



Priority Customers Update

Transmission Workgroup, 4th April 2024

Distribution Workgroup, 25th April 2024



Priority Customers - Recap

- Gas transporters are obligated to establish, amend and review a list of priority customers, who would be the last to be told to cease taking gas in a Network Gas Supply Emergency
- In October 2022, the Secretary of State issued a [Direction to gas transporters](#) to base their priority lists on the following categories of relevant customers:
 - **Category A**: Relevant customers where a failure in the supply to their premises could put **lives at risk**
 - **Category B**: Relevant customers for which the sudden loss of gas causes or threatens to cause **serious damage**, for an unacceptably prolonged period, to human welfare, the environment or the security of the United Kingdom that cannot be reasonably mitigated
 - **Category C**: Relevant customers taking **over 2 million therms per annum** for whom the sudden loss of gas would result in repair or replacement costs amounting to **10% or more of the Site Fixed Tangible Asset Value**

The assessment of whether a site satisfies the criteria contained in Categories A and C rests with the Gas Transporter, Category B with the Department for Energy Security and Net Zero

Category C Customers

- Since the re-categorisation was introduced, customers that were previously on the priority list that now fall into Category C have had their priority status maintained / ‘grandfathered’
- In December 2023, NGT communicated to the industry via Transmission and Distribution Workgroups, on behalf of all Gas Transporters, that:
 - Existing Category C sites would **remain** as such for Winter 2023/24
 - If such sites wish to maintain priority status for Winter 2024/25 and beyond, the relevant shipper would need to submit a **demonstration** to the relevant Gas Transporter in respect of each relevant site in its portfolio that the site meets the new criteria
 - If such a demonstration is not provided by 1 November 2024 for any existing Category C site, the Gas Transporter will instruct Xoserve to **remove** the site from the priority list

Transmission Workgroup Action 0202

- The Transmission Workgroup has requested that NGT provide **guidance** about **what** shippers need to do in respect of their Category C sites and **by when**
- On behalf of all Gas Transporters, NGT hereby advises shippers that this should take the form of:
 - 1) An **independent assessment** that demonstrates the **Site Fixed Tangible Asset Values**, for example via an insurance valuation or an audit; **AND**
 - 2) An **independent assessment or manufacturer quotes** for **repair or replacement of equipment/appliances** that would be required if the site experienced a sudden loss of its gas supply (NB: costs associated with lost production or lost stock are not valid)
- Therefore, the total value associated with point 2 would need to exceed 10% of the value provided in point 1 for the site to remain as a Category C priority customer
- Such assessments should be provided by the **shipper**, on behalf of the site, to the relevant Gas Transporter not later than **1 November 2024**

‘Minimise Flows’ Decision for Category C Customers

- The consequences for Category C sites of an instruction to cease taking gas in Stage 2 of a Network Gas Supply Emergency could be very damaging for those businesses
- If these sites **minimised** their gas demand in such a scenario, the aggregate demand saving could avoid a need to direct them to **cease** taking gas
- The Energy Emergency Executive Committee’s Gas Task Group has therefore agreed to implement an **amendment to the E1 NGSE Procedure** in May 2024 which will require Gas Transporters to issue Category C customers with a direction to **minimise** their gas demand in Stage 2 **before** they are directed to stop taking gas completely
- Further details will be communicated in:
 - A letter from the relevant Gas Transporter to all Category C sites connected to its network
 - A letter from NGT to all shippers which at present have Category C sites in their portfolio
- Category C customers should familiarise themselves with the amended wording to E1 to assure they satisfy the GS(M)R based duty to comply with NEC directions

