CEO's review

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Jon Butterworth, Chief Executive Officer

Securing the future of Britain's energy supply

In many ways 2025/26 will, for me, be defined by two dominant themes: first, our work to secure a RIIO-GT3 outcome that enables us to maintain, improve and invest in the National Transmission System (NTS) to ensure its ongoing resilience for the future; and second, our ongoing pursuit to secure Britain's energy, particularly in the face of growing global tensions and continued uncertainty in the world around us.

It has been an enormously demanding year, but one on which I reflect with a good deal of pride. National Gas staff have risen to every challenge that has come our way, demonstrating passion for and commitment to our mission in everything they do. In the last year, I believe we have shown that we are now a genuinely purpose-led, performance-focused and innovative organisation. Each member of our staff has played a role in our success this year, and I thank them all for their contributions and determination to deliver, sometimes in the face of adversity.

Our year was shaped by five strategic priorities:

- Build our foundations
- Deliver and close RIIO-T2
- Secure and prepare for RIIO-GT3
- Earn a seat at the table
- Shape the future

READ MORE: about these on page 13 and about performance against these priorities from page 14.

Securing RIIO-GT3

In July 2025, we received our Draft Determination (DD) from Ofgem, following the submission of our RIIO-GT3 business plan the previous year. The receipt of DD was a defining moment and shaped much of our activity in the months that followed. In the DD, Ofgem awarded us baseline funding of £2.46bn, against our original request for £3.97bn. In doing so, they set us a challenge to improve our proposals ahead of Final Determination (FD). We fully engaged with that challenge, and worked hard to improve our proposals, collating additional evidence and constructively engaging with the teams at Ofgem. In August 2025, we submitted our formal response, in which we set out why the investment we had proposed was needed, and what was required to achieve the efficient funding of that investment. In December 2025, we received our FD for RIIO-GT3, securing baseline funding of £3.2bn, with the scope for significant further allowances to be granted during the regulatory period.

We now need to make good on the trust, confidence and support Ofgem, our supply chain partners and customers have shown in us. There should be no doubt that as we begin the RIIO-GT3 price control period, we do so with enthusiasm and drive, ready to deliver efficiently, effectively and professionally from day one.

But securing the funding outcome our network required was only one part of the puzzle. Over the year, we also implemented an internal transformation programme aimed at setting ourselves up to deliver in as efficient and agile a way as possible. Through 'Building for Growth', we designed and implemented a new regional delivery model. We established three regions – in the East, Scotland and the North, and the West – alongside a Major Programmes function and supported by central enabling teams. By early 2026, we had stood up the new regional delivery model, and in doing so had taken steps to improve end-to-end accountability for delivery and performance, moving decision-making closer to the point of delivery.

Putting safety and security first

Our ambition is to be 'safe every day' and our firm commitment is never to compromise on the safety of our people, our customers, the public and our assets. This year's exceptional safety performance, with our Lost Time Injury Frequency Rate an impressive 0.04 per 100,000 hours worked, is testament to that commitment. Alongside this, we have operated the NTS to the highest safety standards by maintaining the health of our assets, applying robust controls to manage workplace hazards, and complying with all relevant legislation. All our people understand that – whatever it is they are doing – their safety, and that of the communities within which we work, is non-negotiable.

We have further strengthened our focus on the physical and cyber security of our assets, as befits our network's status as Critical National Infrastructure (CNI). As the world around us has grown ever-more volatile, we know that we are a target for malicious actors and cyber threats. In 2025/26, we are on track to maintain our basic Cyber Assessment Framework (CAF) compliance, and have taken steps towards achieving enhanced CAF compliance. Our compliance with these important lines of defence is essential to ensuring our critical systems and the overall integrity of the gas network remain secure.

READ MORE: about our 'Safe every day' programme from page 32.

CEO's review continued

A reliable and resilient network

Over the year, we have ensured the NTS has remained resilient and reliable, achieving near 100% (99.99%) reliability in our network.

We invested significantly in our network and supporting systems this year, enabling an unprecedented number of outages on our system to deliver record levels of capex investment of £690m. I am proud of the work of our operational and delivery teams, not least in completing the construction and commissioning of the largest-ever compressor unit on our network at Hatton.

Over the summer months, our dedicated teams were out in the field undertaking a significant maintenance programme, which saw them work on more than 550 miles of pipeline, undertake work at all 21 compressor stations and conduct inspections on more than 430 miles of pipeline. Completing this programme of maintenance ensured we were ready and resilient when it came to winter 2025, enabling us to continue to safeguard the country's energy security.

Securing Britain's energy

Securing the country's energy has once again been front and centre of our work this year. From an external perspective, the ongoing conflict in Ukraine and the more recent conflict in Iran and the wider Middle East region have resulted in high geopolitical tensions, uncertainty and unease, as well as turbulence in the global markets. This volatility, coupled with the unprecedented, rapid deployment of intermittent renewables, continues to remind us how critical the security of our energy supply is, and how integral energy diversity is to that security.

During the year, we published a policy paper – 'Securing Britain's Energy' – which summarised our response to the Government consultation on the Gas System in Transition: Security of Supply. This paper was our opportunity to set out our assessment of the risks to gas security of supply and to outline a range of policy options to safeguard Britain's future energy security – making it clear that gas will continue to play a vital role for years to come. It was important for us, as Britain's primary energy system, to have our say in this critical debate, particularly at a time of such global instability and in the midst of a generational energy transition.

READ MORE: about 'Securing our people, assets and data' from page 33.

Enabling a low-carbon future

Over FY26, we progressed with the delivery of our 'three-molecule' (methane including biomethane, hydrogen and carbon dioxide) strategy. Throughout the year, we not only maintained and sought to improve the existing methane network, but took further steps towards building our capability for hydrogen, carbon capture and storage, and biomethane.

In June 2025, we received confirmation of funding for Project Union: East Coast of £43.26m (2018/19 prices). This award was followed in November 2025 with confirmation of funding for Project Union: St Fergus to Teesside of £51.03m (2018/19 prices) and Project Union: Northwest of £30.13m (2018/19 prices). Together this represents funding of £165m (2025/26 prices), and enables Front End Engineering Design (FEED) delivery for over 50% of the entire length of the proposed Project Union network.

We were delighted to partner with Centrica, in October 2025, for a landmark trial at Brigg Power Station. The trial saw us inject a 2% blend of green hydrogen into the NTS, which was then used by Centrica's Brigg Power Station to generate electricity for the grid. The trial demonstrated the end-to-end potential for hydrogen to decarbonise critical energy infrastructure, as well as showcasing how blending can be effectively implemented at scale. We also welcomed the publication of the Government consultation in July 2025, which set out a 'minded-to' position to accept blends of 2% hydrogen into the NTS.

We pursued our aspirations in respect of carbon capture and storage, working closely with our partners in Scotland to further our SCO$_2$T Connect project. We were pleased to receive government backing, through the Comprehensive Spending Review in June 2025, for the Scottish Cluster (of which SCO$_2$T Connect is a part). This award of £200m of development funding was extremely welcome, and we continue to work with government to secure the release of the funding.

We continued to focus our attention on biomethane, and specifically on how we can enable quicker, cheaper and standardised NTS connections for our customers. In May 2025, working with Premtech, we launched the 'Standardised biomethane connection designs' project, looking at connection options to reduce detailed design timescales and to identify ways of streamlining the overall connections process. In the year ahead, I look forward to us implementing the new standardised designs and self-lay process that we have developed with our customers.

Delivering with our people for our communities, shareholders and customers

Everything we have achieved this year has been down to the drive, hard work and passion of our people. The 2,245 people we employ have shown up time and time again, from braving the wintry conditions in Aberdeen to keep the gas flowing, to providing a warm welcome to the apprentices and graduates who joined us in September 2025, and working to deliver new and innovative projects that underpin the energy transition.

Throughout the year, our people have also continued to drive positive community impact, raising over £132k for our corporate charity partner (Barnardo's), delivering our 'Tackling Loneliness' initiative, and committing more than 3,350 hours to volunteering.

From a financial perspective, our performance in 2025/26 has been strong. We delivered profit before tax of £713 million (compared with £710 million in 2024/25). We made a return on equity (RoE) of 9.0%, compared to 9.4% in 2024/25.

We continued to put customers at the heart of our business, by listening to and acting upon their feedback. I am pleased that we have maintained the momentum of previous years and delivered further improvement on our already high satisfaction rating, achieving a customer satisfaction score of 9.00 this year.

From securing our RIIO-GT3 outcome and establishing our position within the national energy debate, to delivering unprecedented levels of capex work and developing the diversity of our workforce, there is much for us to be pleased with. But for all the progress we have made, we cannot and will not rest on our laurels.

Looking ahead

Last year, I noted that the year ahead would be a busy one for National Gas, and it most certainly was. I am in no doubt that the coming year will be just as busy.

In 2026/27, we will be laser-focused on executing the close out of RIIO-T2 to a high-standard, ensuring delivery of a well-evidenced, robust submission to Ofgem, supported by constructive engagement with our regulator. At the same time, we will make sure that we start RIIO-GT3 in a disciplined and controlled manner.

We will drive forward to ensure that we are delivering on all our commitments, effectively, efficiently and safely. We will continue to deftly navigate the ever-evolving world around us, all whilst making sure that our network operates securely and reliably – helping to secure Britain's energy in what are, and will continue to be, undoubtedly challenging times.

Jon Butterworth
Chief Executive Officer