

Draft Modification Report		At what stage is this document in the process?
CSL01: Exclusion of Standalone Networks from IGT UNC		01 Modification 02 Workgroup Report 03 Draft Modification Report 04 Final Modification Report
Purpose of Modification: The IGT UNC rules do not work well for networks with no connection to the GB gas grid, and this proposal excludes them from the IGT UNC.		
	[This Draft Modification Report (DMR) is issued for consultation at the request of the Panel. All parties are invited to consider whether they wish to submit views regarding this Authority Determined Modification Proposal.	
	The close-out date for responses is 22nd April 2026, which should be sent to IGTUNC@talan.com. A response template, which you may wish to use, can be found on the IGT UNC website.	
	The Panel will consider the responses and agree whether or not this Authority Determined Modification Proposal should be made.]	
	High Impact: Developers, owners, operators and customers of standalone networks	
	Medium Impact: None	
	Low Impact: All IGT UNC Users	

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Any questions?

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Timetable

Modification timetable:

Initial Panel Consideration	23 rd January 2026
Initial Consideration by Workgroup	12 th February 2026
Workgroup Report presented to Panel	27 th March 2026
Draft Modification Report issued for consultation	30 th March 2026
Consultation Close-out for representations	22 nd April 2026
Final Modification Report available	22 nd May 2026
Modification Panel decision	29 th May 2026
Final Modification Report issued to Authority	1 st June 2026

1 Summary

What

In the absence of change, rules designed for complex networks would be applied to pipelines with no connection to the main grid (standalone networks).

Why

CNG Services Limited (CSL) is developing a number of standalone networks (e.g. IGT pipelines with no connection to any other network). By default, the CSL Network Code provides for the IGT UNC to apply to all CSL operated pipelines. This is not appropriate for a standalone network.

How

Amending Schedule 1 of the CSL Network Code to exclude the provisions of the IGT UNC applying to standalone networks.

2 Governance

Justification for Authority Direction procedures

In principle, this Modification satisfies the Self-Governance Criteria, with only a handful of stakeholders impacted. However, since these sites would be removed from IGT UNC governance, we would suggest that Authority Direction is appropriate.

Requested next steps

This Modification should:

- proceed to Workgroup.

Workgroup discussions (March 2026)

The Workgroup considered the Proposer's rationale and unanimously agreed that the Modification should be considered an Authority Direction Modification Proposal.

Panel discussions (March 2026)

[Insert text here]

3 Why Change?

CSL is developing standalone pipelines that do not take gas from the main gas grid. To date, all biomethane in Great Britain (GB) has been injected to part of the GB gas grid, be that the National Transmission System (NTS), a Gas Distribution Network (GDN) or an IGT pipeline.

A simple example of a standalone network is when biomethane from an Anaerobic Digestion (AD) plant is delivered to a nearby consumer through a dedicated pipeline. A more complex example could involve multiple AD plants and multiple customers using the biomethane that is injected to the pipeline.

In the absence of this modification, the IGT UNC, and hence UNC, provisions would apply to standalone networks. This would be problematic as the existing provisions were not designed with standalone networks in mind. For example:

- The limited source of gas means that a firm supply could not be offered. Indeed, the AD plant would be looking for a firm offtake as the aim would be for all the biomethane produced to be used in real time in order to avoid flaring if pressures were to build through a lack of demand;
- For standalone networks with multiple offtakes, a form of rationing is expected to be required. This would allocate the physically available biomethane between customers to avoid all being used by the first customer that the gas reaches, leaving none for customers at the end of a pipeline.

It is inevitable that imbalances will be recorded on standalone networks, for example because two meters will not record the same amount of energy, and the amount consumed may be different to the amount allocated to the sites in accordance with the Code. We believe it is inappropriate for there to be any impact on any party not involved with a standalone network, which would be the case if the standard Code provisions were to apply. Avoiding these wider impacts is, therefore, a benefit of excluding standalone networks from the IGT UNC.

This Modification seeks to keep standalone networks outside the code such that location specific transportation arrangements can be put in place that recognise the particular circumstances of each case. These arrangements would necessarily have to take in to account statutory obligations. For example, the Gas Safety (Management) Regulations would apply and Safety Cases would need to be in place. As envisaged in the Gas Act, Gas Shippers and Suppliers would also need to be engaged by customers, with customers free to choose their preferred Shipper/Supplier through competitive processes as they see fit.

It is proposed to recognise the unique circumstances of standalone networks by amending the CSL Network Code. Condition 4E of CSL's Gas Transporter Licence provides that "Except in a case in which the Authority accepts otherwise, the licensee shall only enter into transportation arrangements which are in conformity with any relevant provisions of the Network Code." Rather than modify the CSL Network Code, an alternative implementation route may be for Ofgem to "accept otherwise" and agree that standalone networks should be subject only to the CSL Network Code and not the IGT UNC, and hence UNC. While this is possible, and CSL would not object to this, it is not within our gift to propose this and our preference is for change to be promoted by industry participants, consistent with the preference for Self-Governance.

4 Code Specific Matters

Technical skillsets

Balancing knowledge.

Reference documents

IGT UNC, UNC

5 Solution

Proposed solution

The CSL Network Code provides that the IGT UNC provisions are incorporated except:

“Schedule 1 to this document and its Appendix set out provisions:

- a) which are to be applied in addition to those set out in the IGT UNC;
- b) of the IGT UNC which are to be disapplied;
- c) of the IGT UNC which are to be modified;
- d) of the IGT UNC which are further detailed or explained.
- e) of the IGT UNC which are to be delayed in their implementation”

It is proposed to modify Schedule 1 in line with b) above, by providing that the whole of the IGT UNC is disapplied in the case of a standalone network.

Workgroup discussions (February 2026)

The Proposer took the Workgroup through the Modification, as well as a [PowerPoint presentation](#) which provided additional context and further details on the standalone networks they see falling within the scope of CSL01.

Licence changes

Xoserve asked the Proposer why they chose to go down the route of amending the CSL Network Code rather than looking at a change to their IGT Licence to separate their standalone networks from the IGT UNC. The Proposer confirmed that they did not see this being within the remit of a Licence change. However, they welcomed a view from Ofgem on this.

Xoserve were unsure how the changes could be made without a change to the Licence and took the Workgroup through a [PowerPoint presentation](#) they prepared to help facilitate discussion on whether this was an IGT UNC Code matter or a matter of Licence.

Xoserve advised that they had taken away the Business Rules set out within the Modification and considered four scenarios which they felt *may* occur under CSL01. They confirmed that their views at this point were *not* a formal impact assessment and there had been assumptions made. Xoserve took the Workgroup through the following four scenarios:

1. No entry to the Total System
 - a. CDSP Initial View: anticipate Central System impacts to be NIL but would expect this to be a Licence matter.
2. Entry ONLY to Total System. Not consumer
 - a. CDSP Initial View: anticipate Central System impacts to be NIL but would expect this to be a Licence matter.
3. Entry ONLY to Total System and offtake of biomethane by End Consumer
 - a. CDSP Initial View: anticipated that there would be no requirement for the End Consumer to be on UK Link and this would be treated as 'Own Use Gas'. Asked whether Ofgem would be happy with Scenario 3 and whether they want the End Consumer to be treated as 'Own Use Gas'. Would expect this to be a Licence matter.

4. Bi-directional flow of gas with Network Entry Points and Network Exit Points

- a. CDSP Initial View: anticipated that scenario 4 would lead to Central System impacts which would require further investigation (e.g. settlement, balancing etc.). Would expect this to be a Licence matter.

An IGT advised that when they read the Modification, they only envisioned scenario 1. They asked Xoserve whether they saw all four scenarios as a reality. Xoserve advised that there are unknowns in terms of how many scenarios there could be. They advised that they provided this additional information to ensure that there was full consideration by the Workgroup of the potential scenarios that could be a reality as a result of the change.

Xoserve expressed their support for the overall idea and the move to greener gas. However, they have some concerns on how this Modification may impact future industry change and the consumer and therefore felt this was a matter for Ofgem.

An IGT asked the Proposer whether they have discussed this matter with Ofgem. The Proposer confirmed that they had been broadly supporting and seemed comfortable, in the instance of ISLA, for them to have the standalone network. Xoserve asked whether discussions with Ofgem had taken place regarding Licence changes. They noted that the Proposal Form mentioned the need for Licence changes¹ to enable this Modification. The Proposer advised that they needed to take that away to confirm the content of those discussions.

NESO advised that they were very interested in how this Modification developed and were broadly supportive of the concept of a standalone network. They noted Xoserve's concerns and agreed that there is a need to get this right the first time and ensure the required Licence conditions are in place to support this.

Derogations

The Chair advised the Workgroup that the Panel had asked the Proposer why they chose to raise a Modification and not request a Derogation and the Proposer agreed to take the matter away. The Proposer advised the Workgroup that Derogations were for short term solutions, and they didn't see this as short term and also didn't see a Licence derogation within the scope.

The Chair asked if CSL had thought about using the Ofgem Sandbox. The Proposer advised that they were not aware of any discussion regarding the Ofgem Sandbox.

Xoserve suggested that it would be worth seeking a view from Ofgem on the Modification. The Chair confirmed that, as Ofgem were not in attendance, the Code Administrator could reach out to them to request a view ahead of the next Workgroup meeting.

Shipper and Supplier impacts

The Chair asked the Proposer how this Modification may impact a Shipper. For example, if there was a Shipper who wanted to ship gas on the standalone network, what did that Shipper need to do practically to allow for that to happen.

¹ It should be noted that additional Workgroup Discussions on this matter took place in March 2026. Please see the outcome of these discussions on page 8 of this document.

The Proposer advised that, in terms of CSL, the standalone network would be owned and operated by the same company in that there will be one AD plant on the site of an industrial user of the gas. They therefore do not see a commercial Shipper needed to be involved.

The Chair asked why there was a need to make the changes to the CSL Network Code if there is not going to be a Shipper involved. The Proposer advised that they have to take that away to give a precise answer.

The Chair asked for further clarification regarding competition, noting that normal competition would need to apply to allow consumers to switch Supplier. The Proposer advised that they envisioned a register of different Suppliers being created to show who was in the area based on location specific rules to which the consumer could switch between. They acknowledged that competition would be required by law.

Workgroup discussions (March 2026)

The Proposer provided a response to some outstanding questions raised at the February 2026 Workgroup meeting as set out below:

- **If no commercial Shippers will be involved on the standalone network, why does the INC require changes as it is a contract between the IGT and a Shipper?** Apologies if this was not clear at the meeting, but it is incorrect that there will be no Shipper. Slide 8 of the pack we provided ahead of the meeting confirmed this: "Shippers/Suppliers required as per Gas Act".
- **Why was a sandbox solution not considered?** Neither ourselves nor Ofgem suggested a sandbox solution might be appropriate. What we are proposing builds on existing provisions and does not require regulatory change.
- **How would switching and competition work on the standalone network?** The proposal is silent on how switching and competition would work. We would expect the arrangements in any particular case to reflect the circumstances and be dictated by the parties concerned. From our perspective as the IGT, if a consumer wishes to change Shipper/Supplier, they are free to do so at any time. This would be a commercial decision based on negotiation and agreement, with no need to codify the process. This is how the change of Shipper occurs for biomethane entry - unlike exit, the UNC is silent on the change of Shipper process.

Xoserve advised the Workgroup that they have discussed CSL01 with the Proposer following the February meeting and that as part of these conversations, the scope of this change was discussed. Xoserve advised that the consumers being referenced within the Modification are expected to be commercial customers rather than domestic customers and suggested that this be noted. The Proposer clarified that the setup of a standalone biomethane network would only make sense for commercial customer connections. However, the proposal itself does not look to exclude any type of customer from connecting to a standalone biomethane network.

The Proposer referenced the [Xoserve presentation](#) at the February 2026 meeting, noting that they were surprised to see the late paper given the discussions already taking place with Xoserve. Xoserve, confirmed that, as part of IGT UNC Workstream meetings, they are often expected to feed into the discussions and ensure that any support or change needed from the CDSP is clearly set out and considered. They added that the presentation was provided to aid in the discussions on the day and to support what would have otherwise been a verbal update. Xoserve thanked the Proposer for their continued engagement outside of the Workgroup meetings.

Xoserve provided an additional verbal update to the Workgroup following offline discussions with the Proposer. They confirmed that this Modification will not result in Central System impacts.

NESO asked for clarification regarding the confusion at the last meeting. Xoserve advised that they provided details of possible scenarios for standalone biomethane networks to aid in wider discussions on the impacts of the Modification and to help determine and agree what scenarios may/may not be applicable under this Modification. Xoserve confirmed that they have had detailed discussions with the Proposer outside of Workgroup meetings and obtained the necessary clarity needed to determine that there are no impacts to Central Systems.

The Workgroup revisited, for completeness, the scenarios initial raised by Xoserve as follows:

1. No entry to the Total System.
2. Entry ONLY to Total System. Not consumer.
3. Entry ONLY to Total System and offtake of biomethane by End Consumer.
4. Bi-directional flow of gas with Network Entry Points and Network Exit Points.

The Proposer advised that Scenario 1 is the only scenario that they see as being applicable to this Modification. They added that Scenario 3 is theoretical and would be impracticable in practice. Furthermore, Scenarios 2 and 4 are not relevant to this Modification and are already being done under Code.

The Workgroup considered the points raised and had no further comments or concerns with regards to the scenarios above.

Licence changes and derogations

Ofgem gave an update to the Workgroup on the questions posed to them regarding the matter of Licences changes and Derogations.

Ofgem provided some general guidance, noting that where there is a Licence requirement to abide by a Network Code, it is preferable for there to be a Code approach to that. They also noted that, regarding Derogations and Sandboxes, that these tend to apply to temporary solutions.

Ofgem confirmed that, in this specific instance, they understand the rationale for the Code specific change approach, rather than a Licence change approach, recognising that Licence changes can be a time-consuming process. In the short term, Ofgem are not opposed to a Network Code change in this instance.

They considered a scenario by which CSL01 is sent to Ofgem for decision and it is approved, adding that whilst it may not be ideal to have a Licence that references a Code that is disappplied, there is a logic to the route for change in this instance.

Ofgem noted that there are also benefits to a Network Code Modification approach as it opens the change up to industry for discussion and allows for feedback to be obtained from parties on the approach.

Ofgem advised that they are happy for CSL01 to continue as an IGT UNC Individual Network Code Modification. Though, they do recognise that, down the line, a review of Licence arrangements may be needed to ensure there is no unintended misalignment.

The workgroup noted the response from Ofgem and had no further comments or concerns regarding the matter of Licence changes or derogations.

Panel discussions (March 2026)

[Insert text here]

6 Impacts & Other Considerations

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

No

Workgroup discussions (March 2026)

The Workgroup considered impacts to SCRs or other significant industry change projects and unanimously agreed that there were no impacts.

Panel discussions (March 2026)

[Insert text here]

Consumer Impacts

What is the current consumer experience?

As no standalone IGT networks exist, there is no existing consumer experience

What would the new consumer experience be?

Implementation would allow a small number of consumers to be supplied through a standalone network, giving them access to the most economic and efficient solution in their particular circumstances, supporting efforts to achieve net zero through increased biomethane production displacing the use of fossil fuels.

Impact of the change on Consumer Benefit Areas

Area	Identified Impact
Improved safety and reliability	None
Lower bills than would otherwise be the case No impact on existing gas consumers but potential for reduced bills for customers connected to standalone networks in future	Positive/None
Reduced environmental damage Additional biomethane production reduces environmental damage	Positive
Improved quality of service	None
Benefits for society as a whole Benefits through progress towards net zero	Positive

Workgroup discussions (March 2026)

The Workgroup considered the Proposer's views with regards to consumer impacts. The Proposer clarified that there would be no impact on existing gas consumers but there could be reduced bills for consumers connected to standalone biomethane networks in future.

An IGT asked, given that this Modification seeks to disallow the application of the IGT UNC on standalone networks, how it could be impacting consumers under Code. Another IGT agreed with this view. NESO asked how benefits can be assessed if we are unsure what the service is going to be for the end consumer (e.g. with regards to switching).

The Proposer advised that an end consumer seeking to get gas from an AD plant on a standalone network will only pursue this if it will be of benefit to them.

The Workgroup agreed with the impacts and benefits as set out by the Proposer.

Panel discussions (March 2026)

[Insert text here]

Cross-Code impacts

None

Workgroup discussions (March 2026)

The Workgroup considered whether there were any cross-Code impacts and agreed that there are no impacts to the UNC or any other industry Codes.

Panel discussions (March 2026)

[Insert text here]

Environmental impacts

Standalone networks will support increased biomethane production, supporting net zero by displacing fossil fuel usage.

Workgroup discussions (March 2026)

The Workgroup considered the Proposer's views on environmental impacts. The Proposer confirmed that they see this Modification having a positive impact on the environment.

The Chair noted previous discussions regarding flaring and whether there was a possibility for that to take place. The Proposer advised that there is always a risk of flaring being required. The chances of flaring associated with a standalone biomethane network connected to an AD plant is much the same as any other network. The reasons for flaring would also be the same.

NESO advised that they agreed with the Proposer's view that this Modification will have a positive impact on the environment and a good starting point for future innovations to be modelled off it.

The Workgroup considered the views put forward and unanimously agreed with the Proposer that this Modification will have positive impact on the environment.

Panel discussions (March 2026)

[Insert text here]

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	Positive
(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

Proposer rationale

Disapplying the IGT UNC from standalone networks avoids the costs of modifying the Code to accommodate standalone networks. By ensuring all costs are retained within the standalone network, meaning there can be no impact on users of the wider GB gas grid, costs are appropriately targeted. Minimising costs and targeting them to the appropriate parties is consistent with promoting competition and efficiently implementing the Code.

Workgroup discussions (March 2026)

The Workgroup considered the Proposer's rationale against Objectives (D) and (F).

An IGT advised that they agreed with the views of the Proposer's and noted that disapplying Code to standalone networks minimises impacts on existing Code parties and Code arrangements.

The Workgroup agreed with the Proposer that this Modification will have a positive impact on Objectives (D) and (F) for the reasons set out above.

Panel discussions (March 2026)

[Insert text here]

8 Implementation

With no systems or process changes required, implementation can be immediate once the proposal is accepted.

Workgroup discussions (March 2026)

The Workgroup considered the potential options for implementation. The Code Administrator suggested an implementation approach of 1 Working Day following the closure of the 15 Working Day Appeal Window.

The Workgroup agreed unanimously with the suggested implementation approach.

Panel discussions (March 2026)

[Insert text here]

9 Legal Text

Proposed legal text

Add new paragraph 3 to Schedule 1 of the [CSL Network Code](#) as follows:

- 1. References in this Schedule and the Appendix hereto to a "Part" are unless provided otherwise to a Part of the IGT UNC.*
- 2. For the purposes of the Code "Capacity Variable Component" shall mean in respect of a Customer Charge, the component (if any) thereof the amount of which is determined by reference to the amount of Offtake Capacity allocated to a Pipeline User pursuant to Part B.*
- 3. For any standalone network (Pipeline(s) that are not associated with a Connected System Exit Point, as defined in the Uniform Network Code, since they are not supplied with gas via an IGT Pipeline nor GT Network), the whole of the IGT UNC is to be disapplied. For the avoidance of doubt, all statutory obligations will apply to these networks and the arrangements put in place for each standalone network will necessarily reflect this.*

Workgroup discussions (March 2026)

The Workgroup considered the Proposer's suggested legal text changes to the CSL INC as set out above. The Workgroup had no comments on the legal text and unanimously agreed that it delivers the intent of the Modification.

Panel discussions (March 2026)

[Insert text here]

10 Recommendations

Panel's Recommendation to Interested Parties

[The Panel have recommended that this report is issued to consultation [for a period of 15 Working Days] and all parties should consider whether they wish to submit views regarding this Authority Determined Modification Proposal.]