant payments to the GSO Administrator.

The GSO will be "volumetric" in design, meaning Shippers will be charged in proportion to the quantities of gas they ship. The Department for Energy Security and Net Zero (DESNZ) has identified the CDSP as the best source of data to support the GSO, using the underlying data set to the NTS Exit Commodity Charge as the basis for the levy.

This Modification is intended to be a transitional Modification that will place obligations on the CDSP to perform activities to support the implementation and a period of live data testing of the GSO Scheme. This Modification will also need to ensure that appropriate supporting requirements are in place regarding the provision of IGT Supply Point Level data. A subsequent Modification will be raised to provide the CDSP with enduring obligations and for data provision once the Secondary Legislation introducing the GSO has been passed.

The CDSP will be required to provide data to the GSO Administrator to enable the calculation and invoicing of the levy. The principle of the levy is that it will be calculated on a 'volumetric' basis so that Shippers will pay a levy charge based upon the energy that they ship to their customers. For further information on the operation of the GSO, please refer to the original consultation[1],[2]. DESNZ will appoint LCCC as the GSO Administrator in due course.

For the avoidance of doubt the levy invoicing will be entirely separate from Supply Point Transportation Charges and Invoicing that is described under the UNC and IGT UNC. However, the CDSP will provide energy information to the GSO Administrator using the energy billed as the NTS Commodity charge and will be subject to Offtake Reconciliation. For the avoidance of doubt, data provided to the GSO Administrator will include IGT Supply Meter Point data.

The CDSP performs an agency service for the Transmission and Distribution Networks to provision invoicing services for the Supply Point Transportation Charges under the UNC. The CDSP does not perform this function for the Independent Gas Transporters (IGTs), however, IGT Supply Points do attract a component of the NTS Exit Commodity charge, which is identified by a specific charge type in the Commodity invoice "892 - CSEPS- NTS EXIT COMM CHARGE". Use of this charge, and the reconciliation equivalent, will be used to levy the GSO charges for IGT Supply Points.

[1] Funding mechanism for the Hydrogen Production Business Model: proposed design of the Gas Shipper Obligation.

Additional data will be provided to the GSO Administrator to enable other features of the GSO, such as forecasting arrangements.

Changes will be made to the Data Permissions Matrix (DPM) to add the GSO Administrator to reflect the data that is being provided as part of this scheme.

Why

This Modification is required to place obligations on the CDSP to provide data to support the implementation of the GSO Scheme. This Modification also seeks to ensure appropriate requirements are in place regarding the use and provision of IGT Supply Point level data. Given the 'volumetric' Scheme design the CDSP are the only central choice to provide this information to the GSO Administrator and will be able to provide this data efficiently and by economically leveraging the data that the CDSP manages. This approach will also enable Shippers to utilise the Supporting Information provided to them as part of the UNC Supply Point Transportation Charges and Invoicing.

How

This Modification will assign the CDSP the function of data provision to the GSO Administrator to support the calculation of the 'volumetric' charge under the GSO Scheme. It will also ensure that IGT Supply Point level data can form part of this data provision. should it be required. The necessary data will provide information related to the Shipper's monthly Commodity and Offtake Reconciliation position at an inclusive portfolio level (i.e. ALL Supply Points including those on IGT networks) related to the NTS Exit Commodity Charge. This Modification will include a period of provision of data from January 2027 to support the Live Data Testing Period.

The CDSP will also provide Meter Point level data for any Supply Meter Points that have been exempted from the GSO obligation so that these energies can be exempted from the GSO charges. DESNZ is currently developing policy proposals for an exemption scheme and expects to consult on options in due course. We expect offtake to Storage and pipeline interconnectors by which gas is transported to another country (including Northern Ireland and the Isle of Man) to be out of scope of the GSO.

The provision of data to the GSO Administrator will be a CDSP Function and the charges incurred by the CDSP will be CDSP Costs.

The CDSP will update the DPM to provide transparency to IGT UNC (and UNC) Parties related to the data that is being released to the relevant parties as part of the GSO scheme.

Changes to the DPM are usually approved by the DSC Contract Management Committee, but the current approach to be taken is for the related UNC Modification 0922 to enable changes to be made to the DPM as a result of it and to release the data to the GSO Administrator for the Live Data trial from January 2027. UNC0922, as well as this Modification, will add other necessary permissions for supporting other features of the GSO, such as forecasting and the Exemption Scheme (subject to the government consultation on GSO exemptions). These data requirements will result in the addition of the GSO Administrator, DESNZ and the Department of Business and Trade (who are expected to administer aspects of the Exemption Application process).

As the CDSP is essential in the successful implementation of the GSO Scheme UNC0922 provides that the DSC Committees will not have any responsibilities in respect of the CDSP's function in supporting the scheme.

We are proposing that the role provided by the CDSP will be treated as a CDSP Cost – as this is expected to provide the most efficient and cost-effective way of recovering the effort taken to support DESNZ and the GSO Administrator. It is proposed that this will be a Shipper funded DSC Service Line.

2 Governance

Justification for Authority Direction

This Modification is proposed to be subject to Authority Direction. It is expected that the GSO scheme costs will ultimately be passed to consumers based upon their consumption so will have an effect on existing gas consumers and will entail a large number of consumers incurring this additional cost. The approach defined within this Modification will avoid material costs of alternative options for sourcing data and reduces risk of inequity to consumers. This Modification will facilitate the implementation and test phases which shall in turn, establish the processes necessary to ensure that the GSO scheme is implemented in the most cost efficient and equitable manner to ensure that there is consistent application of GSO Charges to consumers. As such the Modification does not meet the Self Governance criteria test, as it has a material effect on:

(aa) existing or future gas consumers; and

(bb) competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes.

Requested Next Steps

This Modification should:

- be considered a material change and not subject to Self-Governance; and
- be assessed by a Workgroup.

This Modification will support the creation of obligations on the CDSP to design, build and test the provision of data as described within it and the related UNC Modification UNC0922. The GSO Administrator is planning to run an extended test phase commencing from January 2027 with Live Data. In order for the projected CDSP build timescales to be met, a decision would be required on this Modification no later than July 2026. So, the Final Workgroup Report for this Modification is proposed to be presented to the May Panel meeting. It is therefore proposed that this Modification is presented to 3 Workgroups.

3 Why Change?

To deliver low carbon hydrogen production in the UK, the Government is supporting producers through the HPBM. The business model is designed to provide revenue support to hydrogen producers, to overcome the operating cost gap between low carbon hydrogen and high carbon fuels. It is intended to incentivise investment in low carbon hydrogen production and usage, and to deliver security of supply to end users, recognising that both cost and supply security are key considerations for switching.

It is critical that there is a robust revenue stream in place to fund the HPBM. The GSO is intended to be the long-term funding mechanism for initial hydrogen production projects supported through the HPBM. Subject to legislation being in place, government expects to introduce the GSO in 2027.

The GSO aligns to some of the key objectives within Ofgem's Multi Year 'Protect, Build, Change, Deliver' strategy published in 2024 (Our strategy | Ofgem) particularly supporting 'enabling infrastructure for net zero at pace' and 'advancing decarbonisation through low carbon energy'. The GSO was included in the Strategic Direction Statement preliminary decision paper as a new policy area in August 2025. In this document Ofgem acknowledges that: “the GSO […] may require code changes to enable data sharing and funding arrangements prior to implementation.”

The timely execution of this Modification is required to enable the CDSP to release the necessary information to the GSO Administrator. This Modification will support the new UNC obligations on the CDSP to design, build and test the provision of data as described within this Modification and the UNC Modification UNC0922, including the extended live test data phase.

4 Code Specific Matters

Technical Skillsets

No specific knowledge or skills are identified.

Reference Documents

Government consulted on the design of the GSO in January 2025. DESNZ has analysed the responses and will publish a response and a further consultation on the exemptions in due course. Additional information can be obtained from the consultation documents available here:

Funding mechanism for the Hydrogen Production Business Model: proposed design of the Gas Shipper Obligation - GOV.UK

The GSO Administrator will be the LCCC. They have been maintaining information in relation to the GSO Scheme[3].

5 Solution

IGT UNC Modification Proposed Solution

This Modification will support the implementation and delivery of the related UNC Modification UNC0922 by making necessary changes to IGT UNC Part N, “CDSP and UK Link”. Primarily the changes envisaged between the two Modifications will require the CDSP to provide data in support of the GSO Scheme. Further information on the UNC Modification UNC0922 is set out below in the “Supporting Information” Appendix A.

The IGT UNC Modification Business Rules (BRs) are as follows:

BR 1. No IGT UNC parties are to interfere with the provision of GSO Services;

BR 2. All IGT UNC parties as DSC parties waive rights and remedies etc. that may apply under either the UNC or DSC regarding the CDSP providing GSO Services; and

BR 3. CDSP may use all data maintained, including IGT Supply Point Level data, and share with others as required under the GSO Scheme, where required for GSO Services.

[3] https://www.lowcarboncontracts.uk/our-schemes/gas-shipper-obligation /

6 Impacts & Other Considerations

Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

This Modification does not impact an SCR or any other significant industry change projects.

Consumer Impacts

This Modification establishes the CDSP obligations to support the GSO Scheme. The Scheme itself is implemented outside of the UNC and IGT UNC, so neither Code Modification in and of itself is expected to have specific impacts to consumers. We do highlight the impacts associated with the GSO Scheme itself as below. We consider that this Modification delivers the most efficient and effective option to deliver the data necessary to support the GSO Scheme, and so therefore would avoid costs that might otherwise be incurred were the CDSP not to do this function.

What is the current consumer experience and what would the new consumer experience be?

This Modification is facilitating the introduction of the GSO, and specifically the release of data to support the GSO volumetric design – which is being introduced through the Secondary legislation. The effects on consumers as a direct result of this Modification itself should be minimal, noting the counter factual referenced above in Section 2. It is acknowledged that the GSO Scheme itself will impact consumers as the majority of consumers will receive additional incremental costs to their energy bills.

Impact of the change on Consumer Benefit Areas

Area	Identified Impact
Improved safety and reliability This enabling Modification is not expected to affect Safety or Reliability. As part of the Government Net Zero initiatives, it is expected that the longer term benefits of the GSO Scheme will promote greater domestic energy security therefore delivering greater reliability and reduced risk of energy price fluctuations in the longer term.	None
Lower bills than would otherwise be the case It is expected that the GSO Scheme will increase consumer costs. We consider that this Modification offers the most efficient, cost effective and reliable source of data to support this scheme, as it leverages existing data and will not require the creation of a new data infrastructure or for Shippers to self-report data which would increase costs. Whilst it is acknowledged that the CDSP costs will be a fraction of the overall cost of the scheme to consumers, it could avoid some costs on Scheme Administrators and Shippers [and minimise impacts on consumers].	Positive
Reduced environmental damage The GSO Scheme is one part of the Government Net Zero initiatives. This Modification supports the provision of data necessary to implement the GSO	None

Scheme which will support the long-term funding mechanism for initial hydrogen projects funded through the HPBM. The HPBM is intended to incentivise investment in low carbon hydrogen production and usage, and to deliver security of supply to end users.	
Improved quality of service It is not expected that this Modification will impact the quality of service enjoyed by end consumers.	None
Benefits for society as a whole The GSO Scheme supports the establishment of the HPBM – which is part of the Net Zero initiatives. The Net Zero initiatives have broad expected benefits to support the Climate Change mitigation steps for the benefit of the global population, improved environmental conditions will have health and social benefits within the UK, and there are expected economic benefits with establishing the hydrogen industry and energy security.	None

Cross-Code Impacts

The data needed to support the GSO Scheme will include all Supply Meter Points connected to the natural gas networks in England, Wales and Scotland. A related UNC Modification UNC0922 will be raised at the same time as this Modification.

Please note that IGT180 and UNC0922 will be discussed together via joint IGT UNC and UNC Workgroup meetings. The first three proposed meeting dates can be found on the IGT180 webpage. This page will remain up to date as more meeting dates are made available.

For the avoidance of doubt, this Modification is not in and of itself expected to directly impact the UNC.

UNC	☒
REC	☐
Other	☐
None	☐

Environmental Impacts

As mentioned above in relation to the ‘Benefits to society as a whole’ section, the GSO Scheme supports the establishment of the HPBM – which is part of the Net Zero initiatives. The Net Zero initiatives have broad expected benefits to support the Climate Change mitigation steps for the benefit of the global population and improved environmental conditions will have health and social benefits within the UK.

Central Systems Impacts

The CDSP will need to initiate processes to provide the data to the GSO Administrator, and also to ingest data related to the exempted Supply Meter Points, subject to the government consultation on GSO exemptions These will require changes to Central Systems. These activities will be required to be performed in accordance with the timescales defined by the GSO Administrator.

We anticipate that this will result in at least one new DSC Service Line to provide the above services, and those described in further detail above. We expect that this DSC Service Line will be 100% Shipper funded.

7 Relevant Objectives

Impact of the Modification on the Relevant Objectives:	
Relevant Objective	Identified impact
(A) Efficient and economic operation of the pipe-line system	None
(B) Co-ordinated, efficient and economic operation of (i) the combined pipe-line system; and/or (ii) the pipe-line system of one or more other relevant gas transporters	None
(C) Efficient discharge of the licensee's obligations	None
(D) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation agreements with other relevant gas transporters) and relevant shippers	Positive
(E) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards… are satisfied as respects the availability of gas to their domestic customers	None
(F) Promotion of efficiency in the implementation and administration of the Code	None
(G) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators	None

It is proposed that this Modification furthers Relevant Objective D) Securing of Effective Competition.

The solution proposed for this Modification proposes to use information already compiled by the CDSP for the purpose of Transportation Invoicing – therefore this is considered to be the most efficient model of delivering the data necessary to support the volumetric design of the Gas Shipper Obligation in comparison to creation of a new central data set by the Scheme Administrator.

In addition to this it ensures fairness and transparency are maintained for Shippers and Suppliers as the charges calculated will be based on accurate data that is centrally validated rather than subjective reporting. An alternative approach to data compilation could have been Shipper self reporting, but by using the CDSP Model it provides the objective data set compiled by the CDSP – which by its nature enables equity in production and consequently maintains effective competition therefore furthering Relevant Objective D).

8 Implementation

The live data trial with the GSO Administrator is expected to start in January 2027. The estimated CDSP build and test timescale is anticipated to be between 3 and 6 months therefore we would propose an Authority decision will be needed by the end of August 2026.

We would also propose that Modification Implementation must occur prior to the start of the Live Data Testing phase provided that the DSC Change Management Committee have approved analysis and build of the CDSP Solution.

We anticipate raising the DSC Change with the DSC Change Management Committee during the lifecycle of both this Modification and the UNC Modification UNC0922 so that scheduling and analysis can be completed in parallel with their development.

9 Legal Text

Text Commentary

Not provided at this time.

Suggested Text / Approach

Not provided at this time. Legal Text is expected to be developed as part of the Workgroups assessment of this Modification.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Authority Direction should apply; and.
- Refer this proposal to a Joint UNC and IGT UNC Workgroup for assessment.

Appendix A – Supporting Information

Supporting Information

UNC Modification Proposed Solution

A related UNC Modification has been raised to progress necessary changes to the UNC to support the implementation and delivery of the GSO Scheme.

Parties seeking to better understand the impacts of the GSO Scheme on the UNC should review UNC Modification 0922 - CDSP Obligations required for the introduction of the Gas Shipper Obligation.

Any parties with questions or concerns regarding the related UNC Modification UNC0922 are encouraged to contact the Joint Office directly via enquiries@gasgovernance.co.uk. Alternatively, questions and concerns can be submitted to the IGT UNC Code Administration, who can forward these onto the Joint Office.