IN THE MATTER OF APPEALS UNDER SECTION 23B GAS ACT 1986

BEFORE THE COMPETITION AND MARKETS AUTHORITY ('CMA')

BETWEEN

CADENT GAS LIMITED ('CADENT')

NORTHERN GAS NETWORKS LIMITED ('NGN')

SOUTHERN GAS NETWORKS PLC AND SCOTLAND GAS NETWORKS PLC ('SGN')

WALES & WEST UTILITIES LIMITED ('WWU')

Appellants

And

GAS AND ELECTRICITY MARKETS AUTHORITY ('GEMA')

Respondent

ORDER OF THE CMA

UPON considering the applications brought by each Appellant on 3 March 2026 for permission to appeal GEMA's decision dated 3 February 2026 to modify the Appellants' gas transportation licences to give effect to the RIIO-GD3 price control determinations (the '**Final Decision**')

AND UPON the CMA granting the Appellants permission to appeal the Final Decision subject to the condition that GEMA's assessment of ongoing efficiency, which each of the Appellants has raised in their respective Notices of Appeal, should be considered together

AND UPON the CMA granting permission to Citizens Advice to intervene on 28 April 2026

AND UPON the CMA deciding on 4 September 2026 to extend the period for determination of the appeals until 31 October 2026 pursuant to section 23F(4)(a) of the Gas Act 1986

AND UPON the CMA considering the grounds of appeal and the representations and submissions of the parties and the intervener

AND UPON the CMA issuing its reasoned determinations in respect of these proceedings on 29 October 2026 (the '**Final Determinations**')

IT IS ORDERED THAT:

1. For the purposes of this Order, capitalised terms not otherwise defined have the meanings given in the Final Determinations.

Ground 1 (Ongoing Efficiency or OE)

2. In respect of OE, the Appellants' appeals are allowed insofar as the Final Decision concerned the setting of the OE challenge at 1% on account of GEMA's consideration of qualitative factors (the '**Qualitative Matter**').

3. The CMA quashes, and remits for reconsideration, GEMA's Final Decision to set OE at 1% insofar as that decision concerned the Qualitative Matter.

4. The Final Decision is otherwise confirmed as far as OE is concerned, in respect of the Quantitative Matter and GEMA's reliance on the partial insulation of regulated network companies from the post-GFC slowdown in productivity in the wider UK economy and in its assessment of their submitted business plans, as set out in the Final Determination.

Ground 2A (Overwriting of SGN's repex forecasts)

5. In respect of overwriting SGN's repex forecasts, SGN's appeal is allowed insofar as it concerns the identification and use of a reliable proxy for those forecasts in relation to the normalisation of them.

6. The CMA quashes and remits for reconsideration GEMA's Final Decision to normalise SGN's repex forecast insofar as it concerns the matters described in paragraph 5. The Final Decision is otherwise confirmed in respect of Ground 2A.

Ground 2B (Composite Scale Variable)

7. In respect of the Composite Scale Variable, SGN's appeal is dismissed and GEMA's Final Decision is confirmed in this respect.

Miscellaneous

8. The reasons for the determinations in this Order are set out in the Final Determinations. The Final Determinations form part of this Order.

9. Costs are reserved.

Kirstin Baker

Group Chair

29 October 2026