

# Long Term Development Statement

Forecasting energy on  
behalf of our customers

2026

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## Foreword

Planning for the future has never been more important, or more complex. As the energy sector continues to evolve, network operators, policymakers and stakeholders are navigating a period of significant change.

Shifting patterns of energy use, economic pressures, technological advancements and long-term decarbonisation ambitions are reshaping the environment in which SGN operates. Against this backdrop, understanding how energy demand may develop over the coming years is essential to ensuring our gas networks remain safe, resilient and responsive to the needs of the communities we serve.

SGN's 2026 Long Term Development Statement (LTDS) provides our latest assessment of future gas demand across Scotland and southern England and offers a transparent view of the assumptions, data and insights underpinning long-term planning. While no forecast can provide certainty about the future, robust analysis helps

us understand emerging trends, assess potential impacts and make informed decisions in an increasingly dynamic operating environment. Sharing this analysis supports cross-sector collaboration and contributes to investment decision-making.

This year's forecast reinforces the continued importance and resilience of our gas networks over the coming decade. While our latest analysis reflects evolving economic conditions, consumer behaviour and energy policy assumptions, the overall demand outlook remains broadly stable. Peak demand continues to highlight the critical role our networks play in providing secure and reliable energy when customers need it most, while annual demand remains resilient across the planning horizon.

Overall, our latest forecasts are closely aligned with observed consumption trends, reflecting our commitment to evidence-led forecasting and continuous improvement. By combining operational insight, market intelligence and detailed analysis, we have developed forecasts that provide a robust foundation for future network planning and investment decisions.

While the transition to a lower-carbon energy system continues to evolve, uncertainty remains around the pace and scale of change. Our approach therefore remains focused on providing realistic assessments of future demand, helping stakeholders understand emerging trends, consider future scenarios and make informed decisions with confidence.

Produced by our LTS team, this Statement draws on operational insight, market intelligence and detailed forecasting analysis to provide a comprehensive view of demand trends. We recognise the value of industry collaboration in strengthening our understanding of the future, and welcome feedback to ensure this publication remains a valuable resource for the energy sector.

It's fundamental we retain evidence-based forecasting to effectively plan for the challenges and opportunities ahead. We hope the insights contained within this year's LTDS supports constructive discussion and help inform the decisions shaping future energy networks.

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Our gas networks are a vital part of the UK's critical national infrastructure. They provide the resilience, flexibility and energy security which millions of homes and businesses rely on every day.

As the energy system evolves, our forecasts demonstrate

the enduring importance of gas infrastructure, with demand remaining resilient and peak demand continuing to play a critical role in network planning.

As we support the growth of biomethane and other green gases, we remain committed to

delivering a practical, affordable and secure transition while maintaining the safe and reliable service our customers expect.

**Jeremy Deveney**  
Director of Engineering  
and Network Strategy



# Introduction to our forecast

This report provides an evidence-based assessment of future gas demand across SGN's networks, supporting network planning, capacity assessment and investment decision-making.

It offers stakeholders a transparent view of the forecasts, assumptions and trends informing our understanding of future network requirements.

This forecast reflects a changing demand outlook across our networks. Recent trends, updated market intelligence and enhanced analysis have provided a clearer picture of how consumption patterns are evolving, resulting in a forecast that differs from those presented in previous years.

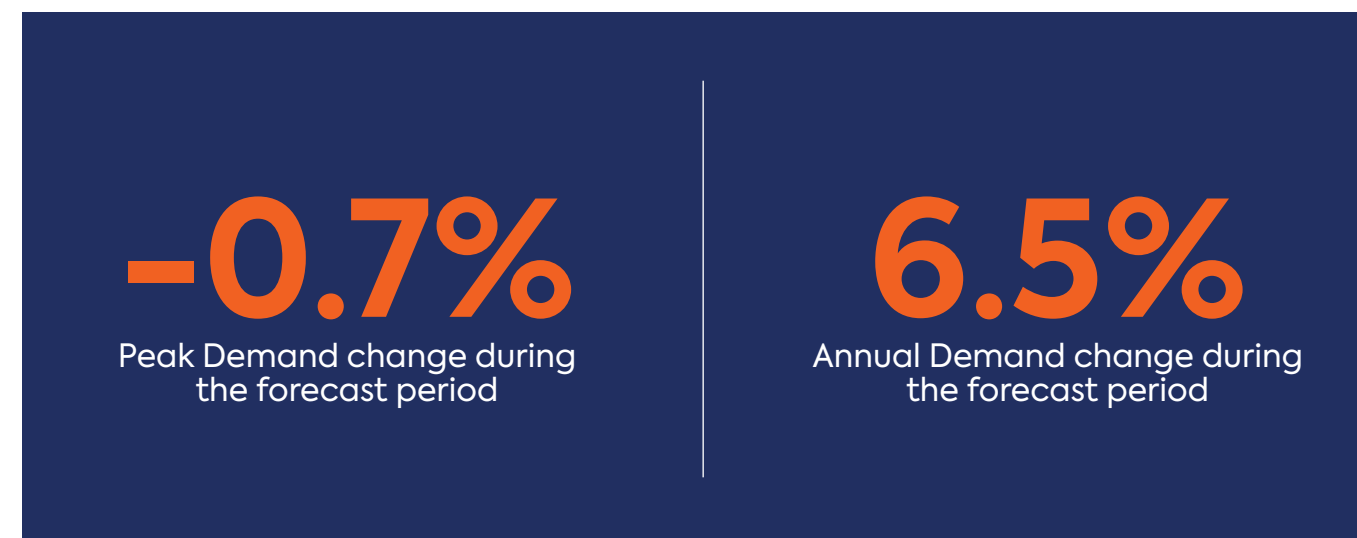
Our 2026 LTDS represents a downward shift in gas demand projections, reflecting a less optimistic economic outlook than previously anticipated.

Weaker economic performance, a slower recovery in domestic heating demand, changing consumption patterns across several key large industrial customers, and revisions to historical demand following reconciliation of demand data, have combined to drive the reduction in this forecast.

## Economic and behavioural drivers

Domestic gas demand, which accounts for 72% of overall Peak demand, is recovering more slowly than previously anticipated.

Comfort levels are one of the primary measures used to assess changes in



household gas consumption. They dropped in 2021 and were expected to bounce back sooner. However, pre-2021 comfort levels are now forecast to fully recover between 2032 and 2035 – five years later than previously forecasted.

Meanwhile, The Office for Budget Responsibility (OBR) now projects household disposable income (HHDI) to be 10.8% lower, with GDP and GVA 2.4% less too, by the end of this forecast period compared with figures used in our 2025 LTDS.

Financial constraints are combining to drive an expected lower domestic demand across our gas networks.

## Policy and legislation

Both upward and downward pressures have been exerted on forecast demand due to recent legislative and policy changes.

Scotland's New Build Heat Standard (NBHS) will prohibit new domestic gas connections from April 2027, which is projected to reduce domestic demand in Scotland by 3.6% by 2035.

Increased funding for the Boiler Upgrade Scheme (BUS) is expected to accelerate heat pump adoption and cause a 0.9% drop in our South and South East LDZs – that's despite the UK Government's decision to lower its heat pump installation

ambition from 600,000 to 450,000 each year until 2030.

Conversely, the ECO and GBIS insulation schemes closed in the spring are forecast to increase domestic demand by up to 0.9%, reflecting a reduction in future thermal efficiency improvements.

## Regional specifics

SGN is unique in delivering energy across two distinct regions. Distributing gas to homes in Scotland as well as southern England creates challenges in developing accurate forecasts due to separate policy and legislative environments but also provides valuable insight into the differing impacts of policy interventions.

All LDZs are affected by the reductions in domestic demand outlined earlier. Regionally, this year's forecasts indicate that Peak demand in Scotland is lower than projected in last year's forecast. This reduction reflects the impact of Scottish specific policies aimed at decarbonising heat, together with the closure of a significant customer in Scotland at the end of 2026, which alone is expected to reduce this LDZ's Peak demand by approximately 2%.

Peak demand in our South LDZ is forecast to be more resilient, primarily

driven by forecast housing growth associated with government house building targets.

In our South East LDZ, Peak demand is forecast to be lower than forecast last year.

### **Demand evolution**

The rise of data centres poses significant increased demands on the UK's energy system. Electricity network capacity and connection timescale constraints mean we're receiving more enquiries from data centre customers, because gas network connections are often a faster route for operators seeking to meet their contractual commitments.

This remains an emerging customer segment for SGN. We're continuing to develop our understanding of its operational requirements and network impacts to ensure we can support future growth while balancing wider system needs. Only one data centre is currently connected to our network, but several schemes are progressing through the planning process. Among them, one proposed development could increase demand within its LDZ by approximately 14%, demonstrating the material impact posed by data centres.

The timing and scale of these developments remain uncertain, and the realisation of this additional demand is subject to the successful progression of National Gas Transmission's (NGT) Planning and Advanced Reservation of Capacity Agreement (PARCA) process plus any associated network reinforcement requirements. Future forecasts will appropriately reflect emerging demand trends.

New connections in the Industrial and Commercial (I&C) sector expected over the next ten years are forecasted to add an estimated 1% of demand – reversing the historic trend of declining demand within this customer group. There is limited data available to accurately understand the exact demand requirements of these customers which presents a challenge when forecasting.

Demand across the rest of the I&C sector continues to follow a different trajectory: a combination of energy efficiency improvements, the adoption of alternative heating technologies, changes in building utilisation and wider decarbonisation initiatives across commercial premises, has resulted in a steady decline since 2016.

While demand across much of the traditional I&C sector continues to reduce gradually, emerging loads such as data centres and power generation have the potential to offset this trend and materially alter future network demand profiles. This reinforces the need for greater visibility of customer demand characteristics and more timely access to consumption data to support effective network planning and forecasting.

Taken together, these trends suggest a changing composition of demand across the network, with emerging high-load customers increasingly offsetting reductions seen within more traditional I&C sectors. Understanding these changes will be critical to ensuring robust demand forecasting, effective network planning, and the continued delivery of safe and efficient network operations.



### **Methodology adjustments**

We review our forecasting approach each year to identify what worked well and any areas for improvement.

Following an analysis of 2025 daily demand data, the Peak Load Factor (PLF) – which defines the relationship between average daily demand and Peak 1-in-20 demand, was reduced by 4% for Scotland and 12% in South for industrial customers outside the large loads assessment (South East: no change).

Peak demand forecasts increase for a given level of annual gas consumption where the PLF has been reduced. This means projections are higher in our

Scotland and South LDZs than they would have been under earlier PLF assumptions.

As the Central Data Service Provider (CDSP) for Britain's gas market, Xoserve provides the validated historical demand data that underpins all regional gas forecasts.

Following the reconciliation of historical demand against actual metered reads, 2024 demand was revised downwards by up to 14% in the commercial sector and 10% in manufacturing. This revealed that demand levels were lower than previously assumed, meaning the baseline position used to develop last year's forecast was overstated.

Consequently, this year's forecast starts from a lower baseline. As that baseline informs future projections, the impact extends across the entire forecast period, resulting in lower underlying demand trends over the next ten years.

Our forecasts do not include any potential impacts arising from the ongoing conflict in the Middle East, as forecast assumptions were established by the end of March. However, geopolitical developments of this nature continue to introduce uncertainty around future energy prices, economic conditions and, consequently, the accuracy of long-term gas demand forecasts.

Our primary focus remains the accurate forecasting of 1-in-20 Peak demand, ensuring we continue to plan and operate a resilient network serving our six million customers.

## Forecasting annual cycle

Our demand forecasts provide a critical evidence base for decision-making across the business and wider industry. Each year, we review historical performance, evolving customer behaviours and policy developments to ensure we meet customer needs while maintaining a safe and reliable gas network.



### Data and review

Our forecasts are developed through an annual cycle of data collection, analysis and stakeholder engagement.

We review actual gas throughputs, weather-corrected demand relationships, policy, and key economic indicators from trusted sources every year.

Comparing actual outcomes against previous forecasts allows us to assess performance, refine methodologies and maintain confidence in the forecasts used to support operational and strategic decision-making.



### Stakeholder engagement

Engaging with our customers is key to understanding their current and future energy requirements, including their decarbonisation ambitions and future investment plans.

Collaboration improves forecast accuracy and ensures our understanding of future demand reflects the evolving needs of those connected to our network.

Each year, we broaden our engagement activities to support the development of more informed forecasts and provide greater insight into future energy needs.



### Developing our forecasts

We produce a ten-year outlook for Annual and Peak gas demand across all customer segments within our three LDZs. This process concludes by the end of May.

Our Peak demand forecast is central to network planning and operational decision-making. It informs the annual rebuild of over 150 Local Transmission System (LTS) models, which underpin our National Gas Transmission capacity booking strategy and support how we plan, manage and operate our networks.



### Collaboration and reporting

Once complete, our forecasts are shared with customers, Ofgem, NESO and stakeholders across the wider energy industry.

We actively encourage feedback on our forecasts and this helps ensure our outputs remain transparent, relevant and responsive to stakeholder needs.



### Our customers

Everything we do is focused on meeting the needs of our six million customers.

Robust forecasting and planning ensure our networks are prepared to meet changing demand, and support safe and efficient energy delivery today and tomorrow.

## Forecasting across our networks



We produce forecasts across our networks in Scotland and southern England, taking account of regional characteristics and the distinct energy policies of the national and devolved governments.

### Supporting Scotland's unique energy needs

Colder weather and serving many remote communities and businesses shape the demand profile of our Scotland LDZ.

The influence of decarbonisation policy is increasingly evident, reflecting

the Scottish Government's ambition to achieve net zero by 2045. Energy efficiency improvements are a key driver of change, reducing gas demand while helping to lower energy costs for customers, particularly those most vulnerable to fuel poverty.

**1.8m**

homes and more than 58,000 I&C customers

**25,064km**

of network pipeline and five standalone networks known as SIUs

**1 in 3**

households are in fuel poverty and 508,439 are on the Priority Services Register

### Meeting the energy needs of southern England

High population density, continued housing growth and a diverse customer base shape the demand profile of our South and South East LDZs.

Compared with Scotland, the region contains a greater proportion of

higher-density housing and smaller living spaces, which typically require less heating.

Large industrial customers are also an important influence on demand, particularly during periods when their

operations support wider electricity system balancing requirements.

Together, these factors create a complex and evolving demand profile that requires continual assessment to support effective forecasting and network planning.

**4m**

homes and more than 131,000 I&C customers

**50,212km**

of network pipeline across a highly urbanised area

**1 in 10**

households are in fuel poverty and 1,014,894 are on the Priority Services Register



## Ensuring reliable supply

We're committed to providing our millions of customers with a safe, secure and affordable gas supply. Understanding how demand for gas could evolve over the following ten years is a critical part of delivering this commitment.

Evaluating the latest available data, legislative developments, industry trends and our own planning assumptions, enables us to assess how customer demand is expected to evolve and the implications for our networks.

Our demand forecasts underpin our network planning process. We use them to assess future capacity requirements, identify emerging network challenges and support investment and operational decision-making. By understanding where and when demand may change, we can plan effectively to maintain network resilience and ensure sufficient capacity is available to meet customer demand.

We regularly review and refine our forecasting methodology to ensure our analysis reflects the best available evidence and developments across the UK energy industry. Our forecasts provide a transparent and evidence-based view of future demand, supporting informed decision-making and helping to ensure our network continues to meet the needs of customers and stakeholders both now and in the years ahead.

### Forecast methodology

We start by assessing how the previous year's forecast performed against actual demand outcomes, to review the accuracy of our assumptions, and

identifying any relevant changes. That's before we assess the key drivers of demand such as behavioural change, housing growth, boiler efficiency, energy efficiency measures and adoption of technologies like heat pumps.

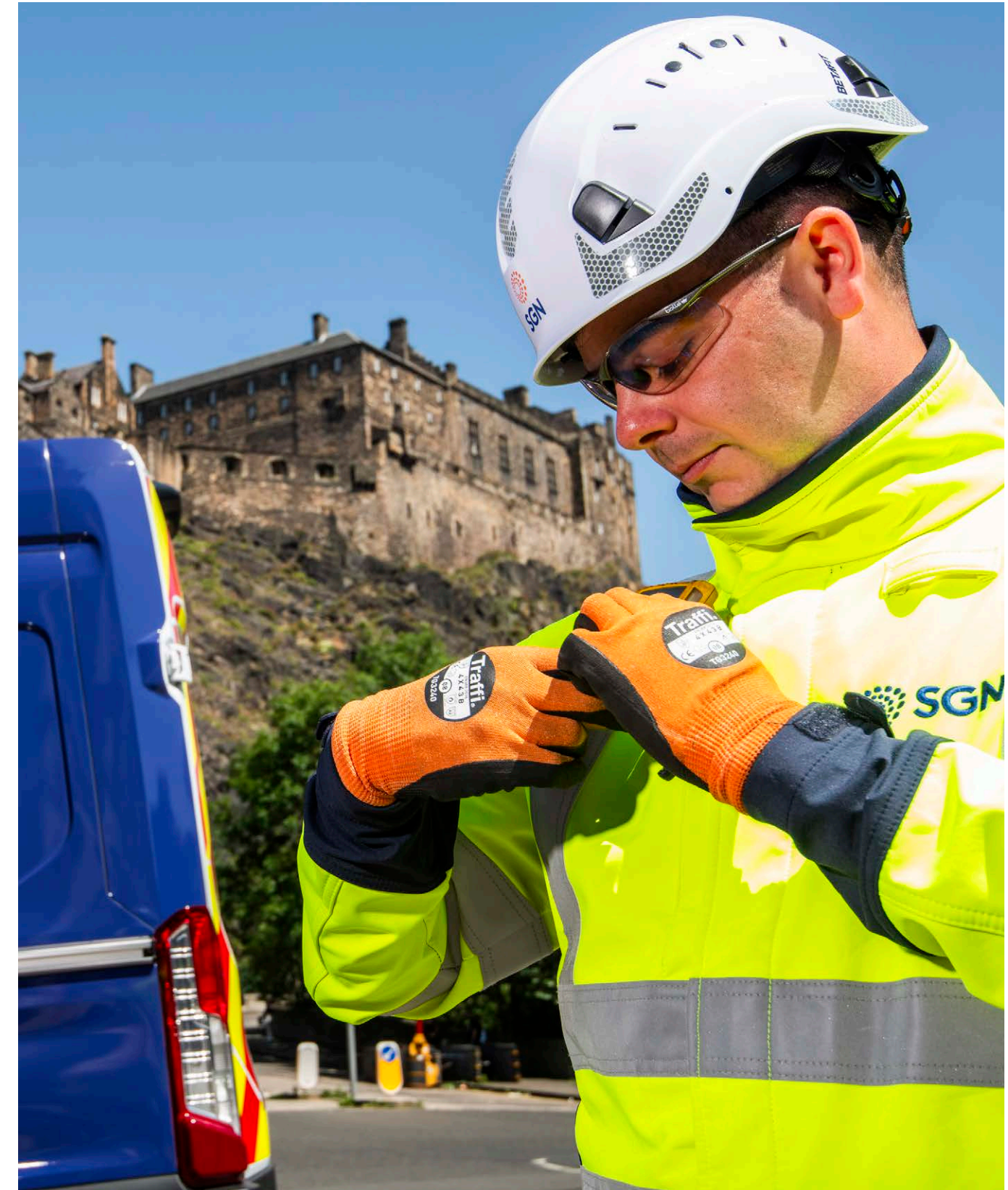
This combination enables us to develop a detailed understanding of how factors may shape future gas consumption. This provides us with a robust foundation for forecasting future network requirements helping us plan effectively and ensure sufficient network capacity is available to continue providing customers with a safe, secure and reliable supply of gas.

### Forecast accuracy

Assurance is a key part of our process. Each year, we compare forecast demand against actual demand outcomes to assess forecast performance and understand the causes of any variances.

Where differences are identified, we review the assumptions, data inputs and external factors that contributed to the outcome. This enables us to refine our methodologies and improve the accuracy of future forecasts.

We also undertake regular reviews of our forecasting assumptions to ensure they remain aligned with the latest available evidence, market developments and customer requirements.





This ongoing assurance process provides confidence that our forecasts are transparent and fit for purpose, supporting effective network planning and future network capability assessments.

### **Peak day demand and network resilience**

Ensuring our network remains resilient under Peak demand conditions is a fundamental reason for undertaking our forecasting and planning processes.

To forecast Peak day demand, we analyse a 60-year weather dataset, enabling us to assess how the network would perform under a wide range of historical weather conditions. Particular focus is given to severe cold-weather events, including the conditions

experienced during the 2018 ‘Beast from the East’, which remain among the most challenging demand scenarios observed across our network.

Our forecasting methodologies are regularly validated against more recent periods of elevated demand to ensure they continue to provide a reliable representation of customer behaviour during cold weather.

By planning against credible extreme weather scenarios, we can assess network resilience, identify potential capacity constraints and ensure our network remains capable of meeting customer demand safely and reliably, even under the most challenging conditions.

### **Regulatory framework**

Our LTDS is produced in accordance with the requirements of our Gas Transporter Licence and Section O of the Uniform Network Code.

Supported by the Offtake Arrangements Document, our LTDS sets out a ten-year outlook for Annual and Peak day gas demand across our network.

The publication of the LTDS supports transparency and long-term network planning by providing stakeholders with an informed view of potential future demand and network utilisation. It also supports compliance with our licence obligations, including the requirement to maintain sufficient network capacity to meet Peak demand conditions under a 1-in-20 Peak day demand scenario.

Through the LTDS, we support the continued delivery of a safe, affordable and reliable gas supply for our customers.

### **National context**

For those seeking a broader perspective on Great Britain’s gas supply and energy security, National Gas publishes the Gas Ten Year Statement (GTYS), which provides a comprehensive assessment of the national gas transmission system, future energy requirements and network capability.

Together, the GTYS and our LTDS provide complementary views of the UK’s gas infrastructure, supporting informed decision-making across both the transmission and distribution networks.

# Shaping demand

We assess the drivers of gas demand to track changes over time. Each driver is then forecast independently over the ten-year planning horizon for each of our LDZs.

## Factors that affect Domestic demand



## Factors that affect Industrial and Commercial demand



## Domestic demand

Household energy use is the most significant driver of network requirements with domestic customers accounting for 72% of Peak day demand.

Demand is forecast using a detailed bottom-up methodology that combines historical gas consumption with economic and behavioural indicators. Household heating preferences, particularly the temperatures people choose to maintain their homes, are strongly influenced by disposable income, energy prices, employment levels and wider economic conditions.

For example, the cost-of-living crisis between 2021 and 2023 led to a 16% reduction in domestic gas demand – the largest decline ever observed across our networks. As inflation and energy prices eased, there was a gradual recovery in household comfort levels and consumption.

Behavioural rebound remains the primary driver of current and forecast demand growth. Without it, domestic demand would be largely unchanged. While Annual demand varies with household behaviour, Peak day demand remains relatively stable because homes still require heating during periods of extreme cold.

Our forecasts also consider the impact of new housing developments. However, demand growth from this source is limited by higher energy-efficiency

standards in new-build properties and is expected to reduce even further after the Future Homes Standard (FHS) and New Build Heat Standard (NBHS) were introduced in England and Scotland, respectively.

In addition, the efficiency of the existing housing stock continues to improve as older boilers are replaced by more efficient models. Boiler efficiency improvements remain the single largest driver in reducing domestic gas demand. Adoption of low-carbon technologies like heat pumps has been slower than expected, but could still significantly reduce demand, particularly when combined with insulation upgrades.

Government policy and legislation play an important role in shaping future demand. It is important to recognise that our forecasts incorporate only measures that have been formally legislated. We assess the impact of these policies based on demonstrated performance rather than stated ambitions, ensuring forecast outcomes reflect real-world delivery. We continue to monitor developments across both the UK and Scottish governments so that our forecasts remain aligned with evolving policy and regulatory requirements.



# 72%

Peak day demand driven  
by domestic customers

## Behaviour change

The forecast anticipates a slower-than-expected recovery from the behavioural changes prompted by the cost-of-living crisis.

As in previous forecasts, the outlook remains one of gradual recovery from the behavioural changes observed during the cost-of-living crisis. However, weaker economic assumptions this year result in a slower recovery than projected in last year's forecast.

Last year's forecast anticipated all LDZs returning to pre-cost-of-living behaviour levels by 2028.

This year's forecast indicates recovery between 2032 and 2035, depending on the LDZ:

|                 |                   |              |
|-----------------|-------------------|--------------|
| <b>Scotland</b> | <b>South East</b> | <b>South</b> |
| <b>2035</b>     | <b>2032</b>       | <b>2033</b>  |

This represents a delay of between four and seven years compared with last year's forecast.

The slower recovery is driven by weaker economic assumptions, including: lower household disposable income forecasts, slightly higher gas price forecasts, lower GDP and GVA forecasts and lower employment forecasts in two of the three LDZs.

Behaviour change remains the single largest driver of change in the domestic demand forecast and is derived through econometric analysis.



Demand growth beyond pre-2021 comfort levels remains relatively limited in both this year's and last year's forecasts. As a result, differences between the forecasts narrow towards the end of the forecast period.

By the end of the forecast horizon, domestic demand is forecast to be 700-2,400 GWh lower than in last year's forecast across the three LDZs, equivalent to an average reduction of approximately 5%.

## Econometric analysis

Within the domestic demand context, econometric analysis is used to quantify the relationship between gas demand and key economic drivers. It's the primary method used to forecast behavioural demand change and is also applied to the assessment of new homes within the demand forecast, although the impact of the latter is considerably smaller.

Each year, we review several economic indicators against historical demand behaviour to identify the variables with the strongest statistical relationship to gas consumption.

These indicators include HHDI, domestic gas price, wholesale gas price, GDP, GVA, CPI, RPI, the Bank of England base rate and regional employment rates.

For our 2026 forecast, we selected HHDI, domestic gas price, GDP and GVA, as well as regional employment rates to assess behavioural change and the value difference compared with what was assumed in 2025.

HHDI

↓ 10.8%

lower than we assumed in last year's forecast

Domestic gas price

↑ 3%

higher on average across the forecast period

GDP and GVA

↓ 2.4%

drop in economic growth compared with last year's forecast

Regional employment rates

2 out of 3

LDZs are forecast to have lower rates than projected in 2025

Energy efficiency

While long-term energy efficiency improvements are expected to continue, delivery rates can vary significantly between measures depending on market conditions, policy interventions and customer uptake.

To reflect this uncertainty, each energy efficiency measure is assessed individually using available evidence, including historical trends, current activity levels and changes in programme funding. This approach ensures forecast assumptions are driven by demonstrated delivery and expected future performance rather than policy ambition alone.

Warm Homes Plan

Announced in January 2026, this plan includes several measures to improve household energy affordability through efficient and low-carbon technologies.

Despite the scale of the Warm Homes Plan, programme initiatives such as solar PV and battery storage don't materially alter the domestic gas demand forecast.

Home Energy Scotland (HES)

HES is a devolved government-backed programme providing grants, loans and advice to help homeowners improve energy efficiency and install low-carbon heating systems. Grant support remains

unchanged from last year's forecast, providing up to £7,500 each for energy efficiency measures as well as clean heating measures.

We assess the impact of insulation measures delivered through the scheme and assume recent delivery rates continue throughout the forecast period, reflecting the continued availability of scheme funding.

HES Thermal efficiency improvements are forecast to reduce domestic gas demand by around 1.2% by 2035. This impact is significantly greater than the level of insulation-driven demand reduction forecast in our Southern England-based LDZs.

Condensing boilers

We continue to monitor the impact of replacing older boilers with more efficient condensing boilers and assume current replacement rates continue throughout the forecast period.

Updated data indicates that the remaining efficiency potential has reduced as average boiler efficiency continues to improve. As a result, condensing boilers have a slightly smaller impact on demand than assumed in last year's forecast.

Condensing boiler improvements are forecast to reduce domestic gas demand by approximately 2.0% by 2035.

ECO & GBIS

The most notable energy efficiency measures for this forecast are the closure of ECO and GBIS, and increased funding for the Boiler Upgrade Scheme (see Heat Pumps).

ECO and GBIS represented the primary source of large-scale retrofit activity within England. Their closure reduces expected future retrofit activity and therefore results in lower thermal efficiency improvements than assumed in previous forecasts.

Compared with last year's forecast, this increases domestic gas demand by:

| Scotland | South East | South |
|----------|------------|-------|
| 0.5%     | 0.9%       | 0.8%  |

The remaining demand change relating to retrofit activity within the forecast is driven by Warm Homes: Social Housing Fund (WH:SHF), Warm Homes: Local Grant (WH:LG) and Home Energy Scotland (HES). WH:SHF and WH:LG currently have limited impact on gas demand, whereas HES is forecast to deliver more significant energy efficiency improvements.

↓ 1.2%

drop in 2035 domestic demand from thermal efficiency improvements through HES

↓ 2.0%

drop in 2035 domestic demand from condensing boiler improvements



## New homes

The rate of housing growth and continued evolution of legislation and building standards influence future gas demand.

Although gas connection rates have slowed in recent years, new properties add demand to the network and therefore remain an important component of our forecast.

Compared with existing homes, new-build properties have substantially lower gas consumption due to higher energy efficiency standards. We assess demand from new homes separately, taking account of economic drivers, housing growth trends and relevant policies affecting new-build construction.

### Econometric analysis

Future new-home demand is influenced by a combination of housing growth, building standards and wider economic conditions. Our forecast uses the historical relationship between GDP and new gas connections to estimate future housing development levels in LDZs.

These connection forecasts are then adjusted to reflect the impact of relevant legislative and policy requirements affecting new-build properties. The expected demand from each new connection is derived using EPC-based performance assumptions, reflecting the higher energy efficiency standards typically achieved in new homes.

To ensure consistency across the domestic forecast, behaviour change assumptions are also applied to new homes, allowing the impact of



changing economic conditions on heating demand to be captured throughout the forecast period.

### New Build Heat Standard (NBHS)

Scotland's NBHS applies to new buildings and relevant conversions where a building warrant was submitted from 1 April 2024. Developments with a building warrant submitted before this date may continue to install direct-emission heating systems until April 2027 under transitional arrangements.

In line with the Standard, our forecast assumes no new homes connect to the gas network in Scotland after April 2027. It is forecast to reduce domestic gas demand in this LDZ by approximately 3.6% by 2035.

### Future Homes Standard (FHS)

FHS intends to make low-carbon heating technologies, such as heat pumps, the default solution for new homes in England.

FHS has not been included in this forecast as the legislation had not been enacted at the cut-off date. Detailed implementation requirements of the FHS are yet to be published.

Based on our assessment of the 2023 consultation proposals, any material impact on gas demand is unlikely to be observed before 2030/31.

Heat pumps

An important source of potential domestic demand reduction is heat pump adoption. While installation volumes continue to grow, uptake remains heavily dependent on financial incentives, consumer participation and the pace of market development.

Government deployment targets of heat pumps remain ambitious and require a significant acceleration in installation rates to be achieved.

Our forecast is based on observed delivery and expected scheme performance rather than policy aspirations alone. Using the most recent evidence available to determine its likely impact on future heat pump deployment and gas demand, the principal policies and mechanisms considered in our forecast are outlined below.

Home Energy Scotland (HES)

In addition to the grant funding and interest-free loans HES provides for domestic retrofit activity described earlier in this statement, £7,500 is available to install low-carbon heating systems including heat pumps.

Lower heat pump installation rates observed during 2025 have been reflected in the forecast.

HES is forecast to reduce domestic gas demand in the Scotland LDZ by approximately 1.5% by 2035.

Boiler Upgrade Scheme (BUS)

Under the Warm Homes Plan mentioned previously in this statement, the BUS was extended by a further year and

increased funding support to homes in England. The annual budget increased by approximately 42% to cover 94,500 heat pump installations per year.

Our analysis of BUS delivery data suggests that future deployment rates are closely linked to available funding. Accordingly, the increase in scheme funding has been reflected in our forecast through higher levels of projected heat pump deployment.

As a result, the forecast impact of heat pumps replacing gas boilers has increased in both Southern LDZs. The impacted reduction on domestic gas demand by 2035 are 2.0% in the South East (1.6% in 2025 forecast) and 1.9% in the South (1.5% in 2025 forecast).

Clean Heat Market Mechanism (CHMM)

The CHMM requires major boiler manufacturers to achieve heat pump sales equivalent to a proportion of their gas boiler sales or purchase credits to cover any shortfall.

The heat pump target for 2026/27 is set at 8% of all gas boiler sales.

We have not included CHMM explicitly within the forecast. Our assessment assumes that any compliance costs associated with the scheme will largely be passed on through marginal increases in gas boiler prices.

Analysis indicates that these cost increases are likely to be limited and therefore unlikely to have a material impact on consumer purchasing decisions or overall boiler market trends.



Expected decreases on domestic gas demand by 2035  
Based on heat pump installation



## Unlegislated policy

The energy sector continues to experience rapid change. Several proposals and emerging legislative measures aiming to accelerate decarbonisation of buildings and heating systems are in development.

While these initiatives could have a meaningful impact on future gas demands, the scale and timing of their effects remain uncertain. Our forecasting methodology requires sufficient evidence to assess the likely impact of a policy before it is incorporated into the core forecast.

The policies outlined below are therefore not reflected in the demand forecast. We'll continue to monitor these closely due to their potential to influence future gas demand.

### Future Homes Standard (FHS)

As covered earlier in the New Homes section, FHS will come into force on 24 March 2027.

However, the standard was legislated after the forecast cut-off date and therefore was not included in our forecast assumptions.

For details of how this legislation may impact our forecasts, please refer to the New Homes section of our LTDS.

### Heat in Buildings Strategy and Buildings Bill (HiBS)

The Scottish Government's HiBS sets out the long-term ambition to decarbonise the nation's buildings and heating systems by 2045.



The strategy provides the overarching framework for several measures already reflected within our forecast, including the HES and NBHS.

A draft bill was published in November 2025 to provide greater clarity on how these ambitions may be delivered in the future. It included a target that, by the end of 2045 and where reasonably practicable, no direct-emission heating systems should be used in buildings across Scotland. It also proposes future energy performance requirements for buildings, including minimum EPC standards within the private rented sector.

The Scottish Government indicated that the Bill would be introduced following the May 2026 election. However, at the time

of writing, legislation has not yet been introduced and uncertainty remains regarding the final form of the Bill, implementation arrangements and the timing of any resulting impacts on gas demand.

No additional demand reduction has been included within the forecast beyond the impacts captured through the HES and NBHS policies assessed elsewhere in this statement.

Consequently, no additional demand reduction has been included within the forecast beyond the impacts already captured through policies such as NBHS and Home Energy Scotland, both of which are assessed separately within this statement.

## Secondary heating

Secondary heating sources, particularly wood-burning stoves, continue to be monitored within our domestic demand forecast.

While uptake of these appliances has increased in recent years, they're typically used to supplement rather than replace central heating systems. Therefore, secondary heating sources have a limited impact on gas demand.

Recent Government attention has focused on the air quality impacts of domestic solid fuel burning, including proposals for tighter emissions standards and improved consumer information. Consequently, we have not identified any evidence that would justify a material change to our assumptions. The impact of secondary heating therefore remains small, reducing domestic gas demand by approximately 0.25% by 2035.



## Industrial and commercial demand

Our I&C customers account for 28% of total Peak day demand delivered by our networks.

This sector features a broad range of businesses: from small commercial premises to major industrial facilities and power generation sites.

Unlike the domestic sector, where demand is largely influenced by common behavioural and weather-related factors, I&C demand is driven by several economic, operational and customer activity-specific factors.

Developing robust forecasts requires a combination of economic analysis, industry intelligence and stakeholder engagement. But understanding the underlying demand drivers is still challenged by existing industry dataset limitations. Often, the available information provides limited visibility of the activities being undertaken at individual supply points, making it difficult to consistently identify the factors influencing consumption across different sectors.

To improve our understanding of current and future demand requirements, we work closely with customers, shippers and industry stakeholders throughout the forecasting cycle. These engagements provide valuable insight into operational changes, investment plans and future energy requirements, and addresses wider industry data challenges.

SGN leads industry discussions on the implementation of Standard Industrial Classification (SIC) codes

within industry data services, supporting improved customer segmentation and understanding of sector-specific demand drivers across the gas network.

Given the sector's varying levels of information available, our forecasting approach combines both top-down and bottom-up techniques. Broader I&C demand is assessed using econometric methods based on historical consumption patterns and key economic indicators. Where more detailed information is available, forecasts are refined using customer-specific intelligence and stakeholder engagement to better reflect known developments and anticipated demand changes.

This year's forecast represents a significant change from recent planning cycles. Reconciliation activity undertaken by Xoserve during 2025 revised historical demand downward across several sectors, lowering the baseline from which forecasts are developed. Combined with a less favourable economic outlook than assumed in our 2025 LTDS, this has resulted in materially lower forecast I&C demand.

Commercial demand is now forecast to decline gradually across all LDZs, while industrial demand growth remains concentrated within a small number of major sites.



## Economic drivers

### GDP and GVA

Economic activity remains an important driver of I&C gas demand. The GDP and GVA forecasts used within this year's analysis are weaker than in 2025's forecast, with projected growth approximately 2.4% lower by the end of the planning period.

This weaker economic outlook reduces projected demand across both the industrial and commercial sectors and represents one of the principal drivers of the lower demand forecast when compared with last year's forecast.

### Gas prices

Wholesale gas prices remain a key consideration within the I&C forecast. Average I&C gas prices are forecast to be approximately 10% higher than assumed last year.

While higher energy costs would typically be expected to reduce demand, our analysis continues to show a relatively limited relationship between gas prices and consumption across most sectors and LDZs. The principal exception is still Scotland's industrial NDM sector, where demand continues to show greater sensitivity to gas price movements.

### Employment

Regional employment remains an influencing factor for parts of the commercial sector and is considered within the forecast assessment, although its impact remains relatively modest when compared with broader economic factors such as GDP and GVA. Employment expectations have improved slightly in Scotland, partially

offsetting reductions arising from other economic drivers, while a weaker employment outlook within the South LDZ contributes to lower projected commercial demand.

### Service sector and manufacturing activity

Manufacturing and service sector activity continue to provide useful indicators of I&C demand. Output across both sectors increased during 2025 and is forecast to continue growing throughout this planning period.

However, our analysis shows increases in manufacturing and service sector output are not being matched by equivalent increases in gas demand. This suggests the relationship between economic activity and gas demand may be weakening across parts of the I&C demand sector. While the underlying drivers are difficult to

isolate given current data limitations, ongoing improvements in efficiency and operational practices may be contributing to this trend.

As a result, growth in economic output is expected to provide less support to gas demand than has historically been observed, contributing to the longer-term trend of gradually reducing gas consumption across parts of the I&C sector.

### Inflation and Bank of England Base Rate

In addition to the principal economic drivers discussed above, a number of wider economic indicators are reviewed annually to determine their potential influence on demand.

Inflation remains above the Bank of England's target level and continues to be monitored as part of our annual

economic assessment. However, once wider economic factors are considered, inflation does not appear to have a material independent influence on industrial and commercial gas demand.

Consequently, inflation is not considered a significant driver of this year's forecast.

The Bank of England Base Rate continues to be reviewed as part of our wider assessment of economic conditions. While interest rates influence the broader economy, our analysis has not identified a sufficiently strong direct relationship between changes in the Base Rate and industrial or commercial gas demand.

As a result, movements in the Base Rate are not expected to materially influence the forecast outcomes presented within this year's LTDS.



## Industrial demand

Total industrial demand is forecast to increase by approximately 5.5% across the planning period. Although growth is projected, it is not evenly distributed across the sector or geographically as most of the forecasted increase is driven by the continued expansion of a single large industrial consumer within our South LDZ. If you exclude this development, industrial demand across the remainder of the sector is forecast to increase by approximately 1.3%.

It follows a similar pattern observed in last year's statement where total industrial demand increased by 3.8% over the forecast period, but growth was only 0.3% if you excluded this site. It demonstrates the significant influence major consumers have on overall sector demand.

While underlying industrial growth remains slightly stronger than projected in 2025, reconciliation-driven revisions to historical demand reduced the baseline from which forecasts are developed. As a result, industrial demand is forecast to remain approximately 7% lower than last year by the end of the planning period.

Demand across smaller industrial sites was also affected by reconciliation activity during 2025, resulting in a reduction of approximately 4.6% in the historical demand baseline. Combined with a weaker economic outlook than was anticipated last year, this has resulted in a significant reduction in forecast demand compared with last year's forecast.



## Commercial demand

Our commercial customers include retail stores, hospitality locations, office spaces, public sector buildings as well as service-based business sites.

This year's forecast shows a gradual drop in commercial demand across all LDZs. It represents a notable change from the modest growth projected in 2025 LTDS.

The reduction is primarily driven by revisions to historical demand following reconciliation activity and a less favourable economic outlook than assumed in last year's forecast. The impact of reconciliation was more pronounced within the commercial sector than elsewhere within non-domestic demand, representing the single largest driver of change within this year's forecast. Actual demand

during 2025 was also below the levels projected within the 2025 forecast, further lowering the baseline from which our forecasts are developed.

Weakened economic forecasts and changes to regional employment projections compared with 12 months ago, combined to reduce expected commercial demand across all three LDZs. Despite continued growth in service sector output providing some support to demand, this is outweighed by weaker economic assumptions and lower historical demand.

A 0.7% average annual decline in commercial demand contrasts with the 0.7% annual growth projected in 2025 and reflects the longer-term trend of gradually reducing gas consumption observed.

## Power generation and emerging data centre demand

Power generation continues to represent an important component of I&C demand across our forecasts. While its contribution to overall Annual demand remains relatively modest, power generation sites can have a disproportionate influence on Peak demand and network operations due to their unpredictable operating patterns.

We continue to receive connection enquiries from flexible generation facilities, particularly within the Scotland and South LDZs, in support of the wider electricity system. Increasingly, growing interest in large-scale data centre developments is emerging as a potential source of future demand, too. The timing and scale of data centre developments remain uncertain, and many projects are still at the planning stage, but the successful delivery of just a handful of these schemes would significantly increase total LDZ demand – in some cases by as much as 10% to 15%.

Recent developments at several large connected sites have been incorporated into the forecast. Continued engagement with generators, developers and other large energy users is still a key component of our forecasting process, given their potential to significantly influence both Annual and Peak demand forecasts.



# 10–15%

Potential addition to LDZ demand from data centres

## Site-specific analysis

Analysis undertaken with our largest customers identifies developments which materially influence our forecast outcomes. The ongoing expansion of a major industrial consumer in our South LDZ remains the single largest source of industrial demand growth within the forecast and is expected to continue driving short-term demand growth.

Recent upgrades at a large power generation site in our South East LDZ have also resulted in higher sustained demand levels, which are reflected in both Annual and Peak demand forecasts.

Conversely, several large sites in Scotland have experienced reduced demand in response to wider economic pressures. Meanwhile, stakeholder engagement helped us identify the planned closure of a major site during the forecast period.

Collectively, these examples reinforce the importance of continuing customer engagement and site-specific intelligence within the forecasting process. It's particularly important where a relatively small number of sites can significantly influence forecast outcomes.

# Stakeholder engagement

We’re committed to meaningful engagement with all our stakeholders. Specialist teams across SGN deliver engagement activities and these interactions inform decisions that enhance our networks and improve the services we provide.

As customers respond to changing market conditions, decarbonisation policies and wider net-zero ambitions, historical consumption patterns are becoming less reliable indicators of forecasting future demand.

This is particularly significant for large I&C customers where changes in operating practices or energy source can have an immediate and material impact on network planning assumptions. Direct engagement with customers is crucial in understanding their future energy requirements, identifying emerging trends and ensuring our demand forecasts stay aligned with operational reality.



**2025/26 engagement programme**  
Each year, our LTS Demand and Emergency Planning team undertakes an engagement programme which directly supports our forecasting and operational decision-making.

We engaged with 36 strategically important sites during 2025/26. This cohort comprised the ten largest gas consumers in each LDZ, plus strategically significant sites such as distilleries and electricity generation facilities. Collectively, these customers account for 46% of our I&C demand.

Structured discussions were undertaken with customers to understand their current operational activity and arrangements, future business plans and investment intentions, decarbonisation strategies, future fuel requirements, demand-side flexibility opportunities, as well as emergency preparedness and resilience arrangements.

We continuously strive to enhance and expand our engagement activities, focusing on identifying trends and insights that can be applied more broadly across similar customer groups.

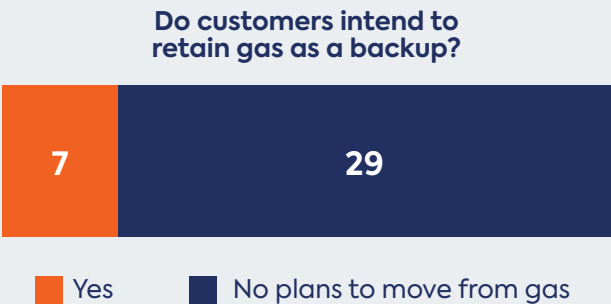
This year, we placed particular emphasis on developing a deeper understanding of customers’ operations, including the

## Dependency on gas supply

Peak day demand is not changing in line with Annual gas demand.

Many customers, including electricity generators, think retaining a gas network connection is vital to ensuring security of supply. Most don’t consider it feasible to fully transition away from natural gas.

As a result, it’s unlikely there’s a significant reduction in Peak day requirements in the near future.



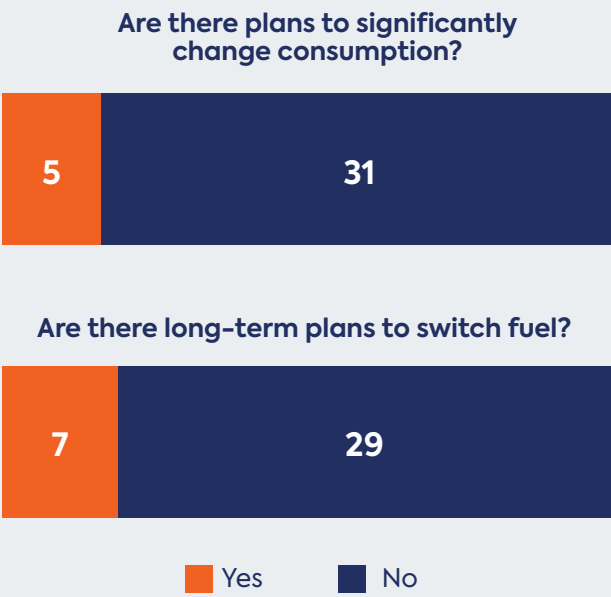
## Expected changes to gas usage

We asked customers if they expected to see a significant change in how they use gas in the next five years.

While many sites are improving efficiency to reduce annual gas consumption, few have plans to significantly change their Peak day demand level\*.

We also asked them if they have long-term plans to switch fuel with a renewable alternative.

Just seven of these customers have long-term plans to move away from natural gas, despite several sites adding alternative fuels to reduce overall gas consumption.



\*All planning decisions are made to support Peak demand conditions.

equipment they operate and the key factors influencing gas consumption.

An interesting finding was the scale of secondary electricity generation. This primarily relates to industrial sites exporting surplus electricity generated by Combined Heat and Power (CHP) assets to the electricity network. While this form of generation does not have the same visibility as dedicated gas-fired power stations or peaking plants, it's widely used across industrial sites and adds further complexity to the overall energy system.

We also explored the external factors most likely to influence gas demand at individual sites. For some customers, consumption is heavily influenced by market conditions, changing order volumes or seasonal temperature variations. Others operate at full capacity throughout the year with little variation in demand. These insights have the potential to improve the granularity of our industrial sector analysis and support more accurate demand forecasting in the future.

We recognise many customers are adapting their energy use as part of a broader drive towards sustainability, decarbonisation and operational efficiency. Understanding these changes is critical for everyone involved in managing the UK's energy system. Without visibility of these developments, we can't accurately forecast demand and effectively plan for our customers and the wider energy system.

Open and proactive communication is more critical than ever to gather the valuable intelligence to help forecast demand and prepare our longer-term network strategy.



## Key findings

### Continued dependency on natural gas

80% of engaged customers reported no feasible long-term plans to fully move away from natural gas.

While many customers are actively pursuing energy efficiency improvements, on-site renewable generation and electrification opportunities, natural gas continues to play a critical role across much of the industrial sector.

Electrification was generally viewed as the most likely long-term alternative to gas. However, customers highlighted costs, local network constraints, the technical requirements of energy-

intensive processes and site-specific operational considerations as potential barriers.

Several customers also identified wider barriers to decarbonisation, including dependence on carbon dioxide within manufacturing processes and geographical constraints affecting access to alternative energy infrastructure. Many respondents indicated that alternative energy solutions do not yet provide the same level of reliability, operational flexibility and security of supply as gas. As a result, network connectivity continues to be valued for resilience, operational continuity and backup capability.

**81%**

of surveyed sites identified gas as an essential component of their future operations

**24%**

of customers surveyed intend to retain gas as a backup, even if they electrify



**67%**

of respondents now feel confident in their understanding of equipment compatibility with hydrogen blending

### Growth in hydrogen awareness

While few customers identified hydrogen as an immediate replacement for natural gas, the increase in understanding compared with last year demonstrates growing engagement with potential decarbonisation pathways.

It also suggests organisations are more informed about future network developments and are beginning to assess the compatibility of existing equipment with potential hydrogen blends.

### Embedded generation and electricity export

One of the most significant trends identified through this year's engagement was the increasing prevalence of embedded generation, by exporting electricity to the grid, either as a primary business activity or as a secondary revenue stream.

More industrial customers are now using Combined Heat and Power (CHP) assets to export surplus electricity to the grid. This means their gas consumption patterns are increasingly influenced by electricity market conditions, rather than solely by the operational requirements of their core processes. This creates additional complexity for demand forecasting.

During engagement, we identified several operating models:

- Continuous export of surplus generation.
- Export driven by electricity market price signals
- Generation used primarily to optimise site efficiency, with opportunistic exports

The shift from historical industrial gas demand driven by operational requirements to today's demand influenced by electricity market conditions, renewable generation output and electricity system balancing incentives, makes it more uncertain to forecast – especially as most customers operate as Non-Daily Metered (NDM) sites where limited visibility of real-time demand makes changes in consumption behaviour harder to quantify.



67%

of sites engaged export electricity to the grid

## In summary

Our engagement programme results demonstrate industrial decarbonisation is likely to be more gradual and site-specific than many high-level scenarios suggest.

While annual gas consumption may reduce over time, customer feedback confirms a strong ongoing need for gas network connectivity, resilience and Peak day supply capability. Gas remains a critical component

of industrial operations and wider energy system security, where alternatives are economically unviable or constrained by electricity network limitations.

At the same time, the increasing prevalence of embedded generation, growing interaction between gas and electricity markets, emerging decarbonisation pathways such as hydrogen, and

the continuing divergence between Annual and Peak demand, are making industrial demand increasingly complex to forecast. These developments reinforce the importance of ongoing customer engagement and the continual evolution of forecasting methodologies to reflect changing patterns of energy consumption.

# Demand forecast overview

Following feedback from our customers, the forecast tables and charts previously contained within the main body of this document are now available in a dedicated workbook.

This enables our customers and stakeholders to explore our forecast outputs in a more accessible and user-friendly format. It reflects our ongoing commitment to improving data accessibility and supporting informed decision-making across the energy industry.

Below is a summary of SGN’s Annual and Peak demand forecasts for the next decade. The full forecast dataset can be accessed via the dedicated workbook available on our website.



The Data Workbook is published on our website here



## Annual Demand – SGN Overall (GWh)

| Calendar year | 2026    | 2027    | 2028    | 2029    | 2030    | 2031    | 2032    | 2033    | 2034    | 2035    |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| SGN total     | 133,140 | 135,832 | 137,573 | 138,045 | 138,323 | 138,765 | 139,379 | 140,157 | 140,991 | 141,870 |

## Peak Day Demand – SGN Overall (GWh)

| Gas supply year | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 2032/33 | 2033/34 | 2034/35 | 2035/36 |
|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| SGN total       | 1123.9  | 1117.9  | 1115.0  | 1112.3  | 1110.8  | 1109.6  | 1109.0  | 1110.1  | 1112.4  | 1116.1  |

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## External contacts

**Ofgem**  
**Office of Gas and Electricity Markets**  
Regulating authority for gas industry  
and markets.

**FEN**  
**Future Energy Networks**  
FEN represents those in the energy  
industry seeking to understand and  
enact the changes needed to deliver  
the energy networks of the future.

**Xoserve**  
**Central Data Service Provider  
for Britain’s gas market**  
One of several service providers  
supporting the UK gas industry.

**Joint Office of Gas Transporters**  
The Joint Office is where the UNC can  
be found. There are also details of live  
modifications to the document and  
the various working bodies relating to  
the gas industry.

**DESNZ**  
**Department for Energy Security  
and Net Zero**  
DESNZ brings together responsibilities  
for business, industrial strategy, science,  
innovation, energy and climate change

**NESO**  
**National Energy System Operator**  
The nationalised energy system  
operator for the UK.



**network.capacity@sgn.co.uk**  
Our dedicated email address for  
any questions regarding network  
capacity, including our Long Term  
Development Statement.



**linesearchbeforeudig.co.uk**  
Safety is our number one priority. Before  
you dig, always request details of our  
pipework locations via this online service.



**sgn.co.uk**  
You can apply for a new gas  
connection online through our website  
and learn more about our Help to  
Heat scheme. You can also find further  
information about our planned and  
emergency works in your area.



**customer@sgn.co.uk**  
Our 24-hour Customer Service team  
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find us on Facebook or follow us on  
X at @SGNgas.



**lets.chat@sgn.co.uk**  
We are always interested in engaging  
with our stakeholders. This is how we  
look to improve the way we do things by  
listening to your feedback



**sgngasentrypoints@sgn.co.uk**  
Our dedicated email address for any  
questions about biomethane.

# Glossary

## Annual Quantity (AQ)

The AQ of a supply point is its annual consumption over a 365 or 366-day year, under conditions of average weather.

## Bar

The unit of pressure that is approximately equal to atmospheric pressure (0.987 standard atmospheres). Where bar is suffixed with the letter g, such as in barg or mbarg, the pressure being referred to is gauge pressure, ie. relative to atmospheric pressure. One-millibar (mbar) equals 0.001 bar.

## Biomethane

Biogas that has been cleaned in order to meet GSMR requirements.

## Calorific Value (CV)

The ratio of energy to volume measured in mega joules per cubic meter (MJ/m<sup>3</sup>), which for a gas is measured and expressed under standard conditions of temperature and pressure.

## Climate Change Levy (CCL)

Government tax on the use of energy within industry, commerce and the public sector to encourage energy efficient schemes and use of renewable energy sources. CCL is part of the UK Government's Climate Change Programme (CCP).

## Comfort levels

A term used in demand assessment referring to the temperatures at which households choose to heat their homes.

## Connected System Exit Point (CSEP)

A connection to a more complex facility than a single supply point. For example, a connection to a pipeline system operated by another gas transporter.

## Cubic metre (m<sup>3</sup>)

Of natural gas measures the volume of the gas, which is then converted to its energy content for billing purposes, typically in kilowatt-hours (kWh). This conversion uses a calorific value, an average measure of heat energy per cubic metre, and correction factors for temperature and pressure.

## Daily metered supply point

A supply point fitted with equipment, for example a datalogger, which enables meter readings to be taken on a daily basis. These are further classified as SDMC, DMA, DMC or VLDMC according to annual consumption. Of these, the most relevant is VLDMC, which is defined in this glossary.

## DESNZ – Department for Energy Security and Net Zero

DESNZ took over the former responsibilities of BEIS Department for Business, Energy & Industrial Strategy in February 2023.

## Distribution system

A network of mains operating at three pressure tiers: intermediate (7 to 2barg), medium (2barg to 75mbarg) and low (less than 75mbarg).

## Diurnal storage

Gas stored for the purpose of meeting within-day variations in demand. Gas can be stored in special installations, such as gasholders, or in the form of linepack within transmission pipelines, ie. >7barg pipeline systems.

## Embedded entry points

Entry point which is not an offtake from the National Transmission System (NTS). Can be a biomethane or other unconventional source of gas.

## Embedded power stations

Gas-fired power stations designed to provide resilience within a local electricity power grid by generating electricity according to operational and market factors.

## Exit zone

A geographical area within an LDZ, which consists of a group of supply points which, on a Peak day, receive gas from the same NTS offtake.

## Formula year

A 12-month period commencing on 1 April predominantly used for regulatory and financial purposes.

## Gas day

Used by the gas industry for buying and selling gas on the open market. Defined as running from 05:00 on one day to 05:00 on the following day.

## Gas Distribution Network (GDN)

An administrative unit responsible for the operation and maintenance of the local transmission system (LTS) and <7barg distribution networks within a defined geographical boundary, supported by a national emergency services organisation.

## Gas holder

A vessel used to store gas for the purposes of providing diurnal storage.

## Gas supply year

A 12-month period commencing on 1 October, also referred to as a gas year.

## Gas Transporter (GT)

Formerly Public Gas Transporter (PGT). GTs such as SGN, are licensed by the Gas and Electricity Markets Authority to transport gas to customers.

## Gemini

A computer system that supports Uniform Network Code operations, including energy balancing.

## GVA

Gross Value Added (GVA) measures the contribution to the economy of each individual producer, industry or sector in the UK.

## Interconnector

This is a pipeline transporting gas from or to another country.

## Kilowatt hour (kWh)

A unit of energy used by the gas industry. Approximately equal to 0.0341 therms.

## LDZ Unaccounted for Gas (LDUG)

The gas that is off taken from the Local Distribution Zone (LDZ) system, but not attributed to an individual Supply Meter Point or accounted for as Shrinkage.

## Linepack

The usable volume of compressed gas within the national or local transmission system at any time.

## Liquefied Natural Gas (LNG)

Gas stored in liquid form. Can be firm or constrained (CLNG). Shippers who book a constrained service agree to allow us to use some of their gas to balance the system.

## Local Distribution Zone (LDZ)

A geographic area supplied by one or more NTS offtakes. Consists of high pressure (>7 barg) and lower pressure distribution system pipelines.

**Local Transmission System (LTS)**

A pipeline system operating at >7barg, that transports gas from NTS offtakes to distribution systems. Some large users may take their gas direct from the LTS.

**National Balancing Point (NBP)**

An imaginary point on the UK gas supply system through which all gas passes for accounting and balancing purposes.

**National Energy System Operator (NESO)**

The UK's publicly owned body that manages electricity and gas systems. Launched in October 2024.

**National Transmission System (NTS)**

A highpressure system consisting of terminals, compressor stations, pipeline systems and offtakes. Designed to operate at pressures up to 85barg. NTS pipelines transport gas throughout Britain from terminals to NTS offtakes.

**National Transmission System Offtake**

An installation defining the boundary between NTS and LTS or a very large consumer. The offtake installation includes equipment for metering, pressure regulation, etc.

**Odourisation**

The process by which the distinctive odour is added to gas supplies to make it easier to detect leaks. Odourisation is provided at all Network Entry points.

**Office for National Statistics (ONS)**

It is responsible for collecting and publishing statistics related to the economy, population and society at national, regional and local levels.

**Office of Gas and Electricity Markets (Ofgem)**

The regulatory agency responsible for regulating the UK's gas and electricity markets.

**Offtake**

An installation defining the boundary between NTS and LTS or a very large consumer. The offtake installation includes equipment for metering, pressure regulation, etc.

**Operating Margins**

Gas used to maintain system pressures under certain circumstances, including periods immediately after a supply loss or demand forecast change, before other measures become effective and in the event of plant failure, such as pipe breaks and compressor trips.

**OPN**

Offtake Profile Notice. Method of notifying National Gas Transmission of the next day or future demand for gas at offtakes.

**Peak day demand (1 in 20 Peak demand)**

The level of demand that, in a long series of winters, with connected load held at the levels appropriate to the winter in question, would be exceeded in one out of 20 winters, with each winter counted only once.

**Planning and Advanced Reservation of Capacity Agreement (PARCA)**

A bilateral contract between National Gas Transmission and its customer which allows entry and/or exit capacity to be reserved in advance of the completion of a connection.

**Pressure Regulating Installation (PRI)**

The replacement term for PRS, district governor and all other local terms (such as STRS or TRS) when IGEM standard TD13 was introduced.

**Pressure Regulating Station (PRS)**

An installation that reduces the supply pressure as gas passes either between different pressure-rated tiers of the LTS or from the LTS to the below 7barg network, or between different pressure tiers of the <7barg network.

**Price Control Review (RIIO)**

Ofgem's periodic review of transporter allowed returns. The current period is called RIIO-GD2. It commenced in April 2021 and lasts five years to March 2026.

RIIO stands for: Revenue = Incentives + Innovation + Outputs.

**Seasonal Normal Temperature (SNT)**

The average temperature that might be expected on any particular day, based on historical data.

**Shipper or network code registered user (system user)**

A company with a shipper licence that is able to buy gas from a producer, sell it to a supplier and employ a GT to transport gas to consumers.

**Shrinkage**

Gas that is input to the system but is not delivered to consumers or injected into storage. It is either 'own use gas' or 'unaccounted for gas'.

**Supplier**

A company with a supplier's licence contracts with a shipper to buy gas, which is then sold to customers. A supplier may also be licensed as a shipper.

**Supply Hourly Quantity (SHQ)**

The maximum hourly consumption at a supply point.

**Supply Offtake Quantity (SOQ)**

The maximum daily consumption at a supply point.

**Supply point**

A group of one or more meters at a site.

**Therm**

An imperial unit of energy. Largely replaced by the metric equivalent, the kilowatt hour (kWh). One therm equals 29.3071kWh.

**Unidentified Gas (UIG)**

The gas that is offtaken from the Local Distribution Zone (LDZ) system but not attributed to an individual supply meter point or accounted for as shrinkage.

**Uniform Network Code (UNC)**

The Uniform Network Code covers the arrangements between National Gas Transmission, shippers and the DNs following the selling off of four of the networks.

**VLDMC**

Very Large Daily Metered Customer – A site that uses greater than 50,000,000 therms of gas a year.

## Disclaimer

This document is produced for the purpose of and in accordance with Scotland Gas Networks plc's and Southern Gas Networks plc's, collectively known as SGN, obligations.

These are Standard Condition 25 and Standard Special Condition D3 of their respective Gas Transporter Licences and Section O 4.1 of the Transportation Principal Document in the Uniform Network Code in accordance with the information supplied pursuant to Section O of the Transportation Principal Document in the Uniform Network Code. Section O 1.3 of the Transportation Principal Document in the Uniform Network Code applies to any estimate, forecast of other information contained in this document.

This document is not intended to have any legal force or to imply any legal obligations as regards capacity planning, future investment, and the resulting capacity.

If you smell gas or are worried about gas safety, you can call the National Gas Emergency Number on:



**0800 111 999**

Carbon monoxide (CO) can kill. For more information visit:



**[sgn.co.uk/help-and-advice/keeping-gas-safe/carbon-monoxide](https://sgn.co.uk/help-and-advice/keeping-gas-safe/carbon-monoxide)**

Before you dig contact:



**[lsbud.co.uk](https://lsbud.co.uk)**

## SGN

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