



Securing Britain's energy. Unlocking a net zero future.

National Gas Transmission plc
Annual Report and Accounts 2024/25
Company number 02006000





Strategic report	
Highlights at a glance	3
Our business at a glance	5
Chair's foreword	6
CEO's review	8
Gas energy landscape	10
Business model	13
Strategic direction	14
Innovation in motion	24
Operating in a regulated environment	27
Stakeholder engagement	30
Being a responsible business	35
Risk management	59
Section 172 statement	64
Non-financial and sustainability information statement	67
Financial review	68



Governance report	
Chair's message	75
Group structure and ownership	76
Governance framework	77
Our Board	78
Audit and Risk Committee	89
Remuneration and Nominations Committee	93
Safety and Sustainability Committee	96
Regulation and Strategy Committee	98
Directors' report	100
Statement of Directors' responsibilities	102



Financial statements	
Auditor's report	104
Consolidated financial statements	109
Notes to consolidated financial statements	112
Company financial statements	140
Notes to company financial statements	141





Other information	
Glossary and definitions	148

About this report
This report has been produced in landscape format to optimise the reading experience online. The information contained in this report is relevant for the Company's reporting period which is from 1 April 2024 to 31 March 2025.

<https://www.nationalgas.com/ngt-annual-report-2025>

 [See National Gas Annual Report online](#) →




Look out for these
 Links to an external website
 Links to a place in this report

The National Gas app
Our app provides near real-time insight into Britain's gas network. Scan the QR to download the app on iOS and Android devices.




Business highlights 2024/25




~26%

UK electricity generated from gas




~36%

UK primary energy demand from gas




99%

Gas used in Great Britain transported by the NTS




100%

Network reliability across the NTS




c.5.4 million

Number of gas meters managed by National Gas Metering




0.02

Lost Time Injury Frequency Rate (LTIFR) per 100,000 hours



1.6%

Mean gender pay gap, lower than the UK average



£7.95


Contribution to consumer energy bill (less than 1% of the average annual dual fuel bill)

Financial highlights 2024/25



£1,551m

Revenue



£654m

Operating profit
(before exceptionals)



£7,612m

Regulated asset value





£576m

Capital investment

Financial performance	2025	2024
	£m	£m
Revenue	1,551	1,778
Operating profit before exceptional items	654	895
Exceptional items*	(59)	(42)
Total operating profit	595	853
Profit before tax	710	839
Cash generated from operations	950	1,188
Capital expenditure	576	479
Regulated asset value	7,612	7,304

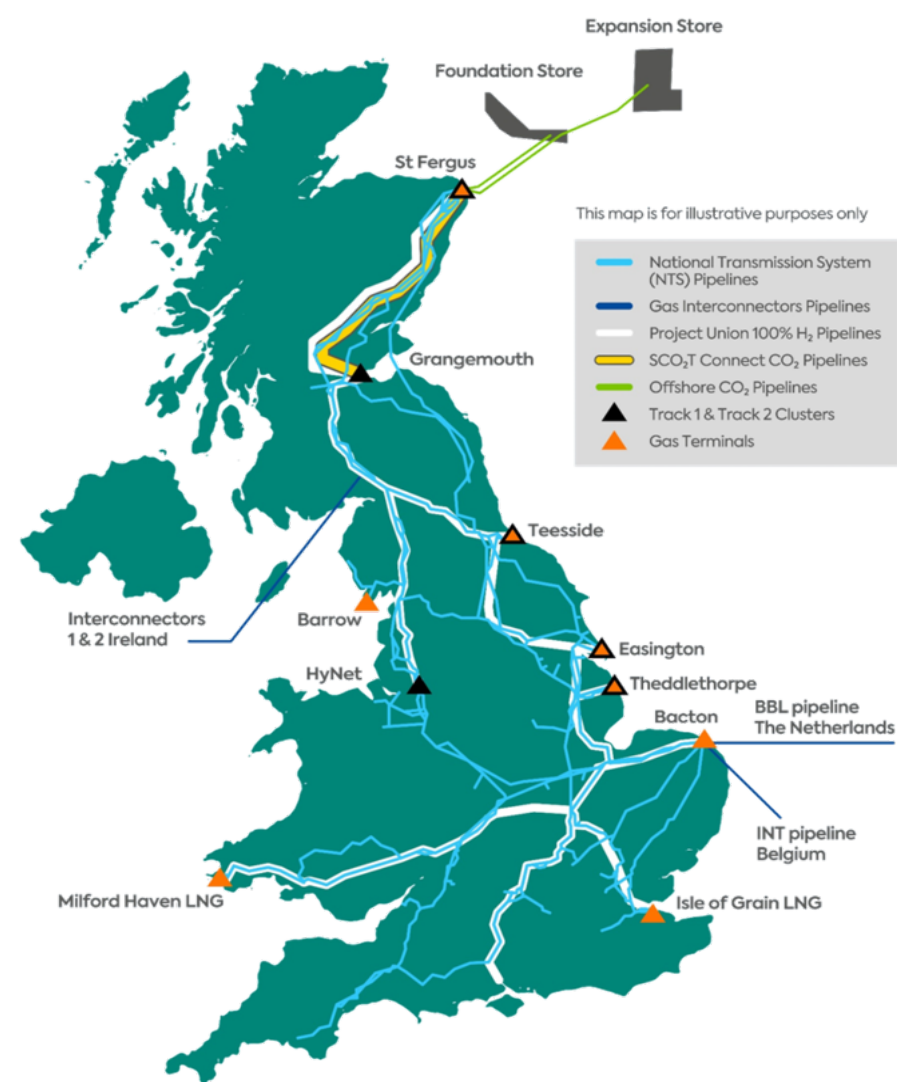
*Refer to the exceptional items note 5 in the financial section, for further details

-  [Read more: Our business at a glance →](#)
-  [Read more: Financial statements →](#)

Strategic report

Strategic report	
Our business at a glance	5
Chair’s foreword	6
CEO’s review	8
Gas energy landscape	10
Business model	13
Strategic direction	14
Innovation in motion	24
Operating in a regulated environment	27
Stakeholder engagement	30
Being a responsible business	35
ESG strategy	36
Safe every day	37
Securing our people, assets and data	39
Running our business ethically	41
Our environmental commitments	42
Climate-related financial disclosures	46
Partnering with our communities	51
Powering our people	55
Diversity, equity and inclusion	57
Risk management	59
Section 172 statement	64
Non-financial and sustainability information statement	67
Financial review	68

We provide secure energy to power Britain, achieve net zero and maintain our industrial competitiveness.



About National Gas

National Gas is responsible for transporting gas to more than half a million businesses and 24 million homes through nearly 5,000 miles of pipes across Britain. We are Britain’s gas network, providing secure energy to power the country, achieve net zero and maintain our industrial competitiveness. Our organisation comprises four businesses: National Gas Transmission, National Gas Metering, National Gas Services and Premtech.

Together, our track record of innovation combined with our expertise in operating critical energy infrastructure means we are playing a key role in the UK’s transition to a clean energy future. Gas provides the energy security to support renewable electricity generation, and we are looking to develop our infrastructure to transport hydrogen and carbon dioxide across the country.

NTS operations and connections

129	Distribution offtakes
30+	Power stations
15	Industrial users
9	Storage sites
3	Interconnectors
3	LNG terminals



What we do

National Gas Transmission
National Gas Transmission owns, operates and maintains the gas National Transmission System (NTS), comprising nearly 5,000 miles of high-pressure pipelines and associated assets. The NTS transports natural gas to power stations and major industries, storage facilities, interconnectors, and to the Gas Distribution Networks (GDNs) that take gas into homes and businesses. Our NTS is the motorway network for gas, transporting energy safely and reliably to every part of the country – every minute of every day.

National Gas Metering
National Gas Metering maintains and oversees millions of metering assets across Great Britain. From connection and installation to ongoing management and maintenance, our accredited engineers ensure the safe, reliable, precise operation of diverse and often complex metering equipment used by homes and businesses.

National Gas Services
National Gas Services is the UK’s trusted authority in pipeline repair, maintenance and intervention. Our specialists carry out planned and emergency pipeline inspection, repair and maintenance work across the gas network. Our vital work keeps all of the UK’s gas networks safe and keeps gas flowing securely and reliably to every part of the country.

Premtech
Premtech is one of the UK’s foremost engineering design consultancy specialising in high-pressure onshore pipelines and associated infrastructure for the energy sector. It has more than 15 years’ experience in designing complex pipelines and associated infrastructure for gas transmission and distribution networks across the country.

[Read more: Gas energy landscape →](#)



Cementing our role at the heart of the energy transition.



We are united by an important national endeavour — ensuring the resilience of the country’s energy system — while taking a critical role in the efforts to achieve net zero. This includes ambitious plans for a core hydrogen network and innovative carbon capture and storage solutions.

Dr Phil Nolan
Chair

Welcome

Welcome to our Annual Report and Accounts for FY25.

This has been a pivotal year for National Gas. Our shareholders, Macquarie Asset Management (MAM) and British Columbia Investment Management Corporation (BCI), underlined their commitment to the business by exercising the option to purchase the remaining 20% of the Group, taking their ownership of National Gas from 80% to 100%.

Following this transaction, in September 2024, Australian Retirement Trust (ART), one of the largest superannuation funds in Australia, acquired a 12.20% ownership stake in the company. The resulting company ownership is MAM 60.09%, BCI 27.71% and ART 12.20%.

Concurrently, National Gas completed the operational separation of the company from National Grid. The separation programme, which encompassed the migration of the company’s systems, was completed on time and to budget.

Therefore, with the support of our shareholders, and the tireless efforts of our people, we have continued to strengthen the foundations of the company, while ensuring the delivery of safe, uninterrupted supplies of gas to our customers.

This report sets out the details of our operational achievements and strong performance this year. From a financial perspective, we have made a return on equity (RoE) of 9.4%. Our safety performance for the year has continued to be impressive, with a Lost Time Injury Frequency Rate (LTIFR) of 0.02, and we have enjoyed a successful year in respect of customer satisfaction, achieving a weighted average CSAT score of 8.89.

On behalf of the Board, I would like to take the opportunity to recognise the efforts made by every single individual who has contributed to the success of National Gas this year. Thank you.

Securing Britain’s Energy

We know that natural gas will still be needed as a strategic energy reserve for years to come — not least when the wind doesn’t blow and the sun doesn’t shine. Our network will continue to be the backbone of the nation’s energy supply — making sure that gas is available, where and when it is required, keeping our country’s industrial base powered, the lights on and our homes warm.

But to ensure that the network can serve the country’s needs for years to come, whilst enabling the transition to a net zero energy system, the network requires high levels of security and resilience. This, in turn, requires significant continuing investment.

Therefore, in December 2024, we submitted a high-quality business plan for RIIO-GT3 to Ofgem. This plan commits to a significant increase in capital expenditure to ensure that we can deliver the resilient energy system the country needs. As a Board, we are confident that our RIIO-GT3 plan is not only ambitious, but is also deliverable, affordable and in the customer interest. We believe it will deliver value to our customers, consumers and stakeholders whilst performing a critical role in ensuring the continued security of energy supply for the country.

Over the course of the year, we have engaged across governments and Parliament to make our voice heard — speaking with authority and credibility on matters relating to energy security, diversity of supply and resilience. We have also been pleased to collaborate with our partners across the sector, from developing our relationship with National Energy Systems Operator (NESO) and the newly established National Infrastructure and Service Transformation Authority (NISTA), to strengthening our relationship with our regulator, Ofgem.

Helping to unlock a net zero future

As we plan for a net zero future, we consider that hydrogen will play a significant role. We believe the country will need a core hydrogen network, taking hydrogen to where it’s needed across the whole of the country. This year, we have continued to take steps towards such a network. In doing so, we have been encouraged by the statements in support of our plans from the Climate Change Committee and the then National Infrastructure Commission (now NISTA). We have also watched with interest as several European countries have committed to such networks.

In March 2025, we welcomed Ofgem’s decision to consult on a ‘minded to’ position in respect of funding for the first phase of a hydrogen network — Project Union (East Coast).

Our FutureGrid facility has built on its success of the previous year, when we successfully carried out testing using different blends of hydrogen and natural gas, as well as 100% hydrogen. We have demonstrated that our existing National Transmission System (NTS) assets can transport hydrogen — on its own, or as a part of a blend — safely and reliably. We believe we have made the strategic case for transmission-level hydrogen blending — and we look forward to securing approval for blending hydrogen into the current natural gas network.

With the backing of such important hydrogen infrastructure, we hope to be able to play our part in protecting the future competitiveness of British industry and the many jobs that depend on it.

Looking ahead

Over the course of FY25 we have achieved a great deal, yet there remains much more to accomplish.

In FY26, we will focus on delivering the final year of the current (RIIO-T2) price control period, making sure we complete our capital programme to the highest standard, and delivering efficiently and safely. We will also seek to secure the best possible outcome for RIIO-GT3 and focus on readying ourselves to deliver our ambitious investment plans from the ‘get go’ in April 2026.

Alongside these key strategic priorities, we will continue to harness the collective strength, skill and expertise of our people, to ensure that we continue to meet our critical obligations. Without doubt, National Gas is well positioned to deliver over the coming year, maintaining and improving our network to make it cleaner and even more secure.

Thank you

On a personal note, I have decided to step down as Chair at the end of the year. The timing will allow a successor to take the reins before the start of the RIIO-GT3 period. I am delighted that Mark Russell (one of our Sufficiently Independent Directors) will become the new Chair. I know that I could not leave the company in better hands. It has been an honour to be the Chair of National Gas as it has embarked on its journey from being part of National Grid to the stand-alone business it is today. I thank everyone with whom I have worked during my tenure as Chair, and wish the company, the shareholders and employees the very best for the future.

Dr Phil Nolan
Chair



We remain steadfast in delivering a safe, secure and reliable supply of energy.



At the heart of our work is our relentless pursuit of delivering a safe, secure and reliable supply of energy to the country, while continuing to play a leading role in unlocking a net zero future.

Jon Butterworth
Chief Executive Officer

Change has always been a defining characteristic of the energy sector — and FY25 has been no different. Amid the uncertainty and shifts of the past year, we have remained steadfast — delivering a safe, secure and reliable supply of energy to the country, while continuing to play a leading role in helping to unlocking a net zero future.

As I reflect on the past year, I do so with pride. Yet again, National Gas colleagues have impressed me with their passion, innovation and commitment. We continue to embed our core values of simplicity, ownership and progress into everything we do, becoming a more agile, performance-focused and innovative organisation. Whatever has come our way, our employees have risen to the challenge with enthusiasm and determination. They have ensured our compliance with our licence obligations, delivered our operational commitments, and displayed tenacity in our pursuit of leading the energy transition. I thank every colleague for their contributions to our success this year.

Our work in FY25 has continued to be shaped by our five strategic priorities:

- Operate safely, reliably and flexibly
- Deliver sustainable value for customers and stakeholders
- Drive positive environmental and community impact
- Invest in our people, grow our capability, and value everyone's contribution
- Shape the markets of the future

 [Read more: Performance measures →](#)

Putting safety 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 of 0.02, is testament to that commitment. We have also strengthened our maturity as an organisation when it comes to our safety culture, achieving 6.83 in our safety culture survey (6.47 in 2023/24), with a

target to achieve 7 by 2026. Alongside this, we have operated the National Transmission System (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.

A reliable and resilient network

Natural gas is the largest primary source of energy in the UK, this year meeting around 36% of the country's annual energy needs. It is quite simply an integral part of a secure energy supply for the country – and will continue to play a vital role for decades to come.

More than ever, we need the security and certainty that gas brings – whether that's to keep the lights on, power industry or run businesses. As the owner and operator of the National Transmission System (NTS), the backbone of the country's energy supply, and Critical National Infrastructure, we make sure that the gas gets to where it is needed safely, securely and reliably. Over the year, we have ensured the NTS has remained resilient and reliable, achieving 100% reliability in our network.

Over the summer months, our dedicated teams were out in the field undertaking the largest transmission maintenance programme of the current regulatory period. The teams were granted unprecedented access to the network throughout the summer, enabling them to conduct vital pipeline inspections, digs and maintenance on the network, across the length and breadth of the country. Delivering this programme of maintenance ensured we were resilient when it came to winter, enabling us to continue to safeguard the country's energy security.

Securing Britain's Energy

Securing the country's energy has been front and centre of our work this year.

From an external perspective, the last year has been one of notable change both at home and abroad. There have been elections across the world, with new political administrations coming to power and setting out their priorities. In addition to the political upheaval of the year, the ongoing conflicts in Ukraine and the Middle East have meant that geopolitical tensions remain high. And that is

to say nothing of the turbulence we have seen in the global markets.

The volatility in the external environment, coupled with the unprecedented, rapid deployment of intermittent renewables, is placing new and different demands on our system – reminding us how critical the security of our energy supply is, and how integral energy diversity is to energy security. Something that was brought into sharp focus by events at Heathrow in March and on the Iberian Peninsula in April.

In December 2024, we submitted our RIIO–GT3 business plan to our regulator, Ofgem. At its heart, this plan seeks to address the new and different demands placed on our network, while reflecting the vital role National Gas plays – and will continue to play – at the heart of energy security for decades to come. Our teams worked hard to set out a stakeholder-led plan to meet the future challenges head on – detailing crucial, yet prudent and targeted, investments all aimed at ensuring our network remains able to deliver secure, reliable and safe energy, where and when it is needed, now and into the future. On 1 July 2025, we received our draft determination for RIIO–GT3 (2026–2031) from Ofgem. Over the coming period, we will work closely with Ofgem to progress towards a final determination, which enables us to deliver for our customers, invest with confidence and offer value for money for British consumers. Without doubt, we are ready – as are our partners – to deliver our commitments and to ensure that the country has the energy security and stability it requires.

Investing in our communities and our people

There can be no doubt about how seriously we take our responsibility for securing Britain’s energy. But in our relentless pursuit, we have continued to strive to be a compassionate and caring company.

Throughout 2024/25, we have built on our history of giving back to our communities. National Gas employees have continued to drive positive community impact, from raising over £78k for our corporate charity partner (Barnardo’s) to delivering our ‘Tackling Loneliness’ initiative and supporting charitable and community organisations close to our sites.

Our people are the ‘energy behind the change’ – without them we cannot achieve our ambitions. Over 2024/25, we have invested to ensure our workforce is flexible, resilient and highly skilled, and ready to deliver for years to come. Our early careers programme has gone from strength to strength, and I was delighted that were able to welcome 79 apprentices and graduates to National Gas in September 2024. I have been privileged to spend time with these young people who, simply put, are the future not only of our company but of the energy sector. Our investment in and development of them is something on which we have focused – and will continue to focus in the years to come.

Delivering value for shareholders and customers

From a financial perspective, our performance in 2024/25 has been strong. We made a return on equity (RoE) of 9.4%, which is 1.7% higher than the 7.7% allowed return on equity (refer to page 73). Our capital investment during the year totalled £576 million, compared to £479 million in 2023/24. We have delivered profit before tax of £710 million (compared with £839 million in 2023/24). A review of our financial performance is set out on page 69.

We have continued to put customers at the heart of our business, by listening to and acting upon their feedback. We are pleased to have maintained the momentum of previous years and delivered further improvement on our already high satisfaction score, achieving a customer satisfaction score of 8.89 this year (8.56 in 2023/24).

Finally, everything we have achieved this year has been done with a view to keeping our portion of the average domestic customer bill to an absolute minimum. This year that has been less than three pence per day.

Unlocking a net zero future

By continuing to deliver our ‘three-molecule’ (natural gas, hydrogen and carbon) strategy in FY25, we are playing and will continue to play a critical role in the country’s energy needs today while taking a leading role in enabling Britain to deliver its net zero commitments. Throughout the year, we have not only maintained and sought to improve the existing natural gas network, but have also taken further steps towards building our capability for hydrogen and carbon capture and storage.

As we move towards net zero, we are ready to lead the delivery of the energy transition, with the extraordinary level of flexibility of our system becoming more critical than ever. In 2024/25, we submitted three re-opener requests for FEED (Front End Engineering Design) funding for different stages of Project Union – our core hydrogen network. We were delighted to secure, in early 2025, a positive ‘minded to’ position to fund FEED works for the first phase of Project Union in the East Coast (subject to consultation). This decision is an exciting step forward – it means we can begin to deliver, in earnest, on our hydrogen ambitions and prepare our transmission network for the transition to low-carbon energy.

To ensure we can unlock the full potential of hydrogen, we know that we must demonstrate that our existing network can safely transport it to where it is needed. In July 2024, we published the closure report for Phase 1 of the work at our world-leading FutureGrid project. This report confirmed that our assets can transport hydrogen safely and reliably – both as a blend and as 100% hydrogen. With this evidence to hand, we have since focused on making the case to government for a strategic policy decision to enable hydrogen blending at transmission level. In 2025/26, we look forward to hearing more from the government on its ambitions – so we can begin to unlock the opportunities that hydrogen blending will provide.

We have also worked to pursue our aspirations for carbon capture and storage, working closely with our partners in Scotland to further our SCO₂T Connect project. As a core component of the Scottish Cluster, we have ambitions to design, construct, own and operate over 200 miles of onshore carbon dioxide transportation assets, connecting major industrial and power generation sites across the central belt of Scotland to the Acorn infrastructure at St Fergus. This year, we have been engaging government and other stakeholders to demonstrate the value that the Scottish Cluster will deliver – creating thousands of jobs, safeguarding industrial sites, and directly supporting the government’s Clean Power 2030 ambitions.

From a policy perspective, we have continued to work with Ofgem and the Department for Energy Security and Net Zero (DESNZ) to shape the future regulatory frameworks for both hydrogen and carbon, recognising that these will be crucial for attracting investment to enable the deployment of these new energy technologies.

The year ahead

I am sure that the year ahead will be a busy one for National Gas.

Our focus will be on executing delivery of the final year of RIIO–T2, ensuring we close out the price control period strongly, driving through our capital delivery programme to make good on our commitments. At the same time, we will be working tirelessly to secure a RIIO–GT3 outcome that enables us to maintain, improve and invest in the network to ensure it is resilient and fit for the future, as well as laying the foundations for delivery from the start of the price control period in April 2026.

While I have no doubt that 2025/26 will present new and different challenges, I know that National Gas is more than up to the task. As a company, we will not stand still – we will continue to evolve, ensuring we have the right structures and systems, skills and tools, people and capabilities in place.

With our ongoing evolution, commitment to improvement and performance, I am confident that we will continue to secure Britain’s energy today, whilst helping to unlock a net zero future.

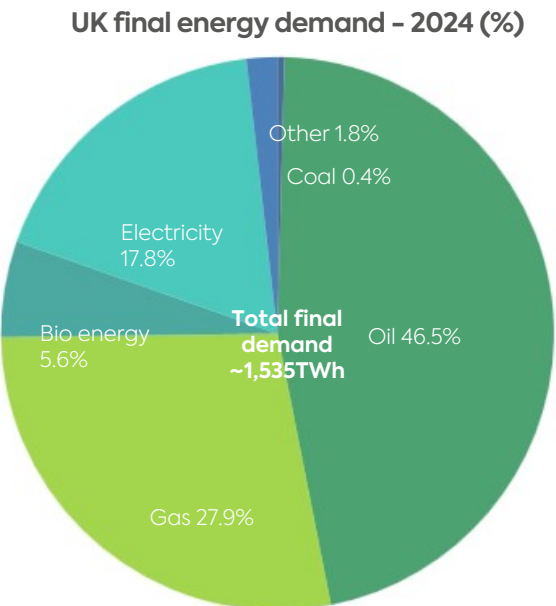
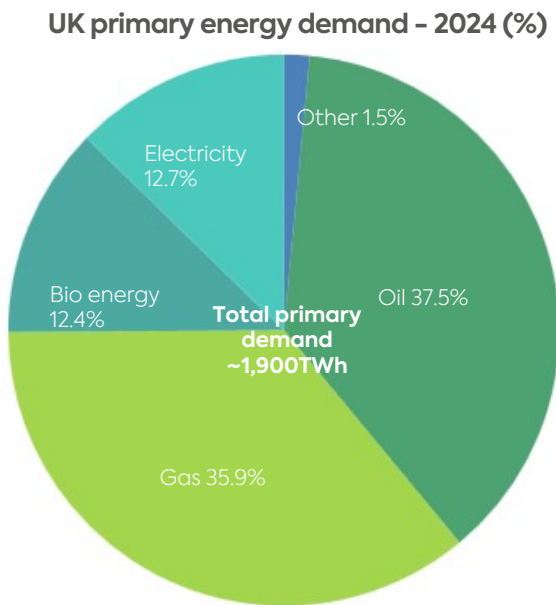
Jon Butterworth
Chief Executive Officer

Almost every gas molecule consumed in our country passes through our network – we transport it safely.

Value of gas to the UK

The UK’s energy sector is critical to economic growth, is deeply interlinked, and must be looked at as a holistic system. Natural gas made up ~36% of total UK primary energy consumption and ~28% of final demand in 2024. Gas was also used to generate ~26% of Great Britain’s electricity in 2024, and for several days contributed to more than 60% of all electricity generation. There would have been 140 days in 2024 where, without gas in the electricity power mix, we would have had insufficient electricity supply to meet demand, leading to a potential blackout¹.

Gas share in GB’s total energy use²



The UK’s gas pipeline systems

National Transmission System
The National Transmission System (NTS) consists of more than 5,000 miles of large, high-quality steel pipes that can transport large volumes of gas at high speed. Gas is fed into the NTS at any of eight gas terminals across Great Britain. National Gas is the sole operator and owner of this entire system. The NTS is the only gas system with compression facilities – there are 60 jet engines across the country which compress and direct gas through the network.

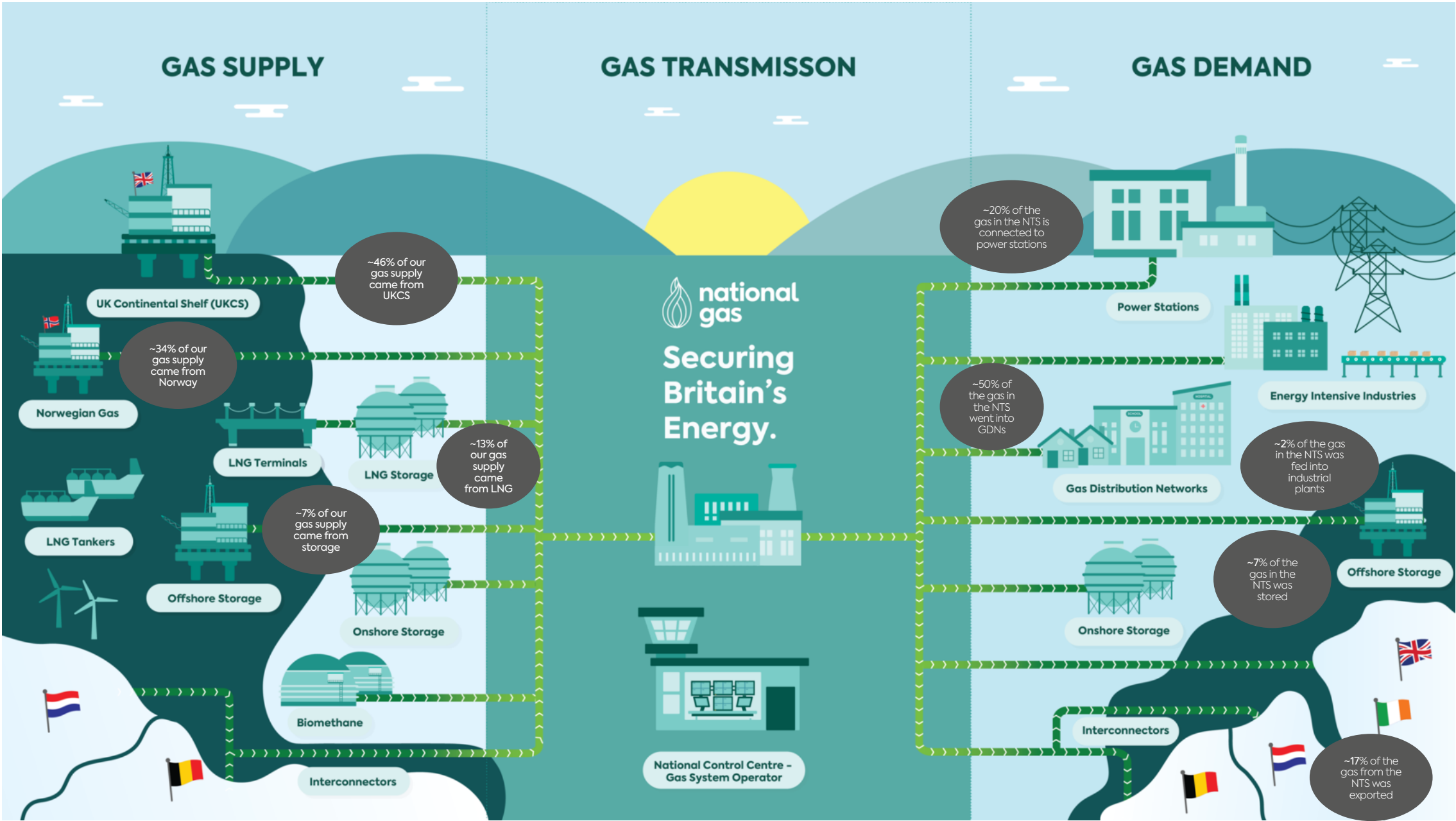
Gas Distribution Networks
The Gas Distribution Networks (GDNs) are the smaller pipes that run underneath streets and feed gas directly into homes and small businesses. The NTS feeds gas into these networks – which then distribute it through their pipes at much lower pressure and volume to their customers. There are eight separate gas distribution regions across Britain operated by four separate companies – Cadent, SGN, Wales & West Utilities, and Northern Gas Networks.

¹ National Grid ESO data for 2024, National Gas Transmission analysis
² Source: Energy trends (DESNZ), Wood MacKenzie (2024 data)

Who do we transport our gas to?

The National Transmission System transports gas into five sectors:

- 1. **Gas Distribution Networks (GDNs).** Approximately 50% of the gas in the NTS goes into GDNs. This gas then goes into homes and businesses, including smaller power stations and industrial users. Around 24 million homes and half a million businesses receive gas via GDNs.
- 2. **Power stations.** Around 20% of the gas in the NTS is fed into our directly connected power stations. There are over 30 power stations across Great Britain that are directly connected to the NTS and rely on high volumes of gas to generate electricity.
- 3. **Exports.** Gas exported out of the UK into mainland Europe goes through the Bacton Gas Terminal in Norfolk, from where it reaches Belgium and the Netherlands. This has been a particular feature since 2022, owing to a jump in exports to re-fill European gas storage following Russia’s invasion of Ukraine. A smaller proportion, typically less than 10%, is exported to the island of Ireland, via the Moffatt interconnector. In 2024, ~17% of the gas from the NTS was exported, though this has fallen from 2022 highs, when ~270TWh or ~27% of NTS gas flows were exported.
- 4. **Storage.** Approximately 7% of the gas in the NTS was fed into storage sites in 2024, a very similar amount to the prior year. There are nine storage sites in Great Britain that are directly connected to the NTS – they act as a form of gas supply for several days during cold periods. We can also store gas within the NTS pipes themselves, referred to as ‘line pack’.
- 5. **Industry.** ~1.5% of the gas in the NTS in 2024 was fed directly into large industrial plants, such as those manufacturing glass, paper, ceramics and chemicals. These industries require high levels of thermal energy for both space and process heat, easily provided by burning natural gas. While this can only be supplied by natural gas today, it will be possible through hydrogen in the future.’



Key energy market trends and signposts

Wholesale gas and electricity markets have exhibited high volatility over the past six months, owing to both geopolitical (Russia–Ukraine/US tariffs) and regional (Dunkelflaute /cold snaps) events. While wholesale energy prices have fallen significantly from the peaks reached during 2022–23, energy remains a highly political topic, with policymakers striving to balance the energy trilemma – meeting ambitious decarbonisation targets whilst ensuring security of energy supply and addressing energy affordability – an almost impossible trade-off.

The incoming Labour government commissioned the newly formed NESO to advise on a clean power system (CP30) by 2030, and in December 2024 published its CP30 Action Plan. The main target is for 95% of electricity to come from low-carbon sources (including CCS gas power) while unabated gas will contribute less than 5%. To achieve this, an unprecedented build out of renewable generation will be required, with offshore wind and solar capacity more than tripling from current levels.

The government’s CP30 targets came under scrutiny with several periods of low renewable generation and even a few ‘Dunkelflaute’ events during this past winter, which led to gas plants dominating the GB power generation mix across several days to ensure security of supply. On 8 January 2025, the GB power system experienced severe market tightness requiring NESO to issue an Electricity Margins Notice (EMN) the night before to address the perfect storm of low wind output, low imports from Europe and higher electricity demand for the evening peak. The frequency of such events is likely to increase as the share of renewables grows, resulting in the role of gas in the GB power system moving from providing volume (baseload) to value (back-up). Furthermore, a full blackout on the Iberian Peninsula at the end of April, which affected over 50 million people for several hours, has amplified the importance of energy system resilience as energy systems add more intermittent renewable capacity.

Fractious debate on the government’s reforms of the electricity market, in particular a potential shift to a zonal pricing system, has added further uncertainty about meeting the 2030 targets, exacerbated by windfarm developer Orsted cancelling its final investment decision (FID) on a large offshore wind project that had already

secured subsidies. The UK government is set to decide on zonal pricing this summer, although implementation is not expected until 2030 at the earliest.

On a global level, the new US Administration immediately rolled back the previous Biden Administration energy policies, including several environmental policies, and lifting the pause on permitting new liquified natural gas (LNG) projects. US focus then shifted towards the conflict between Russian and Ukraine, which led to growing hopes that a resumption of Russian pipe gas flows to Europe could be part of a sustained peace deal. Nevertheless, given the EU’s firm desire to be independent from all energy imports from Russia by 2027, this prospect remains unlikely.

Spotlight: The role of gas in power generation is changing from volume to value

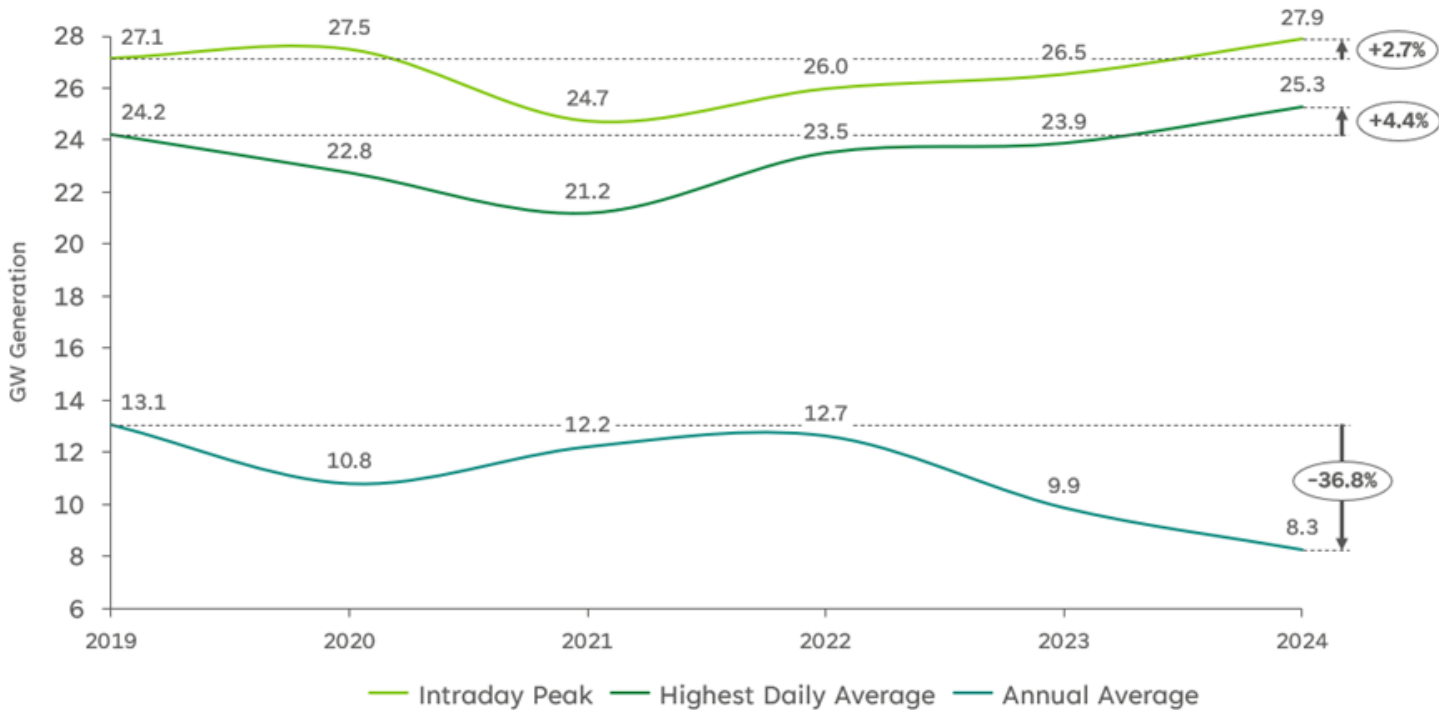
The role of gas in the GB power system has evolved in the past from providing a peaking role to supplement nuclear and coal-fired generation during the 1990s, to becoming more of a baseload supply source from 2010 onwards. It is now transitioning to play a critical back-up role in a GB power system increasingly dominated by renewable generation.

The gas power generation chart on the right highlights this role change for gas generation. The annual average for gas power generation has dropped by ~37% between 2019 to 2024 (seasonal weather factors mean this is not a constant decline year on year), while peak usage has increased.

As the only dispatchable power generation technology in Great Britain (following the retirement of coal plants in October 2024) gas plants are critical to balancing the power system, given the high intermittency of renewables, especially wind generation. There were the equivalent of four full days in 2024 when the share of gas in the power generation mix averaged over 60% across the day. A new intra-day peak gas generation record of 27.9GW was set on 12 December 2024 (equivalent to instantaneous gas

demand peak of 112.8mcm). On this day, ~65% of all power supply came from gas plants, the highest in 2024 and a jump from the ~60% peak daily gas share registered in the previous few years.

Gas power generation 2019–2024
The role of gas is clearly shifting from providing volume to value to the GB electricity system. However, a consequence of this changing role for gas plants, especially the larger combined cycle gas turbines (CCGTs), is that average load factors will reduce, resulting in lower revenues from the wholesale market. It is likely, therefore, that gas plants will need to recoup a larger proportion of future income from the balancing markets and state subsidies (in the form of capacity payments) to remain economically viable and available in the future.



Business model

Our purpose

Leading a clean energy future for everyone

We want every home and business to have access to the energy that they need, when they need it, with nobody left behind on the UK's path to net zero.

Our vision

Securing Britain's energy

We will continue to play a critical role in securing the energy needs of the country today, whilst developing the low-carbon gas networks of the future, enabling net zero at an affordable price for consumers.

Our values

Progress | Simplicity | Ownership

We work with simplicity, by showing ownership, and by choosing progress over perfection where it's safe to do so. These are our values.

Our strategic objectives



1 Operate safely, reliably and flexibility

Doing the job we're here to do, running our network and metering to the highest standards, never compromising on our people's or customers' safety



2 Deliver sustainable value for customers and stakeholders

We listen and respond to customers to make sure we deliver what they need, and we do that with commerciality in mind



3 Drive positive environmental and community impact

We think green when maintaining, improving, decommissioning or buying assets



4 Invest in our people, grow our capability, and value everyone's contribution

We're nowhere without our teams, and our business is only as good as its people



5 Shape the energy markets of the future

We're at the centre of the gas market of the future, working to decarbonise and secure energy supply and leading the hydrogen transition for gas networks

Our core activities

Asset management

Network optimisation

Pipeline inspection and maintenance

Emergency response

Engineering consultancy

Our customer deliverables

Safety

We deliver world-class standards of safety underpinned by a strong "safe every day" culture that strives to ensure our employees, supply chain and members of the public remain free from harm.

Resilience

We deliver leading levels of network reliability, safeguarding Britain's energy security whilst enabling the transition to a net zero energy system. We only make investments that we are certain are needed, and know that the costs to deliver those investments are efficient

Security

We protect National Gas people and assets to ensure the business can provide security of supply for the UK. By managing threats to the organisation, we safeguard the systems that enable our business to function safely and effectively, as entrusted by our stakeholders

Affordability

We keep our portion of the average domestic customer bill to an absolute minimum, around the current average level of three pence per day.

Performance measures

Strategic objective 1

[Page 16](#)

Strategic objective 2

[Page 17](#)

Strategic objective 3

[Page 18](#)

Strategic objective 4

[Page 19](#)

Strategic objective 5

[Page 20](#)

We play a pivotal role in securing energy for today and for the future.

Securing energy for today and for the future

Natural gas is the largest primary source of energy in the UK, meeting a third of the country's annual energy needs. Annually, we transport an average of 72 billion cubic metres (787TWh) of gas through our network. This is about three times the energy transported through the country's power networks at just under a tenth of the cost (around £10 per domestic consumer, per annum).

From our National Control Centre (NCC), we control the flow of gas, making sure it is moved safely and efficiently to where it is needed.

We transport gas to more than half a million businesses, 24 million homes and over 30 power stations. When demand is high or supply from wind and solar power is low, gas-fired power generators are needed to support the electricity system. These gas-fired power stations are directly supplied by our transmission system. The electricity from these gas-fired power stations provides flexible and secure generation, to complement renewable power production.

Playing a pivotal part in energy security

The UK is committed to reaching net zero by 2050. This means that total greenhouse gas emissions would be equal to the emissions removed from the atmosphere.

However, uncertainty remains as to how the UK will achieve these emissions reduction targets. Due to the complexity of the task, it will be extremely difficult to accurately predict the pathways and timelines for decarbonising the many sectors that will need transformative change: e.g. home heating, industry, the power sector and transport. What is clear, however, is that a range of decarbonisation technologies and pathways will be needed.

The government has also set '95% clean power by 2030' as one of its six milestones for this parliament. This means that generation from 'unabated' gas generation (where there is no technology installed to capture emissions) will make up a maximum of 5% of annual generation, in an average year. In November 2024, the National Energy System

Operator (NESO) published its advice to government on how to achieve 95% clean power by 2030. It stated that large volumes of new wind and solar generation, including 50GW of offshore wind, will need to be built by 2030. This will be a huge challenge.

Alongside other bodies such as the Climate Change Committee and the National Infrastructure Commission, NESO recognises that a clean power system must also be a secure system. In its advice, it states that while levels of gas generation will reduce as the main source of 'dispatchable' generation, it will still be required for security of supply, filling shortfalls during periods of low renewable output, as it does today. NESO forecasts that most of today's gas plants will remain on the system to 2030 and beyond, continuing to be of vital importance to the operation and security of the energy system. NESO's advice also states that as gas power stations are critical to providing security of the energy system, so are the networks that provide reliable and flexible supplies to those power stations.

Beyond achieving 95% clean power by 2030, there are a range of whole-energy-system pathways that the UK could take to achieve net zero by 2050. Each will use combinations of gas, electricity, demand management services, biomethane and emerging technologies, such as hydrogen and carbon capture and storage.

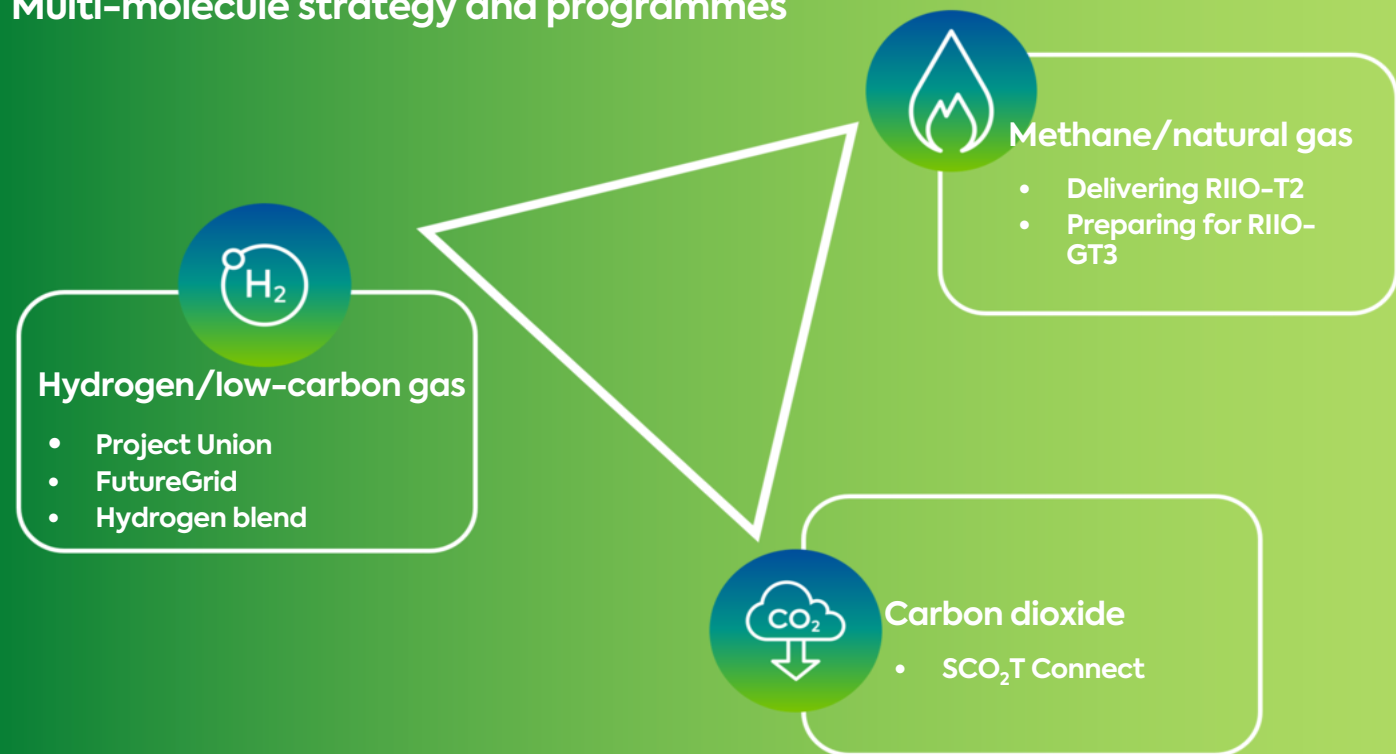
In all pathways, it will be essential that energy security is maintained, at an affordable price for consumers. The reliable connectivity that our NTS provides will continue to be essential for a successful transition to net zero, in whichever whole-energy-system pathway the UK takes to get there.

Our strategy

We are committed to supporting the UK to achieve its emissions targets at an affordable price for consumers. This is why our purpose is leading a clean energy future for everyone. Our strategy, which was approved by our Board in November 2023, sets a clear direction for us to achieve our purpose. We will pursue opportunities across three molecules, growing our business into the transportation of green gases (biomethane and hydrogen) and carbon dioxide, alongside natural gas. By pursuing opportunities across all these molecules, we can navigate the uncertain pathways and timelines to achieving net zero in the UK, no matter which scenario, and which combination of technologies, plays out. By delivering our 'three-molecule strategy', we are:

- continuing to provide a critical part of the UK's energy needs today, maintaining reliable energy supplies for power stations, major industries and for the distribution networks that take gas into homes and businesses
- working with our partners from across the energy landscape to create the policy, infrastructure and market conditions to develop the hydrogen and carbon transportation networks of tomorrow, connecting production sites, industrial clusters and storage facilities; supporting a whole-energy-system approach to decarbonisation.

Multi-molecule strategy and programmes



 Read more: Gas energy landscape →

Our role in the gas market

Infrastructure provider: We provide a reliable and secure network, efficiently transporting gas from supply points to our customers; heating homes, keeping business running and keeping the lights on.

Residual balancer: We balance supply and demand every gas day to minimise impacts on the gas market and our customers.

Market operator: We provide market services, including critical systems, information provision and market facilitation services.

Emergency arrangements: We develop, coordinate and exercise emergency arrangements on behalf of the industry whilst providing an independent authority via the Office of the Network Emergency Coordinator (NEC).

Engineering consultancy: We provide engineering consultancy and design management services for clients involved in the development and ownership of infrastructure projects in the energy sector.

Looking to the future

For the next financial year (FY26) we will adapt our strategic priorities to focus on successfully delivering our remaining RIIO-T2 regulatory commitments, ensuring we are ready to go on day 1 of the next regulatory period (RIIO-GT3), and ensuring that the role of gas, hydrogen and carbon capture is recognised in the current, and future, energy mix in the UK. With this in mind, we will focus on a revised set of objectives for the coming year.

Objectives for 2025/26



Build our foundations

This focuses on continuing to build our capabilities to grow and be successful



Deliver and close RIIO-T2

This focuses on delivering all of our RIIO-T2 regulatory commitments and achieving our safety, operational, customer, environmental and financial performance targets



Secure and prepare for RIIO-GT3

This focuses on agreeing a financeable RII0-GT3 business plan with Ofgem and getting ready to go on day 1



Earn a seat at the table

This focuses on ensuring that the role of natural gas, hydrogen and carbon capture in the UK energy mix is recognised, and we are seen as the right partner for the country to deliver the transportation infrastructure




Shape the future

This priority focuses on the delivery of our hydrogen, carbon dioxide and biomethane priority programmes



1. Operating safely, reliably and flexibly


Performance highlights



100%
Reliability of the NTS



0.02
Lost Time Injury Frequency Rate (LTIFR)



98.9%
Availability of critical compressor fleet



0
Supply interruptions or unplanned outages

Deep dive: the Seven Deadly Risks

Safety is a top priority for National Gas. This year, we have maintained strong safety performance and have worked hard to embed our safety ambition: to be Safe Every Day.

In Summer 2024, we launched our Seven Deadly Risks campaign. This campaign identifies core hazards that our colleagues find themselves exposed to every day – whether that’s from people or plant, driving or lifting operations – and sets out simple actions that our employees can take to prevent these risks turning into accidents.

With engaging videos, learning lessons from where accidents have happened and through team conversations, the campaign has encouraged employees to stop when they encounter unsafe work practices and report what they see.

The campaign has reinforced that everyone in National Gas – whether they are working on site or working from one of our offices – must take responsibility for safety.

Our achievements

100% reliability of our network

Throughout the year, we have delivered a secure, resilient and reliable supply of energy for the country. There was a 100% reliability of our network (100% in 2023/24), with our customers experiencing no unplanned outages and no interruptions to supply.

0.02 Lost Time Injury Frequency Rate (LTIFR)

We continued to work to keep our people and the communities we serve safe from harm.

Published our Winter Outlook

In October, we published our Winter Outlook. Through our programme of winter readiness activities, we focused on ensuring asset availability, asset reliability and our ability to deliver an emergency response. As a result, we secured strong asset performance, with 98.9% critical compressor availability (94.6% 2023/24).

Published our Summer Outlook

Our Summer Outlook was published in April 2024. The outlook set out our asset maintenance programme, which was the most significant that we had ever undertaken and represented a 32% uplift in the level of maintenance related isolations and outages compared to the previous year.

Maintained basic Cyber Assessment Framework (CAF) compliance

Throughout the year, we have continued to make sure our technology services remain safe and secure by maintaining basic CAF compliance for the year 2024/25.

Completed ‘Exercise Fahrenheit’

We successfully completed ‘Exercise Fahrenheit’ in October. The exercise demonstrated that the gas industry is prepared and able to meet its obligations in the event of a Network Gas Supply Emergency. Over 400 individuals across more than 50 organisations took part.

 [Read more: Safe every day →](#)

 [Read more: Gas Winter Outlook →](#)

 [Read more: Gas Summer Outlook →](#)

 [Read more: Exercise Fahrenheit →](#)



2. Deliver sustainable value for customers and shareholders

Performance highlights



8.89

Customer Satisfaction (CSAT)



RIO-T2 performance

Successfully submitted our 3rd Regulatory Reporting Pack (RRP) to Ofgem



£654m

Operating profit before exceptionals



RIO-GT3 submitted

RIO-GT3 business plan submitted on time

Deep dive: developing our RIO-GT3 business plan

In December 2024, we submitted our RIO-GT3 business plan for 2026 to 2031 to Ofgem and published the plan on our website. This comprehensive plan represents the culmination of many months of hard work from across our teams. The plan outlines our strategic vision and commitment to ensuring the gas National Transmission System (NTS) remains resilient, efficient and aligned with the evolving energy landscape over the next five years.

The value of our plan is £3.94bn, with uncertainty mechanisms taking it to £5.3bn. It sets out 12 bold commitments, which support our ambition to deliver a resilient network, whilst keeping bill increases and impacts on consumers and our customers as low as possible.

To support the development of our plan, our teams have listened to and incorporated feedback from our customers, consumers and stakeholders – making sure that the plan we developed and submitted was truly stakeholder-led.

By delivering this plan, we will be able to continue to provide safe, reliable and resilient services, as well as ensuring asset integrity and stabilising the level of risk across the network, to provide a system fit for purpose now and in the future.

Our achievements

Submitted our third Regulatory Reporting Pack

In July 2024, we submitted our third Regulatory Reporting Pack (RRP) for the RIO-T2 price control period to Ofgem. The RRP set out information on our performance over 2023/24 and looked ahead to the rest of the RIO-T2 period, identifying the key areas for us to focus on during the remainder of the price control.

Improved customer satisfaction score

Throughout the year, we worked hard to ensure we provided a high-quality service for all our customers – with an uninterrupted supply of gas to heat homes, enable the operation of industrial processes and contribute to the generation of electricity. Our focus on delivering for our customers has resulted in a customer satisfaction score of 8.89 in 2024/25 (compared to 8.56 in 2023/24).

Delivery of RIO-T2 commitments

During the year, we continued to deliver the commitments and outputs set out in our RIO-T2 business plan. These include investments to reduce emissions from our compressor fleet, enhancing the physical security of our sites, and strengthening the security of systems, plus decommissioning redundant assets.

Acquisition of Premtech

In April 2024, we boosted our design engineering capability by acquiring Premtech Ltd. With this acquisition, we have brought important design capability in-house, enabling us to better deliver on our capital expenditure plan as well as set ourselves up as we look forward to developing hydrogen, carbon capture and storage projects.

Strong performance by National Gas Metering

National Gas Metering continued to perform strongly, recording a customer satisfaction score for the year of +90 (compared to +89 in 2023/24), an eNPS score of +37 (compared to +43) and maintaining high standards of safety performance.

Strong performance by National Gas Services

National Gas Services delivered £60m of capex works in 2024/25 and generated £70.3m of revenue. At the same time, the business recorded a customer satisfaction score of 9.6 in 2024/25 (compared to 9.2 in 2023/24). This year also saw the opening of the newly refurbished facility at Ambergate in Derbyshire.

 [Read more: Regulatory Reporting Pack](#)

 [Read more: National Gas Services](#)

 [Read more: National Gas Metering](#)



3. Drive positive environmental and community impact

Performance highlights



328.1 ktCO₂e

Absolute scope 1 and 2 emissions



21.6 ktCO₂e

Pipeline and PIG trap venting



3,401

Volunteering hours



£78,966

Raised to date for our charity partner, Barnardo's

Deep dive: Tackling Loneliness

We have a proud tradition of giving back to our communities – and delivering our ‘Tackling Loneliness’ initiative is the next chapter in that history. Our initiative has seen us focus on forming strategic partnerships with national organisations and on establishing hubs where local communities can come together to build connections.

Through this combination of focus areas, we have set out to tackle loneliness by raising awareness, reducing stigma, and encouraging people to talk and act on loneliness. We have also sought to provide volunteering opportunities, give devices to people who are digitally isolated and help our colleagues identify and tackle loneliness in their personal and workplace networks.

From bingo nights at the village hall near our Bacton Gas Terminal to fish and chip suppers at the Mission Café near our St Fergus Gas Terminal and community lunches at Highfield allotments, close to our Nether Kellet and Camforth compressor station – our employees have responded with enthusiasm to the initiative. Through employee volunteering and engagement with local people, we are raising awareness of loneliness and supporting those who are experiencing it. At the same time, we have also sought to upskill our colleagues to enable them to identify and address loneliness at work and at home.

Our achievements

£78,966 raised for our charity partner

To date, we have raised £78,966 for our corporate charity partner Barnardo's. We have also supported the charity with donations of Christmas gifts and Easter eggs for children, new school uniforms ahead of the start of term, and gifts for Mother's Day.

Signed our Armed Forces Covenant

In October 2024, we signed our Armed Forces Covenant to demonstrate our commitment to National Gas colleagues who have served our country, and continue to serve as reservists – to ensure they are treated fairly, supported appropriately, and feel included.

Reduced NO_x emissions

Through the delivery of our Environmental Action Plan (EAP), we continued to work hard to reduce the wider impact of our network activities. This year, our compressor nitrogen oxide (NO_x) emissions were 4.74 kg/hour, compared to 5.42 kg/hour in 2023/24, while our absolute scope 1 and 2 emissions were 328.1 ktCO₂e, compared to 381 ktCO₂e last year..

Issued £93,072 in community grant funding

Our community grant fund programme enables us to give back to the communities in which we operate, mitigate any adverse impact caused by our activities and build positive relationships with those communities closest to our operations. These grants support a range of community organisations across the country from Cumbria to Cambridgeshire.

 [Read more: Partnering with our communities →](#)



4. Invest in our people, grow our capability and value everyone’s contribution

Performance highlights




Migrated IT systems
Separation of our IT systems complete



27.3%
Percentage of workforce that are female



20%
Percentage of workforce that is ethnically/
racially diverse



+29
Employee net promoter score, up seven
points versus 2023/24

Deep dive: early careers programme

Through our early careers programme, we welcomed 79 graduates and apprentices into the business in 2024/25 – individuals who represent the future of both our business and our sector. By nurturing their talent, enthusiasm and appetite for learning, we are not only developing them but also growing capability and capacity across our operational and corporate functions.

In September 2024, our largest ever intake of new graduates, apprentices and students started their journey together with a three-day induction to learn about our business and the essentials that will help them settle in, and to ask questions and network with their colleagues.

Our early careers programme sets out a range of graduate programmes and apprenticeships which evolve each year to meet the real-time needs of our business. All of them give people the opportunity to work on impactful projects at the heart of the UK’s energy system, as well as to contribute to the future of energy and innovation.

As part the programme, participants take part in our personal development programme called ‘Raising the Bar.’ This element encourages them to work together, network across the business and complete a project over 12 months that tackles a business challenge, allowing them to explore possible solutions to present to the business.

Our achievements

Improved our eNPS

In FY25, our Employee Net Promoter Score (eNPS) improved for the second consecutive year, rising to +29, an improvement of seven points on the previous year.

Completed our IT systems migration

We successfully completed – on time and to budget – the separation of our finance, people and IT systems from National Grid in January 2025. With the completion of this separation programme, we now operate as a fully stand-alone business, having complete control of our future – driven by our own technology.

Launched our ‘Belonging Hub’

In April 2024, we launched our Belonging Hub, a one-stop-shop for all things relating to diversity, equity and inclusion (DEI). The Hub contains a whole range of resources to support our people in feeling confident and empowered in talking about DEI. In November 2024, we ran our first Belonging Survey, which returned a Belonging Index of 82%. Of the colleagues who responded, 92% reacted favourably to the statement, “I understand my role in creating an inclusive culture”.

Continued focus of DEI

Throughout the year, we have continued to focus on improving the diversity of our workforce. In terms of gender, 27.3% of our workforce is female (comparable to FY24), while in terms of ethnicity, 20% of our workforce is racially or ethnically diverse (compared to 18.6% in FY24). Over the year, we have seen a shift in the number of new people joining the business, with the average tenure of employees now being six years.

 [Read more: Powering our people →](#)



5. Shape the energy markets of the future

Performance highlights

FutureGrid

Complete

Phase 1 complete

Project Union

3

Re-opener submissions delivered

Launched

National Gas App

Hydrogen blending

Safety case submitted

Deep dive: furthering our hydrogen ambitions

In FY25, we have continued to lay the foundations to enable us to realise our hydrogen ambitions.

We have undertaken further work to shape Project Union. Over the year, we have developed and submitted our requests for FEED (Front End Engineering Design) funding for different stages of Project Union. We have secured a positive ‘minded to’ position to fund FEED works for the first phase of Project Union in the East Coast (subject to consultation). This represents an exciting step forward in beginning to develop the infrastructure to enable a core hydrogen network – ensuring we can deliver on our hydrogen ambitions and prepare our transmission network for the transition to low-carbon energy.

In July 2024, we published the closure report for Phase 1 of the work at our world-leading FutureGrid project. As part of Phase 1, we tested hydrogen blending in a replica of the National Transmission System, gradually increasing the hydrogen content from 2% to 100%. The results showed that hydrogen blending, and 100% hydrogen, can play an important role in our energy system.

In FY25, we began work to deliver Phase 2 of our FutureGrid project, which seeks to address technical considerations such as compressing hydrogen using existing assets and purifying it for transportation. This phase of the project will enable us to continue to prove our network asset capability and set us up to deliver a network fit for the future.

Our achievements

Strengthened our engagement with biomethane producers

This year, we strengthened our engagement with biomethane producers, focusing on biomethane connection enquiries, as well as general discussions with producers, through the Biomethane Forum. In February 2025, we successfully completed the second biogas connection on to the NTS, with the expectation that the new connection will deliver 20,000 cubic metres of green biomethane gas per day at peak production.

Making the case for blending

A priority this year has been to secure a strategic policy decision from the government on hydrogen blending at transmission level. We have engaged with government and other key stakeholders to make the case for blending and look forward to hearing more on the government’s ambition for blending in due course.

Pursuing our ambitions for carbon capture and storage

In July 2024, we were awarded funding from the Scottish government for the SCO₂T Connect project, a ground-breaking initiative aimed at advancing Carbon Capture and Storage (CCS) in Scotland. SCO₂T Connect focuses on developing an onshore pipeline designed to transport carbon dioxide from major industrial sites in Scotland to a permanent geological storage facility located under the North Sea. We have also engaged with government and other stakeholders to demonstrate the value the Scottish Cluster will deliver – from creating jobs to supporting Clean Power 2030.

Demonstrated credibility and authority about matters critical to the industry

From a stakeholder perspective, we have sought to build strong relationships with government, with politicians from across Westminster and the devolved governments, as well as with officials in a range of departments from the Department for Energy Security and Net Zero (DESNZ), to HM Treasury and the Ministry for Housing, Communities and Local Government. Through these relationships, we have demonstrated our credibility and authority on matters ranging from security of supply and network resilience to clean power and the transition to net zero.

[Read more: Stakeholder engagement →](#)

National Gas Metering

As one of the largest meter equipment managers in Britain, we are most proud of our relentless commitment to our people. It is this consistent focus that has enabled the safe and reliable delivery of our business plan and our customer commitments.

We have received external recognition for our service to customers, our culture and our leadership. Most notably, we have achieved and retained our accreditation as ‘A Great Place to Work’, as well as recognition for our volunteering and fundraising activities.

Strong market understanding, supply chain management and great customer relationships have led to the consistent delivery of customer outcomes. This year we again achieved market-leading customer satisfaction and net promoter scores, and 90% of customer standards were delivered to target.

Verified via external assessment, our asset management maturity is recognised as effective and in the top quartile of benchmarked organisations. We have upgraded our asset and billing system to deliver integrated processes and data analytics. We are also developing an improved customer portal to enhance information accessibility and self-service, which will go live during 2025.

We safely delivered over 140,000 activities, ranging from data surveys, meter installations and exchanges to high-pressure replacement projects and sitework projects. Our safety maturity level is recognised as ‘proactive’ on the Hudson scale.

We also maintained external accreditations to demonstrate our credibility. ISO55001 Asset Management, ISO14001 Environmental Management, GIRS and Metering Code of Practice (MCOP) recertifications have all been achieved, founded on robust assurance, governance, risk management and controls.

Against a backdrop of unprecedented change and challenging market conditions, performance has been outstanding – positioning us strongly for the year ahead.

Achievements

- We measure 20 service standards relating to domestic, industrial and commercial meter work, queries and complaints. In the year ending 31 March 2025, 18 out of 20 of these standards were achieved.
- Efficiency is driven by continuously reviewing installation, running and overhead costs, whilst maintaining the required level of operational and safety performance. Cost efficiency is ensured through robust tendering of meter work services and products in line with National Gas Procurement’s Category Management process. Operational efficiency is monitored and driven through proactive contract management, with key performance indicators tracked and supported by both incentive and liability payments.
- We measure our safety performance in line with the National Gas 12 Risk Control Standards. Our continued focus on behavioural safety, competence, data quality and human factors encourages employees and contractors to recognise hazards, report and share lessons learned. As National Gas Metering, we are proud to be accredited as ‘A Great Place to Work’, which demonstrates our commitment to our people. In addition, 100% of all waste from meters is reused or recycled, with nothing going to landfill. In 2025/26, we will continue striving to achieve a safety generative culture.



+90 NPS
Market-leading customer net promoter score



100%
All waste from meters is reused or recycled



A Great Place to Work
Retained accreditation as ‘A Great Place to Work’



National Gas Services

National Gas Services is the UK’s trusted authority in planned and emergency pipeline inspection, repair, maintenance and replacement solutions.

National Gas Services (NGS) provides a rapid response whenever needed (with six depots strategically placed across England, Scotland and Wales) and offers comprehensive services for strategic gas assets nationwide. NGS generated £70.3 million revenue in 2024/25.

Our extensive expertise in both emergency and planned solutions ensures a rapid 24/7 response, along with a full range of maintenance, inspection and repair services.

We have an efficient, integrated modern delivery unit of strategic gas assets. We have become a key supply chain partner to the UK pipeline industry, enabling security of supply and more recently building our capacity to support customers in the transition to a greener future.

As a competitive business, we carry out work for National Gas and other companies both inside and beyond the gas networks. We provide Centralised Emergency Materials and Equipment (CEME) across the UK and Ireland, which ensures customers receive an emergency response service 24 hours a day, 365 days a year. CEME also provides customers with access to materials and specialist equipment held across our depots.

Key pillars to drive improvement

Safety: Putting safety at the forefront of everything we do, to ensure all our people go home safely to their loved ones

Innovation: Investing in products, research and development in new innovations to stay ahead of the competition and improve our delivery with exciting new technology

Efficiency: Ensuring all work is planned and executed as per our customers’ expectations, keeping our transmission system safe

Digitalisation : Delivering on our operational technology transformation programme to allow us to become a more modern, data-driven business.

Achievements

- Continued to improve resource utilisation levels, now up to 89%.
- Successful CEME contract win in Ireland.
- Digitalisation of NGS beginning to drive efficiency improvements.
- Delivered over £60m of capex works.
- Customer satisfaction score – 9.6 out of 10, against a target of 8.5.
- Refreshed Regional Operational Management to provide specific regional leadership and exceptional customer service
- Introduction of new suppliers pilot (National Gas Delivery Partnership).
- Increased presence at industry events in the UK and beyond to support brand promotion and build market awareness of NGS capability.
- Won The Pipeline Industries Guild Health & Safety Award 2024 – for CEME Emergency Response.
- Total of 500 hours of community engagement.
- Shortlisted for Rising Star Award at the Utility Week Awards 2024.



9.6/10
Above target customer satisfaction score



£60m
Delivery of capex works



Award winner
Winner of The Pipeline Industries Guild Health & Safety Award 2024 and shortlisted for the Rising Star Award at the Utility Week Awards 2024

Premtech

Premtech is a leading design consultancy operating within the energy sector with expertise to undertake engineering consultancy and design management services to all clients involved in the development and ownership of infrastructure projects in the energy sector.

As a competitive independent business, we undertake and deliver projects for National Gas and other gas networks in the UK and Ireland, along with projects for major infrastructure clients and multi-national consultancies.

Following the acquisition by National Gas in April 2024, and within the first year of National Gas ownership, Premtech has achieved remarkable growth, strengthening both our capacity and technical capability, whilst continuing to be the first-choice design consultancy for several gas networks and main works contractors in the UK energy sector.

Our portfolio of work ranges from feasibility and conceptual design studies, through to pre-FEED, FEED and fully constructible detailed designs. As a multi-disciplined design consultancy, our in-house capabilities and expertise include mechanical, civil/structural, electrical, control & instrumentation and cathodic protection. In addition, our digital team supports the pivotal role we play on projects as part of the digitalisation of the gas network, further complemented by our in-house drone survey and photogrammetry capabilities.

Premzero

As part of Premtech’s commitment to support the UK’s net zero targets and ambition for clean energy, Premzero is a separate business within Premtech, with a dedicated focus on net zero projects such as hydrogen, Carbon Capture and Storage (CCS) and biogas.

Portfolio and themes

Asset health: Providing essential designs to ensure modifications and remediation of the UK’s energy network and strategic assets.

Decommissioning: Disconnection, rationalisation and decommissioning designs for existing assets.

Innovation: Delivering several innovation projects from various innovation funding mechanisms, from working with gas networks on Network Innovation Allowance (NIA) projects, academia on Knowledge Transfer Projects (KTP), and delivering projects as Strategic Innovation Fund (SIF) project partners.

Digital: With our digital capabilities and detailed knowledge of the energy industry, we deliver projects using our expertise in virtual reality, mixed reality, digital shadows and data twins/digital twins.

Design and project consultancy: Using our extensive project delivery experience, we provide strategic design consultancy for the development of a number of UK carbon capture and hydrogen schemes.

Achievements

- Strategic and focused recruitment has increased our capacity across all engineering disciplines, leading to a 30% increase in total employees.
- In addition to the office in Ashby-de-la-Zouch, Premtech has opened two new offices in Nottingham and Warrington.
- Capability of In-house Gas Design Approver and Appraisers on the DNV Competent Design Authority Database has increased by 38% through a combination of home-grown talent and strategic recruitment.
- Hydrogen design capability has further strengthened with Premtech employees still making up the majority of the Hydrogen Design Approver and Appraisers on the DNV Competent Design Authority Database.
- Premtech is passionate about developing employees and competency within the energy industry. This year we supported a number of engineers to achieve an MSc in Professional Engineering on their route to chartered status.
- Strategic company development with a particular focus on net zero and clean energy has resulted in 30% of our current projects being related to UK hydrogen or carbon capture schemes. We expect this to increase to over 50% in the coming years.
- Premtech continues to grow from strength to strength, with a proven track record of over 850 projects completed since the company was founded in 2010.



10
New net zero projects won



2
New design offices opened



30%
Increase in full-time employees

Innovation drives change, enables the energy transition and delivers value to our customers.

National Innovation Allowance (NIA)

The NIA provides a fund for small-scale, low technology readiness level (TRL) projects from early research through to demonstration. The funding is accessible throughout the RIIO-T2 period and has three key drivers.

NIA drivers

Research and development: Encouraging operational and technological innovation.

Collaboration and dissemination: Working with external partners to solve problems and share new learnings.

Customers and strategy: Focusing on solutions that deliver benefits to our customers.

Highlights

- 1. A further 40 NIA projects have been approved with 33 projects moved through contract to delivery or closure.
- 2. A total of 120 projects have now been progressed through RIIO-T2.
- 3. 70 NIA projects have successfully completed in the RIIO-T2 period.



Read more: Innovation strategy 2025 →

NIA projects

Asset design for a hydrogen network

This project considered typical National Transmission System (NTS) pipelines, Above Ground Installations (AGIs) and compressor station assets and assessed how they should be designed for hydrogen transmission, in line with hydrogen-specific current codes and standards. This project enabled a comparison and identification of any additional aspects of design and infrastructure required on the NTS network when repurposing from natural gas to hydrogen or developing new hydrogen NTS assets. The project was successful in identifying the differences and the resultant costs and risks associated with the design, construction, operation, maintenance and decommissioning of assets for hydrogen, when compared with asset design for a natural gas network.

Blending management approach

This project aims to investigate how the activities carried out by the transmission system operator may need updating to accommodate blends of hydrogen.

The project assesses the modelling software currently used for running the network and planning maintenance, and investigates the technical feasibility and resource implications associated with deploying software to upgrade or replace the existing methods.

HyNTS 100% H2 metering system

Meters are used for process measurement – to understand flows across the network and measure the gas used to power our compressors – and for fiscal measurement of flows on and off the network. Accurate metering is key to ensuring shippers are billed correctly and the system performs efficiently.

This project involved the design and construction of a dedicated hydrogen metering skid at the FutureGrid Phase 1 facility, to test a range of metering technologies suitable for measuring 100% hydrogen flows, at representative transmission pressures.

Strategic Innovation Fund (SIF)

The SIF provides funding for larger scale demonstration projects and enables their development through several separate project phases – Discovery, Alpha and Beta. This funding is determined by annual challenges that focus on encouraging cross-industry collaboration.

Highlights

- 1. Successful applications and delivery of two Round 4 discovery projects exploring innovative AI tools to manage digital decommissioning of large-scale equipment and repurposing of existing decommissioned pipe elements for alternative uses, including electrical energy, heat, fuels, water and data.
- 2. Successful applications supporting four Round 3 Alpha projects covering a range of topics including offshore energy hubs, liquid organic hydrogen carriers, hydrogen storage in depleted onshore hydrocarbon fields and the decarbonisation of the marine sector.
- 3. Successful applications and ongoing delivery supporting two Round 2 Beta projects developing a digital twin of the whole Welsh energy transmission and distribution system and a digital twin and data-sharing platform to enhance climate resilience and investment planning.

SIF: Round 4 discovery projects

Digital decommissioning of large-scale equipment
As the gas transmission network responds to a changing energy system, including the transition to net zero and changes in supply and demand, we are required to decommission our large site-based assets in certain locations. Decommissioning is a multifaceted endeavour that goes beyond the conclusion of an asset’s lifespan and encompasses a complex deconstruction process. This project will implement an innovative AI tool to help National Gas manage decommissioning and drive benefits such as increasing the accuracy of cost estimation, reducing carbon emissions, identifying re-use potential and lowering the overall time taken to decommission.

Alt Pipe
As the owner of the National Transmission System (NTS), National Gas is committed to responsibly managing our redundant assets in a manner that contributes to a sustainable, lower-carbon future by decommissioning them responsibly, refurbishing for re-use where viable, or changing their purpose where possible. This project will identify decommissioned elements of redundant pipework on the transmission system which are unlikely to be used for refurbishment or part of any wider repurposing of the core network, and explore the potential for repurposing these for alternative uses including the storage or transmission of electrical energy, heat, fuels, water and data.

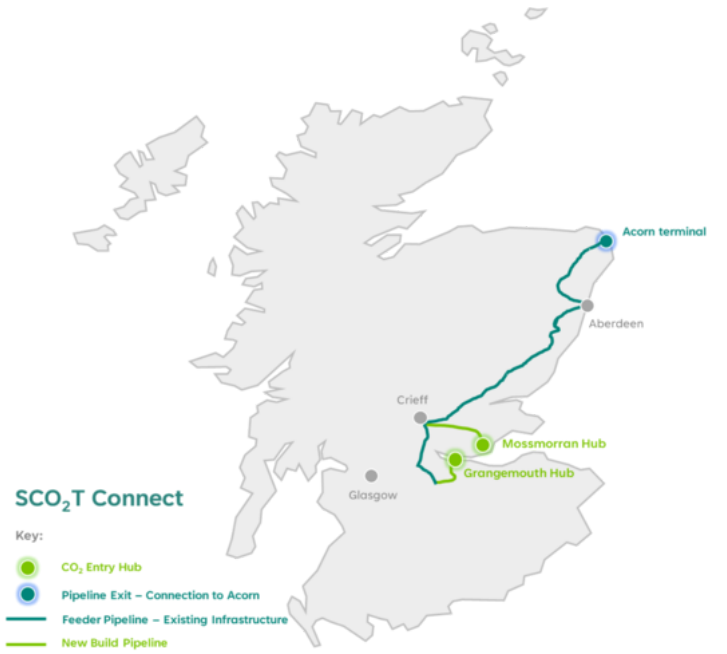
HyNTS FutureGrid programme
FutureGrid is a world-class test facility with the sole purpose of demonstrating the ability to transition our National Transmission System (NTS) to decarbonised energy. At the forefront of all the work we do, it focuses on how we can repurpose existing assets that have been in natural gas service for many years, at the lowest cost to UK consumers. To date, the programme has built the Phase 1 test facility, demonstrating the ability of a wide range of our assets to be operated with hydrogen at blends including 2%, 5%, 20% and 100% hydrogen. These outputs have fed into the critical evidence case submitted to the Health and Safety Executive (HSE). The facility provides a platform for testing hydrogen and exploring other opportunities such as Carbon Capture, Utilisation and Storage (CCUS), of which we have several projects under consideration for demonstration on the facility. Beyond this, we are also exploring the opportunity for third parties to use the facility for additional testing, which provides

commercial opportunities and a return of revenue to UK consumers. The Phase 1 facility acts as a vital platform to generate key safety evidence for the NTS, at the lowest possible cost to UK consumers, by providing an efficient platform that can be developed to suit further testing needs.

HyNTS deblending for transport
One such project is the HyNTS deblending for transport project, which focuses on demonstrating a future new industry where hydrogen refuelling stations are directly connected to the gas network. This will enable them to benefit from a secure supply of low-cost, high-purity hydrogen, helping to promote the hydrogen transport sector and serve the large-scale needs of rail, bus, heavy haulage, marine and aviation sectors. Demonstrating this opportunity is vital to enabling hydrogen refuelling infrastructure and should be started now to align with the industrial cluster and Project Union activities. Construction of the deblending facilities is underway, with a hydrogen refuelling station and hydrogen vehicles already live on site for trials. Demonstration of the deblending activities is due to commence at the start of 2026, with continued stakeholder engagement and the production of a commercial requirements and strategy document ongoing throughout 2025 and into 2026.

SCO₂T Connect
The SCO₂T Connect project will be a crucial component in enabling the Scottish cluster to decarbonise via Carbon Capture, Utilisation and Storage (CCUS). It will combine 170 miles of repurposed assets with 35 miles of new-build pipeline, to develop Scotland’s first onshore carbon dioxide transportation network. Pre-Front-End-Engineering-Design (FEED) activities were completed in 2024, and through UIOLI funding, a FEED readiness project was completed in 2025. The activities for this included design, procurement and regulatory aspects. Funding for FEED studies is expected to come in the latter part of 2025. To support the SCO₂T Connect team, several of our projects are feeding into the design of the repurposed pipeline and the safety case for transporting gaseous phase carbon dioxide in our assets. The carbon transportation technical demonstration phase 1 project carried out an all-encompassing study looking at topics including benchmarking, how carbon dioxide reacts with our NTS materials, fatigue, water ingress and corrosion. The outputs from this project and wider SCO₂T Connect work shaped

the follow-up projects. A carbon dryness project investigated how to keep our pipelines and assets dry and looked at the importance of maintaining the specification of carbon dioxide. Looking ahead, two projects (carbon dioxide repurposing procedure project and carbon integrity management project), aim to identify the evidence gaps associated with repurposing our pipelines to transport carbon dioxide and provide guidance on how to safely repurpose and continue to maintain a carbon dioxide network in future.



Innovation in motion continued

Project Union

Project Union aims to create a hydrogen transmission network for the UK, facilitating the transport of 100% hydrogen, and ensuring a core hydrogen network is developed. Through a combination of repurposed existing assets and new infrastructure, a hydrogen network of up to 1,500 miles could be created by the mid-2030s. This would initially link strategic hydrogen production sites, including the industrial clusters and provide the option to expand beyond this initial hydrogen transmission network to connect additional customers. It would do so by connecting and integrating hydrogen supply, demand and storage, enabling effective market growth and efficient scaling up.

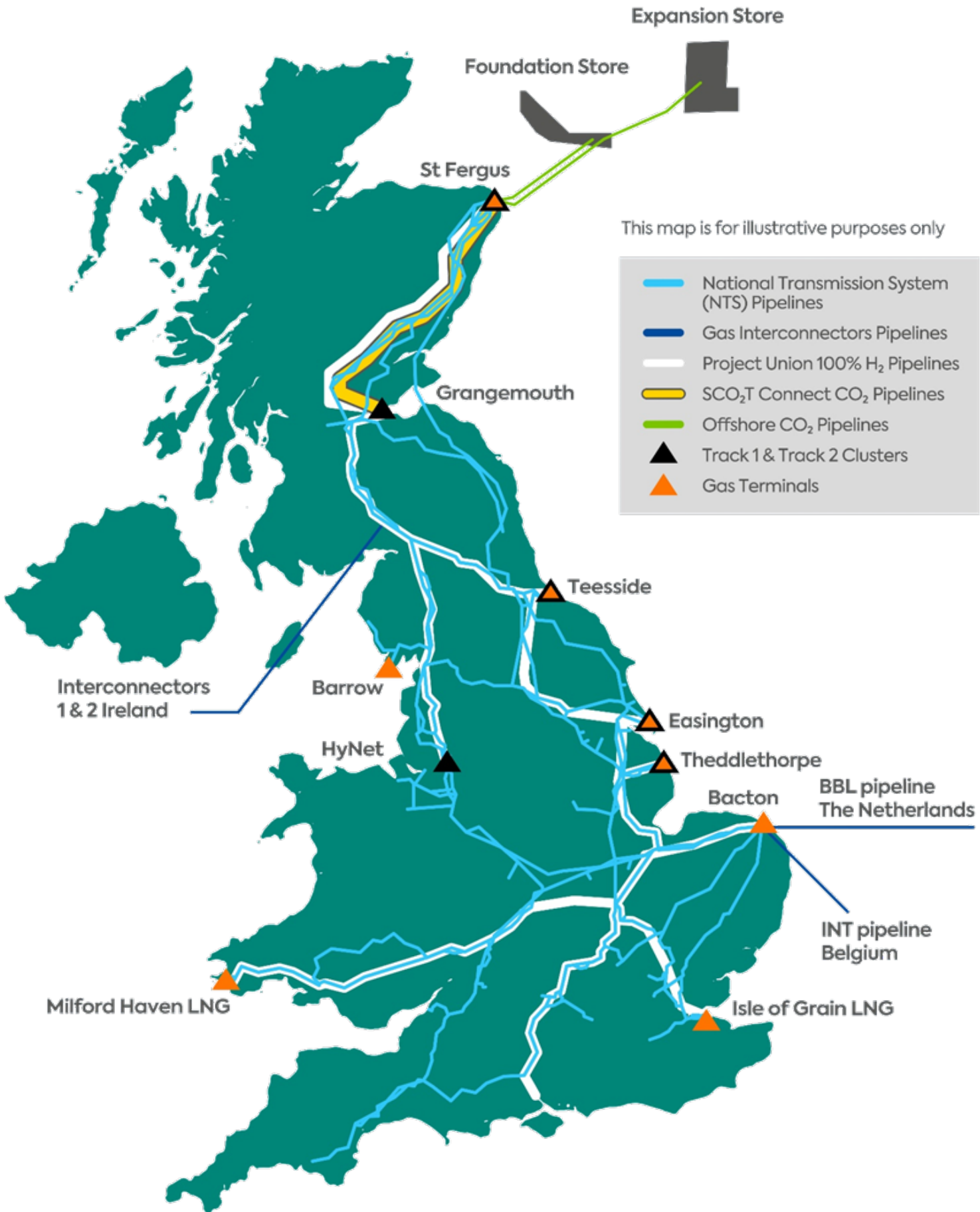
To enable a thriving hydrogen economy, we need to ensure that we build confidence in the resilience of physical supply and connectivity to developing markets. Project Union can fulfil this role by creating a cost-effective, reliable and efficient hydrogen transportation system.

In 2024, the feasibility phase of Project Union was completed, which took a whole backbone approach to delivery. Pre-FEED activities were undertaken for the whole hydrogen network, enabling the broadest evidence base to inform decisions on future phasing. The following was produced:

- Phasing strategy which delivered an assessment to determine the prioritisation and timing for delivery of each section of the hydrogen network while ensuring security of supply on the remaining natural gas network. This will continue to be assessed.
- Pre-FEED activities which delivered an appraised set of routing options, a constructability assessment and a planning and consenting strategy based on enhanced cost estimates and asset data for a full hydrogen network.
- Hydrogen market enabling activities, including a supply chain assessment and ongoing customer and stakeholder assessment.

The next step for Project Union is to deliver the Front-End-Engineering-Design (FEED) work which will provide the technical evidence required to fully develop pipeline routing options and will be delivered on a regional basis. In addition, for a hydrogen transmission network to be

operational, a wider suite of activities must be carried out. This includes ensuring relevant systems are adapted, commercial frameworks are in place and customer and stakeholder needs are understood. This next phase of Project Union is proposed to be funded under the Net Zero Pre-construction Work and Small Net Zero Projects (NZASP) re-opener mechanism, assessed by Ofgem. The funding will be provided on a regional basis with the East Coast region, connecting the Humber and Teesside, being the first phase for delivery.



Our essential role in securing Britain's energy is guided by robust regulations.

We are regulated by both financial and non-financial regulators, and remain committed to the most collaborative relationships to ensure the cost-effective and environmentally responsible operation of our business.

Our licence to participate in transmission activities is established under the Gas Act 1986, as amended (the Act). This requires us to develop, maintain and operate economic and efficient networks and to facilitate competition in the supply of gas in Britain. It also gives us statutory powers, including the ability to use compulsory powers, to purchase land so we can conduct our business.

Our licensed activities are regulated by Ofgem, which has a statutory duty under the Act to protect the interests of consumers. To protect consumers from the ability of companies to set unduly high prices, Ofgem has established price controls that limit the amount of revenue such regulated businesses can earn. In setting price controls, Ofgem must have regard to the fact licence holders need to finance their obligations under the Act, and therefore should grant a level of revenue for the duration of the price control that is sufficient to meet our statutory duties and licence obligations with a reasonable return on our investments. Licensees and other affected parties can appeal price controls or within-period licence modifications which have errors, including in respect of financeability.

Ofgem have multiple responsibilities as a regulator, please visit their [website](#) for more information.

RIIO price controls

The RIIO-T1 price control came into effect on 1 April 2013 for the eight-year period until 31 March 2021. Our current price control, called RIIO-T2, came into effect on 1 April 2021 and will run for five years until 31 March 2026. Both RIIO-T1 and RIIO-T2 follow the RIIO (Revenue = Incentives + Innovation + Outputs) framework established by Ofgem.

The price controls include a number of mechanisms designed to help achieve regulatory objectives. These include financial incentives that encourage us to:

- Efficiently deliver, through investment and maintenance, the network outputs that customers and stakeholders

require, including reliable supplies, new connections and infrastructure capacity.

- Innovate so we can continuously improve the services we give our customers, stakeholders and communities.
- Efficiently balance the transmission networks to support the wholesale markets.

Our gas transmission and system operator business operates under a single price control. These cover our roles as Transmission Owner (TO) and System Operator (SO). In addition, there is also a tariff cap price control applied to certain elements of domestic-sized metering activities carried out by National Gas Metering.

The building blocks of the RIIO price control are broadly similar to the price controls historically used in the UK. There are, however, some significant differences in the mechanics of the calculations.

Under RIIO, the outputs we deliver are explicitly articulated and our allowed revenues are linked to their delivery, although some outputs and deliverables have only a reputational impact or are linked to legislation. These outputs reflect what our stakeholders have told us they want us to deliver and were determined through an extensive consultation process.

Using information we have submitted, Ofgem determines the efficient level of expected costs necessary for these deliverables to be achieved. Under RIIO this is known as 'totex', which is a component of total allowable expenditure and is broadly the sum of what was defined in previous price controls as operating expenditure (opex) and capital expenditure (capex).

A number of assumptions are necessary in setting allowances for the outputs that we will deliver, including the volumes of work that will be needed and the price of the various external inputs required to achieve them. Consequently, there are a number of uncertainty mechanisms within the RIIO framework designed to protect consumers and network companies by avoiding the need to set allowances when future needs and costs are uncertain.

In accordance with our Transmission Licence, we are at various stages of submission for the defined uncertainty mechanisms.

Operating in a regulated environment continued

Where we under- or over-spend the allowed totex for reasons that are not covered by uncertainty mechanisms, there is a ‘sharing’ factor. This means we share the under- or over-spend with consumers through an adjustment to allowed revenues in future years. This sharing factor provides an incentive for us to provide the outputs efficiently, as we are able to keep a portion of savings we make, with the remainder benefiting consumers. Likewise, it provides a level of protection for us if we need to spend more than allowances. Alongside this, there are several specific areas where companies can submit further claims for new allowances within the period, for instance to enable net zero.

Allowed revenue to fund totex costs is split between RIIO ‘fast’ and ‘slow’ money categories, using specified ratios that are fixed for the duration of the price control. Fast money represents the amount of totex we are able to recover in the year of expenditure. Slow money is added to our Regulatory Asset Value (RAV) – effectively the regulatory IOU.

In addition to fast money, each year we are allowed to recover regulatory depreciation, i.e. a portion of the RAV, and a return on the outstanding RAV balance. The RAV is also indexed to a measure of inflation, using Consumer Price Index with Housing Costs (CPIH) in RIIO-T2. For RIIO-T2, regulatory depreciation moves from straight line to sum-of-digit depreciation (so that depreciation is front loaded but then lower in the later years of the life of the asset). We are also allowed to collect additional revenues related to non-controllable costs and incentives. In addition to totex sharing, RIIO incentive mechanisms can increase or decrease our allowed revenue to reflect our performance against various other measures related to our outputs. For National Gas Transmission, the upside is £14.79 million of allowed revenue across the RIIO-T2 regulatory period (2021-26), with a downside of £16.99 million (2018/19 prices).

Totex allowances

We have a good relationship with Ofgem, with constructive engagement ahead of the regulator’s RIIO-GT3 decisions.,

Key parameters from Ofgem’s RIIO-T2 determinations

	Gas Transmission
Allowed return on equity*	5.08% (real, relative to CPIH)
Allowed debt funding	Calculated and updated each year using an extending ‘trombone-like’ trailing average of iBoxx Utilities 10+ year index (increases from 10 years for 2021/22 to 14 years for 2025/26), plus 25 bps additional borrowing costs
Depreciation of RAV	45-year sum of digits regulatory depreciation applied to RIIO-T2 additions and retrospectively to 2002-2021 additions. Note for the SO a seven-year straight line depreciation is applied
Notional gearing	60%
Split between fast/slow money	Fast: TO baseline 35%; SO baseline 66%; TO uncertainty mechanisms 25% Slow: TO baseline 65%; SO baseline 34%; TO uncertainty mechanisms 75%
Sharing factor	39% NGT element
Core baseline allowances in 2018/19 prices (cumulative for the five years of RIIO-T2)	£2.2 billion

*The cost of equity in RIIO-T2 is subject to annual adjustments that are calculated using the Capital Asset Pricing Model, through indexation of the ‘risk-free rate’ parameter.

 [Read more: RIIO-GT3 Business Plan →](#)



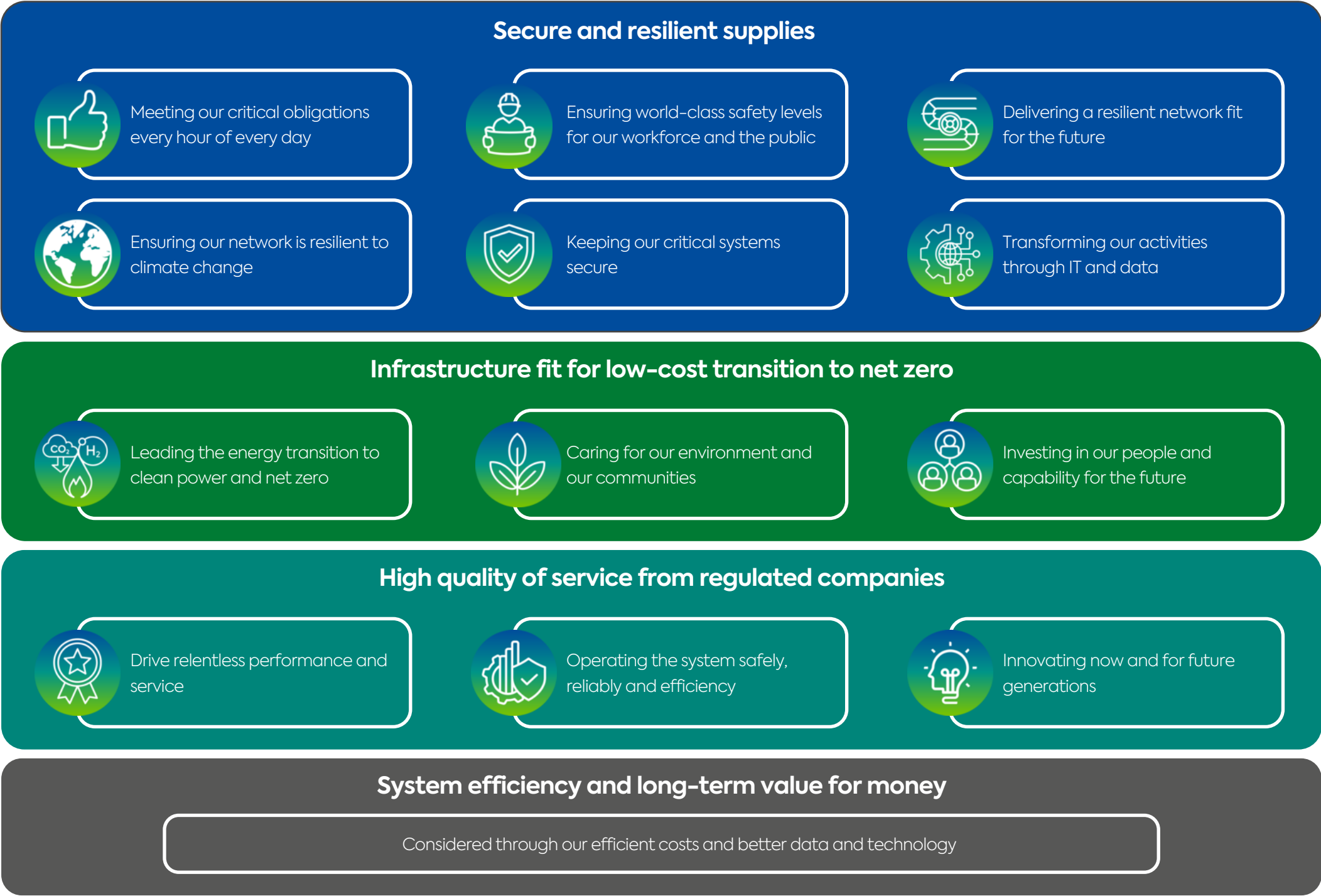
RIIO-GT3 price control

In December 2024 we submitted our RIIO-GT3 business plan for 2026-2031 to Ofgem,.

Our business plan directly reflects the changing priorities of consumers, customers and stakeholders. During its development we conducted our most extensive stakeholder consultation process to date which resulted in a stronger plan than our original proposals.

The business plan is built upon 12 key commitments (see table) which were developed to meet the needs of our business, stakeholders and Ofgem. These 12 commitments support our ambition to deliver a resilient network, whilst keeping bill increases and impacts on consumers and customers as low as possible.

In the first quarter of 2025, we worked with Ofgem to begin reviewing the Gas Transporter licence to reflect our RIIO-GT3 proposals.



Our stakeholder voices play a vital role in consideration of our business plans.

Our business has a clear focus on stakeholder engagement that is used to inform our strategies and decision-making. As our network runs across Great Britain, it is vital that our stakeholder voices are represented through our actions as a business. We have a robust and tailored stakeholder engagement strategy, which we refreshed in March 2025 and is aligned to the AA1000 Stakeholder Engagement Standard.

We leverage a variety of channels to promote productive stakeholder dialogue – including the National Gas Energy Forum (formerly the Gas Operational Forum) and our Gas Data Portal User Community.

These forums are used to discuss various strategic and operational matters, and also top-of-mind issues like RIIO-GT3 planning, developments in hydrogen and Carbon Capture and Storage (CCS), changes to the Uniform Network Code (UNC) and EU Regulations. Broader and longer-standing subjects, like security of supply, transparency and provision of data, and concerns relating to gas quality are also regularly discussed.

Our stakeholder engagement relates both to our core business, transportation of natural gas, and to the future of gas – how we can ensure that we are looking forwards, and that we will be delivering value and acting in line with the needs of future customers and stakeholders.

The future of gas

Our customer and stakeholder landscape is broad and ever-changing. We’re working hard to support the UK’s transition to net zero, industrial decarbonisation and clean power, with pioneering plans to repurpose parts of our network for additional molecules integral to a net zero energy system, including hydrogen, carbon dioxide and biomethane. As we increasingly focus on our net zero ambitions, it is crucial that we understand our customers’ plans, pain points and options for decarbonisation. It is also crucial that we – in line with stakeholders’ expectations of National Gas – play a leading role in influencing the future of gas, and drive the necessary policy changes to unlock investment in green infrastructure.

Key engagement areas

- 1

Planning for RIIO-GT3
We have engaged to ensure that our business plan for RIIO-GT3 (April 2026–March 2031) reflects the needs of the energy ecosystem, and delivers against our stakeholders’ priorities – i.e. operating the network safely, reliably and in preparation for net zero, without passing on undue costs.
- 2

Energy resilience
We have engaged extensively with the Cabinet Office, Ofgem, DESNZ, NESO and the wider industry, on understanding resilience in the context of the whole system, and measures to underpin security of our infrastructure and of the supply of molecules – including upstream and downstream.
- 3

Hydrogen and hydrogen blending
We have continued our engagement to understand customers’ demand profiles and decarbonisation plans, particularly around industrial clusters, to accelerate the progression of transmission-level blending, and to further develop a core hydrogen network for Great Britain.
- 4

Carbon Capture and Storage (CCS)
We regularly engage with government, Scottish government and Ofgem, as well as our customers, as part of our collaborative work with the Acorn Project to further develop a CCS-enabled decarbonisation pathway for heavy industry and power generation sites in Scotland.
- 5

Biomethane
We have continued our active engagement with the biomethane sector to advance policy changes across our design and construction processes, in order to reduce the cost and barriers to entry for those wishing to connect to the National Transmission System.
- 6

Skills and supply chain for the future
We regularly engage with our trade unions, skills bodies, supply chain, government and policymakers to ensure that we are a “Client of Choice” to our supply chain, and that our forward plans capably prepare for a workforce and supply chain fit for the future and fit for delivery of major capital and operational expenditure during RIIO-GT3.

Our stakeholders

Customers are those directly connected to our infrastructure, including heavy industry and power generators, shippers, producers, gas terminals and interconnectors, the Gas Distribution Networks and storage providers.

Consumers are domestic or industrial users of gas who don’t directly connect to our infrastructure but indirectly benefit from it, including hospitals, schools, homeowners and businesses.

Other stakeholders are those with a direct and vested interest in National Gas, including the UK Government and devolved government, non-governmental organisations, regulators, charities, consumer bodies, trade associations and landowners.

Our engagement toolkit*

We use a broad toolkit of external communications channels and engagement methods, alongside detailed planning and stakeholder mapping, to avoid stakeholder fatigue and to help reach those that are less well informed, harder to reach and harder to engage with. We tailor our approach based on stakeholders’ needs and preferences, and to take into account the subject matter, and factors such as regional differences in experience with National Gas, and potential commercial sensitivities.

Our approach involves a combination of active and passive engagement methods. In addition to workshops, webinars and bilaterals, we have proactively convened customers and stakeholders from across the industry through set piece events, summits and site visits. This includes our Bacton Summit in January 2025, through which we supported Norfolk County District Council to promote the significant opportunities at the Bacton Energy Hub for regional stakeholders, local leaders, site operators and future investors in CCS and hydrogen production. We have additionally supported a number of industry events, including Hydrogen for Life 2024 (H4Life), of which National Gas was an industry partner.

We have open communications channels through mailboxes, feedback forms and surveys, and we ensure that we disseminate information clearly and in a timely manner through our mailing lists, our social media and our publications throughout the year. Our primary LinkedIn

page has increased from c.12,250 to c.23,750 followers during the last year, approximately a 94% increase, with growth across our other company LinkedIn pages as well.

Building on our online presence, and to raise wider awareness of our unique assets, we partnered with B1M to produce a video showcasing the jet engines housed within our compressor stations, and the vital role they play in the running of the network. As part of successful brand completion in the 24 months following our separation from National Grid plc., we have streamlined and relaunched our external website and our intranet during 2024/25.

We also utilise our Independent Stakeholder Group (ISG), a group of experts from across the energy industry, to rigorously challenge all aspects of our business, our business plan development and delivery, as well as our approach to stakeholder engagement. You can read more about our Independent Stakeholder Group on our website.

*Here, we use the term ‘stakeholder engagement’ as an umbrella term for all three stakeholder groups.

Reflection and continuous improvement

As part of our commitment to progress, and improving the ways in which we incorporate customer and stakeholder voices into our decision-making processes, during the past year we have thought critically about how we engage with our customers and stakeholders, and we have:

Developed our new stakeholder engagement strategy (our first as a stand-alone business) outlining key focus areas to improve our engagement during RIIO-GT3, namely building greater collaboration amongst industry, broadening our stakeholder base, and ensuring proactive two-way engagement.

Relaunched our Operational Forum as the National Gas Energy Forum (NGEF) to widen our reach and engage more with the wider industry in addition to the existing membership from our direct connections and shippers. This is a critical time for the energy sector, and the NGEF will create an opportunity to mobilise the industry, engage all energy-transition stakeholders, including government, policy, upstream and midstream, and drive the agenda for the future of UK energy. We are also making efforts to engage in a way that fosters more interaction, insight and consultation with stakeholders, channelling and making the most of their expertise.



[Read more: NGEF →](#)

Continued to be rigorous in setting and monitoring our metrics for success and excellent provision of customer service. Over the past year, we have put a clear focus on direct engagement with customers with a regular cadence, and increasing the number of site visits organised with customers. Through these interactions, we have worked to better understand where we can help our customers, and where we can more proactively manage the network in response to early visibility of, for example, maintenance and on-site events. We have also taken steps to encourage greater levels of response to customer and stakeholder satisfaction (CSAT and SSAT) surveys, and during the past year we have trialled a number of measures to make the process as smooth and simple as possible for customers. For example, we have developed behind-the-scenes automations to streamline processes and bolster process adoption within the business. During the year, we also trialled a pilot to investigate the effect of survey length and detail on response rates. This concerted effort across our teams is reflected in our survey results – last year saw our highest weighted average score from customers.

Financial Year	Weighted Average CSAT
2023/24	8.56
2024/25	8.89

Key publications

We curate a range of reports, outlooks and reviews to support a whole range of gas industry participants. These are available to view on our website.

[Read more: National Gas publications →](#)

National and regional government

Engagement topics

- 1

We undertake continuous engagement on resilience of the network and energy security with the Cabinet Office and with the Department for Energy Security and Net Zero (DESNZ), as well as engaging with European and international governments.
- 2

We are progressing transmission-level hydrogen blending, including supporting government with evidence-gathering and the necessary steps to enable an informed decision.
- 3

We engage directly with Mission Control on how our network can be repurposed to progress the 2030 Clean Power mission, to transport hydrogen, hydrogen blends, biomethane or carbon dioxide.
- 4

We are progressing support for a core hydrogen network as outlined by the National Infrastructure Commission (as of April 2025, now NISTA – the National Infrastructure and Service Transformation Authority).
- 5

We are a founding member of, and key contributor to, the ‘Pathways to Net Zero’ initiative, which aims to help new MPs explore the complexities of the energy sector and its role within net zero through parliamentary briefings.

Engagement outcomes

- We are continuing to build strong relationships across government, DESNZ and NESO on resilience, including briefings between members of our Executive Committee with ministers and senior civil servants.
- We are continuing to work with government on emergency exercises to ensure we have appropriate emergency preparedness and winter measures and processes in place.
- We also developed our relationships with HM Treasury ahead of the government’s 2025 Spending Review.
- As a result of engagement, we are accelerating the timelines and promoting the importance of transmission-level hydrogen blending; we welcome the government’s commitment to publishing an industry consultation on transmission-level hydrogen blending in Q2 2025.
- Within the Clean Power Action Plan, the government has recognised the crucial role of natural gas, comprising 5% of energy generation in the definition of Clean Power. NESO and government have both recognised the important role of hydrogen and CCS to support delivery of Clean Power.
- The Climate Change Committee (CCC) has also backed a hydrogen transmission network as part of Carbon Budget 7, citing the need to connect production with sources of storage and demand, to provide resilience to the energy system, and to stimulate competition between hydrogen producers.

Financial and non-financial regulators

Engagement topics

- 1

We hold regular bilaterals with the Ofgem policy team, in addition to ad hoc meetings, presentations and site visits with other teams.
- 2

We have engaged heavily with Ofgem on our RIIO-GT3 business plan to provide early visibility of our proposals. This engagement has included publication of our Business Plan Overview in Summer 2024, and authoring a letter to Ofgem on our biomethane proposals, which we are looking to accelerate in RIIO-GT3 – incorporating views from the industry and biomethane developers on how to overcome barriers to connecting to the NTS.
- 3

We have also engaged significantly on our suite of incentives proposals, and how these will be calibrated, as well as on our suite of security investment requests for RIIO-GT3, to ensure our security investment plan is fit for purpose and meets the requirements of the regulator. We have pushed Ofgem for further engagement on our IT investment plan and our drivers, meeting with Ofgem’s policy, IT and digitalisation teams.
- 4

Since submitting our plan, we have engaged with Ofgem through the Supplementary Questions process and License Drafting Sessions, to iron out issues and answer questions in advance of Ofgem’s draft determinations and License Drafting Consultation.
- 5

We maintain regular touchpoints with key stakeholders, such as the Health and Safety Executive (HSE) and the Environment Agency (EA).
- 6

Where relevant, we have provided responses to consultations and calls for input led by the regulator, including Ofgem’s Ring Fence Review and Future Energy Pathways guidance.

Engagement outcomes

- We have received positive feedback from Ofgem on our RIIO-GT3 submission as a whole, particularly the clarity and navigability of our plan. We anticipate that this engagement and early visibility of our proposals will enable a smoother review of our business plan submission, smoother transition towards licence drafting consultation (Summer 2025) and to the start of RIIO-GT3.
- In addition, we are supporting government and Ofgem as they seek to introduce an Enhanced Profile Cyber Assessment Framework (CAF) to guide and strengthen compliance against the Network and Information Systems Regulations (NIS), placing more emphasis on how Operators of Essential Services (OES) assure their position. In parallel, we are consulting with government on the planned Cybersecurity & Resilience Bill to expand the Network and Information Systems’ regulatory scope and empower regulators. This is necessary to ensure a baseline of security across CNI supply chains which, as government recognises, have become an increasingly attractive target for hostile actors. As a result of our engagement, Ofgem has prepared to allow us to use triggered risk funding during the final year of RIIO-T2 to undertake risk reduction cybersecurity activities.

Supply chain

Engagement topics

- 1

We have been engaging with our tier 1 supply chain partners on executing our RIIO-T2 plans, and relationship-building and readiness for RIIO-GT3, in addition to preparation for future phases of Project Union and CCS projects. We have continued formal biannual supplier surveys, supported by ongoing engagements, including a Strategic Supplier Summit with Ofgem, and 1-1 meetings.
- 2

We have worked with partners in key areas such as asset health at industry events, including local “Meet the Buyer” events, where we speak about National Gas from a client perspective, with the aim of attracting individuals to companies within our supply chain to grow their capabilities. We also ran an event with IGEM and the Pipeline Industries Guild (PIG), to convene various industry parties to discuss the challenges of moving into a decarbonised gas world.
- 3

We have engaged with various stakeholders and services, such as the Career Transition Partnership, to support armed forces leavers into roles at National Gas. Focusing on our armed forces community colleagues, we set up an employee network to provide peer support and help National Gas grow by sharing lived experiences.
- 4

We update suppliers and wider stakeholders on our innovation projects, including through our flagship dissemination event, Innovation Zero (April 2024) and the Energy Innovation Summit (October 2024). We have hosted a number of workshops with our innovator community to develop our new innovation strategy.

Engagement outcomes

- We have been working to change our culture and approach to collaboration, e.g. through 1-1 meetings with key suppliers to walk through our forward-looking pipeline of work for RIIO-GT3. We are formalising work plans to improve our ways of working, including work to simplify and streamline our tendering activities, and to reduce our payment terms from 42 days to a total of 28 days.
- We have drafted a charter for addressing some of the challenges raised by our supply chain through events, which will be reviewed by the PIG Technical Panel.
- We have signed the Armed Forces Covenant, a commitment to supporting the armed forces community, and we’ve updated our policies to support reservists and volunteers to undertake their duties, with a strong focus on wellbeing.
- We are taking a supplier-led approach to our innovation strategy. Based on workshops with our innovator community, we redeveloped our innovation strategy, reflecting the transition from RIIO-T2 to RIIO-GT3. Building on feedback, our strategy now better reflects our three-molecule strategy, with a stronger focus on utilisation of our natural gas network and CCS, as well as hydrogen innovation.

Customers

Engagement topics

- 1
- Through regular catch-ups and ad hoc sessions, we have engaged on topics such as gas quality, security of supply, cybersecurity, transparency of data, and upcoming UNC modifications. We have also sought feedback from users on our Gas Data Portal through a collection of workshops, individual feedback, and via email.
- 2
- As we approached submission of our RIIO-GT3 business plan to Ofgem, we engaged with customers on our proposed strategies, including deep dive sessions on our Asset Management Plan, our approach to climate resilience, our Environmental Action Plan, and our evolving suite of activities as the Gas System Operator.
- 3
- Following submission of our business plan in December 2024, we held follow-up sessions with our customers and key stakeholders to help them navigate and understand our proposals, and to provide the opportunity to ask questions and provide additional feedback.
- 4
- We have also engaged to further understand gas network user profiles, and decarbonisation plans. As our hydrogen and CCS projects develop, we are also making efforts to build our relationships with our future customers, e.g. hydrogen producers.
- 5
- We engage with all the UK energy networks – gas and electricity, transmission and distribution – through innovation projects. We have also ramped up engagement with the European transmission network operators during the last year. As National Gas is the sole gas transmission network in Great Britain, there are significant benefits in collaborating and developing hydrogen and carbon understanding across the globe, and we primarily engage through Hydrogen Gas Assets Readiness (H2GAR) and European Gas Research Group (GERG).

Engagement outcomes

- Working with subject matter experts, we have made improvements to our processes and ways of working with customers, e.g. improving our inter-control room interactions. We have improved the way we provide data to our customers through our Gas Data Portal, including changes to page design and user interface to make the site cleaner and simpler to use. We have implemented the functionality to search from any page to make data more discoverable.
- We hosted follow-up sessions where customers requested additional details on our plans, including on our capacity constraints management incentive. Then, we have amended our RIIO-GT3 proposals in line with customer feedback, which is summarised in greater detail in our RIIO-GT3 Stakeholder Annex.
- We have used customer data – in part – to develop the feasibility phase of Project Union, early routing options, our ongoing assessment of our needs case, and our credible vision for the scale of hydrogen production, demand and storage that can be unlocked by Project Union.

Consumers

Engagement topics

- 1
- We have worked with research agency Explain Market Research to consult with domestic end-consumers of gas on the core principles and building blocks of our RIIO-GT3 plan, predominantly the steps we are taking towards net zero, our work in innovation, and our developments with hydrogen. We also tested with end-consumers which of our key strategic themes they thought were most important to invest in during RIIO-GT3.
- 2
- Through acceptability testing and deliberative focus group sessions, we also tested with domestic and business end-consumers the acceptability of our plan and the extent to which consumers were willing to pay for our proposed investments as a component of their gas bill (c. £9.89 annually).
- 3
- We also strive to be good neighbours and recognise the importance of our communities. We continue to engage with residents close to our sites through regular updates, letters and attendance at parish council meetings.
- 4
- We've hosted site visits to our compressor stations – including hosting a Community Day at Wormington in December 2024, inviting residents to see behind the fence and understand the important role these sites play in the UK's security of supply.
- 5
- Our key National Gas operational sites have set up 'Hubs' within their communities to help tackle loneliness amongst local people. Our terminals at St Fergus and Bacton have hosted events such as bingo nights and hot suppers, bringing together local residents, encouraging connection and building community cohesion.

Engagement outcomes

- We have aligned the focus areas in our RIIO-GT3 business plan proposal with consumers' priorities and reaffirmed the importance of reliability and proactive network maintenance to minimise network outages and downtime.
- Set against the backdrop of mistrust within the energy industry, and concerns over "where the money goes" we have endeavoured to be transparent with how investment will be spent, and the measures we have taken to keep costs down for consumers.
- We have continued to publish details on our hydrogen projects, such as FutureGrid, to keep consumers informed of our progress, and the developments which ensure assets can transport hydrogen safely and reliably.
- We continue to encourage open communication and building connections within the local communities in which we work, and our hosted visits and events provide great opportunities for stakeholders to meet our teams, discuss local matters, and ask questions.

Energy industry

Engagement topics

- 1
- We have engaged with our wider subject-specific stakeholders on some of the core principles of our RIIO-GT3 plan, and the impacts on the industry, e.g. our continued focus on safety and reliability, our environmental commitments, the need to grow and upskill our workforce to deliver an increased volume of capital projects, and how we plan to do this sustainably. We have also engaged extensively with industry on our proposed suite of incentives, through a combination of consultations and bilaterals.
- 2
- We also engage with the wider industry through our trade bodies, including Future Energy Networks – of which National Gas is a founding member – the United Kingdom Onshore Pipeline Operators Association (UKOPA), Hydrogen UK, the Carbon Capture and Storage Association (CCSA) and the Confederation of British Industry (CBI). We also provide updates to the wider industry through National Gas webinars.
- 3
- In collaboration with the gas distribution networks, we have explored end-consumer perceptions of Britain's gas networks, including the role we are expected to play in maintaining safety and reliability, and in the transition to net zero.

Engagement outcomes

- We are maintaining strong collaborative relationships with industry stakeholders, through continued involvement in cross-industry initiatives and working groups, for instance, the CBI's Energy and Climate Change Steering Committee and Regulatory Forum, through which we help to shape government policy.
- We are also actively broadening our scope of engagement, by strengthening our relationships with transmission network operators on the continent, wherein we are working towards Memorandums of Understanding on areas of strategic importance, such as decarbonisation and security of supply.
- We have refreshed our stakeholder priorities in line with stakeholders' expectations and perceptions of National Gas, elevating the importance of leading the drive to net zero, and highlighting safety, security and resilience as foundational.
- We are continuing to work closely with the gas distribution networks, training providers, our trade unions and other industry bodies to address shortfalls in skilled resource (e.g. in electrical, instrumental, cyber and mechanical disciplines) ahead of the start of RIIO-GT3.
- We have also amended aspects of our RIIO-GT3 plan submission, including our Environmental Action Plan, in line with stakeholder feedback and industry best practice.

CASE STUDY: Stakeholder and policymaker engagement

One of the government’s core missions is making Britain a ‘Clean Energy Superpower’. As the natural gas transmission network operator for Great Britain, we stand ready to help make this happen. Driving a just and timely transition to net zero requires co-ordinated planning and collaboration between communities, government, industry and regulators, and we are playing our role in maintaining security of supply and bringing clean gases onto the network. It is important that we balance our national ambitions and support for the UK’s transition to net zero with regional sensitivities, interacting with stakeholders at a national and local level. As DESNZ, Ofgem and NESO develop regional and spatial energy plans, the geographical differences between stakeholder needs will intensify. The future energy system will likely feature a mosaic of low-carbon technologies, with greater regional variations in gas quality and composition, emphasising the importance of localised engagement and understanding our customers’ decarbonisation plans. Below are some of the engagements from the past year with our communities, regulators and policymakers across the country.



- 1 Chairman Phil Nolan meets with Prime Minister Keir Starmer (June 2024)
- 2 CEO Jon Butterworth tours the FutureGrid facility with Ofgem Chair Mark McAllister (July 2024)
- 3 Energy Minister Michael Shanks visits the St Fergus Gas Terminal (November 2024)
- 4 Corporate Affairs Director Jake Tudge and Head of Customer, Stakeholder and Business Development Luke Rowlands meet with the First Minister of Scotland John Swinney (July 2024)
- 5 CEO Jon Butterworth meets with Chancellor of the Exchequer Rachel Reeves (September 2024)
- 6 Chief Secretary to the Treasury Darren Jones visits National Gas model (September 2024)
- 7 CEO Jon Butterworth meets with Industry Minister Sarah Jones (November 2024)
- 8 Community Day at Wormington, inviting local residents and community groups to see ‘behind the fence’ (December 2024)
- 9 DESNZ Director General for Energy Infrastructure Ashley Ibbett visits the National Gas HQ (March 2025)

CASE STUDY: Stakeholder engagement and our RIIO-GT3 plans

At the end of 2024, National Gas submitted our business plan for RIIO-GT3, the regulatory period April 2026–March 2031. This submission was the product of several years of stakeholder engagement, and reflects customers’ and stakeholders’ key priorities and expectations of National Gas (below). These priorities capture similar underlying expectations of the NTS to those of RIIO-T2, and the ability to take gas on and off the network as and when needed. However, reflecting external factors, such as the increased cost of living and international geopolitics, we have interpreted the customer focus on safety, reliability and efficiency as foundational and not to be compromised on. There has also been a clear shift from the stakeholder community, in that where we were previously expected to support or facilitate the transition to net zero, National Gas is now expected to use our position in the industry to take a leading role in driving this change.

RIIO-GT3 customer and stakeholder priorities

I want the drive to net zero to be at the core of all National Gas initiatives

I want the network to operate safely, reliably and efficiently, as a foundational standard of service

I want an accurate and affordable energy bill

In drafting our business plan for RIIO-GT3, we have worked closely with the industry, our wider stakeholders, and our domestic and non-domestic consumers, to balance our cost-focused efforts with providing a reliable service that is fit for the future. In line with consumers’ priorities, we have sought to keep our impact on bills low, as natural gas is the current low-cost heating solution for vulnerable consumers and fuel for many non-domestic consumers. In a time of rising energy bills, it is vital that we play our part in keeping our costs down for all consumers, especially those who are in fuel poverty.

As we approached submission during 2024/25, our external engagement became more targeted and more technical in nature – shifting from mass engagement shaping the direction of our plan, towards more specific and detailed aspects of our investment proposals. This included deep dives on our plans for asset management, IT and system operation, workshops on climate resilience, hydrogen readiness, training and skills, network surveillance, our innovation strategy and the level of ambition within our Environmental Action Plan. After publishing our business plan, continued to engage across the value chain to build advocacy for our proposed investments, and to help our stakeholders navigate, digest and understand our submission. These sessions provided the opportunity for stakeholders to ask questions of our subject-matter experts and give additional feedback.

35+
Stakeholder workshops, webinars and interviews about our RIIO-GT3 Plan

500
Business end-consumers surveyed as part of business plan acceptability testing

2,000
Domestic end-consumers and business end-consumers surveyed as part of business plan acceptability testing

90+
Additional insights collated, shared amongst the business, and considered in our submission










40+
Stakeholder letters submitted in support of our business plan as part of Ofgem’s Call for Evidence on RIIO-GT3 plans

85+
Stakeholders offered individual 1-1 plan walk-throughs to help understand our submission and answer questions

We are committed to placing sustainability at the heart of our business.

We are committed to ensuring sustainability is at the heart of our business. It is embedded within our purpose - leading a clean energy future for everyone. Environmental, social and governance (ESG) factors represent risks and opportunities that will influence our ability to deliver our purpose.

Responsible business highlights

	+29	Employee Net Promoter Score vs target of greater than +25
	8.89	Our Customer Satisfaction Score of 8.89 was our highest ever weighted average score from customers
	0	No injuries to members of the public
	£78,966	Donated to our corporate charity partner, Barnardo's
	3,401	Colleague volunteering hours delivered
	£93,072	Invested in local communities through our Community Grant Fund
	328.1 ktCO₂e	Scope 1 and scope 2 carbon emissions, compared to 381 ktCO ₂ e last year
	84%	Percentage of our top 50 suppliers with carbon-reduction targets in place
	0.02	Lost Time Injury Frequency Rate (LTIFR) per 100,000 hours

ESG strategy

By recognising environmental, social and governance (ESG) factors that are important to our business, we can proactively manage commercial risks and embrace opportunities beyond statutory and regulatory compliance to create sustainable value.

Our ESG strategy sets out this approach. Aligned to our overall purpose, priorities and values, it identifies our most important ESG issues and actions to address them, with firm commitments and specific time-bound targets. It also outlines governance and reporting structures to track progress and ensure transparency and accountability.

We are working to embed ESG within our decision-making at all levels, every day. Our ESG strategy continues to develop as we respond to the evolving challenges of the energy industry and global climate change ambitions. By deepening our understanding of our duty of care to both the planet and its people, we can focus on those activities where we can achieve lasting positive environmental and societal impact, while operating as an ethical and responsible business.

We believe our ESG strategy defines who we are and who we want to become – both culturally and in terms of our strategic direction. It ensures we continue to play a vital role at the heart of Britain’s energy industry – today, in 2050, and beyond.

The strategy was informed by a simple ESG materiality assessment, undertaken in Summer 2024, which led to the formation of an ESG framework consisting of five environmental pillars, five social pillars and five governance pillars, and the setting of 21 ESG reporting metrics. Performance against these metrics is reported to the Executive Committee and ESG Steering Group, and to the Safety and Sustainability Committee.

Since the implementation of the ESG strategy in FY24, there have been significant developments in the ESG landscape, including the change in UK government, new ESG legislation across the EU, and increasing scrutiny of ESG topics by investors. As such, during FY25 we took the opportunity to reassess our ESG strategy to ensure it

remains suitable, both for the final year of RIIO-T2 and looking ahead to RIIO-GT3.

Confirming our material topics

To inform the review of the ESG strategy, a double materiality assessment was undertaken in FY25. This built on the previous materiality assessment undertaken in FY24, by broadening the concept of materiality from a focus on financial materiality and how the business is impacted by sustainability topics (‘outside in’), to one that includes a view of our impact on the environment, stakeholders and society (‘inside out’).

We identified 14 ESG topics considered to be material to National Gas, using European Sustainability Reporting Standards categories:

- **Environmental:** biodiversity, climate change, pollution, waste, water
- **Social:** communities, equal treatment, safety health and wellbeing, training and development, working conditions.
- **Governance:** business ethics, security (cyber and physical), stakeholder management, supply chain management

Following internal and external stakeholder engagement, the material topics were ranked and then mapped onto a materiality matrix, with clear groupings identified:

- **Critical topics:** safety health and wellbeing, security (cyber and physical).
- **Core topics:** business ethics, climate change, equal treatment, pollution, stakeholder management, supply chain management, training and development, working conditions.
- **Peripheral topics:** biodiversity, communities, waste, water.

Our ESG framework

The findings of the double materiality assessment confirmed the ESG strategy continues to be fit for purpose, covering all material areas, and providing a comprehensive framework to address existing ESG topics, as well as future-proofing against anticipated legislation and areas of growing stakeholder interest.

The ESG performance metrics also remain appropriate, ensuring that material topics are managed with both suitable targets and regular monitoring.

Looking ahead, from FY27 a minor revision will be made to the environmental framework to align with the RIIO-GT3 Environmental Action Plan, whilst five new metrics will be added to cover:

- **Environmental:** biodiversity, climate change
- **Social:** equal treatment, safety health and wellbeing
- **Governance:** supply chain management

The framework amendment and additional metrics will ensure continued compliance with legislative and regulatory ESG disclosures and stakeholder expectations, whilst anticipating future requirements, including the RIIO-GT3 business plan commitments, and expected changes to legislative ESG reporting.



Environmental

Improving the environment

We strive to achieve minimal adverse environmental impacts across all our operations whilst also seeking ways to enhance the local environment.

Key environmental pillars

- Air quality
- Climate change
- Responsible asset use
- Caring for the natural environment
- Leadership for change



Social

Acting with a social conscience

We deliver sustainable social impact, promoting the wellbeing of our people and adding value to both the communities within which we operate, and wider society.

Key social pillars

- Charitable giving
- Community engagement
- Future skills and education
- Employee health and wellbeing
- Customer engagement and protection



Governance

Running our business ethically

We have a robust internal system of practices and procedures that allow us to make effective decisions, comply with the law, and provide assurance to our stakeholders.

Key governance pillars

- Structure and oversight
- Transparency and reporting
- Ethics and compliance
- Financial and operational risk
- Supply chain management

Safe every day

Safety is woven into every aspect of our business and operations.

At National Gas we prioritise the safety, health and wellbeing of our workforce, supply chain partners, the public and our assets. Fundamentally, safety is a golden thread woven into all aspects of our business and operations.

We aspire to lead the way in safety performance with our ambition to be safe every day. This ambition sets the strategic direction for our plans and supports progression to a proactive safety culture.

There are four key focus areas that remain constant throughout our ambition:

- 1. Keeping our assets and processes safe every day
- 2. Demonstrating safe behaviours every day
- 3. Supporting health and wellbeing every day
- 4. Improving safety every day

Committed to a strong safety performance

We are proud of our strong safety performance. Our Lost Time Injury Frequency Rate (LTIFR) reflects our commitment to a safe workplace. At the end of FY25 our LTIFR was 0.02 (per 100,000 hours).

We encourage the reporting of High Potential Controllable Events (HPCEs) to maximise learning and ensure continuous improvement. At the end of FY25 there were 10 HPCEs that were reported and investigated, with remedial actions put in place.

No tier one process safety events occurred within the year, and there were no public safety injuries.

We have prioritised the reporting of leading indicators. As part of this prioritisation, 100% of our targeted SHE leadership visits were completed, allowing increased visibility across sites and providing enhanced opportunities for two-way communication. We also focused on good-catch and near-miss reporting, action closure, and quality investigations to enable earlier intervention and remediation.

Continuous improvement

To ensure we continue to maintain, and improve on, this safety performance, we have driven legislative compliance through value-protect activities and continuously improved operations with value-add activities.

Key H&S deliverables in RIIO-T2

- Developing and delivering a consistent ‘safe every day’ strategy with an annual plan focusing on key risks and improvements
- Launching the National Gas ‘seven deadly risks’.
- Ongoing simplification of our safety management system through regular reviews, and improvements to core systems and processes.
- A review of health surveillance and enhanced wellbeing provisions, including expanding the employee assistance programme.
- A re-focused process safety performance group driving data improvements and allowing director-level focus.



0.02
Lost Time Injury Frequency Rate (LTIFR) per 100,000 hours

Spotlight on our seven deadly risks

These seven areas highlight core hazards that the organisation faces which could, if not managed appropriately, result in significant harm. Each risk area has three key actions that must, as a minimum, be undertaken.

These risks and actions are tailored to our organisation and include:

- People and plant
- Driving
- Falls from heights
- Lifting operations
- Electric shock
- Stored energy
- Excavations and confined spaces

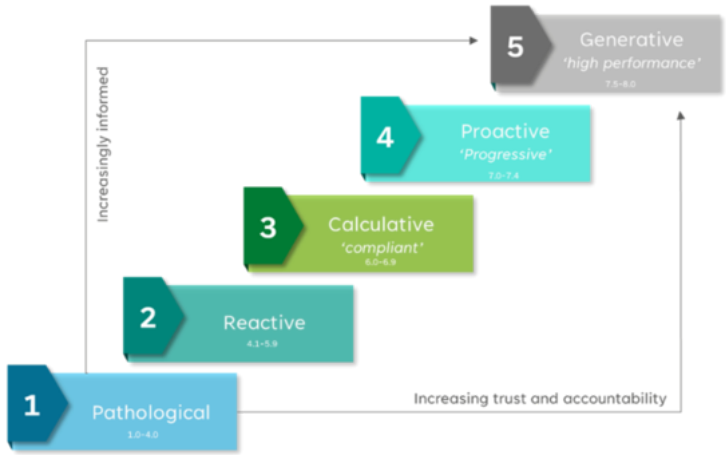
We have undertaken a full and varied communication campaign, including videos and personal reflective messages, safety stand-downs, pop-up banners/posters, desktop and teams background, as well as best practice sharing.

Highlighting these critical risk areas supports business awareness, but most importantly helps to prevent complacency.

This programme will continue to be developed as we move through 2025/26.

Safety culture

We use the Hudson Safety Culture Model to define our safety culture, which is assessed independently every two years. The latest survey in October 2024 showed a 76% engagement rate, up 9% from 2022, and a culture assessment score of 6.83, up from 6.47. This places National Gas at the upper end of the ‘calculative’ band (see below), moving away from being solely reliant on management systems towards collaborative engagement and proactive safety management.



The safety culture survey focuses on six key areas as set-out in our safety culture survey table, alongside their assessment score and a comparison to the 2022 performance figures. All areas have improved and demonstrate positive progression in our culture, showing that our initiatives are driving change.

Most importantly our high-level analysis indicates that:

- Employees feel empowered to stop jobs if they feel unsafe, and feel supported by their leaders in making those decisions.
- Safety is managed as a top value and encourages reporting to support a proactive response to incidents.
- Leaders genuinely care about their employees.

To ensure further progression in our culture, it is important we focus on what we do well, whilst also reflecting and building on the key opportunities for improvement.

As we move into 2025/26 and latterly enter the RIIO-GT3 price-control period, we'll build on our 'safe every day' ambition to embed a fully proactive safety culture.

Safety culture survey

	Proactive safety management	Leadership engagement	Employee engagement	Reporting and follow up	Consequences	Process safety
2024 output	6.64	7.01	6.92	6.95	6.77	6.46
2022 comparison	+0.37	+0.37	+0.31	+0.50	+0.33	+0.08

SEVEN DEADLY RISKS

SEVEN DEADLY RISKS

PEOPLE & PLANT	DRIVING	FALLS FROM HEIGHTS	LIFTING OPERATIONS	ELECTRIC SHOCK	STORED ENERGY	EXCAVATIONS & CONFINED SPACES
STAY OUT OF THE LINE OF FIRE	STAY ATTENTIVE	AVOID WORKING AT HEIGHT WHEREVER POSSIBLE	DO NOT ENTER BARRIERS AND EXCLUSION ZONES	ALWAYS ENSURE POSITIVE IDENTIFICATION	ENSURE POSITIVE IDENTIFICATION OF ASSETS	ENSURE SAFE ACCESS & EGRESS
USE A BANKSMAN	MAINTAIN A SAFE DISTANCE	USE FIXED PLATFORMS AND FALL PREVENTION EQUIPMENT	ALWAYS USE AN APPROPRIATE LIFTING APPLIANCE	ENSURE ISOLATIONS ARE LOCKED AND TAGGED	APPLY CORRECT ISOLATIONS AND ONGOING MONITORING	APPLY APPROPRIATE TEMPORARY WORKS
BE VISIBLE TO THE PLANT OPERATOR	DRIVE TO THE CONDITIONS	KEEP THREE POINTS OF CONTACT ON LADDERS	NEVER WALK UNDER A SUSPENDED LOAD	ALWAYS PROVE DEAD BEFORE STARTING WORK	KEEP OUT OF THE LINE OF FIRE	ENSURE ATMOSPHERIC & ENVIRONMENTAL MONITORING

SAFE EVERY DAY

Securing our people, assets and data

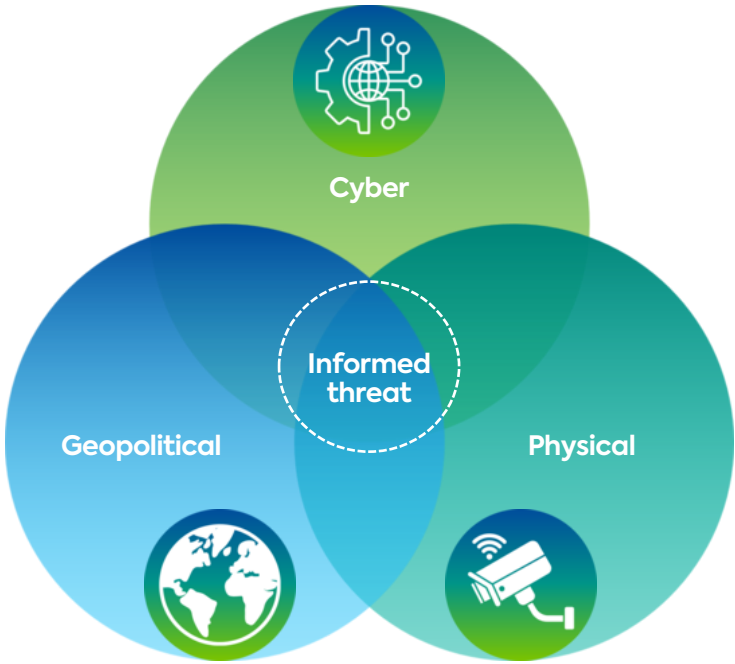
Protecting our people, assets and data ensures we can secure energy supply, drive a clean energy future and maintain industrial competitiveness.

Security environment

The broader security environment remains challenging and the energy sector’s increasing significance as a central component of Critical National Infrastructure (CNI) and national security is feeding through into new legislation, regulation and more exacting oversight regimes.

The world is facing the challenge of energy transition and a broad-based change in the international order. Technology has also become increasingly embedded, distributed and connected, and a mixture of technologies of varying maturity levels are introducing new complexity at the very moment when energy transition is accelerating, and security of supply continues to come under pressure.

Together, these changes can create new vulnerabilities or magnify existing weaknesses, making them more exploitable. As such, we are preparing for a fundamentally different international environment where hybrid attacks by hostile governments and non-state actors are central to geopolitical competition.



To secure our critical infrastructure, we have invested in a leading threat intelligence capability to ensure close monitoring of the geopolitical and threat landscapes. This enables us to contextualise and inform threat assessments that drive and shape our risk assessments, security posture and investment decisions.

Risk review and assessment

We are updating our risk assessments and security policies to keep pace with the threats and the evolving scope and nature of the National Gas estate. This includes measuring the coverage and effectiveness of our controls to detect, respond and recover across all relevant assets.

As we strengthen our understanding of assets, emerging threats, vulnerabilities and adversary tactics, we’ll strengthen our ability to identify and assess risk. This informs our investment decisions, operational responses, design choices and supply chain partnerships.

[Read more: Risk management →](#)

Security mitigation

The Security function protects people, assets and data to ensure that National Gas can maintain effective and reliable security to ensure a secure energy supply, clean energy future, and UK industrial competitiveness.

We engage with partners across government to agree, plan and implement relevant and proportionate security measures.

Key stakeholders

- Ofgem:** Economic regulator and joint NIS Competent Authority.
- Department for Energy Security & Net Zero (DESNZ):** Owner of the enhanced security for Critical National Infrastructure programme (formerly PSUP) and joint NIS Competent Authority.
- National Protective Security Authority (NPSA):** Subject Matter Expert (SME) for the enhanced security for critical infrastructure programme, acting in its capacity as the UK government’s National Technical Authority for Physical and Personnel Protective Security.
- National Cyber Security Centre (NCSC):** The government’s National Technical Authority on cybersecurity.

We also engage with partners across the sector to support and foster effective industry collaboration on the security and resilience of gas distribution and transmission in the UK. The OES Security Forum (Gas) is a voluntary body chaired by National Gas and comprising security professionals from Operators of Essential Services (OES) across the gas distribution and transmission sectors in the UK. The forum augments industry collaboration and provides a platform for members to share and discuss security concerns, lessons and solutions.

On an annual basis, National Gas provides Ofgem (the Competent Authority) with a self-assessment of compliance against the NIS regulations. This process is completed by an independent Governance, Risk and Compliance team to ensure separation of duties from the delivery functions responsible for executing controls. These assessments support improvement plans to reduce security risk, Ofgem benchmarking across the sector, and NIS confidence level ratings.

National Gas has an established ‘insider threat’ programme and runs regular awareness campaigns to improve employee vigilance and instil good behaviours (and the ability to recognise and respond to threats and incidents as appropriate). To support our responses to changes in sabotage threats and incidents, we maintain close working relationships with law enforcement, security agencies and industry partners, helping to build a full and accurate understanding of current and future threats and how they manifest in our environments. This includes exercises to test and rehearse response and recovery plans, and check the effectiveness of our countermeasures.

As National Gas separated from National Grid to become a fully independent company, a foremost priority was the introduction of a new stand-alone Security Operations Centre (SOC). The design and build of the National Gas SOC integrates cyber and corporate security across both enterprise IT and operational technology (OT) environments. This approach offers a comprehensive, unified capability that enhances detection, improves coverage and aligns with the emerging threat landscape and regulatory requirements.

Investment

As an operator of Critical National Infrastructure (CNI), we are investing in our security in a proportional manner as part of our RIIO business plans and in accordance with the NIS regulations and other relevant security standards and frameworks.

The RIIO business plan for security is intelligence and risk-led to ensure the best timing and level of investments to achieve the control coverage and maturity necessary to respond appropriately to the threat – both in the current security climate and in future years. At its core, the security investment strategy seeks to eliminate, reduce, isolate and control risks where possible.

Overall, National Gas is delivering the cyber-resilience and physical resilience outcomes in line with the RIIO-T2 business plan for security, as demonstrated through our regular reporting to the Competent Authority. The security business plan is designed with complementary work streams that introduce incremental controls alongside strategic asset replacement projects

As part of the separation from National Grid, we have successfully transitioned the delivery of previously centralised enterprise capabilities from National Grid to the National Gas Security team.

In late 2024, we received positive determinations across both the cyber-resilience and physical security RIIO-T2 re-openers, enabling us to continue to work at pace, in line with NIS regulation. This work includes accelerated projects during the remainder of RIIO-2 to keep pace with changes in the threat and risk landscapes.

In December 2024, we submitted RIIO-GT3 business plans for security and engaged with Ofgem through the submission query process, ahead of expected draft determinations in the summer and final determinations by December 2025.

Public policy

As a CNI operator, we have a key role in supporting the design and development of future legal and regulatory measures to ensure the best security outcomes for our company, the energy sector and the UK.

Our aim is to ensure a co-ordinated public policy and corporate response to security threats. We contribute best practice and guide security policymaking to balance the trade-offs that emerge as standards and regulatory frameworks evolve to keep pace with security risks.

Cyber Security and Resilience Bill
We support the government’s introduction of a Cyber Security and Resilience Bill to ensure the UK’s security regulations keep pace with global threats, technology change and EU Directives.

We welcome the government’s proposals to use the Cyber Security and Resilience Bill to expand the Network and Information Systems’ regulatory scope and empower regulators. This is necessary to ensure a baseline of security across CNI supply chains which, as government recognises, have become an increasingly attractive target for hostile actors.

Strategic Defence Review
We have added our voice to the Strategic Defence Review regarding the role of defence in protecting CNI investments, including supply chain diversity and sovereign capabilities.

It is vital that the UK has the right foundations to protect its CNI to avoid economic disruption and maintain long-term national security. Investing in sovereign defence capabilities and improving intelligence-sharing will reinforce the UK’s global leadership in security technology and boost inward investment potential by demonstrating our country’s ability to meet modern security challenges.

Running our business ethically

Upholding and demonstrating high standards of conduct is critical to maintaining business confidence.

We have established policies and governance that set and monitor our approach to preventing financial crimes, fraud, bribery and corruption, including our Anti-Bribery and Corruption Policy (the ABC Policy) and our Code of Ethics (the Code).

Ethical business standards

These are reviewed annually and are supported by a company-wide framework of controls designed to prevent and detect bribery or corruption. Our Code sets out the standards and behaviours we expect from all our employees. The ABC Policy applies to all employees and those working on our behalf and sets out our zero-tolerance approach to bribery, fraud, money laundering, tax evasion and other corrupt business practices. These policies are supported by communication and training programmes, including mandatory e-learning for all employees and direct contractors, to promote a strong ethical culture. To ensure compliance with the UK Bribery Act 2010 and other relevant legislation, we operate an anti-financial crime risk assessment process across the business to identify higher-risk areas and act on the results to make sure adequate procedures are in place to address them. The Audit and Risk Committee oversees the policies, systems and controls in place for the areas covered by the Code and the ABC Policy. We investigate all allegations of ethical misconduct thoroughly and take corrective action and share learnings and trends where appropriate, and these are reported to the Audit and Risk Committee.

Whistleblowing

It is important that everyone that works for us can raise any concerns they might have, without fear of retaliation, and be able to do so anonymously. We have augmented our Code of Ethics with a Speak-Up Policy to encourage open reporting, and we have a confidential, externally managed ‘Speak-Up’ helpline, which is available 24 hours a day, 365 days a year. We publicise the contact information to all colleagues on our intranet and through direct engagement, particularly with those teams identified as higher risk through our anti-financial crime risk assessment process.

We use an annual anonymous colleague listening survey to measure our ethical culture and the confidence that our employees have in raising ethical concerns. We target actions based on the survey outcomes.

Our environmental commitments

Looking after our environment is crucial to our vision, our business and to Britain’s energy mix.

Gas is, and will be for decades to come, a major contributor to the blend of energy sources powering the country. At any one time, up to 50% of the nation’s energy could be supplied by gas.

Security of energy supply is something many of us take for granted, and delivering it is a responsibility we take extremely seriously. But we know it is important to balance this with our environmental obligations. We are aware of the critical role we play in solving current and future challenges for energy and are ensuring that we are flexible in how we provide and use energy. A gas like hydrogen, for example, will be an integral part of the UK’s future energy mix and we want to be at the forefront of delivering the benefits of connecting supply and demand. We strive to achieve minimal adverse environmental impacts across all our operations, while also seeking ways to enhance the local environment. Our overall ambition here is to protect the environment and act sustainably every day. This approach aligns with Ofgem’s environmental focus areas for the RIIO-T2 regulatory period:


- Decarbonising the energy networks – with a focus on business carbon footprint and embedded carbon.
- Reducing the networks’ other environmental impacts, i.e. pollution to local environment, resource use and waste management, biodiversity loss, and other adverse effects that are specific to the sector.
- Supporting the transition to an environmentally sustainable low-carbon energy system.


Environmental Action Plan


Our Environmental Action Plan and targets set out how we will demonstrate how we work together with our employees and stakeholders to reduce our impact on the environment. It includes five pillars and 30 commitments which help us to measure how we are doing. The commitments are in place until the end of this regulatory period (RIIO-T2) which concludes in 2026. Following is a breakdown of these five pillars and examples of what we are doing in these areas.

 [Read more: Environmental Action Plan →](#)

Key environmental pillars

**1. Air quality**
We are working to reduce nitrogen oxide (NO_x) emissions from our operations by the end of RIIO-T2. This includes replacing some of the older compressors on our network with cleaner technology, so we can improve local air quality.

**2. Climate change**
In October 2023, we achieved our key commitment within this pillar of developing a Science-Based Target initiative aligned pathway for carbon reduction for our scope 1 and 2 emissions. We have established a commitment to achieving net zero by 2050, with an ambition of 2040.

**3. Responsible asset use**
We are managing our redundant assets in a manner that contributes to a sustainable, lower-carbon future by decommissioning them responsibly, refurbishing for re-use where viable, or changing their purpose where possible. We are also working closely with our suppliers to implement a more sustainable approach to purchasing goods or services, and are working hard to minimise the waste we generate and maximise waste recycling and re-use.

**4. Caring for the natural environment**
Whenever we deliver construction and decommissioning projects, there is a requirement to ensure initiatives are developed to protect and promote biodiversity. We are enhancing the value of natural assets on non-operational land that we own, through habitat improvement.

**5. Leadership for change**
We are embedding sustainability in our decision-making, continuing to be transparent on our progress and working with the industry to drive forward the sustainability agenda.

Adaptation Reporting Power (ARP4) summary assessment

The assessment found that since ARP3, the considered present day risk from erosion (specifically pipeline crossings) has increased. There has however, been minimal change in the remaining risks. The view to 2050 sees the continued impact of raised temperatures alongside increased impacts from flooding and erosion. Our 2100 assessment sees the impact from these climate risks continuing but their likelihood and overall risk score slightly increasing, consistent with UKCP18 projections of increasingly warmer and drier summers, wetter winters, sea level rise and increased frequency of weather extremes.

Energy efficiency

The most energy-intensive activity within National Gas is the operation of our gas-fuelled compressors, which are operated in line with supply and demand. However, we want to ensure that we make energy efficiency improvements and therefore, in the period covered by this report, National Gas installed LED lighting, replaced a heating, ventilation and air conditioning (HVAC) system and upgraded building insulation.

Leading the way to a net zero future

We are looking to the future by developing the hydrogen transmission system of tomorrow – building the capability and flexibility required for a clean energy future.

Our gas transmission specialists are creating the infrastructure to transport low-carbon hydrogen as a replacement for natural gas, and to transport carbon dioxide for carbon capture and storage (CCS). By applying our expertise to develop the energy systems of the future, we are proud to play a leading role in delivering the UK’s net zero ambitions.

Net zero pathway

Natural gas contributes a third of the UK’s carbon budget and, as such, National Gas is a key enabler for the UK Government to reach its net zero goals. We are committed to developing a business model that is consistent with the objectives of the Paris Agreement, which includes expanding our measurement and reporting of indirect scope 3 emissions. While we expand our scope 3 reporting

we are committed to achieving net zero by 2050 with an ambition of 2040, for scope 1 direct and 2 indirect emissions.

To achieve our net zero by 2050 commitment we are focussing initially on scope 1 methane emission reduction from our operations. This includes expanding our fugitive leak detection programme and reducing operational venting through implementation of vent capture technology. We are also exploring scope 2 emission reduction opportunities, for example through the expansion of renewable energy procurement and renewable energy generation for own use.

A bespoke decarbonisation strategy and glidepath to net zero were completed in October 2023. The glidepath is aligned to the Science Based Target initiative (SBTi) Corporate Standard methodology (v1.1) and will be updated once the oil and gas sector specific methodology is published.

As part of our RIIO-GT3 submission, we further developed our decarbonisation strategy using in-house tools to “realise” our theoretical glidepath and confirm which investments should be included in our business plan submission to support our net zero ambitions.

 [Read more: NGT’s ARP Report 2024 →](#)

 [Read more: AER 2023/24 →](#)

Highlights of the year

- We conducted climate change risk assessments for our sites with an Environmental Permit, to help us understand where adaptation investment should be focused. Adaptation is the action we need to take to prepare for and adjust to the projected impacts of climate change. These risk assessments have informed our Climate Resilience Strategy and adaptation investments in the RIIO-GT3 business plan. These investments include proposed interventions to improve resilience to flooding and site-specific climate impact studies at 58 of our critical sites.
- We participated in the fourth round of the climate change Adaptation Reporting Power (ARP) process, following an invitation from the Department for Environment, Food & Rural Affairs. Our ARP report provides the latest view of the physical climate risks posed by climate change to gas transmission system operations.
- We submitted our RIIO-GT3 business plan, which includes a network decarbonisation investment mechanism to support our decarbonisation strategy and our RIIO-GT3 Environmental Action Plan.
- We published our third Annual Environmental Report, discussing our progress against environmental targets that will deliver carbon reductions within the RIIO-T2 price control period.

Streamlined Energy and Carbon Reporting (SECR)

To effectively monitor our greenhouse gas emissions (GHGs) we report our business carbon footprint (BCF) annually and monitor this internally on a monthly basis. The BCF focuses on our scope 1 and 2 emissions, measured in ktCO₂e.

We also report business travel and waste generated in operations as scope 3 categories. Our focus in the coming years is to prioritise the scope 3 emission categories ‘fuel and energy-related activities’ and ‘employee commuting’, followed by other applicable scope 3 categories, such as ‘purchased goods and services’, ‘capital goods’ and ‘investments’.

Streamlined Energy and Carbon Reporting	2024/25	2023/24	2022/23
Energy consumption used to calculate emissions (kWh)	Invoiced gas – 1,751,892 Invoiced electricity – 159,820,501 Fuel for operational fleet – 7,585,284 Compressor fleet & minor combustion plant – 743,103,086	Invoiced gas – 2,170,454 Invoiced electricity – 180,157,031 Fuel for operational fleet – 6,969,106 Compressor fleet & minor combustion plant (diesel and natural gas) – 1,033,197,428	Invoiced gas – 2,643,978 Invoiced electricity – 194,875,629 Fuel for operational fleet – 7,042,563 Compressor fleet & diesel minor combustion plant – 1,545,780,863
Emissions from combustion of gas (scope 1) (includes invoiced gas in buildings and compressor fleet combustion (& natural gas minor combustion plant from 2023/24 onwards) (tCO ₂ e)	156,022	192,322	308,470
Emissions from combustion of fuel for transport purposes (scope 1) (includes operational fleet and business mileage) (tCO ₂ e)	2,314	2,276	2,392
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (scope 3) (tCO ₂ e)	238	233	207
Emissions from purchased electricity (scope 2, location-based) (excluding EVs) (tCO ₂ e)	33,398	37,306	37,695
Total gross tCO ₂ e based on above	191,972	232,137 *(correct for 2023/24)	348,764
Intensity ratio: tCO ₂ e gross figure based from mandatory fields above /mcm throughput of natural gas	2.6	3.05** (correct for 2023/24)	3.7
Methodology	Data sources aligned to comparison years with use of 2024 DESNZ/BEIS conversion factors for tCO ₂ e conversions and the UK Greenhouse Gas Inventory carbon emission factors and calorific values for compressor combustion.	Data sources aligned to comparison year with use of 2023 DESNZ/BEIS conversion factors for tCO ₂ e conversions. There is a minor difference between the reporting and comparison year with inclusion of natural gas minor combustion plant data for 2023/24.	Data sources include energy invoices, meter reads, run hours and supplier reports. The above figures have been converted into kWh from litres or TJ or from activity data to tCO ₂ e using the 2022 DESNZ/BEIS conversion factors.

*231,821 (reported for 2023/24) amended for this report.
**3.04 (reported for 2023/24) amended for this report.

Greenhouse gas (GHG) reporting

As discussed in the 2023/24 report, we have improved our business carbon footprint (BCF) to represent our activities as a stand-alone business, following separation from National Grid Group. Our baseline as National Gas was set for 2022/23. Therefore, historical data beyond this is not provided due to the differences in the emission inventory.

The scope 1 and 2 emission sources included within our 2024/25 BCF are below:

Scope	Emission	Category
Scope 1	Energy consumption (excluding electricity)	Energy consumption
	Transport	Direct commercial vehicle Business mileage
	Fugitive emissions	Leak detection & repair Pipeline and AGIs
	Venting emissions	Venting (compressor only) Venting (others) Incidents
	Fuel combustion	Diesel Natural gas Other minor combustion
Scope 2	Electricity consumption	Electricity consumption (including fleet & company EVs)

Venting (others) includes maintenance venting, gas using devices, pipeline venting, PIG trap venting and NRO vents.

Emissions from ‘incidents’ and ‘other minor combustion’ have been calculated and included in our BCF from 2023/24 only.

Data sources
As of our 2024/25 BCF, our data sources include direct measurements from invoices and emission monitoring reports, modelled data using industry methodology and National Gas specific measurements. We are always looking to improve our carbon accounting, whether reviewing emission sources, seeking data that was not previously available or maturing our methodology. We recognise the importance of our BCF being as complete as possible, particularly as we monitor our emissions in line with the reductions required to meet our net zero target.

Greenhouse gas (GHG) emissions

The table below details our BCF inclusive of additional categories added to our emission inventory from 2022/23:

Scope of emissions	Units	2024/25	2023/24	2022/23
Scope 1*	ktCO ₂ e	294.6	343.1	443.3
Scope 2 (Location based)	ktCO ₂ e	33.5	37.4	37.7
Scope 3**	ktCO ₂ e	0.8	0.9	0.6
Total BCF	ktCO ₂ e	329.0	381.4	481.6

*This total includes two estimated categories of other venting (maintenance venting and gas using devices) which total 37.2ktCO₂e. Total scope 1 excluding these categories is 257.4 ktCO₂e.

**based on two reported scope 3 categories



Climate-related financial disclosures

Managing our climate-related risks and opportunities secures the future of Britain’s energy.

Effective for periods commencing on or after 6 April 2022, the Climate-related Financial Disclosures (CFD) Regulations 2022 have been introduced in the UK to report on material climate-related matters.

For the year ended 31 March 2025, the Group meets the relevant threshold of having more than 500 employees and a turnover of more than £500m. The Group has therefore set out below the CFDs covering how climate change is addressed in corporate governance, the principal climate risks and opportunities and their potential impacts, how climate-related risks and opportunities are identified, assessed and managed, and the performance metrics and targets applied in managing these issues.

In our second full year for the Group as a stand-alone business, we have built on our previous disclosures against the CFD guidance and are implementing further actions as an outcome of our gap analysis and our work with a third-party consultancy in FY25. We remain aware of potential upcoming changes to UK law and are beginning our preparations to report in accordance with IFRS S1 and S2.

This report builds on previous disclosures and provides details on our approach to understand and manage climate-related risks. This includes governance, strategy, risk management, metrics and targets.

As our foundation progresses, we continue to monitor developments, engage with stakeholders and evolve our approach to identify and manage climate-related risks and opportunities. Climate change was identified as a core issue by our double materiality assessment and we continue to work on mitigating the risks against the business, whilst lowering our impact on the environment.

Governance

Board

Board composition

As of the date of this report, the Board is made up of seven Shareholder Appointed Directors, three Sufficiently Independent Directors (SIDS), our Chief Executive Officer, Jon Butterworth, and Chief Finance Officer, Nick Hooper. The full composition of the Board can be seen on page 78. The Board meets six times a year with a particular focus on the strategic direction of our business.

The Board has overall responsibility for setting the long-term strategic direction of the Group, and in doing this considers factors related to climate change. The Board has delegated the setting of the Group’s climate-related strategy and achievement of associated initiatives and targets to the Safety and Sustainability Committee. The role of Board committees in managing climate-related issues is detailed below,

Safety and Sustainability Committee (SSC): Assists and supports the Board in fulfilling its responsibilities and commitments to climate initiatives. Responsible for assessing climate-related risks and opportunities. Assists the Board in providing guidance and direction to the Group’s safety, health and sustainability strategies and monitoring performance against the Group’s safety, health and sustainability ambitions, including climate-related risks and opportunities and monitoring the Group’s pathway to achieving its net zero carbon ambitions. The SSC reviews climate-related risk and recommends any changes to risk profiles to the Board.

Audit and Risk Committee (ARC): Supports the Board in ensuring that the sustainability and climate-related risks and opportunities are effectively managed by overseeing the risk management framework and ensuring principal risks are comprehensive and mapped to key business priorities.

Remuneration and Nominations Committee: Ensures alignment of the Executives’ remuneration to the Group’s climate-related targets by incorporating environmental measures into their short and long-term incentives.

Regulation and Strategy Committee: Oversees the Group’s compliance with its licence and other regulatory obligations. Through its work in overseeing the

Being a responsible business continued

development of the Group’s business plan, for the next regulatory framework, they will ensure commitments in the plan support the Group’s ambitions.

Management

National Gas operates a ‘three-lines’ approach to risk management. Responsibility for managing risk rests with each separate, first-line business function. The Executives own and maintain risk for their function; they are responsible for conducting regular risk assessment reviews and ensuring the adequacy of their controls and mitigations to manage the risks. First-line executive committees manage oversight of the individual business functions.

The process is underpinned by our Risk and Assurance functions in the second line, with additional governance from the Executive Risk Committee (ERC) who escalate to the ARC and SSC. A third line of defence is provided by our internal audit function and external assurance providers.

The CEO has day-to-day responsibility for sustainability and climate-related matters and is responsible for executing the company’s climate change strategy, supported by the Executive Committee. Oversight of the delivery of our ESG metrics is considered by the Executive Committee on a monthly basis, ensuring management is fully aware of our progress against our commitments, including climate-related metrics.

The Safety and Sustainability Committee met three times during the year. Progress against our climate change related commitments, as set out in our RIIO-GT2 Environmental Action Plan, was an integral part of the Committee’s agenda throughout the year. The Committee also reviewed and recommended commitments for our RIIO-GT3 Environmental Action Plan submission for our next regulatory period.

The membership of the Safety and Sustainability Committee consists of non-executive Shareholder Nominated Directors or members appointed by the shareholders. The committee is chaired by Howard Higgins, one of our Shareholder Nominated Directors, and all Board members can attend the meetings. The Chief Executive, the Chief Financial Officer, the Asset Director, the Head of Safety, Health and Wellbeing, and the General Counsel attend meetings and provide management oversight. The

Committee Chair reports back to the Board after every meeting on key discussions and decisions taken.

The Board has overall responsibility for oversight of risk and for maintaining a robust risk management and internal control system. It monitors our strategic, reputational, financial and operational risks, and other longer-term threats, trends and challenges facing us. Climate change is a major consideration in the environment and net zero transmission risks, which are two of our eight principal risks. This will be reviewed as part of the Board’s annual review of the Group’s risk profile.

The Committee considers the impact of the Group’s operations on the environment, workforce, communities and other stakeholders with whom it interfaces, and how it adapts its business with respect to climate change. It provides guidance and recommendations to the Board and ensures that the safety and sustainability strategy is embedded in both business-as-usual practices and the Group’s overall business strategy.

Following each Safety and Sustainability Committee meeting, the Board is advised, as required, on the following areas with regards to climate change:

- Strategy: challenge and approve the Group’s sustainability strategy, including associated Key Performance Indicators (KPIs).
- Performance: review delivery against agreed KPIs and other reporting measures in relation to climate-related risks and opportunities.
- Emissions: consider and challenge the Group’s climate-related performance, including the reduction of carbon emissions target and the progress made against the ambition to reach net zero.
- Risk: review climate-related risks and recommend any changes to the risks and the risk profiles to the Audit and Risk Committee.
- Legislation: report on forthcoming legislation and other requirements relating to climate-related risks and opportunities likely to affect the Group and consider how it will comply.
- Investigations: oversee key issues relating to material environmental incidents as a result of the Group’s business operations.



Strategy

Risks and opportunities

In addition to the climate-related risks encompassed within our principal risks, National Gas has a further three climate-related risks. These risks consider the impact the Group has on the environment and reducing the carbon emissions associated with operating its business, and also the impact a changing climate may have on its assets.

When considering assessment of physical climate risks, the Group defines the time period associated with these to be in alignment with the availability of UK climate projection scenarios and the frequency with which these are updated.

It considers risks associated with changing climate up to 2030 to be short-term, up to 2050 medium-term and 2100 long-term. In consideration of physical climate risk, we have also taken account of the return period included within the climate projections; i.e. the likelihood of a climate-related extreme weather event occurring.

Transition technological risk (short & medium-term)
There is a risk that the Group fails to manage the impacts of climate change and to meet its net zero targets because of complex systems, ageing assets and inadequate adaptation of the National Transmission System to meet the UK’s future energy requirements – leading to reputational damage, falling investor confidence, legislation non-compliance, enforcement actions and fines.

Since the last disclosure, the Group has developed and submitted its next regulatory business plan submission to Ofgem for the RIIO-GT3 period. For the first time this included a specific engineering justification paper (EJP) seeking investment in assets and equipment to reduce scope 1 and 2 emissions from the existing natural gas network, supporting the Group’s emission reduction ambitions.

Transition reputational & policy risk (short & medium-term)

There is a risk that the Group fails to meet its net zero by 2040 ambition (2050 commitment) because of no clear glidepath to net zero scope 1 and 2 emissions or associated decarbonisation strategy – leading to reputational damage and a fall in investor confidence, legislation non-compliance, enforcement actions and fines.

The Group has a Science Based Target Initiative (SBTi) corporate standard v1.1 aligned scope 1 and 2 emission reduction glidepath, but this is not validated as the initiative is currently developing oil and gas sector guidance. Sector guidance has been delayed and this is now expected to be published in early 2026. The Group will review alignment to the new guidance once published.

Physical acute and chronic risk (short, medium & long-term)

There is a risk that acute and chronic changes to climate patterns will cause harm (damage) to a National Gas asset because of a failure to respond to known climate hazards and appropriately manage asset vulnerabilities based on asset type characteristics and location of assets in relation to the hazard. This could lead to loss of supply, increased maintenance and asset replacement costs. This could result in reputational damage, legislation non-compliance, enforcement actions, fines and safety/health/environment incidents.

We completed site-specific climate change risk assessments of our compressor stations in 2024 to identify the locations that have the highest exposure to physical climate risk.

Opportunities
The business has various climate-related opportunities associated with our three-molecule approach. This involves the use of our network for the transportation of hydrogen and carbon dioxide, as well as natural gas. More details can be found in the Business Strategy section.

The National Gas Innovation Strategy 2025 includes a number of climate-related opportunities.

Asset development: Developing net zero ready, resilient assets with optimised maintenance systems. Including developing novel hydrogen and carbon dioxide assets, waste heat recovery and electrochemical compression.

Business development: Enabling future markets and customers of the gas network, by ensuring business systems and processes are relevant for net zero. Including developing new employee skills for operating our three-molecule network, exploring alternative uses for pipes supporting a decarbonised energy system and increasing biomethane connections.

A copy of our Innovation Strategy 2025 can be found here.

 **Read more: Innovation Strategy 2025 →**

Business strategy

Consideration of physical climate risk and the potential impact on the safe and resilient operation of the transmission system has been embedded within the Strategic Asset Management Plan for the Group. Dedicated asset management objectives associated with environmental impact and energy transition are within our RIIO-T2 commitments. Within the RIIO-GT3 business plan, a Climate Resilience Strategy (CRS) was submitted to Ofgem. The CRS sets out our holistic approach toward maintaining an appropriate level of climate resilience for our current natural gas network and includes investments to address the seven climate hazards scoring highest in our Adaptation Reporting Power (ARP) report to the Department for Environment, Food & Rural Affairs (DEFRA) in December 2024. For the regulated business, strategy and financial planning is linked to the regulatory process with Ofgem which is a five-yearly cycle.

A copy of our RIIO-GT3 Climate Resilience Strategy can be found here.

 **Read more: RIIO-GT3 Climate Resilience Strategy →**

National Gas is using a three-molecule approach to ensure the business is resilient in relation to transition risks in our sector. The three-molecule approach encompasses the continuation of natural gas delivery, while reducing the carbon content through biomethane and hydrogen blending with the use of Carbon Capture and Storage (CCS) to capture emissions; alongside the rollout of 100% hydrogen pipelines as we transition to net zero.

Our flagship projects

Project Union: repurposing existing gas transmission pipelines and building new pipelines to create a core hydrogen network for the UK.

FutureGrid: providing vital insights into hydrogen transporting and blending, to support the full-scale conversion to hydrogen.

SCO₂T: supporting the development of CCUS in the Scottish cluster.

For more details on our business model and strategic direction, see page [13](#) and [14](#).

National Gas believes our business model and strategy is resilient to the identified climate-related risks over the short- and medium-term time horizons identified as 2030 and 2050.

Scenario analysis

Transition risk
To understand the climate-related risks and opportunities that could impact our business in the future, we have carried out an initial transition scenario analysis. We have considered scenarios up to 2050, aligning with our net zero pathway and our medium-term risk timescale. Whilst both scenarios present significant risks to the business which must be appropriately managed, there are also opportunities to adapt our network and operations to support the net zero transition.

Rapid decarbonisation scenario (low temperature increase) – 1.5 degrees
This scenario assumes that global warming is limited to 1.5°C above pre-industrial levels by 2100, as per the Paris Agreement. On this route to net zero, demand for natural gas for power and consumer heat will fall as renewable energy expands. Electricity is in the ascendancy, but there is uncertainty that it will be able to deliver the scale of investment required.

In this scenario, we envisage new sectors for hydrogen storage and production arising, alongside other decarbonisation technologies. As such, natural gas for reformation into blue hydrogen, once established, may be needed for decades, alongside the transportation of carbon dioxide to support Carbon Capture, Utilisation and Storage (CCUS). Alongside renewable options,

infrastructure may be required to support the potential consumer transition from natural gas to hydrogen.

However, as encompassed within the transition technological risk, there is a risk that the hydrogen economy does not develop at the scale envisaged, materially impacting our business, leading to potential stranded assets, and falling investor confidence.

These changes will be driven by complex policy, behavioural, market and infrastructure interactions. The scale of these uncertainties will introduce new dynamics for strategic planning. The need to maintain a safe, resilient network (or networks) will always remain a priority, but we anticipate that planning will need to become more responsive to emerging market information. To help us inform and manage this risk, we are working closely with UK governments, the regulator and the wider industry to better understand the evolving landscape.

Slow decarbonisation scenario (high temperature increase) – 4 degrees

This scenario assumes a 4°C increase in global warming by 2100, caused by continued reliance on fossil fuels and ineffective and/or slow changes in climate-related policy and regulation. Fossil fuel emissions remain high, leading to an increased frequency of extreme climate-related events, such as hotter summers and more severe winters. Future energy needs will increasingly fluctuate across seasonal and weather cycles, which may not correlate with the availability of electricity directly from renewables and nuclear.

In this scenario, we envisage that a gas transmission network (natural gas or hydrogen) will be required to ensure that the UK’s national energy supply is secure. However, this scenario also presents significant physical risk to our assets, such as coastal and inland flooding, and increased extreme temperatures, from increasingly unpredictable weather events. Further analysis of these physical risks is outlined below.

Physical risk

National Gas undertook its last physical climate risk assessment as part of its fourth round Adaptation Reporting Power (ARP4) report to the Department for Environment, Food & Rural Affairs (DEFRA) in December 2024. As a Critical National Infrastructure (CNI) owner, National Gas is invited to report through this process, typically on a five-yearly cycle. This is in addition to the

assessment of physical climate risk to assets, which is undertaken annually. The Climate Change Act 2008 gives the Secretary of State the power to direct reporting authorities (bodies with ‘functions of a public nature’ and ‘statutory undertakers’) to produce reports on what they are doing to adapt to climate change. The power is referred to as the ‘Adaptation Reporting Power’. The government’s Adaptation Sub-Committee reviews the outputs of the ARP process, which in turn supports the government’s National Adaptation Programme (NAP) and future UK Climate Change Risk Assessments. The ARP4 reporting round took place two years early, following a recommendation from the Climate Change Committee (CCC) that the Adaptation Reporting Power cycle should be synchronised with the NAP.

In the 2024 report, National Gas formally assessed 26 climate-related risks and scored these on a likelihood/ impact matrix which was common and agreed amongst GB gas networks during the ARP3 reporting round. In the development of its ARP4 report, the Group reviewed the ARP3 risks and removed those linked to previous ownership. In undertaking this review, four additional National Gas specific risks were added to the 22 gas sector specific risks considered by the gas transmission and distribution networks in ARP3. In ARP4, reporters were asked by DEFRA to consider a present-day risk score, plus a 2050 and 2100 risk score, based on business as usual.

The ARP4 assessment found that since ARP3, the considered present day risk from erosion (specifically pipeline crossings) has increased. There has however, been minimal change in the remaining risks. The view to 2050 sees the continued impact of raised temperatures alongside increased impacts from flooding and erosion. Our 2100 assessment sees the impact from these climate risks continuing but their likelihood and overall risk score slightly increasing, consistent with UKCP18 projections of increasingly warmer and drier summers, wetter winters, sea level rise and increased frequency of weather extremes.

The site-specific climate change risk assessments for all compressor stations on the transmission system to fulfil a specific requirement set by the Environment Agency were completed in 2024, and used to inform the updated APR4 risk assessment.

National Gas is committed to continuing activities linked to review of standards and specifications, flood risk

assessment and river scour modelling to help mitigate the present and anticipated impacts of climate change.

As with the previous round of reporting, climate risk scores for 2050 and 2100 are based on the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP) 8.5. RCP8.5 assumes an increase in global mean surface temperature of 4.3 °C over 2081 to 2100, compared to the pre-industrial period (average between 1850–1900). The RCP8.5 scenario is expected to occur by the close of the current century, if global emissions continue unabated at their current rate. Electricity and gas systems justify the decision to omit the 2°C degree projections (RCP 2.6, RCP 4.5 and RCP 6.0) as the industry adapts to worse-case scenarios and any adaptation and mitigation progress towards the 4°C scenario will encompass 2°C scenarios by default. However, a 2°C degree scenario will be explored by National Gas and risk scores reported as part of our second annual reporting submission to Ofgem for RIIO-GT3 and in ARP5.

While high and medium risks have been identified, the National Gas assessment is consistent with previous reports and those of the gas and electricity distribution and transmission sector, detailed in the ENA sector report. National Gas and the UK gas transmission system remains inherently resilient, but we recognise the need to continually reappraise our climate risks and engage with regulators on financing adaptation measures to ensure it remains so. More information can be found in our Climate Adaptation Report.

 **Read more: Climate Adaptation Report →**

Climate-related risk management

Risk identification

The scale of ambition and speed of change required to meet net zero emission targets, along with the potential changes in weather patterns, present both risks and opportunities to our business. National Gas has identified its risks aligned to climate change. These risks and associated mitigations are managed through our risk management framework, with appropriate executive oversight via the Gas Executive Risk Committee (GERC) and line of sight to the National Gas Board via the Safety and Sustainability Committee.

Within National Gas Transmission, the potential risks of climate change to the business are taken extremely seriously. National Gas is committed to assessing these risks on an ongoing basis and taking appropriate mitigation and adaptation action, where necessary.

Over the past year, we have implemented environmental and climate change taxonomies within our risk systems. Through a new system, we are implementing process markers to support the identification of environmental, social and governance (ESG) risks as part of ongoing refinements to our risk management process, aligned with ISO31000.

To further support the development of our risk capability and improve transparency, we have implemented operational risk taxonomies. The environmental and climate change taxonomies have been rolled out to the business in line with ongoing improvements to the risk management process. As part of the rollout, business areas have been asked to review their risks and raise any additional risks, including climate-related risks, where appropriate.

In accordance with the Enterprise Risk Management (ERM) system and the three-lines approach to risk management, each business area is responsible for identifying relevant risks. For climate-related risks, these are primarily identified by the Environment and ESG teams and managed at a local level using the ERM with oversight from the Executive function owner. Regular review occurs through the GERC, with relevant issues raised to the Safety and Sustainability

Committee for assessment as deemed necessary. In turn, these will be escalated to the Board as required. A third line of defence is provided by internal and external audit functions.

Furthermore at the January 2025 GERC, the decision was taken to incorporate climate-related risk as a factor within each individual principal risk, to ensure robust assessment across key strategic business areas.

In the 2024 report, National Gas formally assessed 26 climate-related risks and scored these on a likelihood/impact matrix which was common and agreed amongst GB gas networks during the ARP3 reporting round. In the development of its ARP4 report, the Group reviewed the ARP3 risks and removed those linked to previous ownership. In undertaking this review, four additional National Gas specific risks were added to the 22 gas sector specific risks considered by the gas transmission and distribution networks in ARP3. In ARP4, reporters were asked by DEFRA to consider a present-day risk score, plus a 2050 and 2100 risk score, based on business as usual.

Risk management

Climate change risks are considered as part of our Enterprise Risk Management (ERM) process. The ERM process is the framework through which National Gas identifies, assesses, manages, monitors and reports risks. It is refreshed annually, and climate-related risks undergo the same process as all other risk categories in the ERM system. This process includes the identification of a series of company-wide controls and actions to mitigate the climate-related risks.

The environmental risks are owned by the asset director. These risks form the foundation of our climate risk adaptation and mitigation, which will continue to mature over the next 12 months. Emerging risks are managed under our risk management framework, with results reviewed by senior leadership.

Climate-related risks are an integrated part of the operational risk framework and are allocated against the climate change taxonomy.

The risk assessment process has been designed to be clear and practical, giving the business readily measurable principles aligned with our purpose and values. It enables us to assess what we are, and are not, willing to do to

deliver on our strategy, so that we can provide robust assessments of the risk – including environmental and climate risks. These processes are refreshed annually.

Risk integration

We operate an integrated risk management framework, which manages all categories of risk across the business, i.e. strategic, financial, operational and emerging. We are exploring system options to fully embed our risk processes. The rollout of business taxonomies has further integrated climate considerations into the overall risk management framework, and the future implementation of process markers will further enhance the existing framework.

Metrics and targets

Risk metrics

National Gas has 21 ESG metrics used in the business across all three pillars of environment, social and governance. Each metric has a business process owner and an accountable lead on the Executive team. Four out of 21 metrics are deemed to be related to climate-related risks and opportunities. These are detailed in the table below:

Metric	Target FY25	Achieved FY25	Target FY26	Related risk/opportunity
NO _x from compressor unit combustion	6 kg/hour	4.74 kg/hour	6 kg/hour	Both transition risks
Scope 1 and scope 2 carbon emissions	455 ktCO ₂ e	328.1 ktCO ₂ e	443 ktCO ₂ e	Both transition risks
Percentage of top 50 suppliers with carbon-reduction targets in place	75%	84%	75%	Transition reputational & policy risk
Percentage of employees who have completed environmental training	95%	97%	95%	All

By ensuring employees are trained in environmental and sustainability matters, the business is equipping its people with the skills to identify and implement mitigation strategies for climate-related risks at an operational level.

National Gas also uses the metric of network reliability to ensure that service levels are not being reduced by climate-related events. In 2024/25 we achieved a network reliability of 100%, with no supply interruptions and no

unplanned outages. This relates to our physical acute and chronic risk.

GHG emissions

National Gas measures and reports on its scope 1, 2 & 3 emissions on an annual basis.

 [Read more: SECR →](#)

Risk targets

National Gas has set out 30 targets in its Environmental Action Plan (EAP) across the pillars of climate, leadership, air quality, resources and nature.

 [Read more: Environmental Action Plan →](#)

Partnering with our communities

Our social impact activities ensure we support our neighbours and tackle inequalities for vulnerable consumers.

Social highlights



£78,966

Donations made to date to our corporate charity, Barnado's



3,401

Employee volunteering hours



£93,072

Total community grant funds issued



1,379

Community members engaged through our Tackling Loneliness initiative

As a national business, we're well positioned to offer support to our local communities across the length and breadth of Britain. Our range of social impact activities ensure that we're giving back to our neighbours and tackling inequalities for vulnerable consumers.

Our four areas of social impact activity

Community grant fund (CGF)
Business plan commitment to fund grants of up to £100,000 per year for causes located close to our operational and construction sites, which deliver positive social, economic and environmental impact in line with our ESG strategy.

Education and skills
Engaging the next generation in net zero and the energy transition, and inspiring those from diverse and under-represented backgrounds to consider careers in the energy sector.

Charitable giving and employee volunteering
Our approach to corporate citizenship, including charitable partnerships, employee fundraising and donations, and volunteering activities to support a range of good causes across the UK.

The Tackling Loneliness initiative
Our initiative aimed at proactively tackling loneliness in the communities where National Gas operates, with the aim of reaching isolated members of the community, engaging our employees, and fostering a sense of belonging across the National Gas operational footprint.

Community grant fund

Our community grant fund (CGF) programme is a way for us to give back to the communities in which we operate, mitigate any adverse impact caused by our activities, and build great relationships with our neighbours.

Local causes and charities based around our operational and construction sites can apply for funding of up to £20,000 to put towards projects that deliver positive social, environmental or economic impact.

We use a scaled approach to granting funds to ensure that any activities we undertake that may cause disruption (such as ground works) are adequately mitigated. The CGF is assessed against two key criteria:

- Up to £20,000 available for causes located near to our construction sites
- Up to £10,000 available for causes located near to our operational sites

Operating since 2024, to date our CGF has granted over £130,000 to a range of causes across the UK.

Case studies

The Active Wellbeing Society, Tyseley

The Active Wellbeing Society (TAWS) is a community benefit society and cooperative, working across the West Midlands to develop healthy, happy communities living active and connected lives. For the past two years, the TAWS Food Team has been given access to the National Gas commercial-grade hydrogen kitchen demonstrator at Tyseley Energy Park, to prepare tasty, nutritious meals for delivery to individuals and families living in food insecurity across Birmingham. Since operations began in January 2023, approximately 500 meals have been prepared using these facilities, supporting individuals and families who would otherwise struggle to feed themselves. Many of those supported by this project are families with children living in temporary accommodation. TAWS is permitted to use the hydrogen kitchen facilities free of charge as a gesture of community goodwill from National Gas. In 2024, TAWS was encouraged by National Gas to elevate its impact by applying for CGF funding. Following a successful application, TAWS was awarded £10,000 to expand its activities and reach more vulnerable members of the community.

Eden Rivers Trust, Penrith

The Eden Rivers Trust (ERT) is an environmental charity based in Cumbria that seeks to protect and promote the wellbeing of the river network across the Vale of Eden. The ERT applied for funding via the CGF, following the commencement of construction works along the A66 corridor by National Gas. As part of a wider project of work led by National Highways, National Gas was required to discharge ground water into the River Eamont via the Lightwater tributary – a major tributary of the Eden River. As mitigation for the potential disruption caused to the local area by the works, the ERT was awarded £20,000 in funding for two key projects focusing on land management and water quality:

1. Healthy hedges community tree nursery

A project which grows native trees from seeds collected from farms in the Eden Valley, to use in hedgerows and farm boundaries. This work makes hedges healthier and more effective for stock control, shelter, soil stabilisation, nutrient and water retention, as a home for wildlife and to filter water – removing damaging nutrients from field run-off.

2. Regenerative farming education programme

ERT worked with the farming community across the Eden Valley to inform and advise them on best practice for land management, through workshops, soil sampling and access to soil-aeration equipment – helping to improve soil quality, reduce environmental impact and minimise costs.



Education and skills

We have been building national and local education and skills development partnerships and initiatives to engage the next generation in net zero, the energy transition and future career pathways.

The road to net zero presents a number of opportunities and pathways in science, technology, engineering and maths (STEM) careers, research and development, and policy. We aim to connect with and inspire 900 young people by the end of RIIO-T2 through educational outreach opportunities, and where possible track their progress from first interaction right through to potential employment at National Gas.

Work experience

This year, we hosted our first formal work experience programme. Built with the support of UK-leading responsible business organisation Business in the Community (BITC), the programme uses best-practice approaches identified by the Careers and Enterprise Company (CEC), and focuses on developing the eight key employability skills included in the Universal Skills Framework.

During October 2024 and February 2025, 30 students from across the UK joined us at our headquarters in Warwick for a hybrid work experience week. Students could choose to be part of our general business cohort, where they learned about how our business works, including sessions on finance, customers and stakeholders, strategy, innovation, regulation and HR. Alternatively, they could join us as part of our cyber and security cohort, where they had an in-depth peek behind the curtain into the world of business security, including sitting in on sessions about phishing, personal security and security intelligence. Our most recent ESG materiality survey identified cybersecurity as our most material business topic, so this year we focused on highlighting it as an exciting, essential and rewarding potential future career. The week was designed to help students not only develop vital skills and practical experience to carry forward into their higher education and early careers, but also to showcase what a career within the energy sector could look like.

Alongside their daily sessions, students completed a work experience journal to record their learnings, conducted interviews with colleagues, completed a CV and job application workshop, and even had a Q&A with our CEO.

Schools engagement

In addition to our formal work experience programme, our people are encouraged to undertake their own educational outreach activities through volunteering, school visits, and by hosting locally-led work experience. Many of our colleagues have shared their skills and expertise – whether STEM-based or more broadly – through our network of educational and charity partners, or their own connections as STEM Ambassadors. Among our many activities, we’ve become regular attendees of Physics Partner’s ‘Girls in STEM’ conference based in the Midlands; our people were panellists for a series of webinars hosted by the Engineering Development Trust on careers in STEM; our Innovation team attended a local girls’ grammar school for their science outreach day; and we spent a day with 180 students from a local school for their career insights week.

Charitable giving, employee volunteering and community partnerships

We are committed to adding value to the communities where we operate, and wider society. Through continuous fundraising efforts, employee volunteering, and community partnerships, we ensure that the impacts we have on society are sustainable, worthwhile and targeted to address pressing social issues.

Charitable giving and employee volunteering

In 2023, our colleagues chose Barnardo’s as our corporate charity partner, pledging to fundraise £100,000 for the charity over three years. By the end of FY25, over £78,000 had been donated to the charity. As well as raising funds,

we offer support to the Barnardo’s children’s centres located in Birmingham, which are managed by Barnardo’s. Our colleagues have donated children’s clothes, toys and equipment, school uniforms, Easter eggs, Christmas presents and Mothers’ Day gifts to support the families associated with the children’s centres.

Furthermore, we encourage our people to share their skills, time and expertise through two days of employer supported volunteering each year. Colleagues are encouraged to take part in activities which bring social, economic and/or environmental benefits to charities, community groups and not-for-profit groups located in the vicinity of our operations. During FY25, our people collectively spent 3,401 hours volunteering.

To support our volunteering and charitable giving activities, we give colleagues access to a best-in-class social impact platform, Benevity. This enables them to find, create and sign up to local volunteering opportunities, make donations to their chosen charities, or promote their fundraising activities. Additionally, via Benevity, employees can access up to £400 per year in matched corporate funding for their own fundraising, and matched corporate donations of up to 150% for their own donations and regular corporate donations (called ‘seeds’) where the business gifts funds to our people for them to donate to a charity of their choice. In the past year, we supported over 390 good causes via Benevity, delivering over £57,000 of business funds to community groups and charities, including £24,000 gifted via seeds.

Community partnerships

The Albion Foundation
We partner with The Albion Foundation (TAF) – the charitable arm of West Bromwich Albion Football Club – to support their work in promoting wellbeing, behaviour change and active lifestyles to vulnerable individuals and communities across the Sandwell borough of the West Midlands. The partnership supports TAF in delivering activities including disability football, 1:1 behavioural change mentoring, SEND sports sessions, holiday clubs and residential programmes. National Gas also gifts West Bromwich Albion match day tickets to local schoolchildren who have demonstrated a positive attitude and behaviours when participating in TAF activities.



The Tackling Loneliness initiative

In FY25, National Gas launched a new initiative aimed at proactively tackling loneliness in the communities where we operate. Through employee volunteering and engagement with local people, we are raising awareness of loneliness and supporting those who are experiencing it, whilst also upskilling our employees to identify and tackle loneliness at work and in their personal lives.

Why loneliness?

In 2018, the UK government identified loneliness as a major public health challenge. Since then, the pandemic and cost-of-living crisis have worsened the issue, with three million people aged 16+ reporting frequent loneliness in 2021/22. Loneliness increases early mortality risk by 26% and costs the UK economy around £9,900 per severely lonely person annually, with a £2.5 billion impact on employers through absenteeism, productivity loss, and employee turnover.

Aims of the initiative

The loneliness initiative aims to provide resources to tackle loneliness in communities where National Gas operates, by:

- Raising awareness of loneliness in local communities, reducing stigma, and encouraging people to talk and act on loneliness.
- Increasing employee volunteering and engagement within their local communities.
- Building connections by providing technology to those who are digitally isolated.
- Providing resources to upskill National Gas employees, enabling them to identify and tackle loneliness both in their personal networks and within the workplace.

How is National Gas tackling loneliness?

We are working with established national and local charities to build on existing initiatives, and supporting local communities in delivering new activities to build connections and tackle loneliness.

Bringing people together

Events to connect the community are underway in the vicinity of key National Gas operational sites, delivered in partnership with local charities or community groups. A variety of activities have been taking place, ranging from bingo nights and soup lunches, to fish and chip suppers and more, all aiming to reduce isolation and help people to foster meaningful connections. Where possible, National Gas employees have volunteered to support the activities and develop friendships with attendees. Since launching, 38 events have taken place across the UK, with over 1,300 attendees, including:

Bacton: bingo

Colleagues at Bacton Gas Terminal have led three bingo events to tackle loneliness and build community spirit. Bringing together almost 200 local people, the events have been supported by National Gas volunteers, helping forge relationships between employees and the local community.

Livingston: soup socials

Livingston colleagues have joined forces with Cloverglenn – a charity for young adults with disabilities – to deliver a weekly ‘soup social’. Over 300 people have attended the events, gaining hands-on experience of preparing food and setting tables, while delivering a sense of inclusion for adults with learning difficulties.

St Fergus: Claik and Mait

Colleagues from St Fergus have been teaming up with Mission Café to serve hot meals and provide a space for community members to form connections. These events welcome over 50 people each month, many of whom are facing isolation, loss or addiction. From comforting fish and chips, to creamy afternoon teas and Christmas dinners, these monthly gatherings are helping people feel seen, valued and connected.

Partnering with others

National Gas has formed strategic partnerships with national charities that already have well-established programmes in place to help tackle loneliness and social isolation across key demographics, such as the elderly, young people and those who are digitally isolated.

Age UK

National Gas employees are supporting Age UK’s Telephone Friendship Service, which matches volunteers with beneficiaries aged 50+ to have a weekly chat, building meaningful and life-changing connections.

UK Youth

Founded in 1911, UK Youth is a national charity working to ensure all young people are equipped to thrive and empowered to contribute at every stage of their lives. UK Youth leads a network of over 8,000 local youth organisations that reach more than 3.7 million young people. National Gas is supporting UK Youth’s Adventures Away From Home programme, offering outdoor learning opportunities to disadvantaged or under-represented young people aged 11-18 across England. Our funding will provide 220 bursaries for day trips and outdoor learning opportunities which support essential development for participants, improving socio-emotional skills and equipping them to succeed in education, foster positive relationships and experience good health and wellbeing.

WaveLength

WaveLength is a charity fighting loneliness through the provision of technology – such as TVs, tablets or radios – to those who are digitally isolated. National Gas is working with WaveLength to identify individuals who are lonely – because of age, or poor physical or mental health, or who are isolated by circumstances which make it hard for them to leave their home – located in the vicinity of our main operational sites. These individuals will be supported to apply for technology, funded by National Gas, through WaveLength’s network of expert local partners. This ensures that every piece of technology donated is tailored to meet the demands of the beneficiaries, allowing them to foster and build meaningful connections in an increasingly digital world.



Powering our people

Our employees are our greatest asset, and our ambition is to create a purpose-driven and results-focused culture, founded on care and inclusion.

We believe that our future success is predicated on our ability to attract, recruit, develop and engage a capable, diverse, safe and healthy workforce who will deliver our business strategy and maximise the opportunities ahead of us.

Our employee value proposition

During the year, we continued to embed our new employee value proposition (EVP), with the aim of both attracting new employees and retaining existing talent – and making National Gas an employer of choice. Using existing data sources and engaging directly with a cross-section of people within the organisation, our colleagues have told us what makes National Gas a good place to work today and could make us an employer of choice in the future. Our EVP pillars set out the most important aspects of what it’s like to work at National Gas. These are:



Purpose
We lead a clean energy future for everyone. A refresh of our strategic objectives aims to further inspire and evoke pride in our business. We are the national gas network, providing secure energy to power Britain, achieve net zero and maintain our industrial competitiveness.



Flexibility
Having some flexibility around when, where and how we work helps us all manage the demands of our lives at home and work, whether that’s hybrid working, varying shift patterns or more formal adjustments to our working hours.



Growth
We want everyone to have the opportunity to develop, both personally and professionally. That means room for growth through clear pathways, development programmes and opportunities for our people to build their careers on their terms.



Inclusivity
We have a supportive and inclusive culture where everyone is heard, valued and supported to reach their full potential. The introduction of our ‘Belonging survey’ in 2024 helps us develop an environment where we can connect, collaborate and be the best we can be.



Caring
We work towards our important goals together, while looking out for each other. Caring deeply about the reward and recognition of our employees, we make sure we have a diverse range of benefits that support our colleagues inside and outside of work.

Employee engagement

Our overarching aim is to engage in a two-way conversation with employees, wherever possible. Our senior leadership team enjoys engaging directly with our people, both at a local level – through informal breakfast or lunch sessions – and at larger set piece events, such as our annual leadership summit and quarterly town halls.

We continue to enjoy good relationships with our four Trade Union Full Time Officers and local employee representatives. We work proactively with the unions on employee terms and conditions, as well as on topics where they can add value to a collective discussion of mutual benefit, such as hydrogen and the impact on future skills and green jobs.

In addition to our comprehensive annual employee survey, we conduct regular eNPS surveys – a more agile means of assessing employee sentiment, giving us scope to act quickly and make timely improvements, while celebrating successes.

In terms of employee engagement, National Gas has been tracking employee advocacy through a net promoter question that asks, “how likely are you to recommend our business as a place to work” between 0–10. In January 2025, we received an organisational eNPS score of +29, which is seven points higher than our 2024 score of +22. This is a ‘favourable’ result and continues our upward trend, having scored +5 in 2022 and +15 in 2023. Benchmarking externally, Bain and Co rate scores between 0 and 20 as ‘good’, a score over 20 as ‘favourable’ and a score over 50 as ‘excellent’.

To supplement our quarterly eNPS approach, in 2024 National Gas decided to initiate an annual survey, to deliver enriched data and insight on the employee experience. In line with our values, the annual survey has a simple 25 question set, spilt across three areas: employee advocacy (eNPS), culture and values, ethics and safe to say, allowing us to understand what is working and where we need to improve the employee experience.

Last year, feedback highlighted a lack of clarity around progression or what a career at National Gas would look like. As a result, two significant pieces of work relating to a career framework and learning and development framework took place. These frameworks include a wealth of information covering career progression and the skills

and experiences needed. A series of webinars, learning and development recommendations and conferences were also created to support career development.

Another valuable piece of feedback from employees centred around a desire to better understand our business strategy. In response, we created long and short strategy narratives to explain our direction and strategic priorities in May 2024. We also created a hub on Connect (our intranet site) to share more information and ran a webinar to bring the subject to life.

As our strategy evolved, and our strategic priorities were refreshed late in 2024, we ran further webinars to continue keeping everyone informed and up-to-date.

Building our talent pipeline

National Gas is building our talent pipeline to address the new clean energy jobs required for the future.

This year we welcomed 76 new learners – 51 apprentices and 25 graduates – doubling our number of apprentices and growing our graduate community eightfold since we became a stand-alone business. We now have 13 apprenticeship pathways spanning qualification Levels 3–6, that run across our construction, asset, system operator, cyber and physical security business, as well as expanding operational apprenticeships.

 [Read more: Education and skills →](#)

Learning and development

Attracting and retaining talent is critical to the success of our business. We are passionate about developing the skills and capabilities of our people – both to enable them to leverage personal growth opportunities and to accelerate the development of our talent. Aligned to our value of simplicity, our learning and development proposition centres around four key building blocks: personal development, professional development, team development, and leadership development.

We have created a career framework that represents both people leadership and specialist career pathways, and outlines expectations at each level. Bespoke leadership development programmes, designed to enhance leadership capabilities deemed essential in driving business success, have been put in place. A high-performing teams

toolkit has been developed in-house to help leaders accelerate their team’s effectiveness and performance through embedding disciplined practices of productive team habits.

All employees have access to LinkedIn Learning, which allows them to develop at their own pace in areas that are relevant to them. LinkedIn Learning gives free access to more than 15,000 on-demand resources covering business, leadership, creative and technology skills. Dedicated learning pathways help develop ways of working in line with our values and leadership skills, including a focus on leading through change. As our capability requirements evolve, we will continue to develop our training offerings to reskill as appropriate

Improving how we attract and develop early talent

Early careers attraction
We are working to promote careers in the gas industry by partnering with universities such as Aston and Warwick. This engagement has expanded to include a black talent STEM leadership event (Aston), providing CPD input to careers advisors (Aston), consulting on the finance curriculum and delivering panel talks/fireside chats (Warwick). We have also attended more traditional careers fairs and collaborated on sustainability, providing workwear items to students through ‘Warwick Workwear Wardrobe’.

To ensure fairness, we reviewed our interview process and aligned its structure to suit a younger audience. This process has included hiring for potential by changing to strengths-based questions rather than competency. These determine candidates’ natural strengths, rather than drawing on past experience. This also supports candidates from lower socio-economic backgrounds, as the questions assess natural capability rather than access to opportunity. We’ve also introduced anti-bias and social mobility refresher training at the start of every assessment centre to ensure assessors bias is mitigated.

We’ve received positive feedback from candidates including, “this personable touch made the application stand out from others, and put National Gas at the top of my job preferences”, and “the process was extremely clear and all the prior advice and top tips made you feel as ready as possible. Enabling me to really showcase my true self.”

We’re conscious of recruiting sustainably. We now hand out cupcakes instead of plastic give-aways at careers fairs, with QR codes that direct candidates to apply for roles, and we have streamlined interview packs to reduce printing.

Looking ahead, we’ll continue to raise the profile of early careers opportunities, building our employer brand via strategic partnerships with universities, schools and colleges. We’ll continue to improve the quality of our selection process with a focus on DEI, as well as developing an attraction strategy and creating a candidate journey with a human-centred approach,

Upskilling learners
This year, we introduced ‘Raising the Bar!’, a new development programme for all learners, designed to embed our values and incorporate our career framework to maximise positive business impacts. The programme provides opportunities for colleagues to spend dedicated time getting to know one another and build a sense of community as a cohort. The programme has helped to develop learners that will challenge and who have added value through working on real business projects.

Embedding early talent into the business:
96% of learners have remained in the organisation since 2023, joining asset, construction, innovation, IT, cyber, security and operations. For the first time, this year we’ve looked to benchmark our programmes externally with the Job Crowd. Our learners have rated their experiences with us and we’ve achieved a first place rating in the ‘Energy and Utility’ sector for both our graduate and apprenticeship programmes. We’re also rated highly for our benefits and progression opportunities.

Building our talent for the future
National Gas has committed to hiring 60 learners each year between 2026 and 2031, to support future skills requirements and meet our skills gaps. We will continue to increase our inclusive learning culture through programmes such as ‘Raising the Bar!’

Diversity, equity and inclusion

We recognise that a great place to work means actively promoting diversity, equity and inclusion.

We pride ourselves on creating an organisation where diversity, equity and inclusion (DEI) are celebrated through meaningful actions, helping us to attract and retain the best talent in our industry, and where all colleagues feel that they belong.

The Remuneration and Nominations Committee monitors DEI, and considers the development of, and progress against, a number of activities to improve diversity across the business, including the publication of our Gender Pay Gap report.

Measuring belonging

This year, we ran our first ‘Belonging Survey’ to understand how much colleagues felt they belonged at National Gas, and to help measure the DEI work we have undertaken in the past two years of our Belonging Strategy. National Gas scored a Belonging Index of 82%, meaning that 82% of colleagues answered favourably to all questions asked. Colleagues said that:

- They understood their role in creating an inclusive culture
- They believed that ideas are given fair consideration, regardless of a person’s background or identity
- They felt that people respect and value each other’s opinions, and
- They felt that everyone has equal access to development opportunities at National Gas, regardless of their background or identity.

Colleagues also provided us with thoughts on how to improve DEI at National Gas. These ideas are being built into the 2026–2031 strategy and implementation plan.

Armed forces and Disability Confident

This year, we signed the Armed Forces Covenant and gained the Bronze Award from the Employee Recognition Scheme, to show our unwavering commitment to members of the Armed Forces Community at National Gas and more widely.

We have also signed up to the DWP Disability Confident Scheme. We hold Disability Confident Committed Employer (Level 1) recognition, demonstrating our commitment to improving our processes so that we are recruiting, retaining and developing disabled colleagues in our organisation.

Developing diversity

Ethnically diverse talent
Our pilot ‘Elevate Leadership Development Programme’ to help colleagues from ethnically diverse backgrounds move into leadership roles was very successful. Over half of the participants gained promotions or secondment opportunities during the programme. A second cohort started the programme in March 2025.

Senior leaders
We piloted our ‘Inclusive Leadership Training’ with the Executive team earlier this year, and rolled it out to our senior leadership teams across the organisation. The programme was designed to help leaders gain confidence in DEI, looking at their role in embedding inclusive practices, and understanding concepts such as cultural competence.

Women in leadership
This year we ran our first Women in Leadership Conference, with 45 female leaders from across the organisation gathering to hear from internal and external speakers on a range of topics from work–life balance to female friendship and career journeys to self-advocacy.

Celebrating diversity

This year, we held 12 webinars on topics such as Time to Talk Day, neurodiversity, LGBTQ+ inclusion and allyship, deaf awareness and gender equity.

We ran a series of events on menopause, including a session for managers and a safe space session for those experiencing or soon-to-experience the menopause.

We also held four in-person events, including a women’s networking event and a celebration for South Asian Heritage Month, where over 200 colleagues enjoyed a musical performance, learned more about the countries that make up South Asia, and sampled food prepared in our hydrogen kitchen – the world’s first commercial kitchen prototype fuelled purely by hydrogen.

Gender pay gap progress

We're pleased to report that we have turned the dial on the gender pay gap. We have reduced our figures on both the 'mean' and 'median' metrics. This is largely due to the increase in the proportion of women in the top 25% of earners in our organisation.

The gender pay gap is the difference in average earnings between women and men, and shows women's position in the workforce in comparison to men. For National Gas, building a truly equal and inclusive business is not just the right thing to do – it is vital to achieve our business vision.

We understand the business benefits of a diverse workforce, and we know that being open to different perspectives helps us to better understand and support our customers, innovate and manage risk. In 2024/25, our mean pay gap decreased from last year, from 5.5% to 1.6% and remains lower than the UK average of 7.7%, as reported by the Office for National Statistics for 2023. Our median pay gap also decreased from -0.2% in 2023 to -3.3% in 2024.

Our pay gap is driven primarily by the concentration of men in senior positions, rather than our pay structure. This measure covers National Gas Transmission and National Gas Services, but not National Gas Metering. The latter is a separate legal entity and is not large enough to be covered by these reporting requirements.

The gender split of the company showed that 72.7% of colleagues were men and 27.3% were women.

Mean gender pay gap

		Hourly pay %
2024	Mean	1.6
	Median	-3.3
2023	Mean	5.5
	Median	-0.2

Incentive pay gap

		Incentive pay %
2024	Mean	28.7
	Median	5
2023	Mean	31.9
	Median	4.3

We recognise that there is always more to do, both in terms of closing the pay gap further, and attracting women into what is a traditionally male-dominated industry.

*We are required to report on the gender pay gap, the data and information was compiled using standard methodologies set out in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, and with reference to the ACAS guidelines where appropriate. GPG figures reflect those reported in the period 1 April 2024 – 31 March 2025 (i.e. GPG 2024) based on snapshot April 2024 pay data, and incentive data from the preceding 12 months (FY24).

 [Read more: Gender Pay Gap Report 2024 →](#)

Gender action plan

- 1 Continue to increase female representation at more senior levels, including a women's leadership conference open to all women with line-management responsibility.
- 2 Refresh our DEI calendar of events as part of our Belonging Strategy and continue to support International Women's Day and other gender equity awareness days.
- 3 Review our approach to training hiring managers and introduce mandatory compliance training for all new managers, which will include understanding gender bias throughout the process and encouraging gender-diverse panels.
- 4 Review the success of our women's development programme and run another cohort over the next year.
- 5 Recommit to our partnership with the Women's Utilities Network, which includes the opportunity of free mentoring for female colleagues.
- 6 Build on the success of the inaugural Women's Sponsorship programme. We will be extending this opportunity to more women.



Continuously enhancing our approach to risk management.

Risk management

The Board has overall responsibility for the Company’s system of risk management and internal control, Enterprise Risk Management (ERM). The Board’s function is to promote the interests of our shareholders, stakeholders, employees and the public.

The Board sets and monitors the amount of risk we are prepared to seek or accept in pursuing our strategic and operational priorities – our risk appetite and tolerance. The Board delegates the ERM oversight to the Audit and Risk Committee (ARC) and the Safety and Sustainability Committee (SSC). Both the ARC and SSC support the Board by regularly reviewing the strategic risks, with proposed changes presented for review, challenge and endorsement. This includes consideration of any significant impacts from operational risk.

National Gas operates a ‘three lines of defence’ approach to risk management. Responsibility for managing risk rests with each separate, first-line business function. Each Executive owns and maintains risk for their function; they are responsible for conducting regular risk assessment reviews and ensuring the adequacy of the controls and mitigations in place to manage the risks.

The process is underpinned by our Risk, Assurance and Compliance (RAC) functions in the second line. This is a central function responsible for independent and objective review and challenge, oversight, monitoring and reporting in relation to the company’s material risks. RAC designs, develops and oversees the implementation of the risk management framework and ensures regular monitoring and reporting to Senior Management, the Board, ARC and SSC.

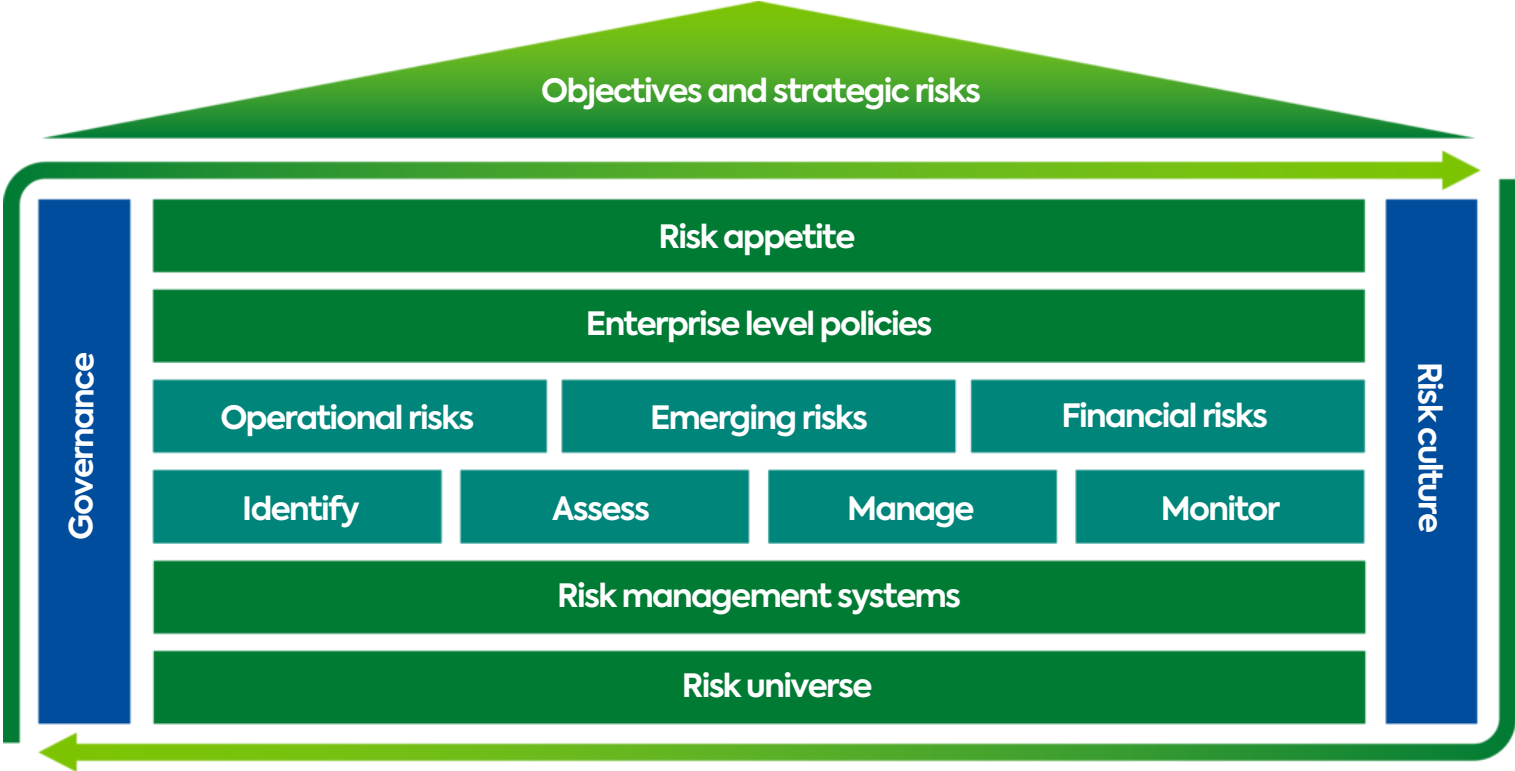
Additional governance is provided from the Executive Risk Committee (ERC), which escalates to the ARC and SSC. The internal audit function provides a third line of protection, with external assurance providing an additional independent level of assurance.

[Read more: Corporate governance →](#)

Our route to risk management

Our ERM framework provides a structure for National Gas to manage risk across strategic, financial, operational and emerging risk.

[Read more: Financial statements →](#)



The risk of the company failing to appropriately manage our financing and exposure to financial risks is captured and managed through our financial risk category.

Our strategy and high-level objectives drive risk management activity. Our ERM framework sets out the processes to identify, assess, manage, monitor and report risks.

Understanding the specifics of our operational risks is vital to help us to achieve our strategic objectives, by proactively identifying and controlling threats and vulnerabilities that could impact the business. A framework of operational risk categories enables improved reporting and analysis and provides the business with a clear, consistent overview of our operational threats and opportunities.

We identify, assess, manage and monitor risks that we face in delivering our strategic and operational priorities. Risks are assessed based on impact and likelihood, taking account of the inherent, residual and target position with mitigating actions and timelines.

Assessment criteria, incorporating legal and regulatory, financial, reputational, occupational and people impacts have been embedded into the impact assessment to provide greater understanding of the effects to our business.

Controls are implemented by first-line business areas and monitored across first-line, second-line assurance and third-line audits. Metrics in the form of key risk indicators (KRIs), key control indicators (KCIs) and key performance indicators (KPIs) support our understanding of our risk and control environment, and ensure effective monitoring.

Enterprise-level policies set consistent direction for National Gas, helping to inform our culture and provide high-level control.

Our risk and monitoring framework gives the second line the capability to report and provide comfort to the Board, ARC and SSC that we are managing our risk environment.

We will continue to develop our tools and training to support the risk management framework and ensure it remains appropriate for the business.

Emerging risk

Emerging risks remain an area of focus for National Gas. Looking to the horizon is important to understand where we may experience impacts to our strategic planning.

Our business is exposed to a variety of uncertainties that could have a material adverse effect on its financial, operational and reputational position. Escalating supply chain security risks around digital disruption and data threats continue to add uncertainty to our long-term ambitions. Competition for, and uncertainty around, strategic opportunities, along with potential for change in the regulatory structure can undermine investor confidence. Geopolitical changes can create instability and unexpected consequences. Climate and biodiversity requirements are increasing and could impact our ability to create value, but can also provide us with opportunities to create positive financial and reputational outcomes.

Our process identifies and monitors emerging risks based on impact and proximity, and aligns them to the appropriate thematic categories. Emerging risk is a key theme for discussion at all ERC and ARC meetings. Through identification, adequate steps can be taken to manage the impact of risks.

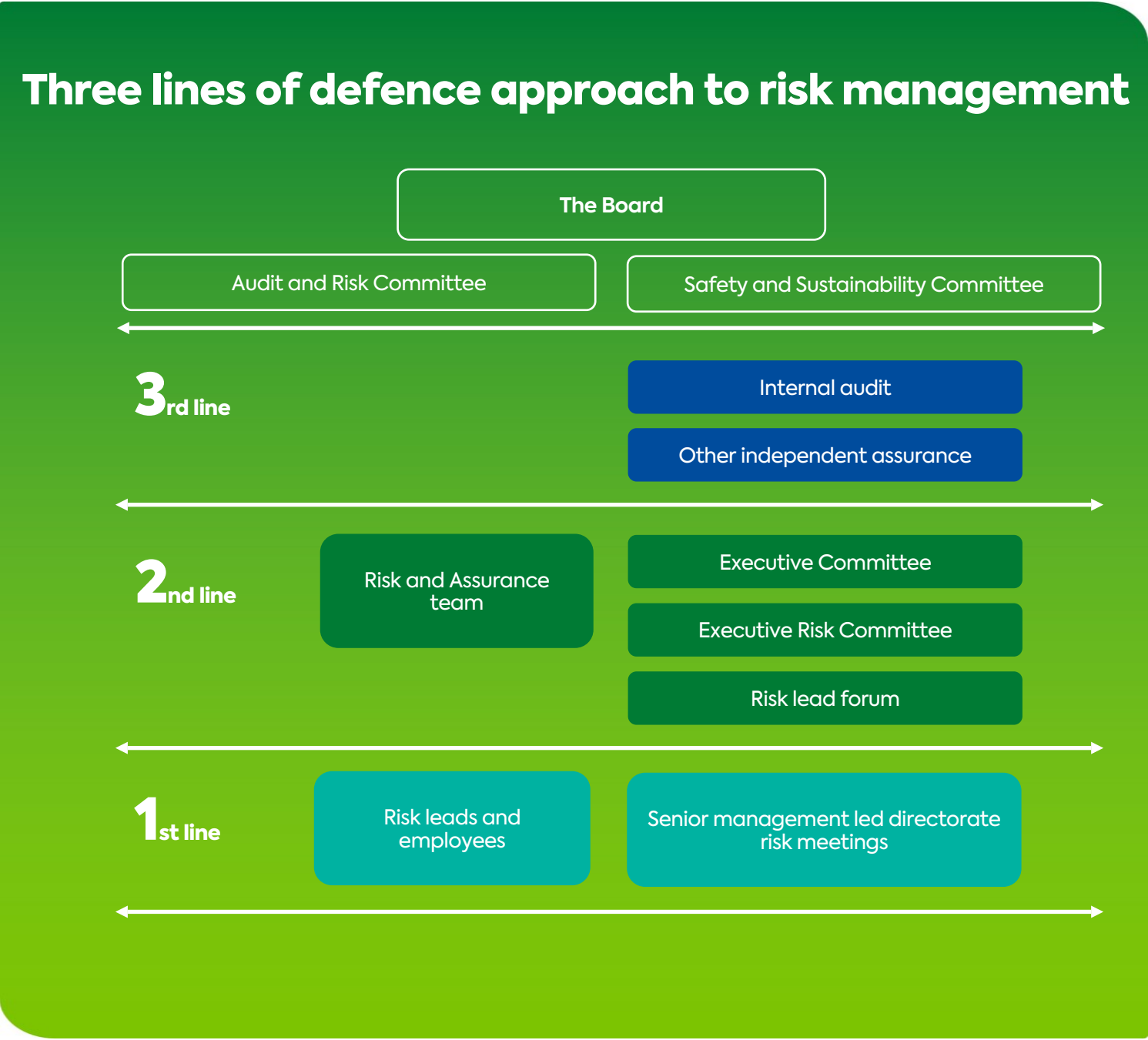
It is not possible to identify, anticipate or eliminate every risk that may arise. Risk is an inherent part of doing business, and our ERM framework is designed to be comprehensive and consistent with our broader criteria for success.

Risk event and near-miss reporting

The framework includes clarity on our tolerance to risks occurring. Where risks occur that exceed the tolerance threshold, there is a requirement to report, analyse (root cause analysis) and escalate through the governance process.

Risk culture

Our strategic vision and ambition has been created and is being shared throughout the business. Culture starts with the tone from the top. The Committees, Board and Executive within National Gas take a proactive approach to risk management and this filters throughout the organisation. Face-to-face training has commenced with risk employees across the business and this will be formally supported by online training in FY26 along with the new system rollout.



Strategic risk profile

Our strategic risks provide an overarching picture of our risk landscape. The strategic risks form the backbone to our risk profile, capturing our key business priorities. Our operational risks include our everyday, business as usual, risks and support the strategic risk position. An annual review of the eight strategic risks was completed in FY25. The review assessed the existing risks and considered further risk requirements, as described in more detail below.

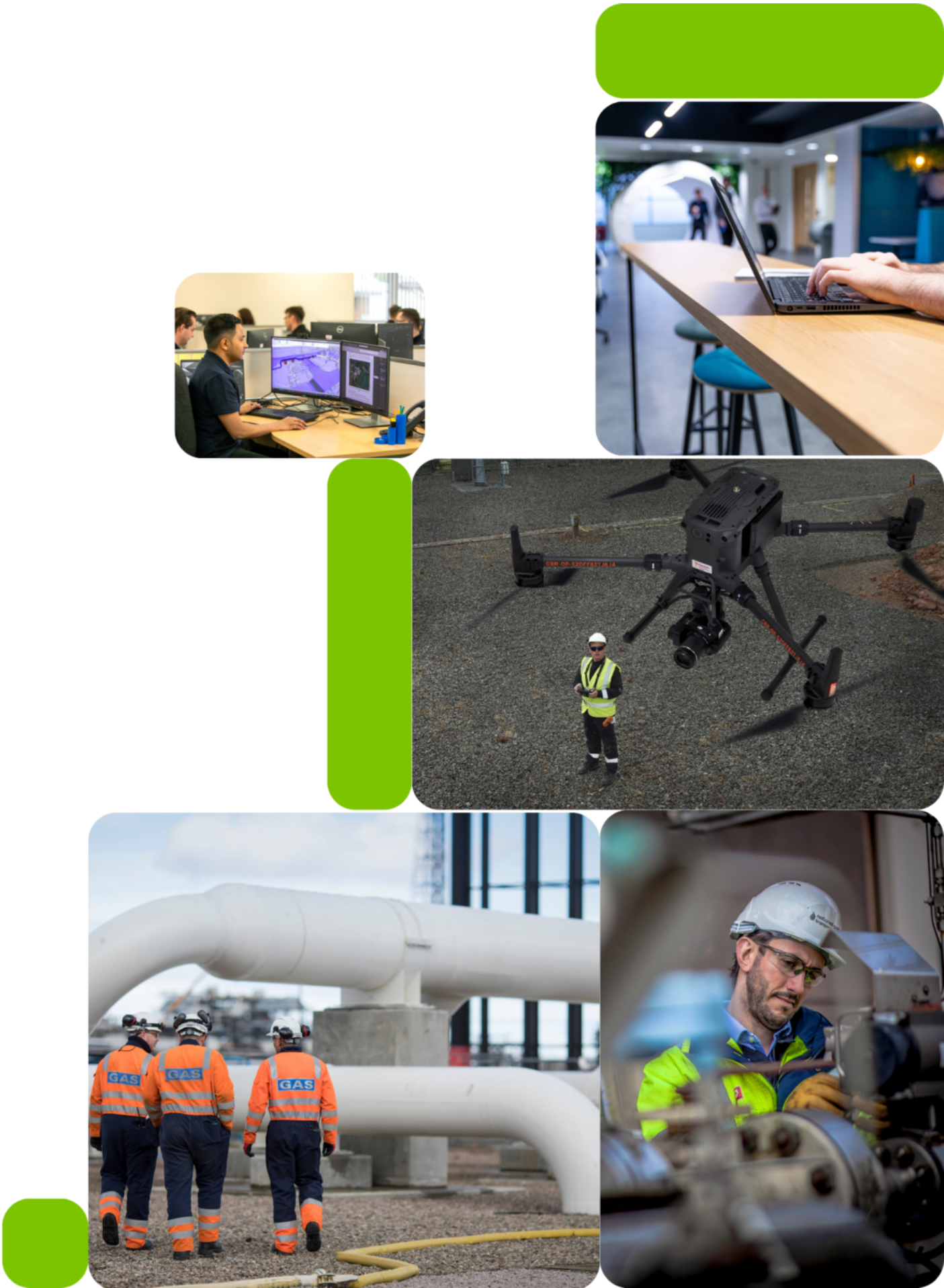
Changes to strategic risks

Our strategic risks continue to adapt to our environment. The successful exit from National Grid IT infrastructure has resulted in the removal of the Separation risk. Our ‘reliable and available’ risk was rebranded to ‘energy disruption’ to create a more holistic risk, recognising both elements of energy security and the potential risk from international gas markets.

The ‘RIIO-T2 delivery’ risk has changed in recognition that we are approaching the end of the T2 price-control period. Likewise, the ‘RIIO-GT3 deal’ risk has evolved as we move through the submission phases of the process. Our three-molecule strategy remains key. Natural gas forms the foundation for our safety, health, environmental and energy disruption risks. The remaining two molecules, hydrogen and carbon, are now captured in a combined strategic risk that demonstrates our ambition in the transition to net zero.

A new ‘security’ strategic risk has been added to demonstrate our focus on the changing geopolitical and global incidents that result from the escalating cyberattack and sabotage threat levels. The security risk represents a departure from the key business objectives being drivers for our strategic risks, but recognises the risk has impacts that would threaten the National Gas business model, performance and liquidity. It represents a boundary risk, i.e. an event that could wholly or partially have an effect on another type of risk.

Other boundary risks have been considered relating to political influence, strategic workforce planning and climate change, with the decision taken that these risk areas require specific articulation within the strategic risks that they directly impact, supported by the operational risk framework.



[Read more: Strategic objectives→](#)

Process safety

Overview

There is a potential that we suffer a significant process safety event. Leading to a significant safety event, asset damage, lasting reputational impact (Legal, Regulatory and Stakeholder), damage to shareholder confidence and potential disruption to GB energy supplies, financial impact and enforcement action by the regulator, up to and including prohibition notices and prosecution.

Changes within the last year

Process safety is well managed, and work is always underway to identify ways to strengthen our processes. Work has been completed within the year to improve the safety management systems and to reflect on the impacts of climate change and our strategic workforce plan. There have been no enforcement notices.

Key mitigations

- Permit to work and competency management
- Asset design, modification and operational readiness
- Proactive audit, investigation and close-out of actions
- Governed records management process
- Protection strategy for third-party infringement

Residual risk change from previous reporting period



Strategic objectives



Occupational safety

Overview

There is a potential we suffer a significant occupational safety or health event. Leading to significant ill health/injury, lasting reputational impact (Legal, Regulatory and Stakeholder), damage to shareholder confidence, a financial impact and enforcement action by the regulator, up to and including prohibition notices and prosecution.

Changes within the last year

The safety performance of the company is good, with an industry-leading lost time injury frequency rate. We have a strong two-way relationship with the HSE and a third-party audit concluded that our safety management system is robust. We are on track to achieve our ambition for proactive safety maturity by 2026.

Key mitigations

- Mature corporate safety culture
- Oversight of contractor safety management
- Safety management process simplification
- Robust incident investigation quality management



Strategic objectives



Environment

Overview

There is a potential that we fail to protect the environment. Leading to significant environmental damage, lasting reputational impact (Legal, Regulatory and Stakeholder), poor investor confidence and potential prosecution/financial impact.

Changes within the last year

Our strong regulatory relationships and compliance with our obligations ensure that we maintain a low likelihood of this risk occurring. The annual network review secured regulatory sign off. The impact has reduced because of employee training, site visits and accreditation to ISO 14001. There have been no category 1 environmental incidents.

Key mitigations

- Proactive assurance/investigation and action close-out
- Leadership and organisational oversight
- Environmental action plan delivery
- Robust investigation quality management

Residual risk change from previous reporting period



Strategic objectives



Energy disruption

Overview

There is a potential significant disruption to GB energy supply. Leading to customer harm, loss of life, lasting reputational damage with regulators, politicians and customers, material financial losses, damage to investor confidence and possible loss of licence.

Changes within the last year

This risk has changed from 'reliable and available network' to better reflect the company's ambition to deliver energy security. Controls have been strengthened, including cyber defences.

Key mitigations

- Development of threats and mitigation strategies
- Corrective action to address ineffective barriers
- Delivery of RIIO-T2 Investment programme
- Resilience Summit with DESNZ/Ofgem
- Establishment of Energy Resilience Leadership Board

Residual risk change from previous reporting period



Strategic objectives



 [Read more: Strategic objectives](#) →

RIIO-T2 delivery

Overview

There is a potential that we are unable to achieve the financial commitments that the business has made for RIIO-T2 regarding underlying operating profit, asset growth, controllable cost reductions and Return on Equity (ROE) outperformance. Leading to financial under performance, including potentially credit metrics being impacted, shareholder dissatisfaction and reputational impact.

Changes within the last year

The risk assessment has reduced as we are moving towards closure of the T2 period, with the control framework operating well, albeit within tight timeframes.

Key mitigations

- Established T2 governance structure
- Monitoring of control system replacement plan
- Collation of evidence to support of close-out of deliverables
- Monthly business review of tactical mitigations

Residual risk change from previous reporting period



Impact assessment



Likelihood assessment



Strategic objectives



RIIO-GT3 deal

Overview

There is a potential that we fail to secure an acceptable RIIO-GT3 regulated settlement. Leading to failure to deliver our strategic and investment ambitions, levels of network reliability and delivery through the energy transition (including climate change commitments).

Changes within the last year

This risk has evolved, originally focusing on the RIIO-GT3 submission completed in December 2024. The risk has been reshaped and updated to reflect activities post submission. The overarching risk remains high, but likelihood has reduced due to stakeholder, Ofgem and government engagement remaining strong.

Key mitigations

- Sustainable financial framework (cost, outputs and incentives)
- Competition and Markets Authority (CMA) early preparation, ensuring the Board is aware of the process in case it should be necessary to use it

Residual risk change from previous reporting period



Impact assessment



Likelihood assessment



Strategic objectives



Net zero transition

Overview

There is a potential that we fail to maximise the use of and return from our transmission network and onshore gas transmission knowledge in the transition to net zero. Leading to a reduced opportunity for a net zero transmission network; therefore, reduced business scale and income.

Changes within the last year

The ‘transition to hydrogen’ risk has been combined with the ‘carbon capture and storage (CCS)’ risk and renamed ‘net zero transition’. Hydrogen and CCS represent a first-of-a-kind industry in the UK. The assessment of the risk is higher due to the uncertainty over policy and associated business models.

Key mitigations

- Hydrogen and CCS project delivery
- Development of hydrogen network transmission system and FutureGrid capability
- Supporting delivery of government’s Clean Power 2030

Residual risk change from previous reporting period



Impact assessment



Likelihood assessment



Strategic objectives



Security

Overview

There is a potential that a security breach or failure of cyber, physical or personnel security controls could lead to a loss of confidentiality, availability or integrity of IT systems and operational data, reduced safety, reliability (disruption to gas supply) or productivity of operational technology, and potential physical damage or harm to property or personnel. Impacts also affect environmental, reputational, regulatory sanctions and potential financial loss.

Changes within the last year

Security risk encompasses cyber, physical and personnel security risk across all National Gas environments. These interconnected domains have distinct threats and vulnerabilities, which have been considered within the score. The score is determined on worst-case likelihoods and impacts.

Key mitigations

- Delivery of enhanced security controls
- Implementation of end-user computing controls
- Upgrade of eight sites for physical security
- Rapidly deployable CCTV enhancement

Residual risk change from previous reporting period



Impact assessment



Likelihood assessment



Strategic objectives



The Directors are required to act in good faith to promote the long-term success of the Company for the benefit of its shareholders, while having due regard to the matters set out in section 172(1) of the Companies Act 2006.

The Board has identified the Company’s key stakeholders as its employees, regulators, customers, suppliers, end consumers, investors and the local community. The Board believes that considering our stakeholders in key business decisions is not only the right thing to do, but is fundamental to our ability to drive long-term value creation whilst ensuring that business is conducted ethically and responsibly.

Consideration of our stakeholders is not only a priority for the Board and its Committees, it is embedded throughout the Company. The Board leads by example in the development of a culture that proactively considers the impact of our activities and decisions on our stakeholders. The Company’s ongoing stakeholder engagement also supports transparency and allows us to build strong and trusting relationships.

This section outlines how the Board discharges its duty under s172, followed by some specific examples of how stakeholder factors have been considered for some of the decisions made by the Board during the year. A list of key items considered by the Board and its Committees can be found in the Governance report from page 74 and for further detail on our approach to engaging with our various stakeholders, please see page 88.

Strategic objectives:

- 

1 Operate safely, reliably and flexibly
- 

2 Deliver sustainable value for customers and stakeholders
- 

3 Drive positive environmental and community impact
- 

4 Invest in our people, grow our capability and value everyone’s contribution
- 

5 Shape the energy markets of the future

Key stakeholders

Employees

Why they matter to us?
Our employees are essential to the delivery of our business plan commitments and longer-term strategic objectives and in doing so contribute every day to our continued success.

What matters to them?
A safe, supportive and inclusive culture where everyone is heard, valued and supported to reach their full potential; flexibility; opportunity for personal and professional development; and fair remuneration.

Link to strategic objectives

- 1
- 3
- 4
- 5

Regulators

Why they matter to us?
Regulatory bodies confirm that we are operating safely, reliably and offer fair pricing to our customers. They ensure we work with due regard to the environment and support investment in innovative development. Our compliance with their standards enforces public trust in our operations.

What matters to them?
Reliability and security of energy supply; compliance with price control frameworks and the offer of fair value to customers; safe infrastructure and operations; support of net zero ambitions; financial resilience; customer engagement and support.

Link to strategic objectives

- 1
- 2
- 3
- 5

Customers

Why they matter to us?
Our customers play a key role in driving demand, shaping infrastructure development and supporting the overall efficiency and resilience of our network.

What matters to them?
Reliability and security of energy supply; sustainability; efficiency of supply; resilience to disruption; fair and transparent pricing; input into future developments and innovation.

Link to strategic objectives

- 1
- 2
- 3
- 5

Investors

Why they matter to us?
Our investors provide essential funding to support our longer-term investments and planning. They enhance our credit and overall financial resilience, alongside robust strategic planning and governance.

What matters to them?
Reliable and consistent revenue streams; robust infrastructure; input into innovation and development; decarbonisation and sustainability; strong governance and risk management; regulatory compliance.

Link to strategic objectives

- 1
- 2
- 3
- 5

Suppliers

Why they matter to us?
Our suppliers play a key role in collaborating with us to provide energy to our consumers and customers. They help forecast demand and can influence regulatory frameworks and market stability.

What matters to them?
Reliability and security of energy supply; fair and transparent pricing; input into innovative developments and decarbonisation planning.

Link to strategic objectives

- 1
- 4
- 5

Local community

Why they matter to us?
The cooperation of the local communities in which we operate is key to our ability to deliver major infrastructure works.

What matters to them?
Safe and minimal local environmental impact; community engagement and transparency; local economic benefits and employment opportunities; contribution to community planning and development.

Link to strategic objectives

- 1
- 2
- 3
- 4
- 5

End consumers

Why they matter to us?
Our gas end consumers play a key role in driving demand; providing key revenue streams; influencing regulatory priorities; and providing valuable consumer insights that shape our future development.

What matters to them?
Affordable energy bills; reliability and access to energy as and when required; the delivery of a sustainable energy system; good support service; transparency and trust.

Link to strategic objective

- 1
- 2
- 3
- 5

S172 factors

Considering long-term consequences s172(1)(a)

The Company’s long-term success will not only create value for our investors but will have a positive impact on our customers, consumers, the environment and the wider community. In October 2024, the Board reviewed our corporate strategy and assessed it against the changing external landscape to ensure it remains sustainable and meets the needs of the business and our stakeholders in the longer term.

In December, the Board held a further strategy session, including capital planning, our engagement strategy and property portfolio underpinning the Company’s overall strategic direction. As part of the session, the Board considered emerging risks, proposed mitigations and a detailed analysis of current trends and future scenario planning, as well as the impact of a number of strategic initiatives on the longer-term strategy.

Gas energy landscape: page 10
Business model: page 13
Strategy direction: page 14
Risk management: page 59
Finance risk management: page 131

At its March meeting, the Board endorsed the updated financing strategy and plans to refinance existing debt aimed at safeguarding long-term financial resilience and sustainability. The Board is satisfied that the strategy is appropriate to manage the Company’s financial position, support investments and ensure shareholder distributions are in line with budget and the Company’s dividend policy.

Directors are expected to constructively challenge and contribute to discussions, and in doing so offer different perspectives and strategic guidance. This enables the Board to regularly assess our strategic priorities and to consider where further value can be generated for our key stakeholders. The Sufficiently Independent Directors bring extensive experience from other regulated sectors to provide strong independent challenge and judgement from the perspective of non-investor stakeholders. Following the latest Board effectiveness review, the Board identified the need for more strategic checkpoints throughout the year to provide an opportunity to accommodate changes in assumptions and other emerging issues.

Fostering stakeholder relationships s172(1) (b) & (c)

Constructive engagement with our employees, customers, suppliers, consumer groups and our principal regulators (Ofgem, HSE, the Environmental Agency and the Scottish Environmental Agency) is vital and supports the business in delivering its priorities and identifying and addressing issues as they arise. These relationships are key to the Company’s ability to deliver long-term value to all of its stakeholders. A comprehensive stakeholder engagement strategy is in place, which focuses on listening to and understanding what matters most to our different stakeholder groups and aligning our strategic thinking and improvements across the Company accordingly. Our Board receives regular updates on strategic items, which include a strong focus on stakeholder engagement.

The Company’s strategy and success are dependent on the talent, contribution and values of the people it employs. As such, we operate a number of initiatives and programmes to promote belonging and inclusion. Regular staff pulse surveys are undertaken to monitor the effectiveness of such initiatives, the results of which are considered by the Board. The Remuneration and Nominations Committee is responsible for providing oversight of our employee pay and benefit structures, as well as the Company’s approach to performance management.

The safety and health of our employees, contractors and the wider community is one of our key priorities, and performance and initiatives to maintain and improve areas of safety are considered by the Safety and Sustainability Committee. Our engagement with regulators is vital in making sure our views are considered in the development of energy, safety and environment-related national-level policies.

The Board recognises that customer engagement is essential to ensure that the Company is responsive to market demands and priorities. Customer satisfaction data is used to drive enhancements, with security of supply and the transition to a decarbonised energy system in a fair and affordable way a regular focus of the Board. The Board receives updates on key initiatives to deliver sustainable customer value at each Board meeting and monitors performance against customer satisfaction targets.

Our success also relies on our supply chain, and we work with partners to ensure effective collaboration and deployment of their capabilities in delivering projects. The Executives manage the relationship with these stakeholder groups and the Board, or its Committees, receive regular updates on this engagement, allowing them to debate and challenge as appropriate and use the information in their decision-making.

Strategy direction: page 14
Operating in a regulated environment: page 27
Stakeholder engagement: page 30
Partnering with our communities: page 52
Powering our people: page 56

Impact on the community and the environment s172(1)(d)

The Company recognises the positive impact that delivery of net zero ambitions will have on the environment and society as a whole. Engagement with government, Ofgem and other key organisations on the development of national hydrogen and carbon capture and storage capabilities informs the Company’s net zero-focused priorities that will deliver environmental benefits for all. The Safety and Sustainability Committee considers our ESG strategy and performance against our ESG metrics, alongside updates on the delivery of our environmental action plan.

The communities in which we operate are of great importance to us. We have five overarching social ESG metrics that set out our commitment to our charitable giving initiatives; community engagement, such as employee volunteering and project funding for community-led improvements; educational activities to promote further skills and education within our communities; employee health and wellbeing; and quality assurance mechanisms around customer satisfaction.

Our environmental commitments: page 42
Climate-related financial disclosure: page 46
Partnering with our communities: page 52

High standards of business conduct s172(1)(e)

The Board leads and monitors the Company’s culture, by setting the tone and framework within which agreed values and accepted behaviours can be embraced by employees. The Audit and Risk Committee has oversight of policies and processes in place to ensure the Company and its employees adhere to the highest standards of business integrity, including our whistleblowing process and anti-bribery and corruption policies. Mandatory staff training focusing on high standards of conduct further embeds the importance of ensuring a collective culture of propriety and sound ethical behaviour, and reports on compliance with mandatory training are reviewed by the Audit and Risk Committee.

The Directors are aware of their responsibilities and the need to consider their duties under section 172. Our Directors commit to acting with integrity and to this effect agree to work collectively as a unitary board and adhere to seven general duties under the Companies Act 2006 when confirming the acceptance of their appointment.

Running our business ethically: page 41
Powering our people: page 56

Members of the Company s172(1)(f)

The Shareholder Nominated Directors of the Board represent our investors. Regular dialogue between the Shareholder Nominated Directors outside the planned cadence of meetings ensures that the interests of our investors are factored in to day-to-day business decisions and when developing proposals for the Board. The Company’s long-term success is dependent on financial stability, and our ability to generate a return for their investment is supported by well-managed finance and treasury activities.

Highlights at a glance: page 03
Business model: page 13
Dividends: page 119

Key Board decisions

The Board considers the needs and priorities of stakeholders when making decisions. Below are some examples of how the Board demonstrated due regard to the matters set out in section 172(1).

Development of the RIIO-GT3 business plan

Our key stakeholders: regulators, customers, end consumers, investors and the local community.

Stakeholder impact

In December 2024, we submitted our RIIO-GT3 business plan, setting out the case for the investments and progress we are looking to make in the next five-year regulatory period. The development of the business plan was a key standing item on the Board agenda throughout the year, alongside oversight work carried out by the Regulation and Strategy Committee and informal working sessions. The Board invested a significant amount of time in preparing the submission, including understanding the way in which we can deliver positive stakeholder outcomes. This included a robust and tailored stakeholder engagement strategy.

The Board received regular updates on the engagement with stakeholders to understand their views and priorities. This included output from the engagement programme, which sought the views of around 2,500 domestic and business end-consumers on the acceptability and affordability of the plan. The Board also met with the chair of the Independent Stakeholder Group, who provided an overview of the work undertaken to independently scrutinise and challenge the development of the business plan and ensure management had appropriately considered the impact on consumers and other stakeholders when developing the plan. In December 2025, Ofgem will publish its Final Determinations which will confirm the allowed revenues and performance targets for our next regulatory period. The Board remains updated on dialogues between Ofgem and NESO on the determination process.

Decision

Financeability and deliverability of the plan were reoccurring themes throughout its development, and the impact on stakeholders, including customers, investors and communities was an integral part of Board discussions. This included the impact on consumer bills whilst ensuring that the investments sought for RIIO-GT3 will deliver improved reliability and resilience, and that costs to deliver those investments are efficient. The Board approved the submission of the business plan and is satisfied that it is in the best interest of all our stakeholders and appropriately ambitious, efficient and affordable.

Supporting the nation’s net zero ambitions

Our key stakeholders: regulators, customers, suppliers, end consumers, investors and the local community.

Stakeholder impact

Consideration of our ‘three-molecule’ strategy, which focuses on onshore natural gas, hydrogen and carbon dioxide transportation was regularly included in Board agendas. Throughout the year, the Board held a number of strategy sessions where they considered development opportunities in respect of decarbonisation, including progress on the SCO₂T Connect and FutureGrid projects and the positive impact these would have on the environment and wider community. When discussing the financial and commercial cases for these projects, and any other business opportunities, the Directors considered whether they would be in the best interest of stakeholders and if the development of the projects would be sustainable in the longer term and aligned with stakeholder priorities. Through management interactions with key government bodies, industry and local communities, the Board is kept abreast of developments to ensure that National Gas is actively supporting the progression of the establishment of a UK hydrogen market. Energy security insights also inform the Board’s wider decision-making and discussions on its longer-term strategic priorities.

Decision

The Board reconfirmed that the ‘three-molecule’ strategy remains an appropriate long-term strategy for the business and that it will have a positive impact on our stakeholders, including our customers, investors, employees and communities, whilst supporting the UK in achieving its net zero ambitions. The Board also endorsed a targeted engagement strategy tailored to individual stakeholder groups that would underpin key strategic projects and ensure stakeholder engagement and considerations are embedded across all core activities. The Board recognises the different priorities of individual stakeholder groups and in its decisions seeks to balance impact and priorities appropriately.

Cyber and physical security strategy

Our key stakeholders: employees, regulators, customers, suppliers, end consumers, investors and the local community.

Stakeholder impact

The Board has adopted a proactive approach to overseeing the Company’s cyber and physical security, with the Board and the Safety and Sustainability Committee regularly considering updates on the current threat landscape across the sector and on a national level. The potential, and the significant consequences, of a cyber or physical security attack and the impact it would have on the business and nation’s energy supply are recognised, with the Board frequently evaluating our readiness to respond to an attack.

Decision

The Board considered and endorsed recommendations to enhance our cyber and physical security resilience and preparedness, and will continue to provide oversight of the Company’s security arrangements to be able to respond to the increase in threats, both on a Company, national and international level.

Non-financial and sustainability information statement

Our Annual Report contains a range of non-financial and sustainability information. To comply with the non-financial reporting requirements (NFR), contained in sections 414CA and 414CB of the Companies Act 2006, we are providing the details below to help stakeholders understand our key non-financial and sustainability matters.

	Reference in 2024/25 Annual Report and Accounts	Our policies and other relevant documents	Read more on our website
a. Environmental matters	Our environmental commitments: page 43 Climate-related financial disclosure: page 47	National Gas Environmental Action Plan National Gas Annual Environmental Report Climate Change Adaptation Report 2024	www.nationalgas.com/sites/default/files/documents/Environmental%20Action%20Plan%20Brochure.pdf www.nationalgas.com/sites/default/files/documents/AER%2023.24%20FINAL.pdf www.nationalgas.com/sites/default/files/documents/National%20Gas%20adaptation%20reporting%202024%20LOW.pdf
b. Our people	Being a responsible business: page 36 Powering our people: page 56 Diversity, equity and inclusion: page 58 Our Board: page 80 Our Executive team: page 83	National Gas Gender Pay Gap Report National Gas Code of Ethics and Speak-Up Policy DE&I at National Gas	www.nationalgas.com/sites/default/files/documents/Gender%20Pay%20Gap%20Report%202024.pdf www.nationalgas.com/sites/default/files/documents/National%20Gas%20Code%20of%20Ethics%20v1.1.pdf www.nationalgas.com/responsibility/diversity-equity-and-inclusion
c. Anti-bribery and corruption	Running our business ethically: page 42	National Gas Anti-Bribery and Corruption Policy National Gas Modern Slavery and Human Trafficking Statement	www.nationalgas.com/sites/default/files/documents/National%20Gas%20Anti%20Bribery%20&%20Corruption%20Policy%20v1.1.pdf www.nationalgas.com/sites/default/files/documents/Modern%20Slavery%20and%20Human%20Trafficking%20Statement%202024%20FINAL_signed.pdf
d. Social matters	Partnering with others to help our communities: page 52	National Gas Community Grant Fund	www.nationalgas.com/responsibility/social#:~:text=In%202023%2C%20we%20launched%20a%20Community%20Grant%20Fund,social%20or%20economic%20benefits%20to%20the%20local%20community
e. Risk	Risk management: page 60		
f. Other matters	Our business at a glance: page 5 Our business model: page 13 Innovation in motion: page 24 Operating in a regulated environment: page 27 Stakeholder engagement: page 30 Safe every day: page 38 Securing our people, assets and data: page 40 Our group structure: page 78	National Gas Supplier Code of Conduct National Gas Tax Strategy National Gas Privacy Policy National Gas Innovation Strategy 2025	www.nationalgas.com/sites/default/files/documents/National%20Gas%20Supplier%20Code%20of%20Conduct_0.pdf www.nationalgas.com/sites/default/files/documents/National%20Gas%20tax%20strategy%20FY25_.pdf www.nationalgas.com/our-policies/privacy-policy#:~:text=We%20have%20provided%20this%20Privacy%20Policy%20Statement%20to,phone%20or%20in%20writing%20by%20mail%20or%20e-mail www.nationalgas.com/sites/default/files/documents/GT%20Strategy%2025%20Interactive_v12.pdf

We have continued to deliver robust financial performance in the year, in line with expectations.



Our steadfast focus on operational excellence and financial discipline has delivered robust results, ensuring reliable value for our stakeholders while powering and heating our communities sustainably.

Nick Hooper
Chief Financial Officer

Financial highlights

£1,551m

(2023/24: £1,778m)

Revenue

£654m

(2023/24: £895m)

Operating profit before exceptional costs

£710m

(2023/24: £839m)

Profit before tax

£576m

(2023/24: £479m)

Total Capex additions

£7,612m

(2023/24: £7,304m)

Regulatory closing asset value

4.2%

(2023/24: 3.2%)

Regulatory asset value growth percentage

9.4%

(2023/24: 8.5%)

RoE (Return on equity)

£3,768m

(2023/24: £3,861m)

Net assets

Key highlights

Our regulatory performance in 2024/25 remained strong. However, as is often the case, our financial performance under IFRS differs from our regulatory results due to timing and other accounting differences.

Operating profit was £595 million, down £258 million from £853 million in 2023/24. This decline was mainly driven by a £227 million reduction in revenue to £1,551 million. Operating costs before exceptional items rose slightly by £14 million, and exceptional costs increased by £17 million due to the cancellation of the Western Gas project.

The revenue decline reflects;

- A £151 million year-on-year timing¹ difference, largely due to a smaller over-collection of shrinkage costs in 2024/25 compared to 2023/24.
- A £128 million reduction from tax capital allowance changes, including a £67 million over-collection in 2023/24 returned in 2024/25, and a further £61 million lower tax allowance in 2024/25.
- Partially offset by a £52 million increase in allowed and other revenues.

Adjusting for timing, exceptional items, and the one-off tax impact, operating profit improved by £38 million year-on-year, driven by indexation and higher totex allowances.

In 2024, Macquarie Asset Management (MAM) and British Columbia Investment Management Corporation (BCI) underlined their commitment to the business by exercising the option to purchase the remaining 20% of the Group.

Premtech Limited, a leading design company operating within the energy sector, was acquired by National Gas Transmission plc on 16 April 2024. The consolidated statements as a part of this Annual Report and Accounts include Premtech’s performance since acquisition.

New accounting standards

There has been no major impact on the financial statements due to the adoption of any new accounting standards. Amendments to standards that have been adopted and new accounting standards yet to be adopted are listed within section G of note 1, Basis of preparation and recent accounting developments.

Use of adjusted profit measures

In considering the financial performance of our businesses and segments, we analyse each of our primary financial measures of operating profit, profit before tax, and profit for the year attributable to equity shareholders into two components. The first of these components is referred to as an adjusted profit measure, also known as ‘headline’ or a ‘business performance’ measure. Adjusted results exclude the impact of exceptional items and remeasurements that are treated as discrete transactions. These items are reported collectively as the second component of the financial measures – note 5 of the financial statements explains in detail the items which are excluded from our adjusted profit measures.

Adjusted profit measures have limitations in their usefulness compared with the comparable total profit measures, as they exclude important elements of our financial performance. However, we believe that by presenting our financial performance in two components it is easier to read and interpret financial performance between periods, since adjusted profit measures are more comparable having removed the distorting effect of the excluded items. Those items are more clearly understood when separately identified and analysed.

¹ For explanation on timing under/over recoveries refer to the glossary section.

The presentation of these two components of financial performance is additional to, and not a substitute for, the comparable total profit measures presented. Management uses adjusted profit measures as the basis for monitoring financial performance. Internal financial reports, budgets and forecasts are primarily prepared on the basis of adjusted profit measures, although planned exceptional items, such as significant restructuring, are also reflected in budgets and forecasts. We separately monitor and disclose the excluded items as a component of our overall financial performance.

Reconciliation of adjusted profit measures

Reconciliation of adjusted operating profit to total operating profit

There were exceptional items included within operating profit for the year ended 31 March 2025 and 31 March 2024. These related to the business continuing to establish our stand-alone operating model, further details can be found in note 5.

Unadjusted and adjusted profit figures are provided below:

Years ended 31 March		
	2025	2024
	£m	£m
Adjusted operating profit	654	895
Exceptional items ¹	(59)	(42)
Total operating profit	595	853

¹ Additional detail is provided in note 5 of the financial statements.

Reconciliation of adjusted operating profit to adjusted profit after tax (earnings)

Years ended 31 March		
	2025	2024
	£m	£m
Adjusted operating profit	654	895
Adjusted net finance income/(costs)	115	(3)
Adjusted profit before tax	769	892
Adjusted taxation	(194)	(230)
Adjusted profit after tax	575	662
Adjusted profit after tax (earnings)	575	662
Exceptional items after tax and remeasurements	(44)	(40)
Profit after tax (earnings)	531	622

Reconciliation of adjusted profit excluding timing differences to total operating profit

Adjusted profit excluding timing differences is presented below. Timing differences relate to the over or under recovery of revenue in year. This is explained in detail within the Revenue (note 3).

Years ended 31 March		
	2025	2024
	£m	£m
Adjusted operating profit excluding timing differences	580	670
Timing differences	74	225
Adjusted operating profit	654	895
Exceptional items	(59)	(42)
Total operating profit	595	853

Financial review continued

Adjusted Operating profit excluding timing differences is one of management’s key performance measures as it reflects the economic performance for the year under the regulatory model. Timing differences represents under/over collections against allowed revenues (refer to note 3 and the glossary). Our profits have decreased by £90 million however, adjusting for the impact of the tax capital allowance legislative changes of £128 million, profits are up by £38 million due to year on year indexation and higher totex spend.

Timing differences of £74 million for 2024/25 were primarily over recovery due to differences in allowed revenue compared to revenue collected during the year, whereas the timing of £225 million in 2023/24 is mostly under collection of shrinkage in 2022/23.

Consolidated income statement

The commentary below describes the continuing business results for the year ending 31 March 2025.

Years ended 31 March		
	2025	2024
	£m	£m
Revenue	1,551	1,778
Operating costs	(897)	(883)
Adjusted operating profit	654	895
Exceptional items	(59)	(42)
Finance income	308	274
Finance costs:		
Before remeasurements	(193)	(277)
Remeasurements	—	(11)
Profit before tax	710	839
Taxation:		
Before exceptional items and remeasurements	(194)	(230)
Exceptional items and remeasurements	15	13
Profit after tax	531	622

Revenue

Revenue for the year ended 31 March 2025 reduced by £227 million to £1,551 million, primarily due to lower regulated allowances under the PCFM (Price Control Finance Model), as compared to 2023/24 which included large shrinkage collection for the prior year and the impact of tax capital allowance legislation changes announced in the Autumn Statement in November 2023 (after the Price Control Financial Model (PCFM) was finalised for 2023/24).

Operating costs

Operating costs increased by £14 million to £897 million, primarily due to higher depreciation costs, partly offset by lower purchase of gas costs due to lower prices in 2024/25.

Operating profit

Adjusted operating profit for the year ended 31 March 2025 of £654 million represents a decrease against last year of £241 million, primarily due to lower revenue as explained in the revenue section above.

Exceptional items

Exceptionals are items that could distort the understanding of our performance for the year and the comparability between periods. Exceptional costs increased by £17 million against last year, mainly due to a ‘one-off’ project cancellation cost in 2024/25. The remaining costs are associated with the sale of the business.

Net finance costs

For the year ended 31 March 2025, net finance income before exceptional items and remeasurements increased by £118 million from £3 million net finance cost to £115 million net income. This is primarily due to higher interest income on a loan to our parent company, a fall in accretion (lower RPI rates) on the RPI-linked debt and a ‘one off’ £22 million gain arising from partial redemption of an RPI-linked bond. Remeasurements reduced by £11 million to an overall net position £Nil million for the year ended 31 March 2025, primarily driven by mark to market on RPI to CPI index linked swaps.

Taxation

The tax charge on profits before exceptional items and remeasurements of £194 million is £36 million lower than 2023/24 due to the reduction in profit before tax. The tax credit in respect of exceptional costs of £15 million is £2 million higher than last year, due to the increase in the level of exceptional costs. The overall income statement tax charge aligns with the statutory tax rate of 25%.

Consolidated statement of financial position

Year ended 31 March		
	2025	2024
	£m	£m
Non-current assets	9,204	8,925
Current assets	873	1,268
Total assets	10,077	10,193
Current liabilities	(889)	(791)
Non-current liabilities	(5,420)	(5,541)
Total liabilities	(6,309)	(6,332)
Net assets	3,768	3,861

Non-current assets

The £279 million increase in non-current assets is primarily due to a £280 million increase in property, plant and equipment and £7 million higher intangible assets, due to higher capex spend compared to 2023/24.

Property, plant and equipment

Property, plant and equipment increased by £280 million to £5,299 million as at 31 March 2025. This was primarily driven by in-year capital expenditure of £515 million, partly offset by £194 million of depreciation and net disposals of £45 million.

Please see note 10 for details on our gas asset lives.

Intangible assets

Intangible assets increased by £7 million to £130 million as at 31 March 2025. This was primarily driven by in-year capital expenditure of £61 million, partly offset by depreciation and net disposals of £58 million.

Financial and other investments

Financial and other investments comprise a contractual interest-bearing loan to our immediate parent company, National Gas Transmission Holdings Limited, of £3,426 million.

Other non-current assets

Other non-current assets comprise non-current prepayments, which increased by £2 million to £7 million.

Current assets

Current assets reduced by £395 million primarily due to a £374 million reduction in financial and other investments, and a £43 million reduction in trade and other receivables, partly offset by other movements of £22 million.

Trade and other receivables

Trade and other receivables have reduced by £43 million to £194 million at 31 March 2025, mostly due to a decrease in gas priced in 2024/25 and also lower regulated allowed revenues.

Financial and other investments

Financial and other investments have reduced by £374 million to £618 million at 31 March 2025, primarily due to £184 million lower investments in Money Market Funds, combined with a £187 million decrease in interest receivable from the parent company.

Current liabilities

Current liabilities increased by £98 million, mostly due to higher borrowings of £123 million due in the next 12 months, partly offset by lower trade and other payables of £52 million.

The current borrowings are higher, primarily due to £225 million debt maturing in 2025/26 (£14 million has been repaid in June 2025 and £211 million maturing in January 2026 with an option to extend). This is offset by £82 million of debt that was current in 2023/24 and the repayment of an £18 million loan to the parent company.

Trade and other payables

Trade and other payables reduced by £52 million, mostly due to £70 million lower group tax relief, £17 million lower social security and other taxes, partly offset by £35 million higher trade payables.

Non-current liabilities

The £121 million decrease in non-current liabilities was primarily driven by a £177 million reduction in borrowings, partly offset by higher deferred tax liabilities of £61 million.

The £177 million reduction in borrowings was primarily from a £225 million reclassification of debt from non-current to current borrowings, and £15 million due to net repayment of a bond. This is partly offset by £89 million of additional accretion in the year.

Current and deferred tax liabilities

The net deferred tax liability increased by £61 million to £864 million. This is predominantly driven by the increase in the deferred tax liability on fixed asset timing differences, as a result of the acceleration of current tax relief from capital allowance full expensing.

The current tax liability increased by £6 million in 2024/25 to £17 million, due to the repayment of prior year corporation tax liabilities, offset in part by payments on account in excess of the estimated current year liability.

Net debt

Net debt has increased by £324 million, primarily due to a reduction in the cash flow of £378 million and £1 million on other non-cash movements offset by an increase in net interest charges of £55 million. For detailed movements, see net debt note 26.

Provisions

Total provisions were reported at £84 million. This was £14 million higher than the prior year due to £22 million of additions, partly offset by £8 million utilisation in-year. Additions mostly include £9 million new crop and quarry claims and £7 million relating to the expected costs of the Emissions Trading Scheme. For further details on provisions, please see note 23,

Contract liabilities

Contract liabilities reduced by £9 million to £128 million, mainly due to reductions in customer funded diversions.

Net pension asset

A summary of the total assets and liabilities and the overall net IAS 19 (revised) accounting asset is shown below:

Net scheme asset	2025	2024
	£m	£m
As at 1 April 2024	312	411
Current service cost	(3)	(3)
Net interest credit	17	21
Administration costs ¹	(4)	(6)
Actuarial gains/(losses):		
On plan assets	(308)	(147)
On plan liabilities	300	27
Employer contributions	8	8
As at 31 March 2025	322	312

¹ Includes £1 million of administration costs related to the separation of our pension scheme from National Grid booked to exceptional items.

The overall pension asset increased by £10 million to a closing asset of £322 million, reflecting the latest valuation performed as at 31 March 2025. Further information on our pensions benefit obligations can be found in note 22 to the consolidated financial statements.

Off balance sheet items

There were no significant off balance sheet items, other than the contractual obligations shown in note 29 (b) to the consolidated financial statements, and the commitments and contingencies discussed in note 27.

Cash flow statement

The commentary below describes business results for the year ended 31 March 2025. Cash inflows and outflows are presented to allow users to understand: how they relate to the day-to-day operations of the business (operating activities); the money that has been spent or earned on assets in the year, including acquisitions of physical assets or other businesses (investing activities); and the cash raised from debt or share issues and other loan borrowings or repayments (financing activities).

Reconciliation of cash flow to net debt

	2025	2024
	£m	£m
Cash generated from operations	950	1,188
Capital expenditure	(519)	(419)
Business net cash flow	432	769
Net interest received/(paid)	323	(91)
Tax paid	(183)	(89)
Movement in short-term financial investments	186	(212)
Acquisition of investments (net of cash acquired)	(3)	—
Movements in loans and short term borrowings	(107)	(28)
Net interest (paid)/received on derivatives	(11)	3
Dividends paid to shareholders	(623)	(337)
Increase in cash and cash equivalents	13	15
Increase in financial investments	(186)	212
Movement in borrowings and related derivatives	107	28
Net interest paid on the components of net debt	(312)	88
Changes in fair value of financial assets and liabilities and exchange movements	5	(5)
Other non-cash movements	(6)	(10)
Net interest charge on the components of net debt	55	(82)
Net debt increase	(324)	246
Opening net debt	(3,719)	(3,965)
Closing net debt	(4,043)	(3,719)

Cash generated from operations

Cash flows from our operations are largely stable when viewed over the longer term. Our gas transmission operation is subject to multi-year price control agreements with Ofgem.

For the year ended 31 March 2025, cash flow from operations reduced by £238 million to £950 million. This is primarily due to lower operating profit before depreciation.

Capital cash expenditure

Capital expenditure in the year increased by £100 million to £519 million, driven by a £71 million increase in property, plant and equipment expenditure and £29 million in intangible assets.

Dividends paid

The Company declared and paid interim dividends: £111 million in April 2024, £80 million in December 2024, £89 million in January 2025 and £343 million in March 2025. The directors are not proposing a final dividend for 2024/25. Dividends include £292 million to enable National Gas Transmission’s parent company (National Gas Transmission Holdings Limited) to partially support the repayment of interest of £419 million on the £3,426 million upstream loan provided by National Gas Transmission.

Regulated financial performance

Timing and regulated revenue adjustments

Our allowed revenues are set in accordance with our regulatory price control. We calculate the tariffs we charge our customers based on the estimated volume of energy we expect will be delivered during the coming period. The actual volumes delivered will differ from this estimate. Therefore, our total actual revenue will be different from our total allowed revenue. These differences are commonly referred to as timing differences. If we collect more than the allowed level of revenue, the balance must be returned to customers in subsequent periods, and if we collect less than the allowed level of revenue we may recover the balance from customers in subsequent periods. The amounts calculated as timing differences are estimates and subject to change until the variables that determine allowed revenues are finalised. Our operating profit for the year includes a total estimated in-year over-recovery of £74 million (2023/24: £225 million over-recovery). Our closing balance at 31 March 2025 was £106 million over-recovery (2023/24: over-recovery of £11 million). In addition to the timing adjustments described above, as part of the RIIO price controls, outperformance against allowances as a result of the totex incentive mechanism, together with changes in output-related allowances included in the original price control, will almost always be adjusted in future revenue recoveries. We are also recovering revenues in relation to certain costs incurred (for example, pension contributions made) in prior years. Our current IFRS revenues and earnings will therefore include these amounts that will need to be repaid or recovered in future periods. Such adjustments will form an important part of the continuing difference between reported IFRS results and underlying economic performance based on our regulatory obligations.

Return on equity

Return on equity (RoE) is a measure of how much profit a business generates from investment by shareholders and is our key metric to compare how the business is performing against many of our peers and also against our RIIO-T2 business plan. The RoE achieved in 2024/25 was 9.4%, which is 1.7% higher than the 7.7% allowed return on equity. We met our customer satisfaction targets, achieving a score of 8.89. The company earned the maximum financial performance and performed well against other incentives in the RIIO-T2 price control.

Year ended 31 March	2025	2024
	%	%
Allowed return (including avg. 2% long-run inflation)	7.7	7.4
Totex incentive mechanism	0.9	0.5
Other revenue incentives	0.5	0.5
Unlicensed Income	0.5	0.3
Return including in-year incentive performance	9.6	8.7
Pre-determined additional allowances	(0.2)	(0.2)
Return on equity	9.4	8.5

Our return on equity has shown a robust growth in 2024/25 primarily due to improved unlicensed revenues, reduced controllable costs and efficient performance compared to our allowances, which may not be reflected in our actual IFRS performance due to differences in phasing of allowances compared to spend and the build up of our regulatory revenues.

Regulatory asset value (RAV)

In the year, RAV has grown by 4.2% (compared to the prior year growth rate of 3.2%) due to higher capital expenditure and inflation-linked growth in the RAV.

	2025	2024
	£m	£m
Opening Regulated Asset Value (RAV)	7,304	7,075
Asset additions (slow money) (actual)	485	375
Performance RAV or assets created	14	4
Inflation adjustment (actual CPIH)	248	267
Regulatory Depreciation	(439)	(417)
Closing RAV	7,612	7,304

The Strategic Report was approved by the Board on 17 July 2025 and signed on its behalf by:

Jon Butterworth
Chief Executive Officer
17 July 2025

Governance report

Governance report	
Chair’s message	75
Group structure and ownership	76
Governance framework	77
Our Board	78
Executive team	81
Governance principles	82
Wates principle 1: Purpose and leadership	82
Wates principle 2: Board composition	83
Wates principle 3: Director responsibilities	85
Wates principle 4: Opportunity and risk	87
Wates principle 5: Remuneration	88
Wates principle 6: Stakeholder relationships	88
Audit and Risk Committee	89
Remuneration and Nominations Committee	93
Safety and Sustainability Committee	96
Regulation and Strategy Committee	98
Directors’ report	100
Statement of Directors’ responsibilities	102

Introduction to the governance report

The following pages describe our governance arrangements and introduce our Board of Directors and the activities they have undertaken during the year.

An engaged Board drives good governance and contributes to the success of our business.



Our strong governance framework is essential for the Board to carry out its role and underpins the delivery of our strategic objectives, embedding accountability and integrity in all that we do.

Dr Phil Nolan
Chair

On behalf of the Board, I am delighted to introduce our Governance Report for 2024/25. This report explains how we have ensured that effective corporate governance supports our oversight of the Group’s strategy and the long-term sustainable success of the Company.

Our governance

The composition of our Board is of high quality and with the support of its four Committees (Audit and Risk Committee, Remuneration and Nominations Committee, Regulation and Strategy Committee and Safety and Sustainability Committee) it provides strong and effective leadership to the business.

Following the completion of the sale of the final stake in the National Gas business, we said farewell to the representatives from National Grid and welcomed a number of new Directors to the Board. I would like to thank my fellow Directors for their contribution and valuable insight to the Board and the Board Committees, both inside and outside the Board room.

As Chair, I am responsible for ensuring the effectiveness of the Board, that it operates with openness and inclusivity and that each Board member contributes such that we benefit from the diversity of skills and experience that they bring. We carried out an internal review of the Board’s performance this year and the results were overall very positive. The review confirmed that the Board operates effectively and has an appropriate balance of skills, experience and knowledge to encourage challenge and debate. A few areas of improvement were identified and these are being implemented to further strengthen the effectiveness of the Board.

Board activities

A key focus for the Board this year was the development and assurance of our RIIO-GT3 business plan and as a Board we are confident that it is appropriately ambitious, efficient and affordable and will deliver value to our customers, consumers and stakeholders today and for the future. Other key areas that we considered during the year included the monitoring of the delivery of our RIIO-T2 commitments, cyber activities and resilience risks, energy security and preparations to ensure operational readiness for RIIO-GT3. We also reviewed the completion of the

separation plan from National Grid, a massive undertaking which was completed on time and on budget. We continued to constructively challenge and support the executives in executing our three-molecule strategy and we had a number of strategy sessions where we considered our overall strategy in light of changes in the energy landscape. We have done this whilst meeting our core responsibility in overseeing financial and operational performance, corporate controls and risk management, and the strengthening of our corporate culture.

We were very pleased that our annual employee engagement survey presented a further improvement in results, demonstrating the progress we are making in our cultural ambition to be a results-orientated, purpose-led and caring organisation. The positive results show the progress we are making in embedding our desired culture across the business.

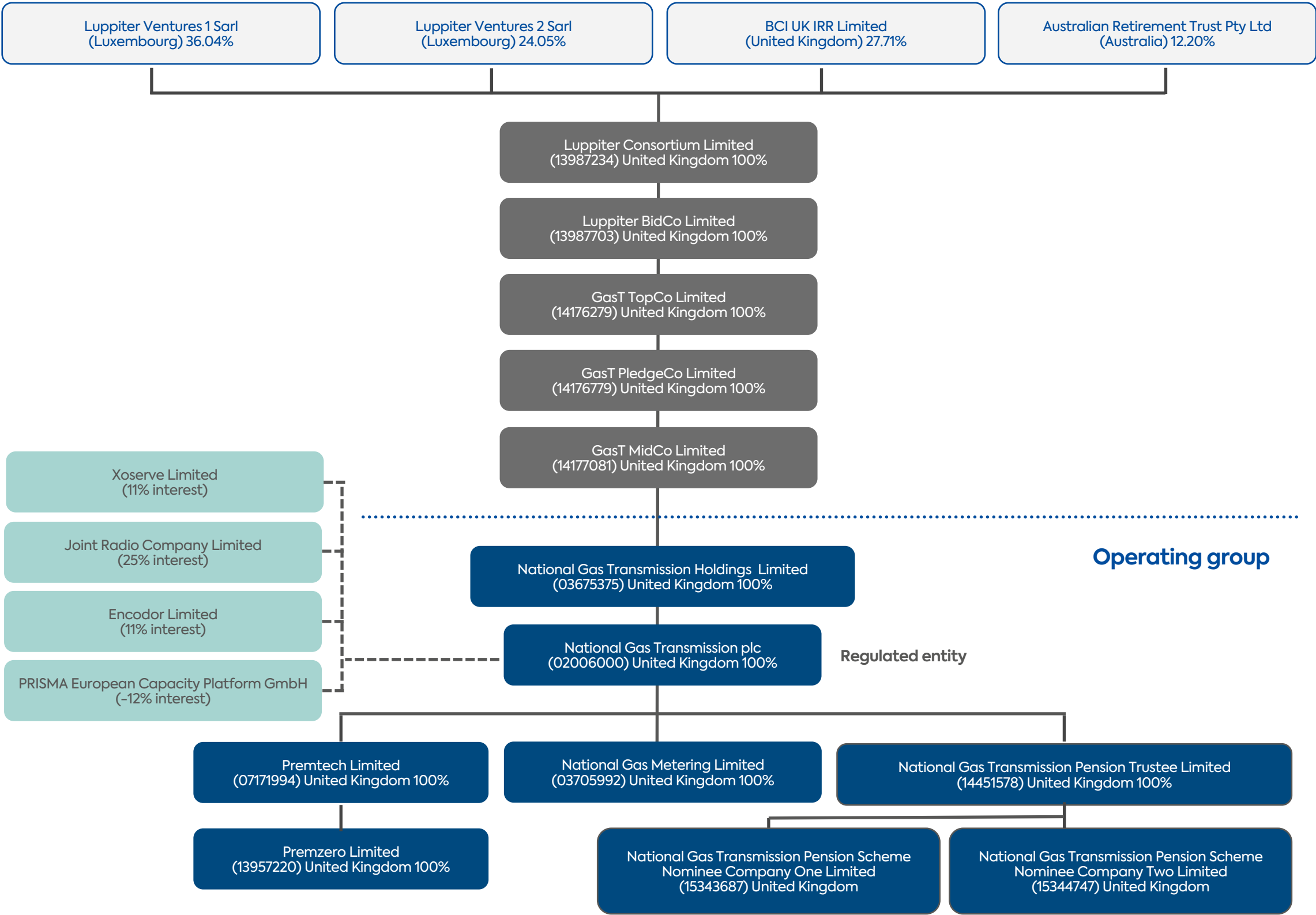
Our Safety and Sustainability Committee has an unwavering focus on the health and safety of our people and the risks associated with our operations and work. Although our safety performance remains very strong, we remain committed to improving and strengthening our performance and culture across our workforce, wherever possible.

Thank you

As I mentioned in my Chair’s foreword, I am stepping down as Chair at the end of the year and I will ensure that the transition to Mark Russell as the new Chair is as seamless as possible. I want to thank everyone involved this year – all our stakeholders including our customers, investors, regulators, suppliers and communities. But, above all, thank you to our colleagues for their work to ensure that we are ready to deliver the next regulatory period and for their commitment to completing the final year of RIIO-T2 strongly.

Dr Phil Nolan
Chair

Group structure and ownership



The parent company of the National Gas group is Luppiter Consortium Limited, and the chart opposite sets out the structure of the National Gas group of companies as at 31 March 2025.

The National Gas group is owned by the shareholders of Luppiter Consortium Limited, 60.09% of which is owned by a consortium of investors led by Macquarie Asset Management (through its investments in the Luppiter Venture entities), 27.71% by British Columbia Investment Management Corporation, with the remaining 12.20% of the shares held by Australian Retirement Trust.

Shareholders' Agreement
National Gas is party to a private agreement between the shareholders of Luppiter Consortium Limited (the Shareholders' Agreement), which governs how the shareholders manage their investment in the National Gas business. This includes a schedule of matters reserved for final decision by the Luppiter Consortium Limited Board of Directors and shareholders, respectively. These matter includes areas such annual business plan and budget, financial and treasury related transactions and substantial changes to the business and the Group.

Governance framework

As a large private company, we are guided in our approach to corporate governance by the application of the **Wates Corporate Governance Principles for Large Private Companies (the Wates Principles)**. For the year ended 31 March 2025, the Board is satisfied that it considered and effectively applied the six Wates Principles throughout its business and conduct. An overview of the Wates Principles is provided below, with further detail on how the Board aligned to these principles on pages 82–88.

Wates principles

1

Purpose and leadership→
See page 82

2

Board composition→
See page 83

3

Director responsibility→
See page 85

4

Opportunity and risk→
See page 87

5

Remuneration→
See page 88

6

Stakeholder relationships and engagement→
See page 88

Board of Directors

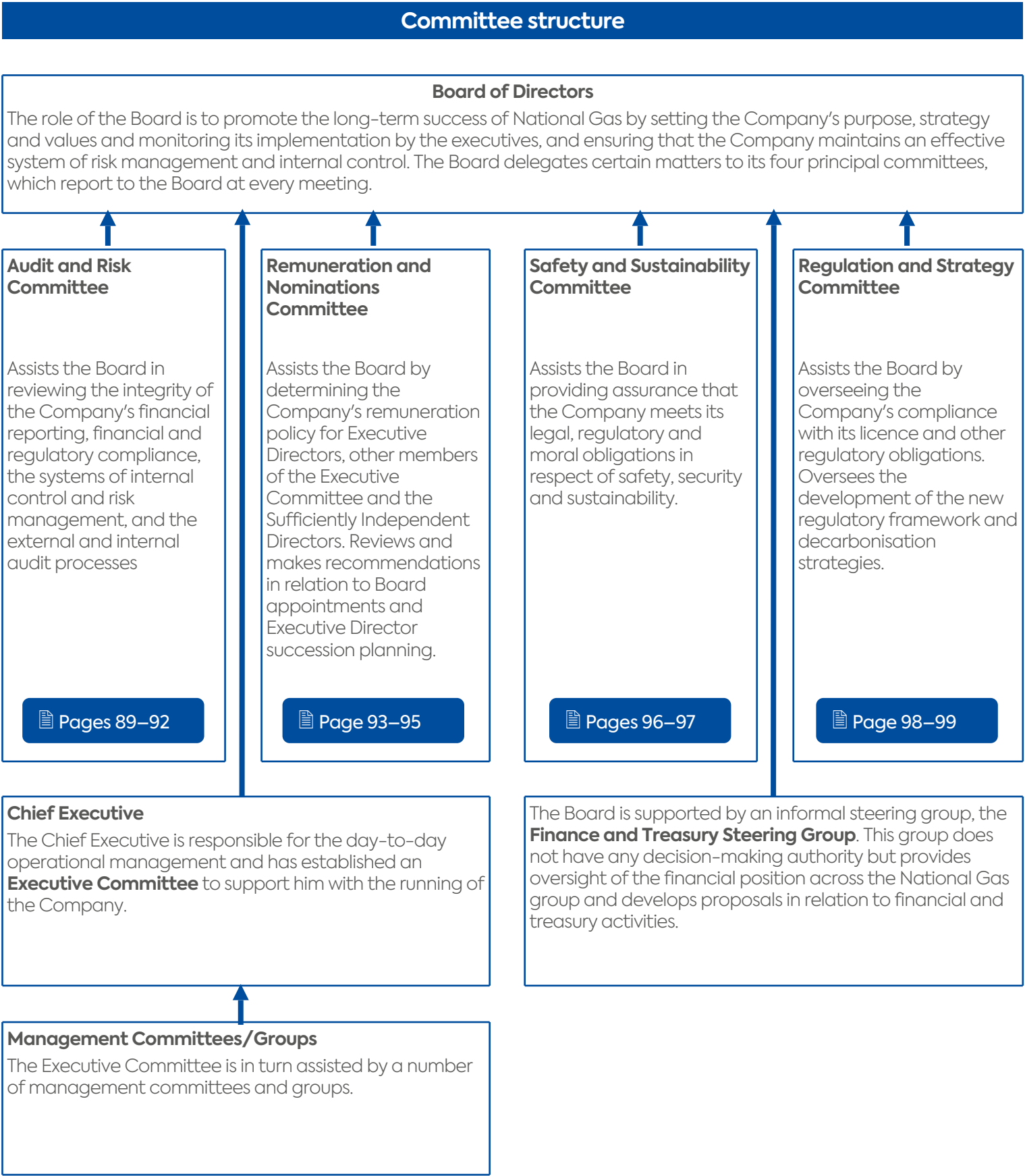
Our Board is made up of three Sufficiently Independent Directors (SIDs), one of whom is the Chair, seven Shareholder Nominated Directors and two Executive Directors. From a governance perspective, the Sufficiently Independent Directors and the Shareholder Nominated Directors are non-executive directors.

Executive Committee

The Executive Committee comprises our leadership team, established and led by our Chief Executive. They are collectively responsible for the day-to-day management of the Company and executing our strategy. The team provides regular updates to the Board and maintains a regular dialogue with individual members of the Board. See page 81 for further details on the composition of the Executive team as of the date of this report. Their biographies are available on the corporate website.

Committee structure

The Board has delegated certain responsibilities to its committees and the diagram opposite outlines our governance framework as of 31 March 2025. Further details can be found from page 89.





Dr Phil Nolan

Chair and Sufficiently Independent Director

Appointment

Joined in January 2023

Committee membership

Remuneration and Nominations Committee

Skills and experience

Phil has served on the board of many public and private companies, both in an executive and non-executive capacity. He has industry experience and was an executive director of BG Group plc and Chief Executive of Transco. As Transco Chief Executive from 1998, he led the demerger of Transco from BG Group in 2000. Previous roles include Chair of Associated British Ports, John Laing, Ulster Bank Limited, Sepura plc and Affinity Water. He was a non-executive director of Encyclis PLC between 2007 and 2010. He was the chair of Infinis, a then privately-held, leading renewable energy generator. He was also the Chief Executive of Eircom, Ireland’s national telecommunications supplier from 2002 to 2006.

Other appointments

Phil is currently a non-executive director of KKR Infrastructure Conglomerate LLC.



Jon Butterworth

Chief Executive Officer

Appointment

Joined in May 2021

Skills and experience

Jon has over 45 years’ experience in the gas and electricity industry and a strong track record of building successful businesses in regulated and competitive energy markets across the UK, Europe and the US. He was previously the Chief Executive of National Grid Ventures, leading, amongst other things, the construction of the electricity interconnector fleet across the North Sea – connecting enough carbon-free energy from Europe to power 7.8 million homes in the UK. Jon was awarded the MBE in 2009 for services to Britain’s gas industry.

Other appointments

Jon is a Fellow of the Institute of Directors, and a Companion of the Institute of Gas Engineers and Managers (IGEM), and was previously President of the Pipeline Industries Guild. He is a non-executive director of Pennon Group and chairs the Pennon Health & Safety Committee.



Nick Hooper

Chief Financial Officer

Appointment

Joined in August 2021

Skills and experience

Nick joined National Grid in 2014. He was the Chief Financial Officer for National Grid Ventures before taking on the role of Chief Finance Officer for the National Gas and Metering business in August 2021. Nick became ACA qualified with Ernst & Young. Throughout his career, he has held a number of senior finance roles, including eight years in finance director roles at Capita plc.



Cathryn Ross

Sufficiently Independent Director

Appointment

Joined in June 2019

Committee membership

Chair of the Regulation and Strategy Committee

Skills and experience

Cathryn is the Strategy and External Affairs Director at Thames Water. She is an experienced regulatory and competition economist, having worked in both the public and private sectors including at BT Group plc, Ofwat, the Office of Rail Regulation (now the Office of Rail and Road) and the Competition Commission (now the Competition and Markets Authority). She has a proven background in advising on economic, regulatory and competition issues across a number of sectors. Cathryn was a non-executive director of the Institute of Customer Service between 2020 and 2022, and was the inaugural chair of the Regulatory Horizons Council, an independent committee established by BEIS.



Mark Russell CBE

Sufficiently Independent Director

Appointment

Joined in July 2024

Committee membership

Chair of the Audit and Risk Committee

Skills and experience

Mark has an extensive background in corporate finance and in government. He was a partner in the corporate finance departments of KPMG London and KPMG Frankfurt, and worked at PwC Corporate Finance and Robert Fleming & Co., Lazard Brothers and A.T. Kearney. Most recently, Mark was CEO of UK Government Investments. Previous non-executive director roles include that of the Submarine Delivery Agency, Eurostar International Limited, DP World and LCR.

Other appointments

Mark is the chair of Defence Equipment and Support, the procurement organisation of the Ministry of Defence, and Angel Trains.



Will Price

Shareholder Nominated Director

Appointment

Joined in January 2023

Committee membership

Chair of the Remuneration and Nominations Committee

Skills and experience

Will joined Macquarie in 2007 and is the Head of European Utilities for Macquarie Asset Management. He has over 10 years of experience in infrastructure investment and management, primarily in the utilities and energy sector across the UK and Europe. He has extensive experience in key asset management initiatives, including regulatory resets and re-financings, and he has been involved in several utilities acquisitions, including Wales & West Utilities, Thyssengas, Czech Grid Holding, EP Infrastructure, Viesgo, CEZ Romania and Southern Water.

Other appointments

Will sits on several company boards within Macquarie Asset Management’s investment portfolio.



Mark Mathieson

Shareholder Nominated Director

Appointment

Joined in January 2023

Skills and experience

Mark has been the Managing Director for Macquarie Asset Management since October 2018. He has over 30 years of experience in the energy utility sector at both executive and non-executive director level, including Smart DCC and as chair of the Energy Networks Association and EA Technology. Mark spent 26 years at SSE, including 10 years as the Managing Director for its electricity network businesses, and subsequently he was Chief Executive at Green Highlands Renewables, the UK’s leading developer of run-of-river hydro-electric schemes.

Other appointments

Mark holds a number of different board positions for companies, including Cadent Gas Networks and Nortegas Energia Grupo.



Howard Higgins

Shareholder Nominated Director

Appointment

Joined in January 2023

Committee membership

Chair of the Safety and Sustainability Committee

Skills and experience

Howard is a Senior Advisor at Macquarie Infrastructure and Real Assets and has played a key role in global energy and utility transactions and transitions undertaken by Macquarie Asset Management since he joined in 2003. He also provides specialist support on the acquisition, transition and management of energy and utility businesses. Previous roles include CEO of BG Storage, Operations Director of Transco and Director of Cadent Gas Networks.

Other appointments

Howard sits on several company boards within Macquarie Asset Management’s investment portfolio.



Liam Auer

Shareholder Nominated Director

Appointment

Joined in January 2025

Committee membership

Regulation and Strategy Committee

Skills and experience

Liam is a Managing Director for the Diversified Utilities Team at Macquarie Asset Management. He has considerable investment experience, having been involved in the acquisitions of Cadent Gas, Elenia Oy, Viesgo, E-Redes, Reden Solar and Last Mile Infrastructure, as well as the strategic review of Macquarie Infrastructure Corporation. He joined Macquarie’s Sydney office in 2012 and worked on the unlisted Global Infrastructure Funds and Macquarie Special Situations Fund, and transferred to the London office in 2014.

Other appointments

Liam sits on a number of company boards within Macquarie Asset Management’s investment portfolio.



Robin Watson CBE

Shareholder Nominated Director

Appointment

Joined in February 2025

Committee membership

Audit and Risk Committee

Skills and experience

Robin has more than 35 years of business, industry and engineering experience, and over 20 years in executive and non-executive positions across a variety of market sectors around the globe. Robin has extensive experience of several government and industry bodies, most recently as a board member of the UK government’s Investment Council, and on the board of the Institute of Directors (IoD). Has previously served as Chief Executive of Wood plc, prior to which he held a number of senior positions at Petrofac, having started his professional career at ExxonMobil.

Other appointments

Robin is a non-executive director of Honeywell Inc., the non-executive chair of Forth Ports Ltd, a senior advisor to McKinsey & Company and chair of Edinburgh Business School’s international advisory board. He is also a Visiting Professor at the University of Strathclyde.



Jerry Divoky

Shareholder Nominated Director

Appointment

Joined in January 2023

Committee memberships

Regulation and Strategy Committee and Remuneration and Nominations Committee

Skills and experience

Jerry is the Senior Managing Director of British Columbia Investment Management Corporation’s (BCI) Global Infrastructure & Renewable Resources group, with investments across 30 countries and all major infrastructure sectors. He joined BCI in 2004 and is responsible for sourcing, executing and managing private direct investments in infrastructure with a focus on utilities, transportation and energy. He has experience in acquisitions, including 10 years in energy and banking. Prior board appointments include Transelec, Dalrymple Bay Coal Terminal, Isagen, NTS, Arteris, Endeavour Energy and GCT Global Container Terminals Inc.

Other appointments

Jerry holds different board positions for companies within BCI’s investment portfolio, including Pacific National and GasNet.



Jenny Lyn Dela Cruz

Shareholder Nominated Director

Appointment

Joined in March 2025

Committee memberships

Safety and Sustainability Committee and Audit and Risk Committee

Skills and experience

Jenny Lyn is a Principal in British Columbia Investment Management Corporation’s (BCI) Infrastructure & Renewable Resources group. She has spent the last six years covering the infrastructure sector. Based in London, she is responsible for sourcing, executing, and managing private direct investments across equity and credit in Europe. Jenny Lyn is a Chartered Professional Accountant (CPA) in Canada and worked in Financial Audit prior to joining BCI.

Executive team



Jon Butterworth
Chief Executive Officer



Nick Hooper
Chief Financial Officer



Matt Steele
Chief Operating Officer



Ian Radley
Chief Commercial Officer



Emily Clark
Chief Strategy and Regulation Officer



Richard Murphy
Chief Information Officer



Sarah Stanton
Chief People Officer



David Byrne
General Counsel

Wates principle 1: Purpose and leadership

Principle 1: An effective Board develops and promotes the purpose of a company and ensures that its values, strategy and culture align with that purpose.

Purpose and strategy

Our network is the backbone of the nation’s energy supply and underpins our core purpose, which is to lead a clean energy future for everyone. Our purpose recognises our critical role in the UK’s path to net zero, and that we will help drive the way forward and not be a passive contributor. It’s inclusive and refers to ‘everyone’ because we want everyone to have access to the energy and heat they need, when they need it, with nobody left behind.

Our purpose highlights the important role that our gas transmission system serves today, whilst recognising the need to support the decarbonisation of the energy system for the future. Our strategy is therefore supported by five priorities which ensure that our gas transmission network remains reliable and maintains security of gas supply. It underpins the role we want to play in shaping the future by providing a transportation system ready for energy transition and supporting the UK’s path to net zero. Through collaboration and innovation, we are adopting a flexible approach to ensure our network and assets continue to deliver for our end consumers, customers and investors over the coming decades.

 [Read more: Strategic direction→](#)

The Board’s key strategic activities during the year included the development of our next price control submission, our RIIO–GT3 business plan. Through both Board and Regulation and Strategy Committee meetings, and additional informal sessions, we were actively engaged in the development of our plan and the assurance framework established to support its development. In reviewing and scrutinising the development of the plan, we considered both the Company’s immediate priorities as well as our longer-term strategy. We believe that the plan ensures our network will continue to serve the UK’s needs for the foreseeable future

whilst enabling the transition to a net zero energy system in the longer term. We challenged the content and integrity of the plan and it underwent extensive stakeholder scrutiny. Collectively we worked hard to ensure that our plan is of the highest integrity, is financeable and deliverable, and we are confident that it will deliver value to our customers, consumers and stakeholders.

Part of our longer-term strategy is our ambition to deliver a core hydrogen network. The Board plays a key role in providing oversight as the decarbonisation strategy is developed and implemented, approving key decisions, determining the risk appetite and investment in the specific projects underpinning its delivery. The collective skillset of our directors affords significant insight into the appropriate strategic and financial approach required to ensure the sustainable success of the Company.

Values and culture

The Board continues to monitor the values and culture of the Company. Our values of simplicity, ownership and progress support and articulate the qualities we wish all employees to demonstrate as we work collectively towards achieving our business objectives and longer-term strategic ambitions. A variety of methods are used to assess and monitor the Company’s overarching culture, including the use of an annual employee survey. The results from the latest employee culture and engagement survey demonstrate the positive cultural shift that the business is making and the progress being made in our values being ‘lived’ by everyone across the business.

The Board demonstrates and encourages value-driven behaviour, setting the ‘tone from the top’ to support a healthy and inclusive culture. The Anti-Bribery and Corruption Policy and Code of Ethics set out the expected ethical standards of our employees, with our Speak-Up Policy also in place to encourage open reporting of any concerns. Our Executives are responsible for ensuring that these policies and behaviours set at Board level are communicated and implemented effectively throughout the workforce.

Regular town hall events led by the Chief Executive Officer and Executive staff provide the opportunity for employees to engage with leadership and ask questions on key developments throughout the business. Weekly newsletters to share business updates are also circulated to all employees and are an important method of disseminating information and embedding our expected culture and values. Regular site visits for directors also provide the opportunity to engage with our employees across the UK.

A strong safety culture is an important part of any organisation. At National Gas, a robust culture of proactively ensuring that our colleagues are safe every day is paramount. In October 2024, a National Gas Safety Culture Survey was completed and presented to the Board at its February 2025 meeting. The outcome of the survey demonstrated strong progress in our approach to safety. These results are testament to the hard work we have undertaken over the past year, including the development and delivery of a consistent and coherent safety strategy, the launch of our Company-wide ‘Seven Deadly Risks’ campaign and the ongoing simplification of our safety management system.

 [Read more: Safe every day→](#)

Another key aspect of the development of a positive, inclusive working culture at National Gas is ensuring that a demonstrable commitment to diversity, equity and inclusion (DEI) is embedded throughout the Company. More on our approach to diversity and inclusion can be found on page [57](#). The Remuneration and Nominations Committee monitors diversity of the workforce, including reviewing gender pay gap reporting and overseeing remuneration arrangements for the wider workforce to ensure they are aligned with our purpose, values and strategy.

 [Read more: DEI→](#)

Wates principle 2: Board composition

Principle 2: Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.

Size and structure

The composition of the Board is essential to its success in providing strong and effective leadership. The size and structure of the Board is determined by the Shareholders’ Agreement and affords the necessary skillset required to meet the strategic needs and challenges of the organisation. It ensures that the Board is also not overly large, thereby retaining the agility required to enable effective decision-making.

During the year, there have been a number of changes to the composition of the Board, largely due to the completion of the sale of the final 20% of the business to the consortium of investors. Notwithstanding the changes that have taken place throughout the year, our directors at any one time collectively brought a wide range of experience, skills and perspectives to the Board and Board Committee deliberations.

At the date of publishing this report, our Board is made up of three Sufficiently Independent Directors (SIDs), one of whom is the Chair, seven Shareholder Nominated Directors and two executive directors. From a governance perspective, the Sufficiently Independent Directors and the Shareholder Nominated Directors are non-executive directors. Together their roles are to support executives, while providing constructive challenge and rigour. They bring sound judgement and objectivity to the Board’s and the Board Committees’ decision-making processes. The Chief Executive Officer and the Chief Financial Officer are the executive directors on the Board.

The Chair and non-executive directors provide oversight and constructive challenge to the executives, where

appropriate. The strong mix of experience and knowledge amongst our Board members and the clear division of responsibilities between executive and non-executive roles provides accountability and outside perspective. The Board and Board Committee culture is one of openness and collaboration and the Chair ensures that all directors have an opportunity to contribute to discussions. The biographies of the Board members can be found on page [78](#).

 [Read more: Our Board](#)→

Chair

Dr Phil Nolan was appointed non-executive Chair and a Sufficiently Independent Director on 31 January 2023. He is responsible for the effective running and management of our Board and is assisted by the General Counsel and Company Secretary in ensuring adherence to high standards of corporate governance. Phil was viewed as independent upon his appointment. He is not a director of, nor otherwise involved in, any other company within the National Gas group, and the Board is satisfied that Phil remains independent in his role as Chair.

Sufficiently Independent Directors (SIDs)

Our Gas Transporter Licence requires us to have at least two SIDs. Cathryn Ross was appointed in June 2019, Dr Phil Nolan, our Chair, was appointed in January 2023 and, in July 2024, Mark Russell joined the Board as our third SID. Together they provide independent challenge and input into decision-making processes. Their letter of appointment sets out their duties and each of our SIDs confirmed that they are able to devote sufficient time to their role.

Shareholder Nominated Directors

Under the Shareholders’ Agreement, the shareholders have the right to nominate directors to the Board. Our Board currently comprises seven Shareholder Nominated Directors, representing members of the consortium of investors in Luppiter Consortium Limited. The Shareholder

Nominated Directors have the same powers, duties and liabilities as the other directors to act in accordance with the directors’ duties and promote the long-term success of the business as per the Companies Act 2006.

As per the Shareholders’ Agreement, each Shareholder Nominated Director can appoint an Alternate Director to participate in meetings in the event of their absence.

Neither the Shareholder Nominated Directors, or their alternates, are remunerated for their services to the Board, or any of the other group entity Boards of which they are a member.

Balance and diversity

The composition of the Board is determined by the Shareholders’ Agreement. Whilst the Board recognises the importance of diversity, and the investors and the Board are encouraged to consider diversity when nominating directors to the Board, the Board has not adopted a formal Board Diversity Policy.

The composition of the Board is such that the directors collectively bring a wealth of experience, knowledge and expertise from a broad range of backgrounds, including from the energy sector and related industries. This depth and breadth of experience enables the Board to engage in constructive and challenging discussions, ensures a collective high-level understanding relevant to the business, and considers not only the interests of the shareholders but also those of the wider stakeholders.

Effectiveness

Development and training

The Board believes that continuous training and development plays a key role in overall Board effectiveness. A comprehensive induction programme is provided for all new directors, and the Company is committed to offering tailored ongoing training to provide each director with the necessary resources to refresh, update and enhance their skills, knowledge and capabilities. With the ever-evolving regulatory external landscape in which the Company operates, it is critical that the Board remains abreast of developments that may impact the business. Individual meetings with executives and other senior managers are combined with site visits scheduled at the request of the individual directors. A number of business briefings and deep dives from the Chief Executive Officer and his team were also provided throughout the year. The directors are invited to identify areas in which they would like additional information or training, which are then either addressed through individual briefings or teach-ins offered to all Board members.

Board effectiveness review

A review of our Board effectiveness is undertaken on an annual basis and, given the number of changes to the Board composition during the year, the Board agreed to postpone an externally conducted review until next year. The Board effectiveness evaluation was conducted in January 2025, with a comprehensive questionnaire accompanied by the opportunity for directors to discuss their feedback and any other aspects they wished to raise in a one-to-one meeting with our Chair.

The overall feedback was positive, recognising that the Board comprises high-quality members, is functioning effectively and is well supported by the secretariat. It was acknowledged that good progress has been made to address recommendations from the previous year’s review. A number of areas for further enhancement emerged, including optimised discussion of key matters as well as greater opportunity for directors to provide input, thereby making full and effective use of the broad range of skills and experience across the Board. Board members acknowledged that as a collective the Board has come a long way in the last year, but that there is now a need to drive further improvement. This includes an increased focus on strategic discussions, informal sessions and the inclusion

of ‘checkpoint’ meetings to ensure any emerging issues or developments are incorporated into Board discussions.

The Board also reviewed the effectiveness of its Board Committees and is satisfied that these are performing well and that their respective remits are appropriate. Minor suggested improvements to further enhance the effectiveness of the committees were identified and will be implemented accordingly.

The review also concluded that meetings are well chaired, and that the Chair promotes effective and efficient meetings, encouraging involvement by all members as well as facilitating open and constructive discussions and deliberations.

The directors have demonstrated a strong commitment to their roles on the Board and, where applicable, our committees. The Board is satisfied that each director can devote sufficient time to the Company’s business to discharge their responsibilities effectively. The non-executive directors offer strategic guidance to the Board’s deliberations, they support independent decision-making and engage with executives outside of the Boardroom.



Wates principle 3: Director responsibilities

Principle 3: The board and individual directors should have a clear understanding of their accountability and responsibilities. The board’s policies and procedures should support effective decision-making and independent challenge.

Accountability

Board responsibilities

Our governance framework and clear delineation of Board roles enables the Chair, SIDs and Shareholder Nominated Directors to provide oversight and appropriate constructive challenge and support to management in delivering our strategy. The roles and responsibilities of Dr Phil Nolan, as our Chair, and Jon Butterworth, as our Chief Executive, are separate. Phil is responsible for the leadership of the Board and Jon is responsible for the day-to-day management of the business.

The Shareholder Nominated Directors are appointed in accordance with the Shareholders’ Agreement and their role is that of a non-executive director. They, together with the SIDs, are responsible for assisting in the development of the strategy, for providing constructive challenge and holding the executives to account for their performance in the delivery of the agreed strategy. Their role is also to provide strategic guidance and specialist advice and support.

The Board delegates all day-to-day operational matters to the Chief Executive, except for matters set out in the Shareholders’ Agreement that are specifically reserved to the Board of Luppiter Consortium Limited or require approval by the shareholders of Luppiter Consortium Limited. Jon is also responsible for overseeing the development of business strategies for approval by the Board, and achieving timely and effective implementation of the approved strategies.

The Board is supported by the General Counsel and Company Secretary, who provide advice on legal and corporate governance matters.

Internal governance

The Board has a ‘Matters reserved for the boards’ schedule, which outlines the matters which are required to be approved by the Board, the Luppiter Consortium Board or shareholders of Luppiter Consortium. The Board has also approved a Delegation of Authority, which is the document through which the Board delegates the day-to-day running of the Company to the executives up to certain financial limits, and through which the executives further delegate down the organisation with lower limits.

Conflicts of interest

With a number of Shareholder Nominated Directors on the Board, there are times when conflicts of interest, whether matter-specific or situational, arise and there are processes and procedures in place for all directors to identify and declare any such conflicts. The directors are aware of their statutory duties in relation to conflicts of interest and their duty to declare any situations which may create a conflict of interest. The General Counsel and Company Secretary maintain a register of directors’ interests and the Board and Board Committee members are asked to declare any interests, direct or indirect, before the start of each meeting.

Our governance processes

All directors have access to the advice and services of the Company Secretariat team to support them in fulfilling their duties and ensuring they observe best governance practice. The Company Secretariat, together with the Chair, is responsible for reviewing governance processes to ensure they remain fit for purpose, implementing any new processes that strengthen the overall governance of the Company as and when required.

Policy oversight

The Shareholders’ Agreement governs the policies for which the Board, or its Committees, are responsible for reviewing and approving. These include Health and Safety, ESG, the Code of Ethics, Anti-Bribery and Corruption and the Whistleblowing policies. The Executive Committee is responsible for overseeing and approving other policies which govern Company practice across key business areas.

Committees

The Board has overall responsibility for ensuring the long-term success of the business. Collectively, the Board is responsible for its governance and providing effective oversight of the performance of the business, the implementation of the strategy and ensuring compliance with its obligations under its Gas Transporter Licence and other legal and regulatory obligations. In its rigorous oversight of the business, the Board ensures that appropriate systems and processes are in place to monitor and manage the strategic risks and the internal controls. To support it discharging its responsibilities, the Board has delegated certain responsibilities to a number of Board Committees .

The governance framework was introduced in January 2023, and we believe that it underpins good governance practices and enables the Board to provide effective stewardship of the Company. The remit of each committee has been approved by the Board and each committee reports to the Board on matters discussed, decisions taken and makes recommendations to the Board on matters requiring Board approval. With the successful conclusion of the separation from National Grid, the Board agreed in January 2025 to disband the Transition and Separation Steering Group, the informal group which had supported management in overseeing the delivery of the separation and transition plan. Further details about each of the committees can be found from page [89](#)

 **Read more: Governance framework**→

Integrity of information

It is important that the Board receives accurate, clear and high-quality information to enable it to discharge its duties. The Board and the Board Committee members are provided with comprehensive papers via a secure online Board portal in a timely manner, to support them in their leadership and decision-making. In consultation with the Chair and the Chief Executive, the Company Secretary manages the provision of information to the Board and implements a comprehensive follow-up procedure to enable actions to be addressed as agreed by the Board.

Each scheduled Board meeting includes a report from the Chief Executive and Chief Financial Officer which covers all areas of operation and overall business and financial performance. They also keep the Board apprised of business developments through regular updates outside of the formal meeting cadence.

At the start of each Board meeting, a ‘safety moment’ is presented to reinforce the safety culture that permeates everything the Company does. The Board and its committees are also regularly kept abreast of meetings and discussions with the Company’s key stakeholders.

The Chair and the chairs of each committee separately engage with executives and other staff relevant to their roles, as well as meeting with relevant external advisers between meetings, as appropriate and when required.

Additionally, Board members devote time to their roles outside of scheduled meetings and meet with executives to discuss and support areas which are then formally considered at the Board or Board Committee meetings.

The next page provides an overview of the key items considered by the Board throughout the year.

Board activities

The Board had six scheduled meetings during the year, which included two longer strategy sessions. A number of informal deep dive sessions were also held, focusing mainly on the RIIO-GT3 assurance framework and the development of the business plan submission. In addition, there is a regular cadence of Committee meetings.

This page provides an overview of the key items discussed and decisions made this year.

Strategic objectives:

- 

1 Operate safely, reliably and flexibly
- 

2 Deliver sustainable value for customers and stakeholders
- 

3 Drive positive environmental and community impact
- 

4 Invest in our people, grow our capability and value everyone's contribution
- 

5 Shape the energy markets of the future

Board activities 2024/25				
April	May	June	July	August
<p>Deep dive:</p> <ul style="list-style-type: none">Hydrogen strategy <div><div>2</div><div>3</div><div>4</div><div>5</div></div>	<p>Approved:</p> <ul style="list-style-type: none">SCO₂T Connect project <p>Discussed:</p> <ul style="list-style-type: none">Results from the employee engagement surveyEnergy securityDevelopment of the RIIO-GT3 business planMarket updateStrategic risks <div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div></div>	<p>Deep dive:</p> <ul style="list-style-type: none">Development of the RIIO-GT3 business plan <div><div>1</div><div>2</div><div>5</div></div>	<p>Approved:</p> <ul style="list-style-type: none">Annual Report and AccountsThe submission of the RIIO-GT3 business plan data tablesOfgem compliance items <p>Discussed:</p> <ul style="list-style-type: none">Delivery of the RIIO-T2 business planCyber security and regulatory cyber compliance <div><div>1</div><div>2</div><div>5</div></div>	<p>Deep dive:</p> <ul style="list-style-type: none">Development of the RIIO-GT3 business plan <div><div>1</div><div>2</div><div>5</div></div>
September	October	December	February	March
<p>Deep dive:</p> <ul style="list-style-type: none">Development of the RIIO-GT3 business plan <p>Approved:</p> <ul style="list-style-type: none">Matters relating to the disposal of the final 20% equity interest from National Grid <div><div>1</div><div>2</div><div>5</div></div>	<p>Discussed:</p> <ul style="list-style-type: none">Development of the RIIO-GT3 business planCorporate strategyDelivery of the RIIO-T2 business planCyber security <div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div></div>	<p>Approved:</p> <ul style="list-style-type: none">Submission of the RIIO-GT3 business planUpdates to the Euro Medium Term Note ProgrammeInflation hedgingProject spend relating to hydrogen and CCS business opportunities <p>Strategy Session:</p> <ul style="list-style-type: none">Corporate strategyFinancing restructuring <div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div></div>	<p>Discussed:</p> <ul style="list-style-type: none">Delivery of the RIIO-T2 business planUpdate on the RIIO-GT3 business plan submissionResults from the safety culture surveyNetwork performance and resilience <div><div>1</div><div>2</div><div>4</div><div>5</div></div>	<p>Approved:</p> <ul style="list-style-type: none">Financing strategyFinancing plan for the remainder of RIIO-T2 and budgetUpdated Treasury Policy and financing planBoard effectiveness review <p>Discussed:</p> <ul style="list-style-type: none">National Gas defined benefit pension schemeCyber securityUpdate on the RIIO-GT3 business plan submissionMergers and Acquisitions strategy <div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div></div>

Wates principle 4: Opportunity and risk

Principle 4: A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.

Opportunity

Throughout the year, the Board assesses and challenges how the Company creates and preserves value, approving the strategic direction of the business and ensuring that long-term value is fostered and sustained. The Board has oversight of the delivery of the RIIO-T2 business plan and throughout the year we spent considerable time engaging in the development and submission of our RIIO-GT3 business plan. Both plans are key to ensuring energy security today and the delivery of longer-term value. Alongside these, a number of regional and national projects supporting our mission to lead the UK towards a clean energy future were considered.

The ambition to support the transition to net zero remains a priority and the Board will continue to closely monitor the Company’s progress on its journey to do so. Further information on the business model and strategy is outlined from page 13 and an overview of our key hydrogen projects is detailed on page 24. Whilst the Board recognises that it needs to be future-focused, it also acknowledges its responsibilities today to ensure that the National Transmission System remains resilient and reliable, thereby ensuring best value for our customers, regulators and wider group of stakeholders.

The Board revisits the Company’s longer-term priorities each year to satisfy themselves that our strategic priorities are still appropriate and allow for the identification and pursuit of new opportunities, as and when they may arise.

Risk and responsibilities

The Board has the overall responsibility for the management and oversight of the Company’s risks. This includes determining risk appetite and ensuring that effective risk management and internal control frameworks are in place, with key roles and responsibilities clearly defined. The alignment of our strategic risks with the risk appetite informs Board deliberations, and the Board considers financial and non-financial risks, including reputational risks, when making decisions. More about our principal risks, their management, and emerging risks are detailed on page 59.

 [Read more: Risk management→](#)

The Board has delegated the responsibility for oversight of the risk management and internal control frameworks to the Audit and Risk Committee, more information on which can be found on page 89.

 [Read more: Audit and Risk Committee→](#)



Wates principle 5: Remuneration

Principle 5: A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.

Remuneration and succession

The Remuneration and Nominations Committee is responsible for deciding Board and executive remuneration and has established remuneration practices that are designed to support our strategy and promote the long-term sustainable success of National Gas. Executive remuneration is aligned to our purpose and values, and is linked to the successful delivery of our business plan and longer-term strategy.

The Committee also oversees appointments to the Board and senior executives, ensuring there is a formal, rigorous and transparent procedure in place for these appointments and that there is a pipeline of talent and appropriate succession plans in place. Further details can be found from page [93](#).

 [Read more: Remuneration and Nominations](#)→

Wates principle 6: Stakeholder relationships

Principle 6: Directors should foster effective stakeholder relationships aligned to the company’s purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

Stakeholder engagement

Our directors foster effective relationships with our stakeholders that are aligned to the Company’s purpose and values. The Board is responsible for overseeing meaningful engagement with our stakeholders, and considers their views when making decisions.

Stakeholder engagement enables the Board to better understand what matters to each stakeholder group. In determining the Company’s strategic direction, the Board is conscious of its collective responsibilities to all stakeholders. Their views and different perspectives are taken into account as part of Board and committee discussions and decisions. The Board also ensures that the corporate and management structures in place are such that stakeholder views feed in to the execution of day-to-day operations and practices: see from page [30](#) for further details. An overview of how the Board has engaged with key stakeholders and considered their responsibilities and duties under Section 172 of the Companies Act can be found on page [64](#).

 [Read more: Section 172](#)→

Workforce

There are a number of channels through which management regularly engages with our employees and keeps them informed of important business developments. Further details can be found on page [55](#).

Role of the Committee

The Audit and Risk Committee plays a crucial role in ensuring there is a robust and transparent control environment in place at National Gas. It independently reviews and monitors the integrity of the Company’s financial reporting, including significant policies and judgements, and oversees the relationship with external auditors to maintain their independence and effectiveness. Additionally, the Committee reviews the effectiveness of risk management and internal control systems to ensure they align with the Company’s business needs.

Membership

The Committee consists of three non-executive directors. The Committee is chaired by Mark Russell, who is one of the Sufficiently Independent Directors. The Board is satisfied that the members bring a wide range of financial experience across various industries and have the competence relevant to the Committee’s remit.

The Chief Financial Officer, Financial Controller, Head of Internal Audit, General Counsel and external auditors attend the meetings, which are scheduled around key financial audit dates. The Committee met four times during the year and regularly concluded with a short session without management.

Key areas of focus 2024/25

- Reviewed the 2023/24 Annual Report and Accounts, ensuring that the information was fair, balanced and understandable.
- Examined the year-end financial statements, including key judgements, estimates and assumptions
- Oversaw the migration and separation of finance systems from National Grid, together with the associated financial control environment.
- Assessed the work of the external auditors, Deloitte, in relation to significant financial judgements made by management, and considered other findings from their 2023/24 audit.
- Considered and approved the statutory audit plan and the associated fee for 2024/25.
- Considered and approved the key findings from completion of the 2024/25 internal audit plan and approved the plan for 2025/26.
- Focused on continuous improvements to the risk management framework and changes to the key strategic risks.
- Conducted deep dives into data management, supply chain and IT separation risks.
- Examined key areas of the Company’s business integrity, including ethics, data security, and fraud and bribery.



The Committee has continued to play a key role in promoting and ensuring there is a strong and transparent control environment in place at National Gas.

Mark Russell
Chair of the Audit and Risk Committee

Letter from the Chair

On behalf of the Committee, I am pleased to present my first Audit and Risk Committee report, detailing how we have fulfilled our responsibilities throughout the year. I assumed the role as Chair of the Committee at the end of July and I would like to thank Cathryn for her leadership and contribution to the Committee as Chair since National Gas became a stand-alone business.

One of our core duties is to ensure the integrity of our financial reporting and to support this we oversee the framework of internal financial controls. I am delighted to report that in July 2024, management completed the migration and separation of our financial systems from National Grid, with over 700 financial controls transferred as part of this process. This was a substantial task, and we thank management and their teams for their dedication in completing this on time. We continue to strengthen the National Gas financial control framework, streamlining and automating processes to ensure the controls are effective in preventing and detecting material errors or misstatements in our financial reporting.

The Committee provides assurance that our financial reporting is fair, balanced and understandable, accurately reflecting the Company’s financial affairs. We reviewed significant accounting matters and management’s judgements, confirming to the Board that the 2024 Annual Report and Accounts met these standards.

A robust risk management framework is crucial for executing our strategy and safeguarding against various risks. We reviewed the effectiveness of this framework and internal control systems throughout the year. Whilst no significant failings were identified, we consistently challenge management to integrate risk management into everyday operations. We also worked with the risk team to enhance our understanding of emerging and strategic risks and to streamline risk reporting. Proposed changes to strategic risks were submitted to the Board for approval.

Data management has been a significant focus area for the Company. Following the successful transition to the National Gas environment, the Committee supervised efforts to improve data quality and reduce management risks. Significant progress has been achieved in this area.

The Committee considered supply chain management risk in light of the disruption to worldwide supply chains. We assessed the new strategy and existing risks to ensure that proactive and agile responses are in place to meet the supply chain demands in the RIIO-GT3 period.

Following the departure of the Head of Internal Audit in October 2024, I have personally been supporting the acting Head of Internal Audit in ensuring that the function continues to be independent and effective whilst a replacement is found.

Our remit includes non-financial controls and governance related to business integrity and compliance. We received updates on adherence to the Code of Ethics, Anti-Bribery and Corruption, and Fraud and Bribery policies. The improvements made this year are fostering a culture of ethical conduct and ensuring that the Company delivers its business in a responsible and transparent manner.

The Committee has also reviewed the Company’s insurance arrangements and are confident that adequate arrangements are in place.

Looking ahead, the Committee will support further strengthening of financial, internal control and risk management frameworks. We aim to adopt agile risk management practices, enabling informed, real-time decisions through digital and data transformation. We will also oversee the statutory audit tender process.

Mark Russell
Chair of the Audit and Risk Committee



Financial reporting

Our financial statements must be fair, balanced, understandable and provide all necessary information to assess the Company’s position, performance, business model and strategy. The Committee monitors this integrity, reviews the external auditors’ work, and considers management’s significant judgements and estimates. We review these statements before proposing them to the Board.

The Committee assessed management’s evaluation of the Company’s and Group’s ability to continue as a going concern, considering risks and uncertainties. Concluding that the financial statements could be adopted on this basis, the Committee recommended them to the Board.

We evaluated whether appropriate accounting policies were adopted and if significant judgements and estimates were properly applied. Regular updates on significant accounting judgements were provided throughout the year, and the Committee is satisfied with the decisions made. (See significant reporting issues table).

External audit

The Committee oversees the relationship with external auditors, Deloitte LLP, who attend all meetings and meet with the Chair privately. Deloitte have been the auditors since April 2017, and due to Mandatory Firm Rotation rules, an audit tender process will occur in 2025 for the appointment of statutory auditors from FY27. The Committee recommends Deloitte’s reappointment for FY26, being satisfied of its independence and that the effectiveness of its audit process remains strong.

A policy governing non-audit services by Deloitte maintains its independence and objectivity. Services exceeding £50,000 require Committee approval, while permissible services below this threshold can be approved by the CFO and reported to the Committee.

Further details on non-audit services provided by Deloitte can be found on page [115](#) of the financial statements. The total non-audit fees paid to Deloitte for the year were £0.1 million (2024: £0.1 million) and the majority of the spend was in relation to providing assurance services.

Significant reporting issues	
Exceptional items	<p>The Committee considered the classification of costs associated with the sale and separation from National Grid as exceptional items in the financial statements. These costs were rephased over the transition period to reflect the planned separation timeline and were assessed against the Group’s accounting policy on exceptional items.</p> <p>The Committee also reviewed the accounting treatment following the termination of the Western Gas Network project by a customer. A portion of the project costs was recovered during the period, with the remaining balance expected to be recovered either from the customer in the future or via allowed revenues in future accounting periods. All related costs and recoveries were recognised in the income statement as exceptional items. The Committee discussed these matters in detail with management.</p> <p>Based on these discussions, the Committee was satisfied that the classification of these items as exceptional was appropriate and consistent with the Group’s accounting policies and relevant financial reporting standards.</p>
Pension	<p>On 30 September 2024, the transfer of assets and liabilities from Section B of the National Grid UK Pension scheme to the newly established National Gas Transmission Pension Scheme (“the Scheme”) was completed. This restructuring was undertaken to align the pension arrangement with the Group’s revised corporate structure. As the legal obligations of the Company in respect of the Scheme have not changed, the transfer had no direct impact on the pension-related figures disclosed in the financial statements. The directors confirmed that the continued recognition of a net pension surplus remains appropriate and is consistent with the Scheme’s rules. The Committee reviewed the accounting implications of the transfer and discussed the matter with management, and concluded that the disclosure of this event in the financial statements was appropriate and provided relevant context for users of the accounts.</p>
Impact of climate change on the financial statements	<p>The Committee considered the impact of climate-related risks and regulatory developments on the Group’s financial statements, with a particular focus on the useful economic lives (UELs) of gas transmission assets. This remains a key area of judgement, given the UK’s transition to a low-carbon economy and the evolving policy landscape.</p> <p>Management presented a detailed assessment of the financial reporting implications, including:</p> <ul style="list-style-type: none">• The potential for climate transition policies, such as the UK’s Net Zero 2050 target, to shorten asset lives.• The absence of any impairment triggers under IAS 36 during the year.• The continued appropriateness of current UELs (to circa 2070), supported by technical analysis and operational evidence.• Sensitivity disclosures in Note 10 of the financial statements, which model alternative UELs of 2050 and 2060. <p>The Committee also reviewed key regulatory developments, including Ofgem’s 2024 Sector Specific Methodology Decision, which proposed accelerated depreciation for gas networks to 2050. However, the Committee noted that Ofgem acknowledged the case for gas transmission may differ, and that further clarity is expected through Draft and Final Determinations in FY26, as well as the Hydrogen Transportation Business Model.</p> <p>The Committee took assurance from management’s strategic response to these risks, including:</p> <ul style="list-style-type: none">• Investment in hydrogen infrastructure and repurposing of existing assets through initiatives such as Project Union East Coast.• Government support for carbon capture and storage (CCS) clusters, reinforcing the long-term role of the transmission network.• The continued reliance on natural gas for energy security, particularly during periods of low renewable generation. <p>Based on this review, the Committee agreed that no changes to asset lives or depreciation policies are warranted. The Committee confirmed that the financial statements appropriately reflect the significant judgements involved and include relevant disclosures. The Committee will continue to monitor developments closely, particularly in relation to regulatory determinations and the future role of gas infrastructure.</p>

Internal control framework

The Board is responsible for the effective management of risk, determining its risk appetite and ensuring that each business area implements appropriate internal controls to manage its risks. The risk management systems are designed to support the business in actively managing risk to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated responsibility for reviewing the effectiveness of the Company’s systems of internal control to the Committee, which includes financial, operational and compliance controls and risk management systems. The internal control environment in place enables a dynamic approach to our controls, policies and assurance activities, with the Committee overseeing improvement plans put in place where the strengthening of a particular area has been identified.

Internal audit

The internal audit function provides independent assurance on risk management, controls and governance. It encourages continual improvements and promotes enhancements to the Company’s governance, risk management and internal control processes. It also assesses whether all significant risks and obligations under review have been identified, managed and appropriately reported.

The internal audit function’s work is governed by an internal audit charter, which is approved by the Committee annually. The work is conducted and managed in accordance with the Internal Audit Standards, released by the International Internal Audit Standards Board (IIASB) and the Core Principles for the Professional Practice of Internal Auditing. The Committee keeps under review the function’s independence and effectiveness, and has reviewed the results from the annual internal audit quality assessment.

The annual internal audit plan is structured to align with the Company’s strategy, risk profile, control environment and the assurance arrangements. The Committee has overall responsibility for the delivery of the plan, but reporting of the outcome of the audit reviews is split between the Committee and the Safety and Sustainability Committee. External providers or internal support may be engaged to

support the delivery of some of the audit reviews, where specific skill and experience is required to be co-sourced. Assurance mapping and planning is undertaken to ensure that the work is appropriately aligned, and co-ordinated with other assurance activities across the business.

The audit plan for 2024/25 included audits in relation to assurance of the RIIO–GT3 business plan, the exit of the Transitional Service Agreement with National Grid, safety and cyber. The Committee received regular updates on the delivery of the plan, as well as the progress and closure of actions resulting from the audits.

Risk management systems

The Committee is responsible for reviewing the adequacy and effectiveness of the risk management framework, to ensure that the controls in place are effective to identify and manage the risks facing National Gas. The Committee oversaw enhancements to strengthen the risk management framework during FY25.

The Committee also considered changes to the strategic risks, as well as adjustments to the risk appetite tolerance levels, for consideration and approval by the Board. The Committee receives regular reports on significant risks and uncertainties facing the business, and assesses the overall control environment and risk mitigations in place to manage those risks. Further details can be found from [page 59](#).

Assurance reviews

The Company aims to ensure that a sound system of assurance and compliance processes is in place to support key risk areas across the business. The Committee receives regular updates on the delivery of the second line of assurance, including the annual assurance plan. Where any failings or weaknesses are identified in the course of the reviews, management puts in place robust actions to address these on a timely basis. Details of non-compliances and control weaknesses are also reported to and monitored by the Committee.

Business integrity

The Committee’s remit includes oversight of non-financial controls and governance arrangements in respect of policies and assurance processes in place for business integrity and data protection. The Committee considered policies and procedures for detecting fraud, and the systems and controls for preventing other inappropriate

behaviour. It was kept apprised on findings of investigations of cases in respect of ethical and business conduct concerns. It also considered initiatives undertaken by the Company to provide assurance on ethical business culture, including policies, training, whistleblowing arrangements and communication initiatives to strengthen awareness in these areas.

Remuneration and Nominations Committee

Role of committee

The primary role of the Remuneration and Nominations Committee is to approve the remuneration arrangements for the Chair, the Sufficiently Independent Directors, the Executive Board Directors and members of the Executive Committee. In doing this, it is responsible for ensuring that the Company's remuneration arrangements support the Company's strategy, values and purpose in a simple and transparent manner.

The Committee is also responsible for overseeing Board and Executive succession planning to ensure that there is a good balance of skills, knowledge and experience aligned to the Company's priorities and longer-term strategic direction.

Membership

The Committee consists of three non-executive directors, two of whom are Shareholder Nominated Directors, and the Chair of the Board, who is also a Sufficiently Independent Director. The Committee is chaired by William Price, one of our Shareholder Nominated Directors.

The Chief People Officer and the Chief Executive attend meetings (except when their own remuneration is being discussed). During the year, the Committee met four times and also considered a number of items outside the formal scheduled meetings.

Key areas of focus 2024/25

Remuneration-related items – review of the year

- Reviewed the Executive remuneration framework and principles.
- Commissioned a benchmarking exercise and undertook a review of the Executive Directors' salaries and the fees for the Chair and Sufficiently Independent Directors.
- Approved the outturns of the 2025 short-term incentive plan (STIP) and the 2024/25 two-year long-term incentive plan (LTIP).
- Approved the structure and performance metrics for the 2026 STIP, including the Executives' personal objectives, and the 2026/28 LTIP.
- Considered and approved remuneration arrangements for new Executive Committee members, and moves within the Executive Committee.

Nominations-related items – review of the year

- Appointment of a successor to the Chair.
- Succession planning and talent development at Executive Committee level.
- Appointments of the Chief Strategy and Regulation Officer and the Chief Commercial Officer.



Our priorities for the year involved reviewing the Executive Committee structure and ensuring that the remuneration approach continues to drive a high-performance culture.

William Price
Chair of the Remuneration and Nominations Committee

Letter from the Chair

I am pleased to present a review of the activities of the Remuneration and Nominations Committee (the Committee) undertaken throughout the year.

During the year, we spent considerable time reviewing the senior leadership structure to ensure it has the right skills and expertise to lead the Company effectively in the short and long term.

We also reviewed the remuneration arrangements to ensure that they continue to appropriately reward and motivate our Executives, both in the short and long term.

Remuneration-related items

Remuneration principles

Our remuneration principles seek to strike a balance between best practice and alignment with the business plan and longer-term strategy. The principles are:

- Remuneration should include a mix of fixed and variable pay, comprising base salary and performance-related pay.
- Remuneration levels should take into account external companies of comparable size, complexity and scope, with positioning at market-competitive levels and generally around the median point.
- Performance targets should be stretching and linked to execution of the business strategy, with emphasis on providing sustainable, positive outcomes for our stakeholders.

During the year, we reviewed these principles, which are designed to attract and retain a high-calibre team of Executives and reward performance through short- and long-term variable pay schemes, and concluded that they remain appropriate.

When reviewing the principles, we also considered alignment of the remuneration arrangements with the wider workforce. We are confident that the principles incentivise contributions to both the short- term and long-term success of the business and create shareholder and stakeholder value in a sustainable and responsible manner.

Incentive plans

There was no change to the incentive framework during the year.

The STIP, being our annual cash bonus scheme, rewards delivery of annual strategic business priorities, based on performance measures relating to both Company and individual performance. We review the performance measures and their associated weightings each year, and make adjustments as required to ensure that they remain appropriate and reinforce the business strategy.

The individual performance outturn for the Chief Executive is determined by the Committee, and the individual performance elements for the Chief Financial Officer and the other Executives are determined by the Chief Executive and approved by the Committee.

Awards under our cash-based long-term incentive plan, the LTIP, are made to Executives, senior leaders and a small number of other colleagues across the business. The performance conditions are based on longer-term business performance measures.

In exceptional circumstances, malus and clawback provisions apply to both plans. We also have discretion to exercise our judgement when selecting the performance measures and metrics and in determining the outcomes, in particular the individual performance objectives for each of the Executives under the STIP.

We are satisfied that these incentive plans drive appropriate behaviours that support the delivery of our strategy, values and culture.

Executive Committee changes

Following a period of ill health, Martin Cook expressed a wish to retire from his role as the Chief Commercial Officer, and we therefore considered and approved his exit arrangements.

During the year, we approved the remuneration arrangements for Ian Radley’s appointment as the Chief Commercial Officer and Emily Clark as the Chief Strategy and Regulation Officer. Their total remuneration packages are in line with market practice and our remuneration principles.

Incentive outcomes for 2024/25

We assessed the achievement of the various measures agreed for the 2025 STIP awards, including performance of the personal objectives for each of the Executives. 74% of the total maximum of 80% of the business measures were achieved, reflecting strong performance and progress made as a business in respect of the financial performance and operational measures, customer satisfaction, safety and the net zero transition targets.

2024/25 STIP

Financial	Underlying EBITA	●
	Operational RoE	●
Customer	Customer satisfaction score	●
Safety	Lost Time Injury Frequency Rate	●
Net Zero	Emissions targets	●
	RIIO-GT3	●
	Hydrogen	●
	CCUS	●

●

 Stretch target achieved

●

 Achieved between target and stretch

●

 Below target performance

The remaining 20% relates to the achievement of individual objectives.

This resulted in a total bonus outcome of 139.5% (of a maximum of 150% of salary) for Jon Butterworth and 112.8% for Nick Hooper (of a maximum of 120% of salary).

The separation of the business from National Grid resulted in a gap in the vesting of long-term incentive awards for Executives in 2025. In order for the Executives not to be disadvantaged by the sale, we awarded a one-off two-year LTIP award and agreed that this award would vest at 67% of the target and maximum to reflect the two-year vesting period.

The two-year LTIP awards granted to Jon Butterworth and Nick Hooper in 2023 were subject to performance conditions measured over two financial years from 1 April 2023 to 31 March 2025. The vesting of the award was subject to financial, customer satisfaction, safety and transition to net zero measures, as well as the achievement of agreed targets in respect of the Company’s separation and transition from National Grid.

National Gas has delivered strong financial and operational outcomes across the business in the last two financial years. Based on the performance measures set at the start of the performance period, the outcome of the award was the achievement of 97% of the total maximum business measures.

2024/25 two-year LTIP

Financial	Operational RoE	●
Customer	Customer satisfaction score	●
Safety	Lost Time Injury Frequency Rate	●
	Outcome from safety surveys	●
Net Zero	Emissions targets	●
Separation & Transition	Hydrogen	●

●

 Stretch target achieved

●

 Achieved between target and stretch

●

 Below target performance

Pro-rated to reflect the two-year vesting, this resulted in payouts equal to 129.33% of maximum (of a maximum of 194% of salary in 2023) for Jon Butterworth and 97% of maximum for Nick Hooper (of a maximum of 145.5% of salary in 2023).

We are satisfied that the outcomes are in keeping with the overall performance of the business.

Looking ahead to 2025/26

Annual salary review

Ahead of the annual salary review, an external benchmarking exercise was carried out by the Committee’s external remuneration advisors. It took into account a range of external factors, including market data, peers, competitiveness and that of the wider workforce. We also considered delivery expectations of the business in the coming year.

Following this exercise, we decided that our Chief Executive, Jon Butterworth, will receive a base salary increase of approximately 5.3%, increasing his annual salary to £670,000. We also decided that our Chief Financial Officer, Nick Hooper, will receive a base salary increase of approximately 6.0%, increasing his annual salary to £400,000.

Remuneration and Nominations Committee continued

Taking into account external benchmarking data, we concluded that the current fee of £250,000 for the Chair should be increased to £260,000, but the fee of £71,000 per annum for the Sufficiently Independent Directors should be maintained.

Incentive plans

We reviewed and agreed that the structure of the 2026 STIP and 2026–2028 LTIP remains appropriate, but that the measures for the awards should be amended to ensure continued alignment between Company performance and the longer-term strategy.

For the STIP, we therefore agreed to reduce the weighting for the financial measures to put more emphasis on the strategic measures, these being securing the RIIO–GT3 business plan and early mobilisation of delivery for the first year of the new regulatory framework, as well as progressing the development of a hydrogen transmission network. The measures and weightings for customer satisfaction and safety remain as previous years. As a Committee, we believe that these measures appropriately incentivise the Executives to deliver in-year performance that is aligned to our longer-term three-molecule strategy. The individual performance element remains the same, with a 20% balanced scorecard linked to individual Executives’ objectives.

We decided to change the focus of some of the measures for the three-year LTIP award, with this vesting in 2028. The measures and associated targets emphasise operational excellence, whilst supporting long-term sustainability of our asset reliability and resilience, maturing our safety culture and the environment. 35% of the award is also subject to stretching strategic initiatives in respect of regulatory frameworks and our aspiration for a hydrogen transmission network. Performance against these measures will be based on target and maximum opportunities as a percentage of base pay.

Other areas of focus

The Committee considered employee diversity and inclusion and reviewed the development of, and progress against, a number of activities to improve diversity across the business, including the publication of our Gender Pay Gap report.

A large proportion of our employees’ pay is negotiated under local collective bargaining agreements, and the Committee takes this into consideration when considering Executive pay.

We considered the appointment of our independent external remuneration adviser, Ellason LLP, and are satisfied that it remains independent to support the Committee in ensuring that the Company’s remuneration practices are in line with best practice.

Nominations-related items

The Committee is responsible for overseeing the size, structure and composition of the Board and the Executive Committee, to ensure that there is a good balance of skills, knowledge and experience that are aligned to the Company’s priorities and longer-term strategic direction.

Board changes

During the year, there were a number of changes to the Board, primarily as a result of the disposal by National Grid of the final equity stake in the business. Following the conclusion of the sale, the number of directors that our shareholder investors are entitled to nominate on our Board also changed, leading to the nomination of Liam Auer and Robin Watson as Shareholder Nominated Directors (non-executive directors). To ensure that the Board comprises a wide range of skills, experience and attributes needed for a balanced Board and to support the business, the Board has agreed that an externally led review of the knowledge and experience of the Board should be carried out in FY26.

Phil Nolan will retire as the Chair and Director of the Board at the end of year, and the Committee recommended the appointment of Mark Russell, one of our current Sufficiently Independent Directors, as the new Chair from 1 January 2026. By the time Phil steps down, he will have led the Board for nearly three years. Mark joined the Board in July 2024 and has extensive experience as a chair and in leading boards, so we have full confidence in Mark’s ability to independently lead the Board and the business through the next regulatory period.

Executive changes

Throughout the year we continued our work to review the roles and responsibilities of the Executive leadership team, with a view to ensure that it has a wide range of skills, experience and attributes to lead the business. Recognising the importance of the regulation function, we agreed that a new Executive Committee level Chief Regulation and Strategy Officer role should be created, reporting directly into the Chief Executive.

An external search firm, Saxton Bamfylde, supported the Committee throughout recruitment and after an extensive process, the Committee approved the appointment of Emily Clark into the role. Emily joined us in June 2025, from BT Networks and is an experienced economist, regulatory specialist and finance professional. Emily will play a key role in the delivery of regulatory and policy outcomes to support the business, ensuring that the price control arrangements deliver for both investors and for consumers, as well as helping to facilitate the UK’s pathway to net zero.

Following Martin Cook’s retirement from his role as the Chief Commercial Officer, we also oversaw the process of his replacement. Following a review of the scope and requirements of the role going forward, Redgrave Search undertook an extensive market mapping exercise of potential external candidates to benchmark against the internal candidate, Ian Radley. Ian, who took the role on an interim basis in Martin’s absence, was benchmarked against potential external candidates and, after reviewing the output of the mapping exercise, the Committee agreed to proceed with the appointment of Ian to the role. We also agreed that Ian should be offered a robust development plan to ensure that he is appropriately supported in the transition to the role on a permanent basis. We also agreed that an external development review of all the Executive Committee members should be undertaken in FY26, to identify strength and development areas required to ensure that the senior leadership has the appropriate skills and capabilities across the team to lead the business going forward.

During the year, we also continued to consider the Executive pipeline from which future leaders of the Company are likely to emerge, focusing on the pipeline of ‘ready now’ and ‘ready later’ emerging talent.

Looking forward

The Committee will continue to develop and monitor succession both at Board and Executive level. We will keep Executive remuneration under review to ensure that it continues to drive the right behaviours and reward performance, whilst being aligned to stakeholder interests .

William Price

Chair of the Remuneration and Nominations Committee

Role of the Committee

The role of the Safety and Sustainability Committee is to assist the Board in providing assurance that the Company is effectively managing its legal, regulatory and moral obligations in relation to safety, security and sustainability. In doing so, the Committee oversees performance and approves the strategy for these areas .

Membership

The Committee consists of two members, both of whom are non-executive Shareholder Nominated Directors. The Committee is chaired by Howard Higgins, who is one of the Shareholder Nominated Directors.

The Chief Executive, the Chief Financial Officer, the Chief Operating Officer, the Director of Assets, the Head of Safety, Health and Wellbeing and the General Counsel also attend the meetings. During the year, the Committee met three times.

Key areas of focus 2024/25

- Received regular reports on safety and health performance and progress in delivering the Company’s safety strategy – our ambition to be ‘Safe every day’.
- Reviewed the delivery of the RIIO-T2 Environmental Action Plan (EAP).
- Reviewed the proposed EAP to be included in the RIIO-GT3 business plan submission.
- Received regular reports on the delivery of the Company’s net zero decarbonisation strategy.
- Reviewed the Company’s initiatives to strengthen physical security.
- Reviewed risks relating to safety and sustainability.
- Considered the key findings from the 2024/25 internal audit reviews relating to safety and sustainability.
- Considered safety and sustainability audits to be included in the 2025/26 internal audit plan.
- Received updates on the delivery of the assurance plan..



The Committee has an unwavering focus on the health and safety of our people and the risks associated with our operations and work .

Howard Higgins
Chair of the Safety and Sustainability Committee

Letter from the Chair

I am pleased to present the report from the Safety and Sustainability Committee (the Committee) for the year to 31 March 2025.

We have an important role in supporting the Board by providing oversight, challenge and guidance in respect of safety, security and sustainability performance across the business. In light of an increase in threats to operators of Critical National Infrastructure, both nationally and internationally, it was agreed that the Committee’s remit should be expanded to include oversight of physical security. In reviewing the strategy and performance in each of these areas, we also take into consideration social priorities to make sure the business continues to carry out its activities in a responsible, safe and sustainable manner.

Safety performance

The Committee is continuously focused on the safety of our workforce, supply chain partners, the public and our assets. We continue to review safety performance at every meeting to ensure our high standards are maintained and that the Company is proactively addressing any safety concerns if and when they arise. In doing so, we also consider progress being made in strengthening the safety culture across the business and ensuring that safety is embedded in everyday business activities.

We are pleased that the Company maintained its excellent safety record and we continued to promote the reporting of high potential controllable events (HPCEs) to ensure maximum learning opportunities as a business. These are incidents or near misses that could in other circumstances have resulted in serious injury or fatality. Throughout the year, we also monitored the lost time injury frequency rate (LTIFR), which at the end of FY25 was per 0.15 per 1.0 million hours. It is important that where a HPCE or incident does occur, the root cause is understood and the correct actions put in place. Alongside these lagging indicators, we also ensured leading indicators received focus.

One particular highlight brought to the Committee was the launch of the ‘Seven Deadly Risks’ campaign, which supports our ambition for everyone to go home safe every day. The results from the safety culture survey show how the business is maturing and the positive progress the

safety and health initiatives are having on driving cultural improvements.

We also continued to oversee the progress made in completing the recommendations from the ARUP assessment of our safety management system.

Net zero carbon transmission

The Company has an ambition to become a net zero carbon emission business by 2040. During the year, we continued to oversee the delivery of the RIIO-T2 Environmental Action Plan (EAP), which consists of 30 discrete commitments to mitigate and improve the environmental impact of our network. We also recommended to the Board the environmental commitments to be included with the RIIO-GT3 business plan.

The Committee oversaw the progress of the Company’s net zero decarbonisation strategy, including the strengthening of scope 1 and 2 emissions performance and reporting. The embedding of emission-reduction targets in our asset management system has enabled emissions to be considered as part of day-to-day asset management decision-making, and we welcome this change. We considered the successful outcome to the Methane Emissions Reduction Campaign re-opener, which has secured funding for initiatives including the purchase of new equipment, which will significantly reduce the amount of methane released to atmosphere when pipelines are isolated for maintenance.

We also oversaw proposed activities aimed at reducing our controllable emissions, scope 1 emissions, from the use of our assets during the next price control period. This includes projects to explore the capture and re-use of emissions from the gas turbines used to drive our compressor units and other opportunities arising from changing the operation of our existing assets. Overall, I am pleased with the progress the business is making in reducing our scope 1 and 2 emissions.

Physical security

The Committee considered the Company’s current security profile and threat levels and the potential impacts on the business should an incident materialise. We reviewed planned initiatives and investments required in order for the Company to further strengthen its preparations to respond to any threats. We considered the implementation of the stand-alone Security Operations

Centre and the Company’s operational security performance.

ESG

During the year, we reviewed our environmental, social and governance (ESG) strategy to ensure it remains aligned with our strategic priorities. The review was informed by the findings of a double materiality assessment. The outcome concluded that the strategy continues to be appropriate for the business, but that the ESG framework, although comprehensive, could be further enhanced with the inclusion of five new metrics. These changes were largely future-focused and recognised the importance of evolving and capturing new opportunities where appropriate. As such, we approved the addition of two metrics in respect of our sustainable social impact and three new environmental metrics, which will ensure better alignment with the RIIO-GT3 EAP.

Throughout the year, we also received regular reports on the delivery of the ESG targets for 2024/25.

Internal control framework

Internal audit

The Committee is responsible for recommending to the Audit and Risk Committee the internal audit reviews in respect of safety, physical security and the environment. During the year, we were provided with the key findings from the audits in these areas and monitored the completion of any audit recommendations.

We also considered internal audit reviews to be included in the 2025/26 internal audit plan, with the reviews reflecting key high-risk areas identified by the Committee.

Internal controls

The Company aims to ensure that a sound system of assurance and compliance processes is in place to support key risk areas across the business. The Committee therefore continues to receive regular updates on the delivery of the annual assurance plan. Where any failings or weaknesses are identified, we ensure that management has put in place robust actions to address them in a timely manner.

Details of non-compliances and control weaknesses are reported to, and monitored by, the Committee, which during the year included oversight to improve processes in respect of TD1 affirmation and the Dangerous Substances and Explosive Atmosphere Regulations.

Risk

We are responsible for the oversight of risks relating to safety and sustainability, with particular focus on process safety, occupational safety and health and environmental protection. In considering these risks, we regularly consider activities to strengthen the mitigations and controls in place to manage them.

During the year, we conducted risk deep dives into occupational safety, third-party interference and a number of HPCEs. We considered the outcome of the ‘bow-tie’ process undertaken to capture, validate and articulate the specific risks for each of the deep dives. This was then used to assess the effectiveness of the mitigation strategies put in place by management to reduce the risks or, in the case of HPCEs, prevent recurrence of similar events.

ARUP, an independent external consultancy firm, was appointed to carry out a two-part assessment of the Company’s approach to the management of third-party interference on the pipelines, following a risk deep dive. The Committee considered the outcome of the assessments conducted by ARUP, and the priority actions identified that would support the management and oversight of this area. Management are implementing the recommendations and the Committee will monitor their effectiveness. We also considered the risk created by encroachment, where developments occur within the vicinity of our assets. This is a risk that we will monitor closely in the coming years, with the planned increase in housing developments across Great Britain.

Looking forward

The Committee will remain focused on overseeing safety, health and security and ensuring that the associated strategies and processes for these areas encourage the right behaviours and culture. We have taken the decision to include cyber and physical security within our remit, with effect from the current financial year. Whilst cyber oversight will remain with the full Board, we feel that more detailed scrutiny at Committee level will be beneficial. We will also continue to progress the social and environmental commitments developed over the past year, in support of both the RIIO-GT3 business plan and our net zero decarbonisation strategy.

Howard Higgins

Chair of the Safety and Sustainability Committee

Role of the Committee

The role of the Regulation and Strategy Committee is to assist the Board by overseeing the Company’s performance against, and compliance with, its licence and other regulatory obligations set by Ofgem. In doing so, it oversees the Company’s relationship with Ofgem, the delivery of business plan commitments in the relevant regulatory period, and the development of the plan for the next regulatory framework. It also supports the Board in overseeing progress against its hydrogen and carbon capture strategies.

Membership

The Committee consists of three non-executive directors, two of whom are Shareholder Nominated Directors, and is chaired by Cathryn Ross, who is one of the Sufficiently Independent Directors.

The Chief Executive, the Chief Financial Officer, the Chief Commercial Officer, General Counsel and the Regulation Director also attend meetings. During the year, the Committee met three times.

Key areas of focus 2024/25

- Oversaw the development of the RIIO-GT3 business plan submission, including the accompanying Board Assurance Statement.
- Reviewed engagement activities with Ofgem and DESNZ.
- Received updates on the delivery of RIIO-T2 business plan commitments.
- Received updates on the development of National Gas hydrogen and carbon capture strategies.
- Received assurance updates on compliance activities associated with regulatory licence obligations and requirements.



The Committee played an important role in overseeing the development of our RIIO-GT3 business plan and the approach and robustness of the accompanying Board Assurance Statement.

Cathryn Ross
Chair of the Regulation and Strategy Committee

Letter from the Chair

On behalf of the Committee, I am pleased to present a review of the activities of the Regulation and Strategy Committee (the Committee) undertaken throughout the year.

During the year, we spent time supporting the Board in providing strategic oversight of the development of the RIIO–GT3 business plan. As a Committee, we worked closely in scrutinising, reviewing and challenging decisions taken in preparation of the business plan submission. In doing that, we oversaw the risks and opportunities arising from the RIIO–GT3 submission to ensure that management had considered all strategic options and scenarios that informed the development and content of the plan.

As part our oversight work, we requested a number of deep dives, which included assurance on the costing of the plan and overall deliverability. We looked at the ongoing efficiencies, including a review of the upside and downside risks of the plan, as well as reviewing specific components in light of the overall size of the plan. We also considered stakeholder engagement and assurance activities, as well as insights from external consultants on specific areas of the plan.

We are satisfied that the financial package was appropriately challenged for accuracy, ambition, efficiency and in consumers’ interests.

We received regular updates on progress against the RIIO–T2 deliverables, and submissions of uncertainty mechanisms under the RIIO–T2 licence. Consideration was also given to the ongoing relationship with Ofgem, DESNZ, NESO and other key regulatory stakeholders, as well as updates on developments in the regulatory landscape. This included developments on sector-specific consultations, such as proposed changes to the Transmission Planning Code and the government-led review of single point of failure.

We have also reviewed the progress of our hydrogen and CCS projects, Project Union and SCO₂T Connect, and received updates on policy development on a national level, including the Hydrogen Transportation Business Model.

Looking at the year ahead, we will provide support to management in developing the Company’s response to

the draft RIIO–GT3 determinations and oversee the delivery of the last year of the current regulatory period. We will also provide support to the Company’s efforts in contributing to the national net zero debate relating to natural gas, hydrogen and carbon capture.

Cathryn Ross
Chair of the Regulation and Strategy Committee



The Directors present their Annual Report and Accounts for the Company, together with the consolidated financial statement, for the year ended 31 March 2025.

National Gas Transmission plc is registered in England and Wales with company number 02006000 and registered office at Warwick Technology Park, Gallows Hill, Warwick CV34 6DA. The Company is a public limited company, however its shares are not publicly available for trading.

Where reference is made in this Directors’ Report to other sections of the Annual Report, those sections are incorporated by reference into this Directors’ Report. Certain disclosures required to be contained in the Directors’ report have been incorporated into the Annual Report, as set out below:

	Page reference
Employee engagement and involvement	56
Diversity	57–58
Financial risk management	131–137
Future business developments	14–15
Principal activities and business review	5 and 16–23
Strategic risks and uncertainties	59–63
Relationship with customers and stakeholders	30–34
Greenhouse gas emissions and energy consumption	45

Other specific disclosures on which the Directors are required to report each year:

Areas of operation	During the financial year the Company’s activities and operations were all in the UK.
Auditor	A resolution to reappoint Deloitte LLP as auditor of the Company will be proposed for shareholder approval.
Corporate governance	Corporate governance report, pages 74–99.
Research and development	Expenditure on research and development was £15 million during the year (2023/24 £15 million).
Post balance sheet events	There were no significant events after the statement of the financial position date.

Directors

The Directors of the Company, who were in office during the year and up to the date of signing the financial statements, were:

Name	Position	Appointment date
Dr Phil Nolan	Chair & Sufficiently Independent	31 January 2023
Jon Butterworth	Chief Executive	1 May 2021
Jenny Lyn Dela Cruz*	Shareholder Nominated Director	21 March 2025
Jerry Divoky	Shareholder Nominated Director	31 January 2023
Howard Higgins	Shareholder Nominated Director	31 January 2023
Nick Hooper	Chief Financial Officer	1 August 2021
Mark Mathieson	Shareholder Nominated Director	31 January 2023
William Price	Shareholder Nominated Director	31 January 2023
Cathryn Ross	Sufficiently Independent Director	21 June 2019
Mark Russell	Sufficiently Independent Director	1 July 2024
Robin Watson	Shareholder Nominated Director	5 February 2025
Abdul Moiz Qureshi	Alternate Director	21 July 2023
Former Directors		Resignation date
David Farkas**	Shareholder Nominated Director	28 February 2025
Natalie Humphries-New	Alternate Director	26 September 2024
Katerina Tsimipa	Alternate Director	26 September 2024
Lincoln Webb	Shareholder Nominated Director	21 October 2024
Benjamin Wilson	Shareholder Nominated Director	11 March 2024

* Jenny Lyn Dela Cruz was an Alternate Director up to her appointment as a Shareholder Nominated Director.
** David Farkas was a Shareholder Nominated Director between 21 October 2024 and 28 February 2025.

Directors’ insurance and indemnities

The Company maintains Directors’ and Officers’ liability insurance for the benefit of its Directors and officers. As permitted by the Company’s Articles of Association (the Articles), and to the extent permitted by law, Luppiter Consortium Limited indemnifies each of the Directors and other officers of the Company and the National Gas Group against certain liabilities that may be incurred in connection with the execution of their duties. The indemnities were in force throughout the tenure of each Director during the financial year and are currently in force.

Directors’ conflicts of interests

The Company has procedures in place for managing conflicts of interest. In the event that a Director becomes aware that they, or any of their connected parties, have an interest in an existing or proposed transaction with the Company or any Group company, they notify the Board in writing or declare it at the next Board meeting. Internal controls are in place to ensure that any related party transactions involving Directors, or their connected parties, are conducted on an arm’s length basis. Directors have a continuing duty to update any changes to these conflicts.

Political donations and expenditure

It is the Company’s policy position that we do not support any political party and do not make what are commonly regarded as donations to any political party or other political organisations including non-UK political parties. The wider definition of donations in the Political Parties, Elections and Referendums Act 2000, however, covers activities which form part of the necessary relationship between the Company and our political stakeholders. This can include promoting the Group’s activities at political events and forums, as well as stakeholder engagement in Westminster. During the year, the Group incurred expenditure of £0 (2023/24 £124,200) as part of these engagements.

Dividends

During the year, the Company paid ordinary dividends totalling £623 million (2024: £337 million). Dividends included £292 million to enable the Company’s parent company

(National Gas Transmission Holdings Limited) to partially support the repayment of interest of £419 million of the £3,426 million upstream loan provided by the Company. See note 8 to the consolidated financial statements for further details.

Share capital

As at 31 March 2025, the Company’s issued share capital comprised of a single class of 3,944,133,594 ordinary shares of £0.01 each. See note 24 to the consolidated financial statements for further details.

Major shareholdings

As of 31 March 2025, the Company’s share capital was held by National Gas Transmission Holdings Limited. The ultimate parent company is Luppiter Consortium Limited.

Modern Slavery

In accordance with the Modern Slavery Act 2015 (section 54 part 6), the Board has adopted and approved a Statement on the prevention of slavery and human trafficking, a copy of which can be found on the external website.

Going concern

The Directors considered it appropriate to prepare the financial statements on a going concern basis, having considered the Company’s cash flow forecasts with respect to business planning, and treasury management activities. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements are signed.

The Directors have assessed the principal cash flow risks, including by modelling both a base case and a reasonable worst-case scenario. The main cash flow impacts identified in the reasonable worst-case scenario are:

- a. adverse impacts on our own-use gas and balancing costs of prevailing market conditions;
- b. adverse impacts of inflation on our assets and liabilities;
- c. adverse impact from actual versus forecast variations on working capital requirements; and
- d. adverse fluctuations in interest rates.

As part of their analysis, the Directors also considered the following potential levers to improve the financial and liquidity position identified by the reasonable worst-case scenario:

- adjustments to dividend plan; and
- access to £735 million of undrawn existing committed Revolving Credit Facility bank facilities.

Having considered the reasonable worst-scenario and further liquidity levers available to the Company, we continue to have headroom against the available facilities under each scenario. The Directors were able to conclude that the company is able to meet its obligations as and when they fall due for at least one year from the date the financial statements are signed.

Disclosure of information to the auditor

The Directors, who hold office at the date of the approval of this Directors’ report, confirm that, so far as they are aware, there is no relevant audit information of which the Company’s auditors is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company’s auditor is aware of that information.

The Directors’ report was approved by the Board on 17 July 2025 and signed on its behalf by:

Nick Hooper
Chief Financial Officer
17 July 2025

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year.

Under that law, the Directors are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the UK adopted International Financial Reporting Standards (“IFRS”).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable IFRSs (as adopted by the UK) have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. In preparing the financial statements, International Accounting Standard 1 requires that Directors:
- Properly select and apply accounting policies.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance.

- Make an assessment of the Company’s ability to continue as a going concern.
- The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibility statement of the Director in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company.

This responsibility statement was approved by the Board on 17 July 2025 and signed on its behalf by:

Nick Hooper
Chief Financial Officer
17 July 2025



Financial statements

Financial statements	
Auditor’s report	104
Consolidated financial statements	109
Notes to consolidated financial statements	112
Company financial statements	140
Notes to company financial statements	141

Introduction to financial statements

Throughout these financial statements, we have provided explanations of the disclosures and why they are important to the understanding of our financial performance and position.

Notes
Notes to the financial statements provide additional information required by statute, accounting standards or other regulations to assist in a more detailed understanding of the primary financial statements. In many notes, we have included an accounting policy that describes how the transactions or balance in that note have been measured, recognised and disclosed. The basis of preparation section provides details of accounting policies that apply to transactions and balances in general.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF NATIONAL GAS TRANSMISSION PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of National Gas Transmission Plc (the ‘company’, the ‘parent company’) and its subsidiaries (the ‘Group’) give a true and fair view of the state of the Group’s and of the parent company’s affairs as at 31 March 2025 and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 “Reduced Disclosure Framework”; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 33 to the consolidated financial statements.
- the company balance sheet;
- the company statement of changes in equity; and
- the related notes 1 to 23 to the company financial statements.

The financial reporting framework that has been applied in the preparation of the Group’s financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 “Reduced Disclosure Framework” (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (the ‘FRC’s’) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance

with these requirements. The non-audit services provided to the Group and parent company for the year are disclosed in note 4(e) to the consolidated financial statements, and note 2 to the company only financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC’s Ethical Standard to the Group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters

The key audit matter, that we identified in the current year was the impact of climate change on property, plant and equipment.

Materiality

The materiality that we used for the Group financial statements was £27.5m which represents 4.0% of previous three year average adjusted profit before tax.

Scoping

Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Significant changes in our approach

There were no significant changes to our approach compared with the prior year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors’ assessment of the Group’s and parent company’s ability to continue to adopt the going concern basis of accounting included:

- assessment of the financing facilities including the nature of facilities, repayment terms and covenants;
- assessment of assumptions used in the forecasts;
- assessment of amount of headroom in the forecasts (cash and covenants);
- testing the clerical accuracy and appropriateness of the model used to prepare the forecasts;
- assessment of the historical accuracy of forecasts prepared by management;
- reperforming management’s sensitivity analysis;
- assessment of management’s identified potential mitigating actions and the appropriateness of the inclusion of these in the going concern assessment; and
- evaluating the appropriateness of the disclosures in respect of going concern in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group’s and parent company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Impact of climate change on property, plant and equipment

Key audit matter description	<p>Account balance: Property, plant and equipment. Refer to note 10 in the financial statements.</p> <p>The UK government have enacted legislation and established targets in respect of net zero carbon emissions by 2050. In addition, the Group has an ambition of net zero carbon emissions by 2040 for scope 1 and 2 emissions. When burned, natural gas emits carbon dioxide and is considered a greenhouse gas, therefore climate change represents a strategic challenge for the Group to meet targets for reducing greenhouse gas emissions. A key consideration for the Group is the potential future use of the Group’s gas assets to facilitate gas transmission services in the period approaching 2050 and beyond.</p> <p>The remaining useful economic life of the Group’s gas assets is up to 45 years, extending beyond the 2050 net zero commitment date. As the continued use of natural gas as a primary energy source beyond 2050 appears to be in conflict with net zero targets and the impact of shortening the useful lives of the gas assets to 2050 has a material impact on annual depreciation, there is an audit risk that management judgements taken to determine the useful lives of gas assets in the context of the net zero commitments are not reasonable.</p> <p>As described in note 10 to the financial statements, the impact of changing the useful economic lives of all of the Group’s gas assets, such that they would be fully depreciated by 2050, would be an increase in the annual depreciation expense of £49 million; such that they would be fully depreciated by 2060 would be an increase in the annual depreciation expense of £13 million and such that they would be fully depreciated by 2070 would be an increase in the annual depreciation expense of £1 million.</p> <p>Management have assessed the accounting impacts associated with climate change, including on the useful lives of the Group’s gas transmission assets, so that these are considered and reflected appropriately in the financial statements. We note that management have made no adjustments to the useful economic lives of its gas transmission assets. Management’s view is that whilst there is significant uncertainty around the future energy landscape, and there are multiple possible scenarios, based on current evidence there is likely to be a use of the existing infrastructure to transport methane gas, hydrogen and for carbon capture and storage, however, the exact form of the use remains uncertain.</p> <p>Management have disclosed a key judgement in relation to the potential future use of gas assets post 2050 in note 1 to the financial statements, with sensitivity analysis in note 10 to the financial statements.</p>
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How the scope of our audit responded to the key audit matter

Our procedures for challenging the useful lives of the Group’s gas assets extend beyond 2050 in light of the different goals, commitments and legislation relating to net zero included the following:

- evaluating potential strategic pathways to achieve net zero targets;
- obtaining and reading government plans in the UK for achieving net zero targets which we compared to the potential strategic pathways;
- assessing information from the regulators, including price controls in the UK, to consider whether they presented any contradictory evidence;
- performing an assessment of the likelihood of occurrence of alternative scenarios for achieving net zero targets;
- considering the potential for re-purposing the Group’s gas network for alternative uses, and in particular for transporting hydrogen;
- reviewing a number of external reports on climate change and searched for contradictory evidence in respect of management’s judgements;
- assessing the consistency of management’s assumptions around continuity with enterprise value and regulatory asset value (RAV) multiples for recent market transactions;
- engaged climate change specialists during our audit procedures to review the climate related disclosures against the Companies Act requirements and climate financial disclosure non-binding guidance; and
- assessing the disclosures included in the financial statements, including the critical judgements and sensitivity disclosures in Note 1 and Note 10 to the financial statements.

Key observations

Based on the work performed, we concur with management’s view, it is likely that there will be a use for the Group’s gas networks beyond 2050, albeit there is significant uncertainty related to the form of this use. It continues to be reasonable to use the useful economic lives up to 65 years for the calculation of depreciation in accordance with IFRS. Furthermore, the emergence of a substantial hydrogen infrastructure could introduce another potential longer term role for gas assets past 2050.

We note that there is no alignment between the useful lives of the Group’s gas assets for IFRS depreciation purposes, and the period of recovery of the regulatory asset value under regulation. Nevertheless, we have concluded that management’s assumption that these assets will continue to have a valuable use until 2070 is reasonable.

We consider the disclosures in note 1 to the financial statements and the sensitivity analysis in note 10 to the financial statements to be appropriate.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Materiality	£27.5 million (2024: £22 million).	£26.1 million (2024: £20.9 million).
Basis for determining materiality	Group materiality represents to approximately 4.0% of adjusted profit before tax on a three-year average basis (2024: 4.1% of adjusted profit before tax on a three-year average basis). Adjusted profit before tax is profit before tax, certain exceptional items and remeasurements as disclosed in the consolidated income statement.	Our determined materiality represents 3.9% of adjusted profit before tax on a three-year average basis, capped at 95% of the group materiality. The prior year materiality was determined based on 4.1% of adjusted profit before tax, capped at 90% of the group materiality.
Rationale for the benchmark applied	Adjusted profit before tax is profit before tax, certain exceptional items and remeasurements is as disclosed in the income statement.	
	We consider adjusted profit before tax to be an important benchmark of the performance of the Group. We consider it appropriate to adjust for certain exceptional items as these are not reflective of the underlying performance of the Group. We adopted an adjusted profit before tax benchmark over a three-year period to determine our current year materiality. Using a three-year average basis removes volatility arising from regulatory timing differences which occur due to under- or over-collection of revenue in a financial year which arise due to differences in actual revenue and costs incurred in relation to transporting gas volumes across the National Transmission System and forecast revenue and costs included in Ofgem’s determination of Allowed Revenue.	

6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2024: 70%) of Group materiality.	70% (2024: 70%) of parent company materiality.
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: <ul style="list-style-type: none">Our cumulative experience from prior year audits;The level of corrected and uncorrected misstatements identified;Our risk assessment, including our understanding of the entity and its environment;Our assessment of the Group’s overall control environment and that we were able to rely on controls over certain business cycles; andOur evaluation of the level of change in the business from the prior year.	

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.3 million (2024: £1.0 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components

The Group audit was scoped by obtaining an understanding of the Group and its environment, including entity level controls, and assessing the risks of material misstatement. We identified two components in the group, being the two

statutory entities. Both of these were subject to audits of their entire financial information. These were audited using component performance materiality ranging from £9.6m to £17.3m (2024: £9.3m to £17.7m).

Audit work to address the identified risks of material misstatement was performed directly by the audit engagement team and no component auditors were engaged. At the group level we also tested the consolidation process.

7.2 Our consideration of the control environment

In line with our audit plan we have relied on management’s controls in key business cycles, including in revenue, property, plant and equipment and intangible assets. We tested controls through a combination of inquiry, observation, inspection and re-performance. For any deficiencies identified in relation to controls operating in key financial processes we considered the impact, updated our audit plan and communicated to management.

The Group’s financial systems environment relies on a high number of applications. In the current year we identified eight IT systems as relevant to the audit, which are all directly or indirectly relevant to the entity’s financial reporting process.

We relied on the General IT Controls (GITCs) associated with three applications where GITCs were appropriately designed and implemented and operated effectively. To assess the operating effectiveness of GITCs our IT audit specialists performed testing on access security, change management, data centre operations and network operations. For any deficiencies identified in relation to GITCs, we considered the impact, updated our audit plan and communicated to management.

7.3 Our consideration of climate-related risks

Climate change impacts the business in a number of ways as set out in the strategic report of the annual report and note 1 of the financial statements. It represents a key strategic consideration of management.

We reviewed management’s climate change risk assessment and evaluated the completeness of identified risks and the impact on the financial statements. We also considered the impact of climate change in our own risk assessment procedures. Both management’s and our risk assessment identified the useful economic lives of the gas assets, as the key risk to the financial statements. Our response to the risk around property, plant and equipment is documented in our key audit matters in section 5.1 of this report.

In addition to the procedures in respect of the key audit matter mentioned above, we reviewed the climate-related statements made by management as disclosed in the ‘Being a responsible business’ section in the strategic report and considered whether these were in line with our understanding of management’s approach to climate change and the narrative reporting was in line with financial statements and the knowledge obtained throughout the audit.

8. Other information

The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report and accounts.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have

performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors’ responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group’s and the parent company’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group’s remuneration policies, key drivers for directors’ remuneration, bonus levels and performance targets;
- the Group’s own assessment of the risks that irregularities may occur either as a result of fraud or error;
- results of our enquiries of management, internal audit and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group’s sector;
- any matters we identified having obtained and reviewed the Group’s documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including relevant internal specialists, including tax, valuations, pensions, IT and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, IFRS as issued by the IASB, United Kingdom adopted international accounting standards, FRS 101, pensions and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group’s ability to operate or to avoid a material penalty. These included the Group’s operating licences and environmental regulations.

11.2 Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and reviewing internal audit reports; and reviewing correspondence with HMRC and OFGEM;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

In addressing the risk of fraud through management override of controls, our procedures included:

- Making inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;
- Using our data analytics tools, we selected and tested journal entries and other adjustments made at the end of a reporting period or which identified activity that exhibited certain characteristics of audit interest;
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and

- Evaluating whether there were any significant transactions that are outside the normal course of business, or that otherwise appear to be unusual due to their nature, timing or size.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors’ report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors’ report.

13. Matters on which we are required to report by exception

13.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2 Directors’ remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors’ remuneration have not been made.

We have nothing to report in respect of this matter.

14. Other matters which we are required to address

14.1 Auditor tenure

We became independent and commenced our audit transition on 1 January 2017 whilst the Group formed part of National Grid plc. Following the recommendation of the audit committee, we were appointed by Shareholders at the Annual General Meeting on 31 July 2017 to audit the financial statements for the year ending 31 March 2018 and subsequent financial periods. Following the change in control of the Company from National Grid plc to a Macquarie-led consortium, which includes BCI of Canada, on 31 January 2023, we were appointed by the Shareholders to audit the financial statements for the year ending 31 March 2023 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments of the firm is eight years, covering the years ending 31 March 2018 to 31 March 2025.

14.2 Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor’s report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Jacqueline Holden FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
17 July 2025

Consolidated financial statements

Consolidated income statement

for the year ended 31 March 2025

		2025	2025	2024	2024
	Notes	£m	£m	£m	£m
Revenue	2 (a)		1,551		1,778
Operating costs before exceptionals	4		(897)		(883)
Operating profit before exceptional items	2 (b)	654		895	
Exceptional items	5	(59)		(42)	
Operating profit	2 (b)		595		853
Finance income	6		308		274
Finance costs					
Before remeasurements	6	(193)		(277)	
Remeasurements	5, 6	—		(11)	
Total finance costs	6		(193)		(288)
Profit before tax					
Before exceptional items and remeasurements		769		892	
Exceptional items and remeasurements	5	(59)		(53)	
Total profit before tax			710		839
Tax					
Before exceptional items and remeasurements	7	(194)		(230)	
Exceptional items and remeasurements	5, 7	15		13	
Total tax	7		(179)		(217)
Profit after tax					
Before exceptional items and remeasurements		575		662	
Exceptional items and remeasurements	5	(44)		(40)	
Total profit after tax			531		622

Consolidated statement of comprehensive income

for the year ended 31 March 2025

		2025	2024
	Notes	£m	£m
Profit for the year		531	622
Other comprehensive income:			
Items that will never be reclassified to profit/(loss)			
Remeasurement (losses)/gains on pension assets and post-retirement benefit obligations	22	(8)	(119)
Tax on items that will never be reclassified to profit/(loss)	7	2	30
Total items that will never be reclassified to (loss)/profit		(6)	(89)
Other comprehensive income:			
Items that may be reclassified subsequently to profit/(loss)			
Net gains/(losses) in respect of cash flow hedges and cost of hedging		6	8
Tax on items that may be reclassified subsequently to profit/(loss)		(1)	(2)
Total items that may be reclassified subsequently to profit/(loss)		5	6
Other comprehensive income/(loss) for the year, net of tax		(1)	(83)
Total comprehensive income for the year		530	539

Consolidated statement of financial position

as at 31 March 2025

	Notes	2025 £m	2024 £m
Non-current assets			
Intangible assets	9	130	123
Property, plant and equipment	10	5,299	5,019
Other non-current assets	11	7	5
Financial and other investments	12	3,426	3,426
Derivative financial assets	13	20	40
Pensions asset	22	322	312
Total non-current assets		9,204	8,925
Current assets			
Inventories and current intangible assets	14	16	14
Trade and other receivables	15	194	237
Financial and other investments	16	618	992
Derivative financial assets	13	7	—
Cash and cash equivalents	17	38	25
Total current assets		873	1,268
Total assets		10,077	10,193
Current liabilities			
Borrowings	18	(293)	(170)
Derivative financial liabilities	13	(18)	(8)
Trade and other payables	19	(482)	(534)
Contract liabilities	20	(43)	(46)
Current tax liabilities	7	(17)	(11)
Provisions	23	(36)	(22)
Total current liabilities		(889)	(791)
Non-current liabilities			
Borrowings	18	(4,393)	(4,570)
Derivative financial liabilities	13	(22)	(28)
Other non-current liabilities	21	(8)	(1)
Contract liabilities	20	(85)	(91)
Deferred tax liabilities	7	(864)	(803)
Provisions	23	(48)	(48)
Total non-current liabilities		(5,420)	(5,541)
Total liabilities		(6,309)	(6,332)
Net assets		3,768	3,861
Equity			
Share capital	24	45	45
Share premium account		204	204
Retained earnings		2,176	2,274
Other reserves	25	1,343	1,338
Shareholders' equity		3,768	3,861

The consolidated financial statements set out on pages 109–140 were approved by the Board of Directors and authorised for issue on 17 July 2025. They were signed on its behalf by:

Jon Butterworth (Director)
National Gas Transmission plc
Registered number: 02006000

Nick Hooper (Director)

Consolidated statement of changes in equity

for the year ended 31 March 2025

	Share capital	Share premium account	Retained earnings	Other reserves ¹	Total Shareholders' equity
	£m	£m	£m	£m	£m
At 31 March 2023	45	204	2,078	1,332	3,659
Profit for the year	—	—	622	—	622
Total other comprehensive income/(loss) for the year	—	—	(89)	6	(83)
Total comprehensive income for the year	—	—	533	6	539
Equity dividends	—	—	(337)	—	(337)
At 31 March 2024	45	204	2,274	1,338	3,861
Profit for the year	—	—	531	—	531
Total other comprehensive income/(loss) for the year	—	—	(6)	5	(1)
Total comprehensive income for the year	—	—	525	5	530
Equity dividends	—	—	(623)	—	(623)
At 31 March 2025	45	204	2,176	1,343	3,768

¹ Analysis of other equity reserves is provided within note 25.

Consolidated cash flow statement

for the year ended 31 March 2025

	Notes	2025 £m	2024 £m
Cash flows from operating activities			
Total operating profit	2 (b)	595	853
Adjustments for:			
Exceptional items	5	59	42
Depreciation, amortisation and impairment	4	252	221
Changes in Working Capital:			
(Increase)/decrease in inventories		(1)	—
(Increase)/decrease in trade and other receivables		35	65
Increase/(decrease) in payables		2	8
Change in capital contributions		(9)	8
Net increase/(decrease) in accounts payables to related undertakings		(1)	—
Change in provisions		17	4
Adjustment for losses/(gains) on disposal of assets		16	17
Changes in pensions and other post-retirement benefit obligations		(1)	2
Cash inflows relating to exceptional items		11	—
Cash outflows relating to exceptional items		(25)	(32)
Cash generated from operations		950	1,188
Tax (paid)/refund		(183)	(89)
Net cash inflow from operating activities		767	1,099
Cash flows from investing activities			
Purchases of intangible assets		(76)	(47)
Purchases of property, plant and equipment		(443)	(372)
Interest received		452	30
Movement in short-term financial investments		186	(212)
Acquisition of investments (net of cash acquired)		(3)	—
Net cash flow (used in) / from investing activities		116	(601)
Cash flows from financing activities			
Proceeds from loans	26	297	731
Repayment of loans	26	(397)	(753)
Net interest (paid)/received on derivatives	26	(11)	3
Payments of lease liabilities	26	(7)	(6)
Interest paid on loans	26	(129)	(121)
Dividends paid to shareholders	8	(623)	(337)
Net cash flow (used in) / from financing activities		(870)	(483)
Net (decrease) / increase in cash and cash equivalents		13	15
Net cash and cash equivalents at the start of the year		25	10
Net cash and cash equivalents at the end of the year	17	38	25

Notes to consolidated financial statements

Analysis of items in the primary statements

1. Basis of preparation and recent accounting developments

Accounting policies describe our approach to recognising and measuring transactions and balances in the year. The accounting policies applicable across the financial statements are shown below, whereas accounting policies that are specific to a component of the financial statements have been incorporated into the relevant note.

This section also shows areas of judgement and key sources of estimation uncertainty in these financial statements. In addition, we have summarised new International Accounting Standards Board (IASB) and UK endorsed accounting standards, amendments and interpretations and whether these are effective for this year end or in later years, explaining how significant changes are expected to affect our reported results.

National Gas Transmission plc’s principal activities involve the transmission of gas in Great Britain. The Company is a public limited company incorporated and domiciled in the UK, with its registered office at National Grid House Warwick Technology Park, Gallows Hill, Warwick CV34 6DA.

These consolidated financial statements were approved for issue by the Board of Directors on 17 July 2025.

These consolidated financial statements have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and related interpretations as issued by the International Accounting Standards Board (IASB) as adopted by the UK. They are prepared on the basis of all IFRS accounting standards and interpretations that are mandatory for periods ended 31 March 2025 and in accordance with the Companies Act 2006. The comparative financial information has also been prepared on this basis.

The consolidated financial statements have been prepared on a historical cost basis, except for the recording of pension assets and liabilities, revaluation of derivative financial instruments and certain commodity contracts, and financial assets and liabilities measured at fair value.

These consolidated financial statements are presented in pounds sterling, which is also the functional currency of the Company.

The notes to the financial statements have been prepared on a continuing basis unless otherwise stated.

Our income statement and segmental analysis separately identify financial results before and after exceptional items and remeasurements. This is consistent with the way that financial performance is measured by management and reported to the Board and the Executive Committee, and assists users of the financial statements to understand the results. The inclusion of total profit for the period before exceptional items and remeasurements is used to derive part of the incentive target set annually for remunerating certain Executive Directors and accordingly we believe it is important for users of the financial statements to understand how this compares to our results on a statutory basis and period on period.

A. Going concern

The Directors considered it appropriate to prepare the financial statements on a going concern basis, having considered the Company’s cash flow forecasts with respect to business planning, and treasury management activities. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements are signed.

The Directors have assessed the principal cashflow risks, including by modelling both a base case and a reasonable worst-case scenario. The main cash flow impacts identified in the reasonable worst-case scenario are:

a. adverse impacts on our own-use gas and balancing costs of prevailing market conditions;

b. adverse impacts of inflation on our assets and liabilities;

c. adverse impact from actual versus forecast variations on working capital requirements; and

d. adverse fluctuations in interest rates.

As part of their analysis, the Directors also considered the following potential levers to improve the financial and liquidity position identified by the reasonable worst-case scenario:

- adjustments to dividend plan; and
- access to £735 million of undrawn existing committed Revolving Credit Facility bank facilities

Having considered the reasonable worst-scenario and further liquidity levers available to the Company, we continue to have headroom against the available facilities under each scenario. The Directors were able to conclude that the company is able to meet its obligations as and when they fall due for at least one year from the date the financial statements are signed.

B. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. A subsidiary is defined as an entity controlled by the Company. Control is achieved where the Company has the power to affect the returns of an entity to which it is exposed or to which it has rights.

Where necessary, adjustments are made to bring the accounting policies used in the individual financial statements of the Company and its subsidiaries into line with those used by the Company in its consolidated financial statements under IFRS. Inter-company transactions are eliminated.

Both the Group and Company financial statements have been prepared in accordance with the accounting policies set out in the below section of this note.

C. Foreign currencies

Transactions in currencies other than the functional currency of the Company or subsidiary concerned are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at closing exchange rates. Non-monetary assets are not retranslated unless they are carried at fair value.

Gains and losses arising on the retranslation of monetary assets and liabilities are included in the income statement, except where the application of hedge accounting requires inclusion in other comprehensive income (see note 29).

D. Areas of judgement and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Information about such judgements and estimations is contained in the notes to the financial statements, and the key areas are summarised below.

Areas of judgement that have the most significant effect on the amounts recognised in the financial statements are as follows:

- review of residual lives, carrying values of property, plant and equipment, in particular the estimates made regarding the useful economic lives of our gas network assets due to the length over which they are being depreciated and the potential for significant technological change over that period – note 10.

Financial statements continued

- Classification of certain items as exceptional items or remeasurements and the definition of adjusted earnings (see notes 5 and 6). In applying the Company’s exceptional items frameworks, we have considered a number of key matters, as detailed in note 5.
 - The judgement that notwithstanding legislation enacted and targets committing the UK to achieving net zero greenhouse gas emissions by 2050, there is still potential use of the gas transmission network beyond 2050 in maintaining security, reliability and affordability of energy (refer to PPE note 10 for further information on gas asset lives).
- Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:
- Estimation of liabilities for pensions and other post-retirement benefits include; estimates in discount rate, RPI and changes in life expectancy– note 22

In order to illustrate the impact that changes in assumptions for the valuation of pension assets and liabilities could have on our results and financial position, we have included sensitivity analysis in note 30.

E. Accounting policy choices

IFRS provides certain options available within accounting standards. Choices we have made, and continue to make, include the following:

- Presentational formats: we use the nature of expense method for our income statement and aggregate our statement of financial position to net assets and total equity. In the income statement, we present subtotals of total operating profit, profit before tax and profit after tax, together with additional subtotals excluding exceptional items. Exceptional items and remeasurements are presented separately on the face of the income statement.
- Financial instruments: we normally opt to apply hedge accounting in most circumstances where this is permitted (see note 29(e)).

F. New IFRS accounting standards and interpretations effective for the year ended 31 March 2025

There are no new amendments to standards that have been adopted by the company for the year ended 2025. The applicable amendments to IFRS accounting standards that were effective for annual periods beginning on or after 1 January 2024 were early adopted in the prior year.

G. New IFRS accounting standards and interpretations not yet adopted

The following new accounting standards and amendments to existing standards have been issued but are not yet effective or have not yet been endorsed by the UK:

- Amendments to IAS 21 ‘Transactions in foreign currencies’ – ‘Lack of Exchangeability’.
- IFRS 9 and IFRS 7 ‘Amendments to the Classification and Measurement of Financial Instruments’.
- Amendments to IFRS 9 and IFRS 7 ‘Contracts Referencing Nature-dependent Electricity’.
- IFRS 19 ‘Subsidiaries without Public Accountability: Disclosures’.
- IFRS 18 ‘Presentation and Disclosure in Financial Statements’.
- IFRS S1 ‘General Requirements for Disclosure of Sustainability – related Financial Information’ and IFRS S2 ‘Climate-related Disclosures’.
- Annual Improvements to IFRS Accounting Standards – Volume 11.

Effective dates will be subject to the UK endorsement process.

The Group is currently assessing the potential impact of the above standards. The Group has not adopted any other standard, amendment or interpretation that has been issued but is not yet effective.

2. Segmental analysis

This note sets out the financial performance for the year split into the different parts of the business (operating segments). The performance of these operating segments is monitored and managed on a day-to-day basis.

The Board is National Gas Transmission plc’s chief operating decision maker (as defined by IFRS 8 ‘Operating Segments’) and assesses the profitability of operations principally on the basis of operating profit before exceptional items and remeasurements (see note 5). Revenue and the results of the business are analysed by operating segment, based on the information the Board of Directors uses internally for the purposes of evaluating the performance of each operating segment and determining resource allocation between them.

There has been no change to the way in which our businesses have reported internally during the year. The following are the main activities for each operating segment;

1. Gas Transmission – The gas transmission network in Great Britain and liquefied natural gas (LNG) storage activities.
2. Metering – Relates to the gas metering business, which provides regulated gas metering activities in the UK, together with corporate activities

Sales between businesses are priced having regard to the regulatory and legal requirements that the businesses are subject to, which include requirements to avoid cross-subsidies.

(a) Revenue

	2025			2024		
	Total sales	Sales between segments	Sales to third parties	Total sales	Sales between segments	Sales to third parties
	£m	£m	£m	£m	£m	£m
Operating segment:						
Gas Transmission	1,353	(7)	1,346	1,578	(7)	1,571
Metering	204	—	204	207	—	207
Other ¹	7	(6)	1	—	—	—
Total revenue	1,564	(13)	1,551	1,785	(7)	1,778

¹Includes revenue from engineering consultancy and design provided by a fully owned subsidiary company.

Analysis of revenue by major customer, greater than 10% revenue contribution:

	2025	2024
	£m	£m
Customer A	200	179
Customer B	148	153
Customer C	106	179

No other single customer contributed 10% or more to the Gas Transmission group revenue in either 2025 or 2024.

(b) Operating profit

A reconciliation of the operating segments’ measure of profit to profit before tax is provided below. Further details of the exceptional items and remeasurements are provided in note 5.

	Before exceptional items and remeasurements		After exceptional items and remeasurements	
	2025	2024	2025	2024
	£m	£m	£m	£m
Operating segment:				
Gas Transmission	517	756	458	714
Metering	136	139	136	139
Other	1	—	1	—
Total operating profit	654	895	595	853
Reconciliation to profit before tax:				
Operating profit	654	895	595	853
Finance income	308	274	308	274
Finance costs	(193)	(277)	(193)	(288)
Profit before tax	769	892	710	839

(c) Capital expenditure

	Net book value of property, plant and equipment and intangible assets		Capital expenditure		Depreciation, impairment and amortisation	
	2025	2024	2025	2024	2025	2024
	£m	£m	£m	£m	£m	£m
Operating segment:						
Gas Transmission	5,274	4,978	554	455	235	203
Metering	155	164	22	24	17	18
Total by segment	5,429	5,142	576	479	252	221
Asset type:						
Property, plant and equipment	5,299	5,019	515	421	194	168
Intangible assets	130	123	61	58	58	53
Total by asset type	5,429	5,142	576	479	252	221

3. Revenue

Revenue arises in the course of the ordinary activities and principally comprises of transmission services.

Transmission services and certain other services (excluding rental income but including metering) fall within the scope of IFRS 15 ‘Revenue from Contracts with Customers’. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties and value added tax. The Company recognises revenue when it transfers control over a product or service to a customer. It excludes value added tax and intra-group sales.

The following is a description of principal activities from which National Gas Transmission plc generates its revenue. For more detailed information about our segments, see note 2.

Gas Transmission

The Gas Transmission segment principally generates revenue by providing gas transmission services to our customers (both as transmission owner and system operator) in Great Britain. The business operates as a monopoly regulated by Ofgem which has established price control mechanisms that determines our annual allowed returns our business can earn. We work with our regulators to obtain robust regulatory agreements that balance the risks we face with the opportunity to deliver reasonable returns for our investors. Our regulated businesses earn revenue for the transmission services they have provided during the year. In any one year, the revenue recognised may differ from the revenue allowed under our regulatory agreements and any such timing differences are adjusted against future prices.

The IFRS revenues we report are principally a function of volumes and price. Price is determined prior to our financial year end with reference to the regulated allowed returns and estimated annual volumes. The sales value for the transmission of gas is largely determined from the amount of system capacity sold for the year, and the amount of gas transported for the year, evaluated at contractual prices on a monthly basis. Where revenue received or receivable exceeds the maximum amount permitted by the regulatory agreement, adjustments will be made to the future prices to reflect this over-recovery. No liability is recognised as such an adjustment to future prices relates to the provision of future services. Similarly no asset is recognised where a regulatory agreement permits adjustments to be made to future prices in respect of an under-recovery. As part of our regulatory agreements we are entitled to recover certain costs directly from customers (pass-through costs). These amounts are included in the overall calculation of allowed revenue as stipulated by regulatory agreements.

The transmission of gas encompasses the following principal activities:

- the supply of high-pressure gas (including both transmission and system operator charges); and
- construction work (principally for connections).

For the supply of high-pressure gas, revenue is recognised based on capacity and volumes. Our performance obligation is satisfied over time as our customers make use of our network, and we bill monthly in arrears with payment terms of up to 45 days.

For construction work relating to connections, customers pay for the connection upfront. Revenue is recognised over time, as we provide access to our network. Where revenues are received upfront, they are deferred and released over the life of the connection. For other construction where there is no consideration for any future services (such as diversions), revenues are recognised when the construction work is completed.

	UK Gas Transmission	Metering	Other	Total	UK Gas Transmission	Metering	Total
	2025	2025	2025	2025	2024	2024	2024
	£m	£m	£m	£m	£m	£m	£m
Revenue under IFRS 15	1,335	204	1	1,540	1,568	207	1,775
Other income	11	—	—	11	3	—	3
Total revenue	1,346	204	1	1,551	1,571	207	1,778

Other income includes IFRS16 Lease Income £4 million (2023/24 : £3 million) and IAS 20 income £7 million relating to grants (2023/24 £nil).

The sales value for the provision of gas metering services is largely derived from monthly charges for the provision of individual meters under contractual arrangements. Revenue to be recognised in future periods, presented as contract liabilities of £128 million (2024: £137 million) (see note 20).

Geographical analysis of revenue is not provided as the company’s operations are all undertaken in the UK for customers based in the UK.

4. Operating costs

Below we have presented separately certain items included in our operating costs. These include a breakdown of payroll costs (including disclosure of amounts paid to key management personnel) and fees paid to our auditors.

	Before exceptional items and remeasurements		Exceptional items and remeasurements		Total	
	2025	2024 ²	2025	2024 ²	2025	2024 ²
	£m	£m	£m	£m	£m	£m
Depreciation, impairment and amortisation	252	221	—	—	252	221
Profit or loss on disposal	16	17	—	—	16	17
Payroll costs	104	86	—	—	104	86
Purchases of gas ¹	124	171	—	—	124	171
Agency and contractor	102	103	—	—	102	103
Rates	77	73	—	—	77	73
Property costs	40	36	—	—	40	36
Inventory consumed	12	11	—	—	12	11
Research and development expenditure	15	15	—	—	15	15
Other ²	155	151	59	42	214	193
Total operating costs	897	883	59	42	956	925

¹Purchase of gas is the cost of NTS Shrinkage gas, which includes Own Use Gas (OUG, for compressor use), Calorific Value (CV) Shrinkage (gas that cannot be billed) and Unaccounted for Gas (UAG, the remaining quantity of gas after considering measured inputs and outputs to the system).

²Costs/recoveries have been regrouped from the “other” category to respective cost categories within note 4 for better representation. Comparatives have been reclassified to ensure consistency.

(a) Payroll costs

	2025	2024
	£m	£m
Wages and salaries	134	111
Social security costs	18	14
Defined contribution scheme costs	17	13
Defined benefit pension costs	6	8
Severance costs (excluding pension costs)	3	1
	178	147
Less: payroll costs capitalised ¹	(74)	(61)
Total payroll costs	104	86

¹The regrouping of costs in the operating cost table above has also led to a reclassification of the comparative figures in Note 4(a) ‘Payroll costs’ to ensure consistency.

(b) Number of employees, including Directors

	31 March	31 March	Monthly average	Monthly average
	2025	2024	2025	2024
	Number	Number	Number	Number
National Gas Transmission Group	2,244	1,872	2,089	1,758

(c) Key management compensation

	2025	2024
	£m	£m
Salary and short-term employee benefits	4	4

Key management comprises the Board of Directors of the Company who have managerial responsibility for National Gas Transmission plc.

(d) Directors’ emoluments

The aggregate amount of emoluments (excluding social security, pensions and share-based payment) paid to the Directors of the Company in respect of qualifying services for 2025 was £4,047,611 (2024: £3,703,275).

During the year, retirement benefits were not accrued to any Director under a defined benefit scheme (2024: nil).

The aggregate emoluments (excluding social security, pensions and share-based payment) for the highest paid Director was £2,415,656 for 2025 (2024: £2,299,659) and total accrued annual pension during the year for the highest paid Director was nil (2024: £nil).

There were no loss of office payments made to the Directors during 2025 or in 2024.

The Chair, who is also a Sufficiently Independent Director (SID) receives a fee of £250,000 per annum. The fees for the other SIDs ranged between £71,000 and £101,000 per annum (2024: £101,000).

(e) Auditors’ remuneration

	2025	2024
	£m	£m
Audit services relating to the Group and Company		
Audit fee	1.3	1.3
Other services	0.1	0.1
Fees payable to the Company’s auditors for audit related assurance services	1.4	1.4

The fees for the company audit are disclosed within the Company financial statements.

Other services relate to services provided by the statutory auditors in connection with raising of debt, and agreed upon procedures required by the regulator. These are approved in line with the Group non audit service policy.

5. Exceptional items and remeasurements

To monitor our financial performance, we use a profit measure that excludes certain income and expenses. We call that measure ‘adjusted profit’.

Adjusted profit (which excludes exceptional items and remeasurements as defined below) is used by management to monitor financial performance as it aids the comparability of our reported financial performance from year to year. We exclude items from adjusted profit because, if included, these items could distort the understanding of our performance for the year and the comparability between periods. This note analyses these items, which are included in our results for the year but are excluded from adjusted profit.

Exceptional items and remeasurements	2025 £m	2024 £m
Exceptional items included within operating profit:		
Sale of business	41	42
Project Cancellation	18	—
	59	42
Included within finance income and costs:		
Remeasurements:		
Net loss/(gain) on derivative financial instruments	—	11
Total included within profit before tax	59	53
Included within taxation:		
Tax on exceptional items	(15)	(10)
Tax on remeasurements	—	(3)
	(15)	(13)
Total exceptional items and remeasurements after tax	44	40
Analysis of total exceptional items and remeasurements after tax:		
Total exceptional items after tax	44	32
Total remeasurements after tax	—	8
Total exceptional items and remeasurements	44	40

Management uses an exceptional items framework that follows a three-step process considering the nature of the event, the financial materiality involved and any particular facts and circumstances. In considering the nature of the event, management focuses on whether the event is within the Group’s control and how frequently such an event typically occurs. In determining the facts and circumstances, management considers factors such as ensuring consistent treatment between favourable and unfavourable transactions, the precedent for similar items, the number of periods over which costs will be spread or gains earned, and the commercial context for the particular transaction.

Items of income or expense that are considered by management for designation as exceptional items include costs associated with the separation of the Company from National Grid, significant restructuring, write-downs or impairments of non-current assets, significant changes in environmental or decommissioning provisions, integration of acquired businesses, materially significant project terminations, gains or losses on disposals of businesses or investments and significant debt redemption costs as a consequence of transactions such as significant disposals or issues of equity, and the related tax, as well as deferred tax arising on changes to corporation tax rates.

Costs arising from restructuring programmes include redundancy costs. Redundancy costs are charged to the income statement in the year in which a commitment is made to incur the costs and the main features of the restructuring plan have been announced to affected employees.

Sale of Business

A consortium of investors comprising of Macquarie Asset Management and British Columbia Investment Management Corporation acquired a 60% stake in GasT TopCo Limited on 31 January 2023. In 2024, Macquarie Asset Management (MAM) and British Columbia Investment Management Corporation (BCI) exercised the option to purchase the remaining 20% of the Group.

All costs relating to separation from National Grid have been deemed appropriate to be classified as exceptional and were incurred as a part of a wider separation project over several years. In 2024/25, the Company incurred £41 million

(before tax) associated with the sale of the business (2023/24: £42 million). The total cash outflow for the period was £25 million. These costs were incurred primarily for the IT system separation and pension scheme separation from National Grid. All costs relating to sale of business have now been incurred and no further costs are expected in 2025/26.

Project Cancellation

A customer request for additional capacity involving construction of a new pipeline between Wormington and Honeyborne, pressure uprating of existing pipeline and related works was approved by Ofgem in 2021 . Work on this project was ongoing under a Planning and Advanced Reservation of Capacity Agreement (PARCA), when on 18 July 2024, the customer served National Gas Transmission plc with a formal termination notice.

Assets under construction (AUC) £29 million representing costs to date on materials and labour has been fully impaired in FY25 as there is uncertainty about any future economic benefits. The Company has contracts in place allowing for the recovery of estimated costs up to £21 million from the customer of which £11 million has been received and the balance can be claimed after reasonable endeavours to repurpose materials before 31st October 2027. The amount to be recovered is not virtually certain at this time and therefore not recognised as an asset. Any shortfall from the customer can be recovered through the PARCA mechanism as allowed revenues in future years, therefore National Gas Transmission plc is expected to be net income statement and cash flow neutral overtime.

All costs incurred on the project net of recoveries, £18 million have been classified as exceptionals per National Gas Transmission plc’s exceptional policy, as this item is beyond our control.

Impact on 2024/25 financials is summarised below:

	2025 £m
Assets under construction written off to the income statement	(29)
Amounts already recovered from the customer	11
Total net costs	(18)

Remeasurements

Remeasurements comprise unrealised gains or losses recorded in the income statement arising from changes in the fair value of certain financial assets and liabilities including derivative financial instruments accounted for at fair value through profit and loss (FVTPL).

Remeasurements excluded from business performance are made up of the following categories:

- i. Net gains/(losses) on derivative financial instruments comprise gains/(losses) arising on derivative financial instruments reported in the consolidated income statement in relation to our debt financing. These exclude gains and losses for which hedge accounting has been effective, and have been recognised directly in other comprehensive income or are offset by adjustments to the carrying value of debt (see notes 13 and 29).
- ii. Net gains/(losses) on financial liabilities measured at FVTPL comprises the change in the fair value (excluding changes due to own credit risk) of a financial liability that has been designated at FVTPL on transition to IFRS 9 to reduce a measurement mismatch (see note 18).

Once the fair value movements are realised (for example, when the derivative matures), the previously recognised fair value movements are then reversed through remeasurements and recognised within earnings before exceptional items and remeasurements. This only refers to when a derivative is settled , the remeasurements are reversed out and the actual realised gain or loss will be booked in the income statement.

6. Finance income and costs

This note details the interest income generated by our financial assets and interest expense incurred on our financial liabilities, primarily our financing portfolio (including our financing derivatives). It also includes the net interest on our pensions and other post-retirement assets. In reporting business performance, we adjust net financing costs to exclude any net gains or losses on financial instruments included in remeasurements (see note 5).

Remeasurements include certain unrealised gains and losses on certain assets and liabilities now treated at FVPL. The interest income, and interest expense on these items are included in finance income and finance costs before remeasurements, respectively.

	2025 £m	2024 £m
Finance income		
Interest income on financial instruments:		
Interest on deposits	32	31
Interest from parent company	232	222
Net interest income on pensions and other post-retirement benefit obligations ¹	17	21
Other finance income ²	27	—
Total interest receivable and similar income	308	274
Finance costs		
Interest expense on financial liabilities held at amortised cost:		
Bank loans and overdrafts	(12)	(12)
Bonds ³	(194)	(313)
Other Borrowings	(7)	(5)
Facility fees and other charges	(4)	(5)
Derivative net interest and accretion ⁴	(14)	1
Interest payable to parent company	(1)	(1)
Tax related interest	—	(1)
Less: interest capitalised ⁵	39	59
Total interest payable and similar charges	(193)	(277)
Remeasurements		
Net gains/(losses) on derivative financial instruments: ⁶		
Derivatives designated as hedges for hedge accounting	2	4
Derivatives not designated as hedges or ineligible for hedge accounting	(2)	(15)
Remeasurements included within finance income/costs	—	(11)
Total finance income and costs including remeasurements	115	(14)
Finance income	308	274
Finance costs	(193)	(288)
Net finance costs	115	(14)

¹ Interest income on defined benefit assets net of interest expense on defined benefit obligations (see note 22 for details).

² Primarily comprises gain arising from partial redemption of £300 million RPI Linked debt on 4th February 2025. The redeemed carrying value of £316 million was bought back for £294 million resulting in a gain of £22 million.

³ Bond finance costs include principal accretion on inflation linked liabilities of £89 million (2024: £201 million).

⁴ Includes inflation accretion gain on RPI-CPI swap of £5 million (2024: £9 million).

⁵ Interest on funding attributable to assets in the course of construction was capitalised during the year at a rate of 4.9% (2024: 8.4%). Capitalised interest qualifies for a current year tax deduction with tax relief claimed of £10 million (2024: £15 million).

⁶ Includes a net foreign exchange gain on financing activities of £11 million (2024: £29 million gain) offset by foreign exchange losses and gains on derivative financial instruments measured at fair value.

7. Taxation

This note gives further details of the tax charge and tax liabilities, including current and deferred tax. The current tax charge is the tax payable on this year’s taxable profits. Deferred tax is an accounting adjustment to provide for tax that is expected to arise in the future due to differences in accounting and tax bases.

The tax charge for the period is recognised in the income statement, the statement of comprehensive income or directly in equity, according to the accounting treatment of the related transaction. The tax charge comprises both current and deferred tax.

Current tax assets and liabilities are measured at the amounts expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the reporting date.

The calculation of the Company’s total tax charge involves a degree of estimation and judgement, and management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided for using the balance sheet liability method and is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised on all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction (other than a business combination) that affects neither the accounting nor taxable profit or loss.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and jointly controlled entities except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and its subsidiaries intend to settle their current tax assets and liabilities on a net basis.

Tax charged to the income statement		
	2025	2024
	£m	£m
Tax before exceptional items and remeasurements	194	230
Tax on total exceptional items and remeasurements (note 5)	(15)	(13)
Total tax charge	179	217

Tax as a percentage of profit before tax		
	2025	2024
	%	%
Before exceptional items and remeasurements	25.3	25.8
After exceptional items and remeasurements	25.1	25.8

The tax charge for the year can be analysed as follows:		
	2025	2024
	£m	£m
Current tax:		
Corporation tax at 25%	111	135
Corporation tax adjustment in respect of prior years	7	2
Total current tax	118	137
Deferred tax:		
Deferred tax	69	79
Deferred tax adjustment in respect of prior years	(8)	1
Total deferred tax	61	80
Total tax charge	179	217

Tax (credited)/charged to equity and other comprehensive income		
	2025	2024
	£m	£m
Current tax:		
Share-based payments	—	(1)
Deferred tax:		
Share-based payments	—	2
Movement in Cash Flow Hedges, Cost of Hedging and Own Credit Reserves	1	2
Remeasurements of net retirement benefit obligations	(2)	(30)
Total tax recognised in the statement of other comprehensive income	(1)	(27)

The tax charge for the year after exceptional items and remeasurements is higher than the standard rate of corporation tax in the UK of 25% (2024: higher). The difference is explained below:

	Before exceptional items and remeasurements	After exceptional items and remeasurements	Before exceptional items and remeasurements	After exceptional items and remeasurements
	2025	2025	2024	2024
	£m	£m	£m	£m
Profit before tax				
Before exceptional items and remeasurements	769	769	892	892
Exceptional items and remeasurements	—	(59)	—	(53)
Profit before tax	769	710	892	839
Corporation tax at 25%	192	178	223	210
Effect of:				
Adjustments in respect of prior years	(1)	(1)	3	3
Expenses not deductible for tax purposes	3	3	4	4
Total tax	194	179	230	217

Effective tax rate	25.3%	25.1%	25.7%	25.8%
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On 11 July 2023, the government enacted legislation giving effect to the OECD Pillar 2 initiative, effective from 1 January 2024. This introduced both a multinational and domestic top up tax which applies where profits are initially taxed at an effective tax rate of less than 15%. The Group has assessed the impact of this legislation and is not expecting any increase in taxes payable given the group is not a multinational enterprise, and is expected to benefit from the transitional safe harbour rules within the legislation.

The Group has applied the exception under IAS 12, such that the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar 2 income taxes.

Deferred tax (assets)/liabilities

Tax included within the statement of financial position

Deferred tax has been calculated at 25% given this is the current and only enacted tax rate.

The following are the major deferred tax assets and liabilities recognised, and the movements thereon, during the current and prior reporting periods:

31 March 2023

Deferred tax assets at 31 March 2023
Deferred tax liabilities at 31 March 2023

31 March 2023

Charged/(credited) to income statement
Charged/(credited) to other comprehensive income and equity

31 March 2024

Deferred tax assets at 31 March 2024
Deferred tax liabilities at 31 March 2024

31 March 2024

Charged/(credited) to income statement
Charged/(credited) to other comprehensive income and equity
Other movement

31 March 2025

Deferred tax assets at 31 March 2025
Deferred tax liabilities at 31 March 2025

31 March 2025

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. The deferred tax balances (after offset) for statement of financial position purposes consist solely of deferred tax liabilities of £864 million (2024: £803 million).

8. Dividends

Dividends represents the return of profits to shareholders. Dividends are paid as an amount per ordinary share held. We retain part of the profits generated in the year to meet future growth plans and meet our gearing target, and pay out the remainder in accordance with our dividend policy.

Interim dividends are recognised when they become payable to the Company’s shareholders. Final dividends are recognised when they are approved by shareholders. The following table shows the dividends paid to the equity shareholder:

	2025		2024	
	pence (per ordinary share)	£m	pence (per ordinary share)	£m
Ordinary dividends				
Final dividend in respect of the prior year	—	—	1.25p	49
Interim dividend paid	15.79p	623	7.29p	288
Total Dividend paid in 2024/25		623		337

The Company declared and paid interim dividends: £111 million in April 2024 (per ordinary share of 2.82p), £80 million in December 2024 (per ordinary share of 2.02p), £89 million in January 2025 (per ordinary share of 2.26p), £343 million in March 2025 (per ordinary share of 8.69p). The Directors are not proposing a final dividend for 2024/25.

Dividends include £292 million to enable the Company’s parent company (National Gas Transmission Holdings Limited) to partially support the repayment of interest of £419 million on the £3,426 million loan from NGT. Therefore, of the total dividend paid of £623 million only £331 million represents dividends paid out to the shareholder of NGTH.

9. Intangible assets

Intangible assets include software which is amortised over the length of period we expect to receive a benefit from the asset.

Identifiable intangible assets are recorded at cost less accumulated amortisation and any provision for impairment. Intangible assets are tested for impairment only if there is some indication that the carrying value of the assets may have been impaired.

Impairments of assets are calculated as the difference between the carrying value of the asset and the recoverable amount, if lower. Where such an asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which that asset belongs is estimated. Impairments are recognised in the income statement and are disclosed separately. Any assets which suffered impairment in a previous period are reviewed for possible reversal of the impairment at each reporting date.

Internally generated intangible assets, such as software, are recognised only if: i) an asset is created that can be identified; ii) it is probable that the asset created will generate future economic benefits; and iii) the development cost of the asset can be measured reliably. Where no internally generated intangible asset can be recognised, development expenditure is recorded as an expense in the period in which it is incurred.

Cloud computing arrangements are reviewed to determine if the Company has control of the software intangible asset. Control is considered to exist where the Company has the right to take possession of the software and run it on its own or a third party’s computer infrastructure or if the Company has exclusive rights to use the software such that the supplier is unable to make the software available to other customers.

Costs relating to configuring or customising the software in a cloud computing arrangement are assessed to determine if there is a separate intangible asset over which the Company has control. If an asset is identified, it is capitalised and amortised over the useful economic life of the asset. To the extent that no separate intangible asset is identified, then the costs are either expensed when incurred or recognised as a prepayment and spread over the term of the arrangement if the costs are concluded to not be distinct.

Intangible assets under development are not amortised. Other non-current intangible assets are amortised on a straight-line basis over their estimated useful economic lives. The amortisation period for software is up to ten years. Goodwill on acquisition is recognised at cost and subsequently tested for impairment on a yearly basis, and measured at cost less accumulated impairment, as per IAS36. It is allocated to the cash generating units that are expected to benefit from the business combination, management have identified that goodwill should be allocated to the Gas Transmission business.

Financial statements continued

In line with IAS36, impairment testing has been completed by management for intangibles with indefinite useful life. The group’s policy is to charge any impairment to the income statement which is not subsequently reversed.

	Software	Assets in the course of construction	Goodwill ¹	Total
	£m	£m	£m	£m
Cost at 31 March 2023	487	—	—	487
Additions	—	58	—	58
Reclassifications ¹	2	(2)	—	—
Disposals	(1)	—	—	(1)
Cost at 31 March 2024	488	56	—	544
Additions	—	61	4	65
Reclassifications ¹	46	(46)	—	—
Disposals	(33)	—	—	(33)
Cost at 31 March 2025	501	71	4	576
Accumulated amortisation at 31 March 2023	(369)	—	—	(369)
Amortisation charge for the year	(53)	—	—	(53)
Disposals	1	—	—	1
Accumulated amortisation at 31 March 2024	(421)	—	—	(421)
Amortisation charge for the year	(59)	—	—	(59)
Disposals	33	—	—	33
Impairment	1	—	—	1
Accumulated amortisation at 31 March 2025	(446)	—	—	(446)
Net book value at 31 March 2025	55	71	4	130
Net book value at 31 March 2024	67	56	—	123

¹ Reclassifications represent commissioning of assets from assets under construction into usage.
² £4 million addition during the year relates to goodwill on acquisition of a subsidiary (acquired on 16 April 2024), over which NGT has 100% control. Management have assessed the changes in external factors and financial performance of the subsidiary and determined that goodwill was not impaired for 2024/25.

10. Property, plant and equipment

The following note shows the physical assets controlled by us. The cost of these assets primarily represents the amount initially paid for them. This includes both their purchase price and the construction and other costs associated with getting them ready for operation. A depreciation expense is charged to the income statement to reflect annual wear and tear and the reduced value of the asset over time. Depreciation is calculated by estimating the number of years we expect the asset to be used (useful economic life or UEL) and charging the cost of the asset to the income statement equally over this period.

We operate a gas transmission business and therefore have a significant physical asset base. We continue to invest in our network to maintain reliability, create new customer connections and ensure our networks are flexible and resilient. Our business plan envisages these additional investments will be funded through a mixture of cash generated from operations and the issue of new debt.

Property, plant and equipment is recorded at cost, less accumulated depreciation and any impairment losses. Cost includes the purchase price of the asset; any payroll and finance costs incurred which are directly attributable to the construction of property, plant and equipment; and the cost of any associated asset retirement obligations.

Property, plant and equipment includes assets in which the Company interest comprises legally protected statutory or contractual rights of use. Additions represent the purchase or construction of new assets, including capital expenditure for safety and environmental assets, and extensions to, enhancements to, or replacement of, existing assets. All costs associated with projects or activities which have not been fully commissioned at the period end are classified within assets in the course of construction. No depreciation is provided on freehold land or assets in the course of construction.

Contributions received from customers towards the cost of tangible fixed assets for connections to the gas transmission network are initially recognised as a contract liability, and subsequently credited to revenue over the estimated useful economic lives of the assets to which they relate. Contributions towards the alteration, diversion or relocation of tangible fixed assets are initially included as a contract liability and subsequently credited to revenue over the course of the construction of the diversion.

Other items of property, plant and equipment are depreciated, on a straight-line basis, at rates estimated to write off their book values over their estimated useful economic lives. In assessing estimated useful economic lives, consideration is given to any contractual arrangements and operational requirements relating to particular assets. The assessments of estimated useful economic lives and residual values of assets are performed annually.

Unless otherwise determined by operational requirements, the depreciation periods for the principal categories of property, plant and equipment are, in general, as shown in the table below:

	Years
Freehold and Leasehold buildings	5 to 50
Plant and Machinery	
– mains, services and regulating equipment	5 to 65
– NTS gas pipelines	up to 50
Motor vehicles and office equipment	3 to 10

Gas asset lives

The role that gas networks play in the pathway to achieving the greenhouse gas emissions reductions targets in which we operate is currently uncertain. However, supported by our analysis and recent reports by organisations such as the National Infrastructure Commission (NIC) and the National Energy System Operator (NESO), we believe the gas assets which we own and operate today will continue to have a crucial role in maintaining security, reliability and affordability of energy beyond 2050, although the scale and purpose for which the networks will be used is dependent on technological developments and policy choices of governments and regulators.

The gas mains, services and regulating assets relating to the National Transmission System (NTS) were subject to a detailed technical review in January 2019. The most material components of these are our pipeline assets, which are due to be fully depreciated by 2070, with other assets being depreciated over various periods between now and then. That review was undertaken prior to the UK enacting legislation committing to net zero by 2050, but considered scenarios which included an extension of the emissions reduction targets (80% emissions reduction target at the time of the report). The review concluded that the most likely outcome was for the NTS network assets to remain in use beyond 2055, including in those scenarios where the greenhouse gas emissions of gas networks were largely eliminated. Since 2019, the Company has not changed its operational and maintenance practices and continues to work in line with industry standards. The NIC’s second National Infrastructure Assessment (published in October 2023) and NESO’s Clean Power 2030 report both reference the requirement to support intermittent renewable generation with gas-fired power stations, abated and unabated, supporting the need for gas transmission assets throughout the net zero transition.

The government’s ambition for hydrogen production and use in the UK has grown, with its own production target being doubled to 10 GW in April 2022 (due to longer term concerns over UK energy security following the reduction of Russian

Financial statements continued

gas supplies to Europe). The National Infrastructure Commission (NIC) published its second National Infrastructure Assessment in October 2023. The report contained a number of recommendations for supporting and accelerating the development of a Hydrogen economy.

Ofgem’s funding approval in April 2023 & July 2023 for National Gas’ Project Union study (hydrogen transmission network in Great Britain by repurposing existing network infrastructure) and FutureGrid testing (demonstrates the ability of ex-service NTS assets to transport hydrogen in the same way natural gas is transported today) further supports the important role that hydrogen plays in UK net zero pathway.

In January 2025, Ofgem confirmed funding for early engineering and design phases of specific sections of Project Union and also published the draft determinations for funding the first section of Project Union to undertake Front End Engineering and Design (FEED) on a ‘Hybrid’ design consisting of re-purposed NTS pipelines, supplemented by new build pipeline to create a continuous network.

The UK has set targets to develop four carbon capture and storage clusters, the market for carbon capture and storage (CCS) is evolving in Scotland to support the UK government’s net zero ambitions and National Gas Transmission has been supporting the Scottish Cluster since late 2022. The Climate Change Committee in its seventh carbon budget (February 2025) stated there is no route to net zero that does not include CCS and achieving the CCS trajectory relies on the establishment of CO2 storage and rapid construction of pipelines to connect sites. It is technically feasible for existing pipeline assets to be repurposed for CO2 Transportation, delivering the critical onshore connectivity between CO2 emitters and storage terminals and therefore NTS assets play a key role in realising the UK’s CCS ambitions.

All of the above are positive developments regarding the future of Hydrogen and CCUS and the future for National Gas Transmission (whether methane, hydrogen or CCS) remains positive with our monopoly over Great Britain’s NTS.

In conclusion, whilst there are a range of scenarios possible from full electrification without the need for gas (no future need of Gas Transmission assets) to use of the transmission assets for alternate fuels (hydrogen, CCS etc.), based on the information available at this time, and positive advancements in hydrogen and CCS, we believe the most possible scenario is that our pipelines will be used for methane gas and/or alternative fuels most likely being transportation of hydrogen with carbon capture and storage (CCS) beyond 2055.

The Company continues to perform a review of asset lives on an annual basis and given the uncertainty described relating to the UELs of our gas assets, we have provided a sensitivity on the depreciation charge where a shorter UEL is presumed:

	Increase in depreciation expense
	£m
UELs limited to 2050	49
UELs limited to 2060	13
UELs limited to 2070	1

Note that this sensitivity calculation excludes any assumptions regarding residual value for our asset base and the effect shortening asset depreciation lives would expect to have on our regulatory recovery mechanisms.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within operating profit in the income statement.

Items within property, plant and equipment are tested for impairment only if there is some indication that the carrying value of the assets may have been impaired. Impairments of assets are calculated as the difference between the carrying value of the asset and the recoverable amount, if lower. Where such an asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which that asset belongs is

estimated. Impairments are recognised in the income statement and if immaterial are included within the depreciation charge for the year. Any assets which suffered impairment in a previous period are reviewed for possible reversal of the impairment at each reporting date.

	Land and buildings	Plant and machinery	Assets in the course of construction	Motor vehicles and office equipments	Total
	£m	£m	£m	£m	£m
Cost at 31 March 2023	329	7,950	708	289	9,276
Additions	3	2	409	7	421
Disposals	(3)	(47)	—	(3)	(53)
Reclassifications ¹	12	72	(86)	2	—
Other	10	—	—	—	10
Cost at 31 March 2024	351	7,977	1,031	295	9,654
Additions	—	5	503	7	515
Disposals	(1)	(36)	(28)	(2)	(67)
Reclassifications ¹	—	182	(184)	2	—
Other	3	—	—	—	3
Cost at 31 March 2025	353	8,128	1,322	302	10,105
Accumulated depreciation at 31 March 2023	(207)	(4,059)	(4)	(233)	(4,502)
Depreciation charge for the year	(6)	(146)	—	(17)	(169)
Disposals	4	28	—	3	35
Impairment reversal / (Impairment)	—	3	(2)	—	1
Accumulated depreciation at 31 March 2024	(209)	(4,174)	(6)	(247)	(4,635)
Depreciation charge for the year	(7)	(168)	—	(19)	(194)
Disposals	—	20	—	2	22
Impairment reversal / (Impairment)	—	1	—	—	1
Accumulated depreciation at 31 March 2025	(216)	(4,321)	(6)	(264)	(4,806)

Net book value at 31 March 2025	137	3,807	1,316	38	5,299
Net book value at 31 March 2024	142	3,803	1,025	48	5,019

¹ Reclassifications represent commissioning of assets from assets under construction into usage.

Right-of-use assets

The Company leases various properties, equipment and cars. New lease arrangements entered into are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. The right-of-use asset and associated lease liability arising from a lease are initially measured at the present value of the lease payments expected over the lease term, plus any other costs. The discount rate applied is the rate implicit in the lease or if that is not available, then the incremental rate of borrowing for a similar term and similar security. The lease term takes account of exercising any extension options that are at our option if we are reasonably certain to exercise the option and any lease termination options unless we are reasonably certain not to exercise the option. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period using the effective interest rate method. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as computers), The Company continues to recognise a lease expense on a straight-line basis.

Included within the net book value of property, plant and equipment at 31 March 2025 are right-of-use assets, split as follows:

	Land and buildings	Motor vehicles and office equipments	Total
	£m	£m	£m
Net book value at 31 March 2023	10	2	12
Additions	2	7	9
Disposals	(3)	(2)	(5)
Depreciation charge	(3)	(3)	(6)
Depreciation on disposals	4	1	5
Net book value at 31 March 2024	10	5	15
Additions	—	7	7
Disposals	(1)	(2)	(3)
Depreciation charge	(2)	(3)	(5)
Depreciation on disposals	—	1	1
Net book value at 31 March 2025	7	8	15

The following balances have been included in the income statement for the year ended 31 March 2025 in respect of right-of-use assets:

	2025 £m	2024 £m
Included within net finance income and costs:		
Interest expense on lease liabilities	(1)	(1)
Included within revenue:		
Lease income	4	3

The associated lease liabilities are disclosed in note 18.

11. Other non-current assets

Other non-current assets include assets that do not fall into any other non-current asset category (such as property, plant and equipment) where the benefit to be received from the asset is not due to be received until after 31 March 2025.

	2025 £m	2024 £m
Prepayments ¹	7	5

¹ Represents amounts paid in advance to a number of undertakings for the demolition of gas-holders (see note 23).

12. Non-current financial and other investments

	2025 £m	2024 £m
Loans and receivables – amounts owed by parent undertaking ¹	3,426	3,426

¹ The fair value of the amount owed by parent undertaking is approximate to book value.

13. Derivative financial instruments

Derivatives are financial instruments that derive their value from the price of an underlying item such as interest rates, foreign exchange rates, credit spreads, equity or other indices. Derivatives are transacted in accordance with the Treasury policy approved by the Group, these policies have been deemed applicable at NGT by their respective boards of directors. Derivatives are generally transacted by the Company to manage our exposure to fluctuations in interest rates, foreign exchange rates and inflation. Specifically we use these derivatives to manage our financing portfolio, and contractual operational cash flows.

Derivatives are initially recognised at fair value and subsequently remeasured at fair value at each reporting date. Changes in fair values are recorded in the period they arise, in either the income statement or other comprehensive income as required by IFRS 9. Where the gains or losses recorded in the income statement arise from changes in the fair value of derivatives to the extent that hedge accounting is not applied or is not fully effective, these are recorded as remeasurements, detailed in notes 5 and 6. Where the fair value of a derivative is positive it is carried as a derivative asset, and where negative as a derivative liability.

We calculate the fair value of derivative financial instruments by taking the present value of future cash flows, primarily incorporating market observable inputs. The various inputs include foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate and inflation curves, and for those positions that are not fully cash collateralised the credit quality of the counterparties.

Certain clauses embedded in non-derivative financial instruments or other contracts are presented as derivatives because they impact the risk profile of their host contracts and they are deemed to have risks or rewards not closely related to those host contracts.

Further information on how derivatives are valued and used for risk management purposes is presented in note 29.

The fair values of derivative financial instruments by type are as follows:

	2025			2024		
	Asset £m	Liabilities £m	Total £m	Asset £m	Liabilities £m	Total £m
Interest rate swaps	7	(27)	(20)	10	(28)	(18)
Cross-currency interest rate swaps	20	—	20	30	—	30
Foreign exchange forward contracts ¹	—	—	—	—	—	—
Inflation linked swaps	—	(13)	(13)	—	(8)	(8)
Total	27	(40)	(13)	40	(36)	4

¹ Included within the foreign exchange forward contracts balance is net £nil (2024: £nil) of derivatives in relation to capital expenditure.

The maturity profile of derivative financial instruments is as follows:

	2025			2024		
	Assets	Liabilities	Total	Assets	Liabilities	Total
	£m	£m	£m	£m	£m	£m
Current						
Less than 1 year	7	(18)	(11)	—	(8)	(8)
	7	(18)	(11)	—	(8)	(8)
Non-current						
In 1 – 2 years	1	—	1	1	(20)	(19)
In 2 – 3 years	5	—	5	—	—	—
In 3 – 4 years	13	(1)	12	4	—	4
In 4 – 5 years	1	(8)	(7)	18	—	18
More than 5 years	—	(13)	(13)	17	(8)	9
	20	(22)	(2)	40	(28)	12
Total derivative financial instruments	27	(40)	(13)	40	(36)	4

The notional contract amounts of derivative financial instruments by type are as follows:

	2025	2024
	£m	£m
Interest rate swaps	(274)	(274)
Cross-currency interest rate swaps	(616)	(616)
Foreign exchange forward contracts	(26)	(15)
Inflation linked swaps	(1,200)	(700)
At 31 March	(2,116)	(1,605)

14. Inventories and current intangible assets

Inventories represent assets that we intend to use in order to generate revenue in the short-term by using it to fulfil a service to a customer or to maintain our network (consumables).

Inventories are stated at the lower of weighted average cost and net realisable value. Where applicable, cost comprises direct materials and direct labour costs as well as those overheads that have been incurred in bringing the inventories to their present location and condition.

Emission allowances, principally relating to the emissions of carbon dioxide in the UK, are recorded as intangible assets within current assets, and are initially recorded at cost and subsequently at the lower of cost and net realisable value. A provision is recorded in respect of the obligation to deliver emission allowances, and emission charges are recognised in the income statement in the period in which emissions are made.

	2025	2024
	£m	£m
Raw materials, spares and consumables	9	11
Other current assets – emission allowances	7	3
Total Inventories and current intangible assets	16	14

Raw materials, spares and consumables includes £6 million (2024: £6 million) of gas stocks to support network flows and shrinkage losses on the network.

There is a provision for obsolescence of £nil million against inventories as at 31 March 2025. (2024: £1 million).

15. Trade and other receivables

Trade and other receivables are amounts which are due from our customers for services we have provided.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, less any appropriate allowances for estimated irrecoverable amounts.

	2025	2024
	£m	£m
Trade receivables	21	63
Amounts owed by National Gas Companies	1	—
Accrued income ¹	145	147
Prepayments	17	16
Other receivables	10	11
Total trade and other receivables	194	237

¹ Accrued income refers to contract assets under IFRS15, which relates to unbilled revenue at the end of the period (collected within the next 30 days). Therefore, these are all current and have very short maturities.

Trade receivables are non-interest bearing and generally have a 30 to 90 day term. Due to their short maturities, the fair value of trade and other receivables approximates their carrying value. The maximum exposure of trade receivables to credit risk is the gross carrying amount of £21 million (2024: £63 million).

Provision for impairment of receivables (netted off within trade receivables)

A provision for credit losses is recognised at an amount equal to the expected credit losses that will arise over the lifetime of the trade receivables and accrued income.

A provision matrix is not used to assess expected loss rates as an assessment is performed on individual debtors.

	2025	2024
	£m	£m
At 1 April	(4)	(4)
Movement in provision	—	—
At 31 March	(4)	(4)

For further information about wholesale credit risk, refer to note 29(a).

16. Financial and other investments

The financial and other investments balance primarily comprises Money Market Funds and includes current loans to fellow group undertakings.

Financial and other investments are initially recognised on trade date at fair value less transaction costs and expected losses. In the current year, the transaction value equals fair value.

Loans and other receivables are initially recognised at fair value plus transaction costs and subsequently held at amortised cost using the effective interest method. Interest income, together with gains and losses when the loans and receivables are derecognised or impaired, is recognised in the income statement.

	2025	2024
	£m	£m
Current		
Financial assets at FVTPL	498	682
Financial assets at amortised cost	119	306
Restricted cash	1	4
Total financial and other investments	618	992

Financial assets at FVTPL comprise the following:

Money Market Funds	498	682
Financial assets at amortised cost:		
Loans and receivables – amounts due from other group companies	119	306
Restricted balances:		
NIC/SIF Restricted cash	1	4
At 31 March	618	992

The carrying value of current loans financial assets at amortised cost approximates their fair values, primarily due to short-dated maturities. The exposure to credit risk at the reporting date is the fair value of the financial investments. For further information on our credit risk, refer to note 29(a).

For the purposes of impairment assessment, all financial assets at amortised cost are investment grade and are therefore considered to have low credit risk. Therefore, they have a loss allowance equal to the lesser of lifetime or 12-month expected credit losses.

In determining the expected credit losses for these assets some or all of the following information has been considered: credit ratings, the financial position of counterparties, the future prospects of the relevant industries and general economic forecasts.

No amortised cost financial assets have had modified cash flows during the period. There has been no change in the estimation techniques or significant assumptions made during the year in assessing the loss allowance for these financial assets. There were no significant movements in the gross carrying value of financial assets during the year that contribute to changes in the loss allowance. No collateral is held in respect of any of the financial investments in the above table. No balances are more than 30 days past due, and no balances were written off during the year.

17. Cash and cash equivalents

Cash and cash equivalents include cash balances, together with short-term investments with an original maturity of less than three months that are readily convertible to cash.

Net cash and cash equivalents reflected in the cash flow statement are net of bank overdrafts, which are reported in borrowings. The carrying amounts of cash and cash equivalents and bank overdrafts approximate their fair values.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for periods varying between one day and three months, depending on the immediate cash requirements, and earn interest at the respective short-term deposit rates.

Net cash and cash equivalents held in currencies other than sterling have been converted into sterling at year-end exchange rates. For further information on currency exposures, refer to note 29(c).

	2025	2024
	£m	£m
Net cash and cash equivalents	38	25

18. Borrowings

We borrow money primarily in the form of bonds and bank loans. These are for a fixed term and may have fixed or floating interest rates or are linked to the retail price index (RPI). Derivatives are used to manage risks associated with interest rates, foreign exchange and inflation. Lease liabilities are also included within borrowings.

As we continue to invest in our networks, the value of debt is expected to increase over time. To maintain a strong balance sheet and to allow us to access to capital markets at commercially acceptable interest rates, we balance the amount of debt we issue is balanced with the value of our assets, and take account of certain other metrics such as retained cash flow to net debt, regulatory gearing and interest cover.

Borrowings, which include interest-bearing and inflation-linked debt and overdrafts, are initially recorded at fair value. This normally reflects the proceeds received (net of direct issue costs for liabilities measured at amortised cost). Subsequently, borrowings are stated either (i) at amortised cost; or (ii) at fair value though profit and loss. Where a borrowing is held at amortised cost any difference between the proceeds after direct issue costs and the redemption value is recognised over the term of the borrowing in the income statement using the effective interest method. For liabilities held at fair value through profit and loss, interest is calculated using the effective interest method.

Where a borrowing or liability is held at fair value, changes in the fair value of the borrowing due to changes in the issuer’s credit risk are recorded in the own credit reserve (see note 25). All other changes in the fair value of the liability are recognised in the income statement within remeasurements (see notes 5 and 6).

Further information on how the rates are managed and currency risk of our borrowings portfolio is presented in note 29. Information on our net debt is presented in note 26.

	2025	2024
	£m	£m
Current (amounts falling due within one year)		
Bank loans and overdrafts	213	2
Bonds	72	144
Lease liabilities	7	5
Borrowings from National Gas Group undertakings	—	18
Other loans	1	1
Total current	293	170
Non-current (amounts falling due after more than one year)		
Bank loans	—	211
Bonds	4,296	4,251
Lease liabilities	9	11
Other loans	88	97
Total non-current	4,393	4,570
Total borrowings	4,686	4,740

Total borrowings are repayable as follows:

	2025	2024
	£m	£m
Less than 1 year	293	170
In 1 – 2 years	5	230
In 2 – 3 years	29	4
In 3 – 4 years	97	28
In 4 – 5 years	43	101
More than 5 years: ¹		
By instalments	52	53
Other than by instalments	4,167	4,154
Total Borrowings repayable	4,686	4,740

¹The range of rates of interest on borrowings payable after more than five years include:
Fixed 1.125%–7.125%
RPI plus 1.5803%–2.4840%

The fair value of borrowings at 31 March 2025 was £4,157 million (2024: £4,427 million). The fair value of borrowings (Level 1) was nil (2024: nil). The fair value of borrowings (Level 2) was £4,157 million (2024: £4,427 million), calculated by discounting cash flows at prevailing interest rates. The notional amount outstanding of the debt portfolio at 31 March 2025 was £4,725 million (2024: £4,765 million).

At 31 March 2025, we had committed credit facilities of £946 million (2024: £946 million) of which £735 million was undrawn and has a maturity of January 2028 (2024: £735 million undrawn). All of the facilities at 31 March 2025 are available for liquidity purposes.

Included within borrowings repayable in less than one year, the Company has a £14 million GBP bond which has been repaid in June 2025 and a £211 million GBP loan which is repayable in January 2026 with an option to extend.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments expected over the lease term. The discount rate applied is the rate implicit in the lease or if that is not available, then the incremental rate of borrowing for a similar term and similar security. The lease term takes account of exercising any extension options that are at our option if we are reasonably certain to exercise the option and any lease termination options unless we are reasonably certain not to exercise the option. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period using the effective interest rate method.

	2025	2024
	£m	£m
Gross lease liabilities are repayable as follows:		
Less than 1 year	7	5
1 to 5 years	10	11
More than 5 years	—	1
Total	17	17
Less: finance charges allocated to future periods	(1)	(1)
Total Lease Liabilities	16	16
The present value of lease liabilities are as follows:		
Less than 1 year	7	5
1 to 5 years	9	10
More than 5 years	—	1
At 31 March	16	16

19. Trade and other payables

Trade and other payables include amounts owed to suppliers, tax authorities and other parties which are due to be settled within 12 months. The total also includes deferred amounts, some of which represent monies received from customers but for which we have not yet delivered the associated service. These amounts are recognised as revenue when the service is provided.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

	2025	2024
	£m	£m
Trade payables and accruals	262	227
Amounts owed to National Gas Group Companies	12	82
Deferred income	18	8
Social security and other taxes	24	41
Other payables ¹	166	176
Total trade and other payables	482	534

¹ Other payables includes £116 million relating to deposits from Shippers which are held as security.

Due to their short maturities, the fair value of trade and other payables approximates their carrying value.

20. Contract liabilities

Contract liabilities primarily relate to the advance consideration received from customers for construction contracts, mainly in relation to connections, for which revenue is recognised over the life of the asset.

	2025	2024
	£m	£m
Current	43	46
Non-current	85	91
Total contract liabilities	128	137

Significant changes in the contract liabilities balances during the period are as follows:

	2025	2024
	£m	£m
As at 1 April	137	129
Revenue recognised during the year	(19)	(16)
Increase due to cash received	10	24
At 31 March	128	137

21. Other non-current liabilities

Other non-current liabilities include deferred income which will not be recognised as income until after 31 March 2025. It also includes payables that are not due until after that date. Non-current liabilities are initially recognised at fair value and subsequently measured at amortised cost. There is no material difference between the fair value and the carrying value of other payables.

	2025	2024
	£m	£m
Total other non-current liabilities	8	1

22. Pensions and other post-retirement benefits

All of our employees are eligible to participate in a pension plan. We have a defined contribution (DC) and two defined benefit (DB) pension plans in the UK. The fair value of associated plan assets and present value of DB obligations are updated annually in accordance with IAS 19 ‘Employee Benefits’. Below we provide a more detailed analysis of the amounts recorded in the primary financial statements and the actuarial assumptions used to value the DB obligations.

Defined contribution plan

Employees are eligible to join The Gas Transmission & Metering Retirement Plan (GTMRP), a section of a Master Trust arrangement managed by Legal & General. National Gas Transmission pays contributions into the GTMRP to provide DC benefits on behalf of its employees, generally providing a double match of member contributions up to maximum Company contribution of 12% of salary.

This plan is DC in nature and is designed to provide members with a pension pot for their retirement. Investment risks are borne by the member and there is no legal or constructive obligation on National Gas Transmission to pay additional contributions in the instance that investment performance is poor. Payments to this DC plan are charged as an expense as they fall due.

Defined benefit plans

National Gas Transmission plc sponsors the National Gas Transmission Pension Scheme (“NGTPS”), a DB pension plan which is now closed to new members. This plan is managed by a Trustee company with a board consisting of company- and member-nominated directors and holds its assets in separate Trustee administered funds. The net defined benefit pension asset of the pension plan is reflected within the Company’s statement of financial position.

National Gas Transmission plc also sponsors Section B of the National Grid UK Pension Scheme (“Section B”). On 30th September 2024 a bulk transfer of almost all assets and all liabilities from Section B into the NGTPS took place (the “bulk transfer”). Following the bulk transfer, the net defined benefit pension asset of the NGTPS is reflected within the Company’s statement of financial position, and has largely replaced the defined benefit pension asset in respect of Section B which has ceased to have any liabilities or many assets. Section B continues to hold a small number of assets (c. £10m) to ensure it has sufficient assets to meet any existing obligations (e.g. to pay suppliers), but any residual assets will be transferred to the NGTPS on the wind-up of Section B and as such these assets are include in the net defined benefit pension asset reflected within the Company’s statement of financial position.

National Gas Transmission plc also has some unfunded pension obligations.

The NGTPS is subject to independent actuarial funding valuations every three years and following consultation and agreement with the Company, the Scheme Actuary certifies the employers’ contributions, which, together with the specified contributions payable by the employees and proceeds from the Section’s’ assets, are expected to be sufficient to fund the benefits payable. The NGTPS is yet to complete any such valuation following the bulk transfer, but is expected to complete a valuation by June 2026 at the latest. Reflecting the surplus in Section B at its latest triennial valuation, no deficit contributions are being paid into the NGTPS. The Company continues to fund the cost of future benefit accrual (over and above member contributions) in the NGTPS, with the rate of contributions in relation to this accrual being set as part of the bulk transfer and reimburses the scheme in respect of plan administration costs and the Pension Protection Fund (PPF) levies. The aggregate level of ongoing contributions across the NGTPS and Section B in the year to March 2025 totalled £8 million (2024: £8 million; 2023: £14 million).

The Company has also agreed to the provision of contingent security to the NGTPS, whereby up to £600 million letters of credit, surety bonds or cash held in escrow, are implemented on specified credit rating or gearing triggers. This security is payable to the NGTPS in specific circumstances including insolvency, failure to pay scheme contributions and loss of regulatory licence.

Actuarial assumptions

On retirement, members of the NGTPS receive benefits whose value is dependent on factors such as salary and length of pensionable service. The Company’s obligations are calculated by projecting the estimated amount of future benefit payments that employees have earned for their pensionable service in the current and prior periods. These future benefit payments are discounted to determine the present value of the liabilities. Current service cost and any unrecognised past service cost are recognised immediately.

Advice is taken from independent actuaries relating to the appropriateness of the key assumptions applied, including life expectancy, expected salary and pension increases, and inflation. Comparatively small changes in the assumptions used may have a significant effect on the amounts recognised in the consolidated income statement, the consolidated statement of other comprehensive income and the net liability recognised in the consolidated statement of financial position. Remeasurements of pension assets and post-retirement benefit obligations are recognised in full in the period in which they occur in the consolidated statement of other comprehensive income.

The Company has applied the following financial assumptions in assessing DB liabilities.

	2025	2024
	%	%
Discount rate – past service	5.70	4.86
Discount rate – future service	5.95	4.92
Rate of increase in salaries	3.05	3.08
Rate of increase in RPI – past service	2.97	3.04
Rate of increase in RPI – future service	2.83	2.89

Single equivalent financial assumptions are shown here for presentational purposes, although full yield curves have been used in our calculations. The discount rate is determined by reference to high-quality UK corporate bonds at the reporting date. The rate of increase in salaries has been set with a further promotional scale also applying. The rates of increases stated are not indicative of historical increases awarded or a guarantee of future increase, but merely an appropriate assumption used in assessing DB liabilities. Retail Price Index (RPI) is the key assumption that determines assumed increases in pensions in payment and deferment in the NGTPS.

The table below sets out the projected life expectancies adopted for the Company’s pension arrangements:

	2025	2024
	Years	Years
Assumed life expectations for a retiree age 65		
Males	21.3	21.3
Females	23.2	23.3
In 20 years:		
Males	22.5	22.6
Females	24.7	24.7

The weighted average duration of the DB obligation for the NGTPS is 9 years.

As at the reporting date, the present value of the funded obligations split according to member status, was approximately 3% active members (2024: 3%); 12% deferred members (2024: 13%) and 85% pensioner members (2024: 84%).

Financial statements continued

In June 2023 the High Court ruled, in the case of Virgin Media vs NTL Pension Trustees II Limited, that certain historical amendments to defined benefit schemes may be invalid; an appeal in July 2024 was dismissed. Having sought legal advice in relation to our pension arrangements, there is no financial impact on our pension liabilities as a result of the ruling.

For sensitivity analysis see note 30.

Amounts recognised in the consolidated statement of financial position.

	2025	2024
	£m	£m
Present value of funded obligations	(3,224)	(3,599)
Fair value of scheme assets	3,546	3,911
Net defined benefit asset	322	312
Represented by:		
Liability	—	—
Asset	322	312
At 31 March 2025	322	312

The recognition of the pension assets reflects legal and actuarial advice that we have taken regarding recognition of surpluses under IFRIC 14. The Company has an unconditional right to a refund in the event of a winding up. The NGTPS Trustee must seek the agreement of the Company to any benefit augmentation beyond the provisions set out in the plan Rules.

Amounts recognised in the consolidated income statement and the consolidated statement of other comprehensive income.

	2025	2024
	£m	£m
Included within operating costs:		
Administration costs	3	3
Included within payroll costs:		
Current service cost	3	3
Included within exceptional costs:		
Administrative costs related to separation ¹	1	3
Total of operating costs	7	9
Included within finance income and costs		
Net interest income	(17)	(21)
Total included in the consolidated income statement	(10)	(12)
Actuarial (gains)/losses on defined benefit obligations	(300)	(27)
Return on assets (lower)/greater than assumed	308	147
Total included in the consolidated statement of other comprehensive income	8	119

¹ Costs relating to the separation of our pension scheme from National Grid booked to exceptional items.

Reconciliation of the net defined benefit asset

	2025	2024
	£m	£m
Opening defined benefit asset	312	411
Net (charge)/credit recognised in the consolidated income statement	10	12
Remeasurement effects recognised in the consolidated statement of other comprehensive income	(8)	(119)
Employer contributions	8	8
Closing net defined benefit asset	322	312

Changes in the present value of defined benefit obligations (including unfunded obligations)

	2025	2024
	£m	£m
Opening defined benefit obligations	(3,599)	(3,690)
Current service cost	(3)	(3)
Interest cost	(182)	(180)
Actuarial gains/(losses) – experience	(6)	(39)
Actuarial gains/(losses) – demographic assumptions	5	(7)
Actuarial gains/(losses) – financial assumptions	301	73
Benefits paid	260	247
Closing defined benefit obligations	(3,224)	(3,599)

The table below shows the movement in defined benefit assets over the year (including unfunded obligations)

	2025	2024
	£m	£m
Opening fair value of scheme assets	3,911	4,102
Interest income	199	201
Return on assets (lower)/greater than assumed	(308)	(147)
Administration costs	(4)	(6)
Employer contributions	8	8
Benefits paid	(260)	(247)
Closing fair value of scheme assets	3,546	3,911
Actual return on scheme assets	(109)	54
Expected contributions to scheme in the following year	7	11

Main defined benefit risks

The Company underwrites the financial and demographic risks associated with its Defined Benefit plans. Although the Trustee for each plan has sole responsibility for setting investment strategies and managing risks, the Company closely works with and supports the Trustees, to assist in mitigating the risks associated with the plans and to ensure that the plans are funded to meet their obligations.

The most significant risks associated with the NGTPS are:

- Investment risk – NGTPS invests in a variety of asset classes, with actual returns likely to differ from the underlying discount rate adopted, impacting the funding position of the plan through the net balance sheet asset or liability. The

scheme seeks to balance the level of investment return required with the risk that it can afford to take, in designing the most appropriate investment portfolio;

- Changes in bond yields – Liabilities will fluctuate as yields change. Volatility of the net balance sheet asset or liability is controlled through liability–matching strategies. The investment strategies allow for the use of synthetic as well as physical assets to hedge interest rate risk;
- Inflation risk – Changes in inflation can affect the current and future pensions but are partially mitigated through investing in inflation–matching assets and hedging instruments as well as bulk annuity buy–in policies. The investment strategies allow for the use of synthetic as well as physical assets to hedge inflation risk;
- Member longevity – Improvements in life expectancy will lead to pension payments being paid for longer than expected and benefits ultimately being more expensive. This risk has been partly mitigated by the bulk annuity policy held by the Trustee;
- Counterparty credit risk – Risk is managed by having a diverse range of counterparties and a strong collateralisation process. Measurement and management of counterparty risk is delegated to the relevant investment managers. For NGTPS’s bulk annuity policy, various termination provisions are included in the contract, managing our exposure to counterparty risk. The insurer’s operational performance and financial strength are monitored on a regular basis;
- Default risk – Debt investments are predominantly made in regulated markets in assets considered to be of investment grade. To manage the default risk of non–investment grade assets or non–regulated market securities the quantum of investments is kept to prudent levels subject to a maximum level of allocation;
- Liquidity risk – The pension plan holds sufficient cash to meet benefit requirements, with other investments being held in liquid or realisable assets to meet unexpected cash flow requirements such as collateral calls. The plan does not borrow money, act as guarantor, or provide liquidity to other parties (unless it is temporary);
- Currency risk – Fluctuations in the value of foreign denominated assets due to exposure to currency exchange rates is managed through currency hedging carried out by the investment managers.

Defined benefit plan investment strategy

The Trustees, after taking advice from professional investment advisors and in consultation with the Company, set their key principles, including expected returns, risk and liquidity requirements. They formulate an investment strategy to manage risk through diversification, taking into account expected contributions, maturity of the pension liabilities, and the strength of the covenant. This strategy allocates investments between return–seeking assets such as equities and property, and liability–matching assets such as government securities, corporate bonds and the bulk annuity policy which are intended to protect the funding position.

The approximate asset allocation of the NGTPS as at 31 March 2025 is as follows:

	2025	2024
	%	%
Return – seeking assets	24	23
Liability – matching assets	76	77
At 31 March	100	100

The allocation of assets by asset class for the NGTPS (2025) and Section B (2024) are set out below. Within these asset allocations, there is significant diversification across regions, asset managers, currencies and bond categories.

	2025	2025	2025	2024	2024	2024
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	£m	£m	£m	£m	£m	£m
Equities	313	106	419	292	134	426
Corporate bonds	801	—	801	899	—	899
Government securities	927	—	927	1,101	—	1,101
Property	—	186	186	—	173	173
Diversified alternatives	—	291	291	—	310	310
Liability–matching assets ¹	—	865	865	—	960	960
Cash and cash equivalents	—	57	57	—	42	42
At 31 March	2,041	1,505	3,546	2,292	1,619	3,911

¹ This is in respect of a bulk annuity policy held by the Trustees with a total value of £865 million (2024: £960 million). Included above is £361 million (2024: £313 million) of repurchase agreements. These are used to increase the market exposure of the liability–matching portfolios.

The Trustee of the NGTPS generally delegates responsibility for the selection of specific bonds, securities and other investments to appointed investment managers. Investment managers are selected based on the required skills, expertise in those markets, process and financial security to manage the investments. Their performance is regularly reviewed against measurable objectives, consistent with the NGTPS’s long–term objectives and accepted risk levels.

The Trustee board believes that ESG factors can be material to financial outcomes and should therefore be considered alongside other factors. They recognise that their primary responsibility remains a fiduciary one, i.e. their first duty is to ensure the best possible return on investments with the appropriate level of risk. However, they also recognise the increasing materiality of ESG factors and that they have a fiduciary and regulatory duty to consider Responsible Investment, including ESG factors and their potential impact on the quality and sustainability of long–term investment returns.

23. Provisions

We make provisions when an obligation exists resulting from a past event, and it is probable that cash will be paid to settle it, but the exact amount of cash required can only be estimated.

The main estimates relate to environmental remediation and decommissioning costs for various sites we own or have owned and other provisions, including restructuring plans. The evaluation of the likelihood of the contingent events has required best judgement by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, the likelihood could alter.

Provisions are recognised where a legal or constructive obligation exists at the reporting date, as a result of a past event, where the amount of the obligation can be reliably estimated and where the outflow of economic benefit is probable.

Provision is made for decommissioning and environmental costs, based on future estimated expenditures, discounted to present values. An initial estimate of decommissioning and environmental costs attributable to property, plant and equipment is recorded as part of the original cost of the related property, plant and equipment.

Changes in the provision arising from revised estimates or discount rates or changes in the expected timing of expenditures that relate to property, plant and equipment are recorded as adjustments to their carrying value and depreciated prospectively over their remaining estimated useful economic lives; otherwise such changes are recognised in the income statement.

Financial statements continued

The unwinding of the discount is included within the income statement within finance costs.

	Decommissioning	Environmental	Emissions	Restructuring	Other	Total Provisions
	£m	£m	£m	£m	£m	£m
At 31 March 2023	15	10	—	—	21	46
Additions	3	27	—	—	7	37
Utilised	(6)	(2)	—	—	(5)	(13)
At 31 March 2024	12	35	—	—	23	70
Additions	—	1	7	2	12	22
Unused amounts reversed	—	—	—	—	(1)	(1)
Utilised	(5)	—	—	—	(3)	(8)
Other movements	—	1	—	—	—	1
At 31 March 2025	7	37	7	2	31	84

	2025	2024
	£m	£m
Current	36	22
Non-current	48	48
Total Provisions	84	70

Decommissioning provision

The decommissioning provision represents expenditure relating to the demolition of gas-holders expected to be incurred until 2026.

Following the sale of the Gas Distribution business in 2016, the Company sold 78 surplus land sites to a number of National Grid Group undertakings and a legal agreement was entered into with the Company to demolish the non-operational gas holders on these sites, creating a constructive obligation for the Company.

The decommissioning provision of £7 million (2024: £12 million) is not discounted, as it is expected to be settled in the near future. In year movements included £5 million utilisation representing work completed on demolition of the gas holders during 2024/25.

Environmental provision

The environmental provision represents the estimated restoration and remediation costs relating to operational sites owned by the Company. Cash flows are expected to be incurred until 2077, with £30 million expected to be incurred in the next 10 years.

A number of estimation uncertainties affect the calculation of the provision, including the impact of regulation, the accuracy of site surveys, unexpected contaminants, transportation costs, the impact of alternative technologies and changes in the real discount rate. This provision incorporates our best estimate of the financial effect of these uncertainties, but future changes in any of the assumptions could impact the calculation of the provision. The undiscounted amount is the undiscounted best estimate of the liability having regard to these uncertainties.

The discounted provision was £37 million (2024: £35 million) which primarily includes in-year additions of £1 million and the balance relates to utilisation and impact of change in discount rate applied from 1.1% in 2023/24 versus 1.4% in 2024/25.

Emissions provision

An amount of £7 million in relation to the expected costs of the UK ETS (Emissions Trading Scheme) was provided for in 2024/25 (included within accruals for 2023/24). This provision is in respect of the obligation to deliver emission allowances, and emission charges are recognised in the income statement in the period in which emissions are made. The obligation is settled when the emissions certificates are surrendered by the end of April.

Restructuring provision

In 2025 the restructuring provision was £2 million, (2024: £nil million).

Other provisions

Other provisions of £31 million at 31 March 2025 includes £15 million relating to Crop and Quarry claims, £10 million in respect of legacy provisions recognised following the sale of the Gas Distribution business (timing of settlement of tax due to HMRC is still on-going, there was no movement in the provision in 2024/25). The remaining amount relates to £4 million decommissioning of the mercury content in meters and £2 million for dilapidations and other small claims.

£12 million additions in-year includes £9 million new Crop and Quarry claims, £2 million new dilapidations and small claims and £1 million further decommissioning of the mercury content in meters. Crop and Quarry provisions arises as a result of the terms of Deed of Easement or Deed of Servitude, whereby we receive claims from landowners for losses suffered due to pipeline developments and the on-going presence of our pipelines, these can be categorised into the loss of minerals, loss of development, loss of crop or drainage issues.

Of the existing claims a view has been taken of the realistic level of claim that is expected to result from negotiated settlements and a provision has been made to reflect this. In 2024/25 the provision increased by £5 million due to £9 million new claims, partly offset by £3 million in year utilisation and £1 million unused amounts reversed.

24. Share capital

Ordinary share capital represents the total number of shares issued.

Share capital is accounted for as an equity instrument. An equity instrument is any contract that includes a residual interest in the consolidated assets of the Company after deducting all its liabilities and is recorded at the proceeds received, net of direct issue costs, with an amount equal to the nominal amount of the shares issued included in the share capital account and the balance recorded in the share premium account.

	Number of shares 2025 millions	Number of shares 2024 millions	Amount 2025 £m	Amount 2024 £m
At 31 March – ordinary shares 1.13p each				
Allotted, called-up and fully paid	3,944	3,944	45	45

In line with the provisions of the Companies Act 2006, the Company has amended its Articles of Association and ceased to have authorised share capital.

25. Other equity reserves

Other equity reserves are different categories of equity as required by accounting standards and represent the impact of a number of our historical transactions.

Other equity reserves comprise the cost of hedging reserve, the capital redemption reserve, cash flow hedge reserve and own credit reserve. The capital redemption reserve arose from the refinancing and restructuring of the Lattice Group in 1999. It represents the amount of the reduction in share capital of the Company as a consequence of that restructuring.

Financial statements continued

Cost of hedging equity reserve arose as a result of the adoption of IFRS 9 on 1 April 2018. Cash flow hedge represents the Group’s cash flow hedging activities (see note 29).

As the amounts included in other equity reserves are not attributable to any of the other classes of equity presented, they have been disclosed as a separate classification of equity.

	Cash flow hedge	Cost of hedging	Own credit	Capital redemption	Other equity
	£m	£m	£m	£m	£m
At 1 April 2024	6	—	—	1,332	1,338
Net gains/(losses) taken to equity	(3)	(2)	—	—	(5)
Transferred (from)/to profit or loss	10	1	—	—	11
Tax	(1)	—	—	—	(1)
At 31 March 2025	12	(1)	—	1,332	1,343

26. Net debt

Net debt represents the amount of cash and financial investments held, less borrowings, overdrafts and related derivatives.

Funding and liquidity risk management is carried out by the treasury function under policies and delegations approved by the Board. The Board is responsible for the regular review and monitoring of treasury activity.

The primary objective of the treasury function is to manage our funding and liquidity requirements. A further important objective is to manage the associated financial risks, in the form of interest rate risk and foreign exchange risk, to within pre-authorised parameters. Details of the main risks arising from our financing activities can be found in note 29 to the consolidated financial statements.

Investment of surplus funds, usually in short-term fixed deposits is subject to our counterparty risk management policy.

Composition of net debt

Net debt is summarised as follows:

	2025	2024
	£m	£m
Cash, cash equivalents (see note 17)	38	25
Financial investments (see note 16)	618	992
Borrowings and bank overdrafts (see note 18)	(4,686)	(4,740)
Financial Derivatives (see note 13)	(13)	4
At 31 March	(4,043)	(3,719)

(a) Reconciliation of net cash flow to movement in net debt

	2025	2024
	£m	£m
Increase/(decrease) in cash and cash equivalents	13	15
Increase/(decrease) in financial investments	(186)	212
(Increase)/decrease in borrowings and related derivatives	107	28
Net interest (received)/paid on the components of net debt	(312)	88
Change in net debt resulting from cash flows	(378)	343
Changes in fair value of financial assets and liabilities and exchange movements	5	(5)
Net interest charge on the components of net debt	55	(82)
Other non-cash movements	(6)	(10)
Movement in net debt (net of related derivative financial instruments) in the year	(324)	246
Net debt (net of related derivative financial instruments) at the start of the year	(3,719)	(3,965)
Net debt (net of related derivative financial instruments) at the end of the year	(4,043)	(3,719)

(b) Analysis of changes in net debt

	Cash and cash equivalents	Financial investments ¹	Borrowings and Bank Overdrafts	Financial derivatives	Total debt
	£m	£m	£m	£m	£m
At 1 April 2023	10	557	(4,565)	33	(3,965)
Cash flow ²	15	182	131	15	343
Fair value gains and losses	—	—	11	(16)	(5)
Foreign exchange movements	—	—	29	(29)	—
Interest income/(charges)	—	253	(336)	1	(82)
Other non-cash movements	—	—	(10)	—	(10)
At 31 March 2024	25	992	(4,740)	4	(3,719)
Net Cash flow from changes in borrowings	13	(186)	107	—	(66)
Cash interest paid/ (Received) on loans	—	(452)	129	11	(312)
Fair value gains and losses	—	—	8	(3)	5
Foreign exchange movements	—	—	12	(12)	—
Interest income/(charges)	—	264	(195)	(14)	55
Other non-cash movements	—	—	(7)	1	(6)
At 31 March 2025	38	618	(4,686)	(13)	(4,043)
Balances at 31 March 2025 comprise:					
Non-current assets	—	—	—	20	20
Current assets	38	618	—	7	663
Current liabilities	—	—	(293)	(18)	(311)
Non-current liabilities	—	—	(4,393)	(22)	(4,415)
At 31 March 2025	38	618	(4,686)	(13)	(4,043)

¹ Changes in the net debt relating to cash and cash equivalent and financial investments has been shown separately and prior year comparatives represented accordingly

² In 2023/24, cashflow from borrowings and loan interest were reported together; in 2024/25, they are disclosed separately for improved presentation

27. Commitments and contingencies

Commitments are those amounts that we are contractually required to pay in the future as long as the other party meets its obligations. These commitments primarily relate to energy purchase agreements and contracts for the purchase of assets which, in many cases, extend over a long period of time. We also disclose any contingencies, which include guarantees that companies have given, where we pledge assets against current obligations that will remain for a specific period.

Future Capital Expenditure

	2025	2024
	£m	£m
Contracted for but not provided	319	219

Other commitments, contingencies and guarantees

The value of other commitments and guarantees at 31 March 2025 amounted to £20 million (2024: £35 million), including energy purchase commitments amounting to £16 million (2024: £11 million). Energy purchase commitments relate to contractual commitments to purchase electricity or gas that are used to satisfy physical delivery requirements to our customers or for energy that we use ourselves (i.e. normal purchase, sale or usage) and hence are accounted for as ordinary purchase contracts.

Security arrangements in favour of NGUKPS Trustees are disclosed separately in note 22.

Litigation and claims

Through the ordinary course of our operations, we are party to various litigation, claims and investigations. We do not expect the ultimate resolution of any of these proceedings to have a material adverse effect on our results of operations, cash flows or financial position and claims

28. Related party transactions

A related party is a company or individual who also has an interest in us. The related parties identified include fellow subsidiaries, joint ventures, associated undertakings, investments and key management personnel.

The following significant transactions with related parties were in the normal course of business. Amounts receivable from and payable to related parties are due on normal commercial terms:

	2025	2024
	£m	£m
Income:		
Goods and services supplied	—	—
Expenditure:		
Services received	47	89
Charges in respect of pensions costs	3	4
Services provided to group companies	1	—
Interest received from parent	(232)	(222)
	(181)	(129)
Capex expenditure:		
Acquisition of new sites	—	10
	(181)	(119)

Outstanding balances at 31 March in respect of income, expenditure and settlement of corporation tax:

Amounts receivable from parent	119	306
Amount receivable from other related parties	2	—
Amounts payable to Group Companies	(12)	(99)

Advances to parent company (due after more than one year) ¹	3,426	3,426
¹ Immediate parent company is National Gas Transmission Holdings Limited (NGTH).		

The final 20% equity stake in GasT TopCo Limited was acquired by Luppiter BidCo Limited from National Grid on 26th September and a new Shareholders’ Agreement is now in place. Following this final acquisition, National Grid and its associated entities are reported as a related party only for the period 1 April 2024 to 30 September 2024 and ceases to be a related party thereafter.

Services received include expenses incurred under the TSA (Transitional Services Agreement) with National Grid Plc, majority of these costs relate to IT.

Amounts receivable from or payable to related parties in respect of sales and expenditure are ordinarily settled one month in arrears. The advance to the parent due after more than one year is interest bearing. Advances to and borrowings from subsidiaries are repayable on demand and bear interest at commercial rates.

No amounts have been provided at 31 March 2025 (2024: £nil) and no expense has been recognised during the year (2024: £nil) in respect of bad or doubtful debts for related party transactions.

Details of guarantees provided in respect of related parties are provided in note 27.

Details of key management compensation are provided in note 4(c).

29. Financial risk management

Our activities expose us to a variety of financial risks including currency risk, interest rate risk, credit risk, capital risk and liquidity risk. Our risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential volatility of financial performance from these risks. We use financial instruments, including derivative financial instruments, to manage these risks.

Risk management related to financing activities is carried out by the treasury department under policies and actions approved by the Board. The objective of the treasury department is to manage funding and liquidity requirements, including managing associated financial risks, in line within Treasury Policy and approvals by the Board.

We have exposure to the following risks, which are described in more detail below:

- credit risk;
- liquidity risk;
- currency risk;
- interest rate risk;
- capital risk;
- inflation risk.

Where appropriate, derivatives and other financial instruments used for hedging currency and interest rate risk exposures are formally designated as fair value, or cash flow hedges as defined in IFRS 9. Hedge accounting allows the timing of the profit or loss impact of qualifying hedging instruments to be recognised in the same reporting period as the corresponding impact of hedged exposures. To qualify for hedge accounting, documentation is prepared specifying the risk management objective and strategy, the component transactions and methodology used for effectiveness measurement.

Hedge accounting relationships are designated in line with risk management activities further described below. Categories designated are:

- currency risk arising from our forecasted foreign currency transactions (capital expenditure) is designated in cash flow hedges;
- currency and interest rate risk arising from borrowings are designated in cash flow or fair value hedges.

Critical terms of hedging instruments and hedged items are transacted to match on a 1:1 ratio by notional values. Hedge ineffectiveness can nonetheless arise from inherent differences between derivatives and non-derivative instruments and other market factors including credit, correlations, supply and demand, and market volatilities. Ineffectiveness is recognised in the remeasurements component of finance income and costs (see note 6). Hedge accounting is discontinued when a hedging relationship no longer qualifies for hedge accounting.

Certain hedging instrument components are now treated separately as costs hedging, with the cost of hedging gains and losses deferred in a component of other equity reserves, and released systematically into profit or loss to correspond with the timing and impact of hedged exposures, or released in full to finance costs upon an early discontinuation of a hedging relationship.

Refer to sections (c) currency risk and (d) interest rate risk below for further details about hedge accounting.

The Company operates under a regulatory environment where its prices are linked to inflation measured by CPIH. In order to mitigate the risks to cash flow and earnings arising from fluctuations in CPIH, the Group holds debt instruments where the principal repayable and interest cost is linked to RPI and the Group holds RPI/CPI swaps to mitigate the risk of divergence between RPI and CPIH.

(a) Credit risk

We are exposed to the risk of loss resulting from counterparties’ default on their commitments including failure to pay or make a delivery on a contract. This risk is inherent in our commercial business activities. Exposure arises from our cash and

cash equivalents, derivative financial instruments, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The maximum limit applies to all transactions, including long-term transactions. The long-term limit applies to transactions which mature in more than 12 months’ time.

At 31 March 2025, we had a number of exposures to individual counterparties. In accordance with our treasury policies, counterparty credit exposure utilisations are monitored daily against the counterparty credit limits. Based on expected credit loss probabilities, management does not expect any significant losses from non-performance by these counterparties.

Wholesale

Our principal commercial exposure in the UK is governed by the credit rules within the Uniform Network Code. These set out the level of credit relative to the RAV for each credit rating. We are committed to measuring, monitoring, minimising and recording counterparty credit risk in our wholesale business. The utilisation of credit limits is regularly monitored and collateral is collected against these accounts when necessary. Management does not expect any significant losses of receivables that have not been provided for as shown in note 15.

Offsetting financial assets and liabilities

The following tables set out financial assets and liabilities which are subject to offset and to enforceable master netting arrangements or similar agreements. The tables show the amounts which are offset and reported net in the statement of financial position. Amounts which cannot be offset under IFRS, but which could be settled net under terms of master netting agreements if certain conditions arise, and with collateral received or pledged, are shown to present National Gas Transmission’s net exposure.

Financial assets and liabilities on different transactions would only be reported net in the balance sheet if the transactions were with the same counterparty, a currently enforceable legal right of offset exists, and the cash flows were intended to be settled on a net basis.

Amounts which do not meet the criteria for offsetting on the statement of financial position, but could be settled net in certain circumstances, principally relate to derivative transactions under ISDA agreements, where each party has the option to settle amounts on a net basis in the event of default of the other party.

For bank account balances and bank overdrafts there are no pooling arrangements and no ‘Gross amounts offset’.

The gross amounts offset for trade payables and receivables, which are subject to general terms and conditions, are insignificant.

Financial statements continued

	Related amounts available to be offset but not offset in statement of financial position					
	Gross carrying amounts	Gross amounts offset	Net amount presented in statement of financial position	Financial instruments	Cash collateral received/pledged	Net amount
As at 31 March 2025	£m	£m	£m	£m	£m	£m
Assets						
Derivative financial instruments	26	—	26	(8)		19
	26	—	26	(8)	—	19
Liabilities						
Derivative financial instruments	(40)	—	(40)	8		(32)
	(40)	—	(40)	8	—	(32)
Total	(14)	—	(14)	—	—	(14)

	Related amounts available to be offset but not offset in statement of financial position					
	Gross carrying amounts	Gross amounts offset	Net amount presented in statement of financial position	Financial instruments	Cash collateral received/pledged	Net amount
As at 31 March 2024	£m	£m	£m	£m	£m	£m
Assets						
Derivative financial instruments	40	—	40	(6)	—	34
	40	—	40	(6)	—	34
Liabilities						
Derivative financial instruments	(36)	—	(36)	6	—	(30)
	(36)	—	(36)	6	—	(30)
Total	4	—	4	—	—	4

(b) Liquidity risk

Our policy is to determine our liquidity requirements by the use of both short-term and long-term cash flow forecasts. These forecasts are supplemented by a financial headroom analysis which is used to assess funding requirements for at least a 24 month period and maintain adequate liquidity for a continuous 12-month period.

We believe our contractual obligations, including those shown in commitments and contingencies in note 27 can be met from existing cash and investments, operating cash flows and internal or external financing that we reasonably expect to be able to secure in the future, together with the use of committed facilities if required.

Our debt agreements and banking facilities contain covenants, including those relating to the periodic and timely provision of financial information by the issuing entity, restrictions on disposals and financial covenants. Failure to comply with these covenants, or to obtain waivers of those requirements, could prevent shareholder distributions, require early repayment of some of our debt, and restrict our ability to draw upon our facilities, and limit access to the capital markets.

The following is a payment profile of our financial liabilities and derivatives:

	Due within 1 year	Due between 1 and 2 years	Due between 2 and 3 years	Due 3 years and beyond	Total
At 31 March 2025	£m	£m	£m	£m	£m
Non-derivative financial liabilities					
Borrowings, excluding finance lease liabilities	(230)	—	(30)	(4,448)	(4,708)
Interest payments on borrowings ¹	(129)	(121)	(123)	(1,007)	(1,380)
Lease liabilities	(7)	(5)	(3)	(2)	(17)
Other non-interest bearing liabilities	(451)	(8)	—	—	(459)
Derivative financial liabilities					
Derivative contracts – receipts ²	51	13	96	207	367
Derivative contracts – payments ²	(85)	(19)	(105)	(251)	(460)
Derivative financial assets					
Derivative contracts – receipts ²	134	22	130	337	623
Derivative contracts – payments ²	(124)	(22)	(130)	(329)	(605)
Total at 31 March 2025	(841)	(140)	(165)	(5,493)	(6,639)

¹ The interest on borrowings is calculated based on borrowings held at 31 March without taking account of future issues. Floating rate interest is estimated using a forward interest rate curve as at 31 March. Payments are included on the basis of the earliest date on which the Company can be required to settle.

² The receipts and payments line items for derivatives comprise gross undiscounted future cash flows, after considering any contractual netting that applies within individual contracts. Where cash receipts and payments within a derivative contract are settled net, and the amount to be received (paid) exceeds the amount to be paid (received), the net amount is presented within derivative receipts (payments)

Financial statements continued

	Due within 1 year £m	Due between 1 and 2 years £m	Due between 2 and 3 years £m	Due 3 years and beyond £m	Total £m
At 31 March 2024	£m	£m	£m	£m	£m
Non-derivative financial liabilities					
Borrowings, excluding finance lease liabilities	(101)	(228)	—	(4,420)	(4,749)
Interest payments on borrowings ¹	(124)	(118)	(111)	(1,101)	(1,454)
Lease liabilities	(5)	(5)	(4)	(3)	(16)
Other non-interest bearing liabilities	(403)	(1)	—	—	(404)
Derivative financial liabilities					
Derivative contract – receipts ²	5	2	2	4	13
Derivative contract – payments ²	(17)	(20)	(2)	(14)	(53)
Derivative financial assets					
Derivative contract – receipts ²	164	173	32	648	1,017
Derivative contract – payments ²	(181)	(173)	(33)	(644)	(1,031)
Total at 31 March 2024	(662)	(370)	(116)	(5,530)	(6,677)

¹ The interest on borrowings is calculated based on borrowings held at 31 March without taking account of future issues. Floating rate interest is estimated using a forward interest rate curve as at 31 March. Payments are included on the basis of the earliest date on which the Company can be required to settle.

² The receipts and payments line items for derivatives comprise gross undiscounted future cash flows, after considering any contractual netting that applies within individual contracts. Where cash receipts and payments within a derivative contract are settled net, and the amount to be received (paid) exceeds the amount to be paid (received), the net amount is presented within derivative receipts (payments)

(c) Currency risk

We are exposed to foreign exchange risk arising from non-sterling future commercial transactions and non-sterling recognised assets and liabilities. Currency risk arises from funding activities and capital investment. This risk is managed using financial instruments including derivatives as approved by policy, typically cross currency interest rate swaps, foreign exchange swaps and forwards.

Funding activities – Our policy is to borrow in the most advantageous market available. Foreign currency funding gives rise to risk of volatility in the amount of functional currency cash to be repaid. This risk is reduced by swapping principal and interest back into the functional currency of the issuer. All foreign currency debt and transactions are hedged except where they provide a natural offset to assets elsewhere in the Group.

Capital investment – Capital projects often incur costs in a foreign currency, most often Euro transactions executed by the Company. Our policy for managing foreign exchange transaction risk is to hedge contractually committed foreign currency cash flows over a prescribed minimum size, typically by buying Euro forwards to hedge future expenditure. For hedges of forecast cash flows our policy is to hedge a proportion of highly probable cash flows.

As at 31 March 2025 and 2024, derivative financial instruments were used to manage foreign currency risk as follows:

	2025				
	Sterling £m	Euro £m	Dollar £m	Other £m	Total £m
Cash and cash equivalents	38	—	—	—	38
Financial investments	618	—	—	—	618
Borrowings	(4,093)	(478)	—	(115)	(4,686)
Pre-derivative position	(3,437)	(478)	—	(115)	(4,030)
Derivative effect	(606)	478	—	115	(13)
Net debt position at 2025	(4,043)	—	—	—	(4,043)
	2024				
	Sterling £m	Euro £m	Dollar £m	Other £m	Total £m
Cash and cash equivalents	25				25
Financial investments	992				992
Borrowings	(4,128)	(488)		(124)	(4,740)
Pre-derivative position	(3,111)	(488)	—	(124)	(3,723)
Derivative effect	(617)	488	9	124	4
Net debt position at 2024	(3,728)	—	9	—	(3,719)

There was no significant currency exposure on other financial instruments, including trade receivables and payables and other receivables and payables.

Hedge accounting for currency risk

Where available, derivatives transacted for hedging are designated for hedge accounting. Economic offset is qualitatively determined because the critical terms (currency and volume) of the hedging instrument match the hedged exposure. If a forecast transaction was no longer expected to occur, the cumulative gain or loss previously reported in equity would be transferred to the income statement.

Cash flow hedging of currency risk of capital expenditure is designated as hedging the exposure to movements in the spot translation rates only; the timing of forecasted transactions is not designated as a hedged risk. Gains and losses on hedging instruments arising from undesignated forward points and foreign currency basis spreads are excluded from designation and are recognised immediately in profit or loss, along with any hedge ineffectiveness. Where a non-financial asset or a non-financial liability results from a forecast transaction or firm commitment being hedged, the amounts deferred in reserves are released directly to the initial measurement of that asset or liability.

Hedges of foreign currency funding are designated as cash flow hedges or fair value hedges of forward exchange risk (hedging both currency and interest rate risk together, where applicable). Hedge accounting for funding is described further in the interest rate risk section below.

(d) Interest rate risk

National Gas Transmission’ interest rate risk arises from our long-term borrowings. Our interest rate risk management policy is to seek to minimise total financing costs (being interest costs and changes in the market value of debt). Hedging instruments principally consist of interest rate and cross-currency swaps that are used to translate foreign currency debt into functional currency and to adjust the proportion of fixed-rate and floating-rate in the borrowings portfolio to within a range set by the Board. The benchmark interest rates hedged are currently based on GBP Sterling Overnight Index Average (SONIA).

Financial statements continued

We also consider inflation risks and hold RPI-linked borrowings that provide a partial economic offset to the inflation risk associated with our CPIH-linked revenue. Since November 2023, we have entered into £1.2bn RPI to CPI swaps maturing by 2031 to partially convert our RPI-linked debt to CPI to more closely match the inflation-linked performance of our debt with the underlying revenue.

The table in note 18 (Borrowings) sets out the carrying amount, by contractual maturity, of borrowings that are exposed to interest rate risk before taking into account interest rate swaps.

As at 31 March 2025 and 2024, net debt was managed using derivative instruments to hedge interest rate risk as follows:

	2025				
	Fixed rate	Floating rate	Inflation linked	Other	Total
	£m	£m	£m	£m	£m
Cash and cash equivalents	—	38	—	—	38
Financial investments	—	618	—	—	618
Borrowings	(2,028)	(213)	(2,445)	—	(4,686)
Pre-derivative position	(2,028)	443	(2,445)	—	(4,030)
Derivative effect	221	(221)	(13)	—	(13)
Net debt position 2025	(1,807)	222	(2,458)	—	(4,043)

	2024				
	Fixed rate	Floating rate	Inflation linked	Other	Total
	£m	£m	£m	£m	£m
Cash and cash equivalents		25			25
Financial investments		992			992
Borrowings	(1,832)	(231)	(2,677)		(4,740)
Pre-derivative position	(1,832)	786	(2,677)	—	(3,723)
Derivative effect	211	(198)	(8)	(1)	4
Net debt position 2024	(1,621)	588	(2,685)	(1)	(3,719)

Hedge accounting for interest rate risk

Borrowings paying variable or floating rates expose the Company to cash flow interest rate risk, partially offset by cash held at variable rates. Where a hedging instrument results in paying a fixed rate, it is designated as a cash flow hedge because it has reduced the cash flow volatility of the hedged borrowing. Changes in the fair value of the derivative are initially recognised in other comprehensive income as gains or losses in the cash flow hedge reserve, with any ineffective portion recognised immediately in the income statement.

Borrowings paying fixed rates expose the Company to fair value interest rate risk. Where the hedging instrument pays a floating rate, it is designated as a fair value hedge because it has reduced the fair value volatility of the borrowing. Changes in the fair value of the derivative and changes in the fair value of the hedged item in relation to the risk being hedged are both adjusted on the balance sheet and offset in the income statement to the extent the fair value hedge is effective, with the residual difference remaining as ineffectiveness.

Both types of hedges are designated as hedging the currency and interest rate risk arising from changes in forward points. Amounts accumulated in the cash flow hedge reserve (cash flow hedges only) and the deferred cost of hedging reserve (both cash flow and fair value hedges) are reclassified from reserves to the income statement on a systematic

basis as hedged interest expense is recognised. Adjustments made to the carrying value of hedged items in fair value hedges are similarly released to the income statement to match the timing of the hedged interest expense.

When hedge accounting is discontinued, any remaining cumulative hedge accounting balances continue to be released to the income statement to match the impact of outstanding hedged items. Any remaining amounts deferred in the cost of hedging reserve are released immediately to the income statement.

The amendments will be applied until the earliest point in time where affected cash flows are amended, the relationship is formally discontinued, and any cash flow hedge reserve balance has been released, or formal market conventions ending uncertainty are published and widely adopted. If amended cash flows do not cause a hedging relationship to be discontinued, then the amendments will cease to be applied only when that relationship is discontinued under IFRS 9.

The IFRS amendments impact fair value and cash flow hedges of interest rate risk and related hedging instruments. The notional values of hedging instruments, for each type of hedging relationship impacted, are shown in the hedge accounting tables in note 29(e). These amounts also correspond to the exposures designated as hedged.

(e) Hedge accounting

In accordance with the requirements of IFRS 7, certain additional information about hedge accounting is disaggregated by risk type and hedge designation type in the tables below:

Year ended 31 March 2025	Fair value hedges of foreign currency and interest rate risk	Cash flow hedges of foreign currency and interest rate risk	Cash flow hedges of foreign currency risk
	£m	£m	£m
Consolidated statement of comprehensive income			
Net gains/(losses) in respect of:			
Cash flow hedges	—	(3)	—
Cost of hedging	(1)	(2)	—
Transferred to profit or loss in respect of:			
Cash flow hedges	—	10	—
Cost of hedging	—	—	—
Consolidated statement of changes in equity			
Other equity reserves – cost of hedging balances	—	—	—
Consolidated statement of financial position			
Derivatives – carrying value of hedging instruments ¹			
Assets – current	6	—	—
Assets – non-current	15	5	—
Liabilities – current	(17)	—	—
Liabilities – non-current	(9)	—	—
Profiles of the significant timing, price and rate information of hedging instruments			
Maturity range	June 2025 – Jan 2030	March 2028 – April 2030	April 2025 – April 2028
Spot FX range			
GBP USD	1.64 – 1.66	n/a	1.21 – 1.30
GBP EUR	n/a	1.14	1.15 – 1.16
Interest rate range			
GBP	Pay-float GBP SONIA +42bps/+432bps	Pay GBP Fixed 1.795% – 5.22%	n/a

¹ The use of derivatives may entail a derivative transaction qualifying for more than one hedge type designation under IFRS 9. Therefore, the derivative amounts in the table above are grossed up by hedge type, whereas they are presented net at an instrument level in the statement of financial position.

Financial statements continued

Year ended 31 March 2024	Fair value hedges of foreign currency and interest rate risk	Cash flow hedges of foreign currency and interest rate risk	Cash flow hedges of foreign currency risk
	£m	£m	£m
Consolidated statement of comprehensive income			
Net losses in respect of:			
Cash flow hedges	—	(2)	—
Cost of hedging	(2)	—	—
Transferred to profit or loss in respect of:			
Cash flow hedges	—	11	—
Cost of hedging	1	—	—
Consolidated statement of changes in equity			
Other equity reserves – cost of hedging balances	(1)	1	—
Consolidated statement of financial position			
Derivatives – carrying value of hedging instruments			
Assets – current	—	—	—
Assets – non-current	29	9	—
Liabilities – current	(8)	—	—
Liabilities – non-current	(18)	—	—
Profiles of the significant timing, price and rate information of hedging instruments			
Maturity range	Jan 2025 – May 2038	Mar 2029 – Apr 2030	Apr 2024 – Apr 2028
Spot FX range			
GBP USD	1.64 – 1.66	n/a	1.21 – 1.23
GBP EUR	n/a	1.14	n/a
Interest rate range			
GBP	Pay-float GBP SONIA +42bps/+432bps	Pay-fixed GBP 1.795% – 4.3%	n/a

The following tables show the effects of hedge accounting on financial position and year-to-date performance for each type of hedge:

(i) Fair value hedges of foreign currency and interest rate risk on recognised borrowings as at 31 March 2025:

At 31 March 2025		Balance of fair value hedge adjustments in borrowings			Change in value used for calculating ineffectiveness	
	Hedging instrument nominal ¹	Continuing hedges	Discontinued hedges	Hedged item	Hedging instrument	Hedge ineffectiveness
Hedge type	£m	£m	£m	£m	£m	£m
Foreign currency and interest rate risk on borrowings	(316)	121	(34)	11	(9)	2

¹ The carrying value of the hedged borrowings is £205 million, of which £Nil million is current and £205 million is non-current.

At 31 March 2024		Balance of fair value hedge adjustments in borrowings		Change in value used for calculating ineffectiveness		
	Hedging instrument nominal ¹	Continuing hedges	Discontinued hedges	Hedged item	Hedging instrument	Hedge ineffectiveness
Hedge type	£m	£m	£m	£m	£m	£m
Foreign currency and interest rate risk on borrowings	(316)	111	(34)	28	(27)	1

¹ The carrying value of the hedged borrowings is £251 million, of which £Nil million is current and £251 million is non-current.

(ii) Cash flow hedges of foreign currency and interest rate risk as at 31 March 2025:

		Balance in cash flow hedge reserve		Change in value used for calculating ineffectiveness		
	Hedging instrument nominal ¹	Continuing hedges	Discontinued hedges	Hedged item	Hedging instrument	Hedge ineffectiveness
Hedge type	£m	£m	£m	£m	£m	£m
Foreign currency and interest rate risk on borrowings	(536)	15	—	4	(3)	1
Foreign currency risk on forecasted cash flows	(21)	—	—	—	—	—

At 31 March 2024		Balance in cash flow hedge reserve		Change in value used for calculating ineffectiveness		
	Hedging instrument nominal	Continuing hedges	Discontinued hedges	Hedged item	Hedging instrument	Hedge ineffectiveness
Hedge type	£m	£m	£m	£m	£m	£m
Foreign currency and interest rate risk on borrowings	(536)	8	—	5	(4)	1
Foreign currency risk on forecasted cash flows	(9)	—	—	—	—	—

(f) Fair value analysis

Included in the statement of financial position are financial instruments which have been measured at fair value. These fair values can be categorised into hierarchy levels that are representative of the inputs used in measuring the fair value. The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used.

	2025				2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Assets								
Derivative financial instruments	—	27	—	27	—	40	—	40
	—	27	—	27	—	40	—	40
Liabilities								
Derivative financial instruments	—	(27)	(13)	(40)	—	(28)	(8)	(36)
Liabilities held at fair value	—	—	—	—	—	—	—	—
	—	(27)	(13)	(40)	—	(28)	(8)	(36)
	—	—	(13)	(13)	—	12	(8)	4

Financial statements continued

Level 1: Financial instruments with quoted prices for identical instruments in active markets.

Level 2 Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are based directly or indirectly on observable market data.

Level 3: Financial instruments valued using valuation techniques where one or more significant inputs are based on unobservable market data.
Our Level 1 financial liability held at fair value is valued using quoted prices from liquid markets.

Our Level 2 derivative financial instruments include cross-currency, interest rate and foreign exchange derivatives. We value these derivatives by discounting all future cash flows by externally sourced market yield curves at the reporting date, taking into account the credit quality of both parties. These derivatives can be priced using liquidly traded interest rate curves and foreign exchange rates, therefore we classify our vanilla trades as Level 2 under the IFRS 13 framework.

Our Level 3 derivative financial instruments comprise index linked swaps. We obtain external values to support the reported valuations.

While there have been significant movements in market indices, all of our financial instruments are traded in markets that continue to be active and therefore, we are satisfied that there has been no significant impact on the fair values of our financial instruments measured at fair value, and that any impact is reflected in the fair values in the table above.

The changes in value of our level 3 derivative financial instruments are as follows:

	Financing derivatives	
	2025	2024
	£m	£m
At 1 April 2024	(8)	—
Net (loss)/gain for the year ¹	(5)	(8)
At 31 March 2025	(13)	(8)

¹ £5 million loss (2024: £8 million loss) is attributable to derivative financial instruments held at the end of the reporting period and has been recognised in finance income and costs in the income statement.

The impacts on a post-tax basis of reasonably possible changes in significant level 3 assumptions are as follows:

	Financing derivatives	
	2025	2024
	£m	£m
–100 basis points change to CPI curve ¹	11	32
+100 basis points change to CPI curve ¹	(11)	(35)
–100 basis points change to RPI curve ¹	(12)	(32)
+100 basis points change to RPI curve ¹	12	34

¹A reasonably possible change in assumption of other level 3 derivative financial instruments is unlikely to result in a material change in fair values.

The impacts disclosed above were considered on a contract by contract basis with the most significant unobservable inputs identified.

(g) Capital Risk Management

The capital structure of the Company consists of shareholders’ equity, as disclosed in the consolidated statement of changes in equity, and net debt (note 26). Our objectives when managing capital are to safeguard our ability to continue as a going concern; to remain within regulatory constraints of our regulated operating company; and to maintain an

efficient mix of debt and equity funding thus achieving an optimal capital structure and cost of capital. We regularly review and manage the capital structure as appropriate in order to achieve these objectives.

Maintaining an appropriate credit rating for the Company, is an important aspect of capital risk management. We also monitor the gearing ratios tracked by rating agencies, loan covenants and Ofgem to manage our balance sheet efficiently.

The Company is subject to certain restrictions on the payment of dividends and these restrictions include:

- a. dividends must be limited to cumulative retained earnings, including pre-acquisition retained earnings;
- b. licence conditions including compliance with credit rating and availability of resources conditions that are subject to alteration in the normal licence review process; and ongoing compliance with the covenants in the financing documents. These covenants include licence, liquidity, interest cover, leverage and credit rating conditions.

These restrictions are not considered to be significantly onerous, nor do we currently expect they will prevent the planned payment of dividends in future in line with our dividend policy.

All the above requirements are monitored on a regular basis in order to ensure compliance. The Group has complied with all externally imposed capital requirements to which it is subject.

30. Sensitivities

In order to give a clearer picture of the impact on our results or financial position of potential changes in significant estimates and assumptions, the following sensitivities are presented. These sensitivities are based on assumptions and conditions prevailing at the year-end and should be used with caution. The effects provided are not necessarily indicative of the actual effects that would be experienced because our actual exposures are constantly changing.

The sensitivities in the tables below show the potential impact in the income statement (and consequential impact on net assets) for a reasonably possible range of different variables each of which have been considered in isolation (i.e. with all other variables remaining constant). There are a number of these sensitivities which are mutually exclusive, and therefore if one were to happen, another would not, meaning a total showing how sensitive our results are to these external factors is not meaningful.

The sensitivities included in the tables below have an equal and opposite effect if the sensitivity increases or decreases by the same amount unless otherwise stated.

(a) Sensitivities on areas of estimation uncertainty

The table below sets out the sensitivity analysis for certain areas of estimation uncertainty set out in note 1E. These estimates are those that have a significant risk of resulting in a material adjustment to the carrying values of assets and liabilities in the next year.

	2025		2024	
	Income statement	Net assets	Income statement	Net assets
	£m	£m	£m	£m
Pensions obligations benefit (pre- tax):				
Discount rate ¹				
Fall of 0.5%	7	(150)	9	(189)
Rise of 0.5%	(7)	139	(9)	172
RPI ²				
Fall of 0.5%	(5)	113	(6)	139
Rise of 0.5%	5	(121)	7	(153)
Long-term rate of increase in salaries				
Fall of 0.5%	(1)	4	—	4
Rise of 0.5%	—	(3)	—	(6)
Change in life expectancy over 65				
1 year decrease	(5)	126	(5)	139
1 year increase	4	(124)	5	(140)

¹ This net asset shows the impact of the change in the discount rate on the liabilities only. A change in the discount rate is likely to occur as a result of changes in bond yields and as such would be expected to be offset to a significant degree by a change in the value of the bond assets held by the plan. The income statement sensitivity in is consistent with the approach taken for the net asset.

² The net assets show the impact of the change in RPI on the liabilities only. The projected impact resulting from a change in RPI reflects the underlying effect on pensions in payment, pensions in deferment and resultant increases in salary assumptions. In practice, as the plan hedges inflation risk we would expect any change in liabilities to be offset to a significant degree by a change in the value of the inflation linked assets held by the plan. The income statement sensitivity is consistent with the approach taken for the net asset.

Sensitivities have been prepared to show how the defined benefit obligations and annual service costs could potentially be impacted by changes in the relevant actuarial assumption that were reasonably possible as at 31 March 2025. In preparing sensitivities the potential impact has been calculated by applying the change to each assumption in isolation and assuming all other assumptions remain unchanged. This is with the exception of RPI where the corresponding change to increases to pensions in payment, increases to pensions in deferment and increases in salary are recognised.

(b) Sensitivities on financial instruments

We are further required to show additional sensitivity analysis under IFRS 7 and these are shown separately in the subsequent table due to the additional assumptions that are made in order to produce meaningful sensitivity disclosures.

Our net debt as presented in note 26 financial instruments is sensitive to changes in market variables, being UK interest rates and the UK RPI. These impact the valuation of our borrowings, deposits and derivative financial instruments. The analysis illustrates the sensitivity of our financial instruments to reasonably possible changes in these market variables.

The following main assumptions were made in calculating the sensitivity analysis for continuing operations:

- the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives portfolio, and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 March 2025 and 2024 respectively;
- the statement of financial position sensitivity to interest rates relates to items presented at their fair values: derivative financial instruments; our investments measured at fair value through profit and loss (FVTPL) and fair value through other comprehensive income; and our liability measured at FVTPL. Further debt and other deposits are carried at amortised cost and so their carrying value does not change as interest rates move;

- the sensitivity of interest to movements in interest rates is calculated on net floating rate exposures on debt, deposits and derivative instruments;
- changes in the carrying value of derivatives from movements in interest rates of designated cash flow hedges are assumed to be recorded fully within equity.

	2025		2024	
	Income statement	Other equity reserves	Income statement	Other equity reserves
	£m	£m	£m	£m
Financial risk (post-tax)				
UK RPI rate change of 1% / (2024: 1%)	18	—	20	—
UK Interest rate changes of 1% / (2024: 1%)	1	17	4	20

Note that this table excludes sensitivities to RPI and CPI for the Index Linked Swaps, which are separately disclosed in note 29 (f) Fair Value Analysis.

Sensitivities have been calculated using 1% change (2024 : 1%) in interest rate and RPI which is more representative of the current market conditions.

Additional sensitivities in respect to our derivative fair values are as follows:

	2025		2024	
	Income statement	Net assets	Income statement	Net assets
	£m	£m	£m	£m
Assets and liabilities carried at fair value (post-tax):				
10% fair value change in derivative financial instruments ¹	1	(1)	—	—

¹ The effect of a 10% change in fair value assumes no hedge accounting.

31. Ultimate parent company

This note shows the immediate and ultimate parent companies for these consolidated financial statements.

National Gas Transmission plc’s immediate parent company is National Gas Transmission Holdings Limited. The ultimate parent company and controlling party is Luppiter Consortium Limited. These companies are incorporated in Great Britain and are registered in England and Wales. The Luppiter Consortium Limited consolidates the financial statements of National Gas Transmission plc. Copies of the consolidated financial statements of Luppiter Consortium Limited may be obtained from the Company Secretary at the registered office at National Grid House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA, UK.

32. Subsidiary undertakings, joint ventures and associates

While we present consolidated results in these financial statements as if we were one company, our legal structure is such that there are a number of different operating and holding companies that contribute to the overall result. This structure has evolved through acquisitions as well as regulatory requirements to have certain activities within separate legal entities.

Subsidiary undertakings

The list below contains all subsidiaries included within the National Gas Transmission plc Group.

Financial statements continued

	Principal activity	Direct/ Indirect	Holding
National Gas Metering Limited	Gas Metering Services	Direct	100%
National Gas Transmission Pension Trustee Ltd	Trustee of occupational pension scheme	Direct	100%
National Gas Transmission Pension Scheme Nominee Company One Limited	Trustee of property assets of the occupational pension scheme	Indirect	100%
National Gas Transmission Pension Scheme Nominee Company Two Limited	Trustee of property assets of the occupational pension scheme	Indirect	100%
Premtech Limited	Provide engineering, consultancy and design management services	Direct	100%

The registered office for all of the companies above, apart from Premtech Limited is National Grid House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA, UK.

Premtech Limited registered office is Cedar House Norman Court, Ivanhoe Business Park, Ashby-De-La-Zouch, England, LE65 2UZ.

Other equity investments

The list below contains all other equity investments included within the National Gas Transmission plc.

	Principal activity	Holding
PRISMA European Capacity Platform GmbH (incorporated in Germany)	Trading platform	12%
Joint Radio Company Limited (incorporated in England and Wales)	Consultancy services	25%
Xoserve Limited (incorporated in England and Wales)	IT systems, management for gas transportation	11%
Encodar Limited (incorporated in England and Wales)	Management of the Uniform Network Code for gas transportation	11%

PRISMA European Capacity Platform GmbH is based at Reichsstraße 1-9, Leipzig, Saxony 04109, Germany.

Joint Radio Company Limited is based at Friars House, Manor House Drive, Coventry, England, CV1 2TE.

Xoserve Limited is based at Lansdowne Gate, 65 New Road, Solihull B91 3DL.

Encodar Limited is based at Radcliffe House, Blenheim Court, Warwick Road, Solihull, B91.

33. Events after the reporting period

There are no material post balance sheet events.

Company financial statements

Company balance sheet

as at 31 March 2025

	Notes	2025 £m	2024 £m
Fixed Assets			
Intangible assets	5	117	114
Property, plant and equipment	6	5,301	5,022
Debtors (amounts falling due after more than one year)	7	3,432	3,431
Derivative financial assets	11	20	40
Investments	8	8	1
Total Fixed Assets		8,878	8,608
Current assets			
Inventories and current intangible assets	9	16	14
Cash and Cash equivalents	13	37	25
Trade and other receivables	10	190	234
Financial and other investments	12	621	992
Derivative financial assets	11	7	—
Pension asset	14	322	312
Total current assets		1,193	1,577
Creditors (amounts falling due within one year)	15	(877)	(905)
Net current assets/(liabilities)		316	672
Total assets less current liabilities		9,194	9,280
Creditors (amounts falling due after more than one year)	16	(4,506)	(4,689)
Provisions for Liabilities	18	(949)	(874)
Net assets		3,739	3,717
Equity			
Share capital	19	45	45
Share premium account		204	204
Retained earnings		2,147	2,130
Other reserves	20	1,343	1,338
Shareholders' equity		3,739	3,717

The Company financial statements set out on pages 140–147 were approved by the Board of Directors and authorised for issue on 17 July 2025. They were signed on its behalf by:

Jon Butterworth
Director
National Gas Transmission plc
Registered number: 02006000

Nick Hooper
Director

Company statement of changes in equity

for the year ended 31 March 2025

	Share capital £m	Share premium account £m	Retained earnings £m	Other reserves £m	Total shareholders' equity £m
At 31 March 2023	45	204	1,941	1,332	3,522
Profit for the year	—	—	615	—	615
Total other comprehensive income for the year	—	—	(89)	6	(83)
Total comprehensive income for the year	—	—	526	6	532
Equity dividends	—	—	(337)	—	(337)
At 31 March 2024	45	204	2,130	1,338	3,717
Profit for the year	—	—	646	—	646
Total other comprehensive income for the year	—	—	(6)	5	(1)
Total comprehensive income for the year	—	—	640	5	645
Equity dividends	—	—	(623)	—	(623)
At 31 March 2025	45	204	2,147	1,343	3,739

The Company is prohibited from declaring a dividend or other distribution unless it has certified that it is in compliance in all material respects with certain regulatory obligations, including a requirement to ensure it has sufficient financial resources and facilities to enable it to carry on its business and a requirement to use all reasonable endeavours to maintain an investment grade credit rating.

The Company has not presented its own profit and loss account and related notes as permitted by section 408 of the Companies Act 2006. The Company's profit after taxation was £646 million (2024: £615 million).

For further details of dividends paid and payable to shareholders, refer to note 8 in the consolidated financial statements.

Notes to company financial statements

1. Company accounting policies

We are required to include the stand-alone balance sheet of our parent Company, National Gas Transmission plc, under the Companies Act 2006. The following disclosures provide additional information to users of these financial statements.

A. Basis of preparation of individual financial statements under FRS101

National Gas Transmission plc’s principal activities involve the transmission of gas in Great Britain. The Company is a public limited company incorporated and domiciled in UK, with its registered office at National Grid House Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.

The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements. Accordingly, the Company has elected to apply FRS 101 Reduced Disclosure Framework. The recognition and measurements requirements of UK-adopted IFRS have therefore been applied within these financial statements, with amendments where necessary in order to comply with the Companies Act 2006.

In accordance with the exemption permitted by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account or statement of comprehensive income.

As permitted by FRS 101, the company has taken advantage of exemptions from the requirements of IFRS in relation to the following elements:

- presentation of a cash flow statement and related notes;
- disclosures in respect of capital management;
- disclosures required by IFRS 13 ‘Fair Value Measurement’;
- disclosures required by IFRS 7 ‘Financial Instruments: Disclosures’;
- presentation of comparative information in respect of certain assets;
- the effect of standards not yet effective; and
- related party transactions.

Where required, equivalent disclosures are given in the Group financial statements of National Gas Transmission plc, which are available to the public and can be obtained as set out in note 31 to the consolidated financial statements.

These individual financial statements of the Company have been prepared on an historical cost basis, except for the revaluation of financial instruments, and are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates. The 2024 comparative financial information has also been prepared on this basis.

The individual financial statements have been prepared on a going concern basis following the assessment made by the Directors as set on page 101.

2. Auditors’ remuneration

Auditors’ remuneration in respect of the Company is set out below:

	2025	2024
	£m	£m
Audit services relating to the Company		
Audit fee	1.3	1.2
Other services	0.1	0.1
Fees payable to the Company’s auditors for audit related assurance services	1.4	1.3

The fees for the company audit are disclosed within the Company financial statements.

Other services relate to services provided by the statutory auditors in connection with raising of debt, and agreed upon procedures required by the regulator. These are approved in line with the Group non audit service policy.

3. Number of employees, including Directors

	2025	2024
	Monthly Average	Monthly average
	number	number
Gas Transmission	1,940	1,580

4. Key management compensation and Directors’ emoluments

Key management comprises the Board of Directors of the Company who have managerial responsibility for National Gas Transmission plc. Details of key management personnel compensation are provided in note 4(c) to the consolidated financial statements.

Details of Directors’ emoluments are provided in note 4(d) to the consolidated financial statements.

5. Intangible assets

	Software	Assets in the course of construction	Total
	£m	£m	£m
Cost at 1 April 2023	465	1	466
Additions	—	54	54
Reclassifications ¹	1	(1)	—
Cost at 31 March 2024	466	54	520
Additions	—	58	58
Disposals	(11)	—	(11)
Reclassifications ¹	38	(38)	—
Cost at 31 March 2025	493	74	567
Accumulated amortisation at 31 March 2023	(353)	—	(353)
Amortisation charge for the year	(53)	—	(53)
Accumulated amortisation at 31 March 2024	(406)	—	(406)
Amortisation charge for the year	(56)	—	(56)
Disposals	11	—	11
Impairment	1	—	1
Accumulated amortisation at 31 March 2025	(450)	—	(450)
Net book value at 31 March 2025	43	74	117
Net book value at 31 March 2024	60	54	114

¹ Reclassifications represent commissioning of assets from assets under construction into usage.

6. Property, plant and equipment

	Land and buildings	Plant and machinery	Assets in the course of construction	Motor vehicles and office equipment	Total
	£m	£m	£m	£m	£m
Cost at 1 April 2023	330	7,951	707	290	9,278
Additions	1	2	410	6	419
Disposals	(2)	(47)	—	(2)	(51)
Reclassifications ¹	12	72	(86)	2	—
Other	10	—	—	—	10
Cost at 1 April 2024	351	7,978	1,031	296	9,656
Additions	—	5	503	7	515
Disposals	(1)	(36)	(28)	(2)	(67)
Reclassifications ¹	—	182	(184)	2	—
Other	3	—	—	—	3
Cost at 31 March 2025	353	8,129	1,322	303	10,107
Accumulated depreciation at 1 April 2023	(208)	(4,055)	(3)	(236)	(4,502)
Depreciation charge for the year	(6)	(146)	—	(16)	(168)
Disposals	4	28	—	2	34
Impairment reversal / (Impairment)	—	3	(2)	—	1
Accumulated depreciation at 1 April 2024	(210)	(4,170)	(5)	(250)	(4,635)
Depreciation charge for the year	(7)	(168)	—	(19)	(194)
Disposals	—	20	—	2	22
Impairment reversal / (Impairment)	—	1	—	—	1
Accumulated depreciation at 31 March 2025	(217)	(4,317)	(5)	(267)	(4,806)
Net book value at 31 March 2025	136	3,812	1,317	36	5,301
Net book value at 31 March 2024	141	3,808	1,026	46	5,022

¹ Reclassifications represent commissioning of assets from assets under construction into usage.

The net book value of land and buildings comprised:

	2025	2024
	£m	£m
Freehold	128	131
Short leasehold (under 50 years)	7	10
At 31 March 2025	136	141

Right-of-use assets

National Gas Transmission plc leases various properties, equipment and cars. With effect from 1 April 2019, new lease arrangements entered into are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. The right-of-use asset and associated lease liability arising from a lease are initially measured at the present value of the lease payments expected over the lease term, plus any other costs. The discount rate applied is the rate implicit in the lease or if that is not available, then the incremental rate of borrowing for a

Notes to company financial statements continued

similar term and similar security. The lease term takes account of exercising any extension options that are at our option if we are reasonably certain to exercise the option and any lease termination options unless we are reasonably certain not to exercise the option. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period using the effective interest rate method. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as computers), National Gas Transmission plc continues to recognise a lease expense on a straight-line basis.

The table below shows the movements in the net book value of right-of-use assets included within property, plant and equipment at 31 March 2025 and 31 March 2024, split by category.

	Land and buildings	Motor vehicles and office equipment	Total
	£m	£m	£m
Net book value at 31 March 2023	11	2	13
Additions	1	6	7
Disposals	(3)	(2)	(5)
Depreciation charge for the year	(3)	(3)	(6)
Depreciation on Disposals	4	2	6
Net book value at 31 March 2024	10	5	15
Additions	—	7	7
Disposals	(1)	(2)	(3)
Depreciation charge for the year	(2)	(3)	(5)
Depreciation on Disposals	—	1	1
Net book value at 31 March 2025	7	8	15

The following balances have been included in the income statement for the year ended 31 March 2025 in respect of right-of-use assets:

	2025	2024
	£m	£m
Included within net finance income and costs:		
Interest expense on lease liabilities	(1)	(1)
Included within revenue:		
Lease income ¹	4	3

¹ Relates to income under IFRS16

The associated lease liabilities are disclosed in note 17.

7. Debtors (amounts falling due after more than one year)

	2025	2024
	£m	£m
Loans and receivables – amounts owed by parent undertaking ¹	3,426	3,426
Prepayments	6	5
At 31 March	3,432	3,431

¹ Amounts owed by immediate parent, National Gas Transmission Holdings Limited (NGTH), repayable 1 April 2035. Interest is payable at the SONIA plus 1.22%.

8. Investments

	2025	2024
	£m	£m
Shares in subsidiary undertakings	8	1

The names of the subsidiary undertakings and joint ventures are included in note 32 to the consolidated financial statements.

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

9. Inventories and current intangible assets

	2025	2024
	£m	£m
Raw materials and consumables	9	11
Other current assets – emission allowances	7	3
At 31 March	16	14

There is a provision for obsolescence of £Nil million against inventories as at 31 March 2025 (2024: £1 million).

10. Debtors (amounts falling due within one year)

	2025	2024
	£m	£m
Accrued income	145	147
Amounts owed by National Gas Group Companies	1	1
Trade receivables	21	63
Prepayments	16	15
Other receivables	7	8
At 31 March	190	234

The carrying values stated above are considered to represent the fair values of the assets.

Notes to company financial statements continued

11. Derivative financial instruments

The fair values of derivative financial instruments are:

	2025			2024		
	Assets	Liabilities	Total	Assets	Liabilities	Total
	£m	£m	£m	£m	£m	£m
Amounts falling due within one year	7	(18)	(11)	—	(8)	(8)
Amounts falling due after more than one year	20	(22)	(2)	40	(28)	12
At 31 March	27	(40)	(13)	40	(36)	4

For each class of derivative the notional contract amounts are as follows:

	2025	2024
	£m	£m
Interest rate swaps	(274)	(274)
Cross-currency interest rate swaps	(616)	(616)
Foreign exchange forward contracts ¹	(26)	(15)
Inflation linked swaps	(1,200)	(700)
At 31 March	(2,116)	(1,605)

¹ The notional contract amounts of derivatives indicate the gross nominal value of transactions outstanding at the balance sheet date.

.For details on fair value techniques and assumptions, refer to note 29 to the consolidated financial statements.

12. Financial assets and other investments

	2025	2024
	£m	£m
Amounts due from other group companies	122	306
Financial Investments	499	686
At 31 March	621	992

2024/25 balance includes restricted cash of £1 million (2023/24: £4 million).

13. Cash and Cash equivalents

Cash and cash equivalents include cash balances, together with short-term investments with an original maturity of less than three months that are readily convertible to cash.

	2025	2024
	£m	£m
Net cash and cash equivalents	37	25

14. Pensions

National Gas Transmission’s employees are members of either Section B of NGUKPS, a DB pension scheme, or the Gas Transmission & Metering Retirement Plan (GTMRP), a DC plan, which acts as the qualifying plan for automatic enrolment of new hires.

Further details of Section B of NGUKPS and the actuarial assumptions used to value the associated assets and pension obligations are provided in note 22 to the consolidated financial statements.

Amounts recognised in the Company balance sheet

	2025	2024
	£m	£m
Present value of funded obligations	(3,224)	(3,599)
Fair value of scheme assets	3,546	3,911
Net defined benefit pension asset	322	312

Changes in the present value of defined benefit obligations		
Opening defined benefit obligations	(3,599)	(3,690)
Current service cost	(3)	(3)
Interest cost	(182)	(180)
Actuarial losses – experience	(6)	(39)
Actuarial gains/(losses) – demographic assumptions	5	(7)
Actuarial gains/(losses) – financial assumptions	301	73
Benefits paid	260	247
Closing defined benefit obligations	(3,224)	(3,599)
Changes in the fair value of scheme assets		
Opening fair value of scheme assets	3,911	4,102
Interest income	199	201
Return on assets greater than assumed	(308)	(147)
Administration costs	(4)	(6)
Employer contributions	8	8
Benefits paid	(260)	(247)
Closing fair value of scheme assets	3,546	3,911

15. Creditors (amounts falling due within one year)

	2025	2024
	£m	£m
Derivative financial instruments (note 11)	18	8
Borrowings (note 17)	330	254
Trade creditors	166	138
Amounts owed to National Gas Group undertakings	17	150
Corporation tax	17	11
Other taxation and social security	25	43
Other creditors ¹	201	214
Deferred income and accruals	103	87
Total Creditors (amounts falling due within one year)	877	905

¹ Other creditors includes £116 million relating to deposits from Shippers which are held as security and £43 million relating to contract liabilities.

Due to their short maturities, the fair value of trade and other payables approximates their carrying value.

16. Creditors (amounts falling due after more than one year)

	2025	2024
	£m	£m
Derivative financial instruments (note 11)	22	28
Borrowings (note 17)	4,392	4,569
Other creditors	7	1
Contract liabilities	85	91
Total Creditors (amounts falling due after more than one year)	4,506	4,689

17. Borrowings

The following table analyses the Company’s total borrowings:

	2025	2024
	£m	£m
Amounts falling due within one year:		
Bank loans and overdrafts	213	2
Bonds	72	144
Lease liabilities	7	5
Borrowings from National Gas Group undertakings	37	102
Other loans	1	1
Total borrowings falling due within one year	330	254
Amounts falling due after more than one year:		
Bank loans	—	211
Bonds	4,296	4,251
Lease liabilities	8	10
Other loans	88	97
Total borrowings falling due after one year	4,392	4,569
Total borrowings	4,722	4,823

Total borrowings are repayable as follows:

Less than 1 year	330	254
In 1 – 2 years	5	230
In 2 – 3 years	28	4
In 3 – 4 years	97	28
In 4 – 5 years	43	101
More than 5 years by instalments	52	54
More than 5 years, other than by instalments	4,167	4,153
At 31 March 2025	4,722	4,823

The notional amount outstanding of the Company’s debt portfolio at 31 March 2025 was £4,762 million (2024: £4,849 million).

None of the Company’s borrowings are secured by charges over assets of the Company.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments expected over the lease term. The discount rate applied is the rate implicit in the lease or if that is not available, then the incremental rate of borrowing for a similar term and similar security. The lease term takes account of exercising any extension options that are at our option if we are reasonably certain to exercise the option and any lease termination options unless we are reasonably certain not to exercise the option. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period using the effective interest rate method.

	2025	2024
	£m	£m
Gross lease liabilities are repayables as follows:		
Less than 1 year	7	5
1 to 5 years	9	10
More than 5 years	—	1
	16	16
Less: finance charges allocated to future periods	(1)	(1)
	15	15

The present value of lease liabilities are as follows:

Less than 1 year	7	5
1 to 5 years	8	9
More than 5 years	—	1
	15	15

18. Provisions for liabilities

	Decommissioning	Environmental	Emissions	Restructuring	Deferred taxation	Other	Total provisions
	£m	£m	£m	£m	£m	£m	£m
At 31 March 2023	15	10	—	—	751	19	795
Additions	3	27	—	—	54	7	91
Utilised	(6)	(2)	—	—	—	(4)	(12)
At 31 March 2024	12	35	—	—	805	22	874
Additions	—	1	7	2	60	12	82
Unused amounts reversed	—	—	—	—	—	(1)	(1)
Utilised	(5)	—	—	—	—	(2)	(7)
Other movements	—	1	—	—	—	—	1
At 31 March 2025	7	37	7	2	865	31	949

	2025	2024
	£m	£m
Current	33	22
Non-current	916	852
Total balance	949	874

Notes to company financial statements continued

Decommissioning provision

The decommissioning provision represents expenditure relating to the demolition of gas-holders expected to be incurred until 2026.

Following the sale of the Gas Distribution business in 2016, the Company sold 78 surplus land sites to a number of National Grid Group undertakings and a legal agreement was entered into with the Company to demolish the non-operational gas holders on these sites, creating a constructive obligation for the Company.

The decommissioning provision of £7 million (2024: £12 million) is not discounted, as it is expected to be settled in the near future. In year movements included £5 million utilisation representing work completed on demolition of the gas holders during 2024/25.

Environmental provision

The environmental provision represents the estimated restoration and remediation costs relating to operational sites owned by the Company. Cash flows are expected to be incurred until 2077, with £30 million expected to be incurred in the next 10 years.

A number of estimation uncertainties affect the calculation of the provision, including the impact of regulation, the accuracy of site surveys, unexpected contaminants, transportation costs, the impact of alternative technologies and changes in the real discount rate. This provision incorporates our best estimate of the financial effect of these uncertainties, but future changes in any of the assumptions could impact the calculation of the provision. The undiscounted amount is the undiscounted best estimate of the liability having regard to these uncertainties.

The discounted provision was £37 million (2024: £35 million) which primarily includes in-year additions of £1 million and the balance relates to utilisation and impact of change in discount rate applied from 1.1% in 2023/24 versus 1.4% in 2024/25.

Emissions provision

An amount of £7 million in relation to the expected costs of the UK ETS (Emissions Trading Scheme) was provided for in 2024/25 (included within accruals for 2023/24). This provision is in respect of the obligation to deliver emission allowances, and emission charges are recognised in the income statement in the period in which emissions are made. The obligation is settled when the emissions certificates are surrendered by the end of April.

Restructuring provision

In 2025 the restructuring provision was £2 million, (2024: £nil million).

Other provisions

Other provisions of £31 million at 31 March 2025 includes £15 million relating to Crop and Quarry claims, £10 million in respect of legacy provisions recognised following the sale of the Gas Distribution business (timing of settlement of tax due to HMRC is still on-going, there was no movement in the provision in 2024/25). The remaining amount relates to £4 million decommissioning of the mercury content in meters and £2 million for dilapidations and other small claims.

£12 million additions in-year includes £9 million new Crop and Quarry claims, £2 million new dilapidations and small claims and £1 million further decommissioning of the mercury content in meters.

Crop and Quarry provisions arises as a result of the terms of Deed of Easement or Deed of Servitude, whereby we receive claims from landowners for losses suffered due to pipeline developments and the on-going presence of our pipelines, these can be categorised into the loss of minerals, loss of development, loss of crop or drainage issues.

Of the existing claims a view has been taken of the realistic level of claim that is expected to result from negotiated settlements and a provision has been made to reflect this. In 2024/25 the provision increased by £5 million due to £9 million new claims, partly offset by £3 million in year utilisation and £1 million unused amounts reversed.

Deferred tax

Deferred taxation comprises:

	2025	2024
	£m	£m
Accelerated capital allowances	785	726
Pension	80	78
Other timing differences	—	1
Total Deferred tax	865	805

19. Share capital

	Number of shares	Number of shares		
	2025 millions	2024 millions	2025 £m	2024 £m
At 31 March – ordinary shares 1.13p each				
Allotted, called-up and fully paid	3,944	3,944	45	45

20. Other equity reserves

	Capital Redemption	Own credit	Cash flow hedge	Cost of hedging	Total
	£m	£m	£m	£m	£m
At 31 March 2024	1,332	—	6	—	1,338
Transferred to reserves	—	—	7	(1)	6
Tax	—	—	(1)	—	(1)
At 31 March 2025	1,332	—	12	(1)	1,343

Other reserves comprise the capital reserve, own credit reserve and the cost of hedging reserve. The capital redemption reserve arising from the refinancing and restructuring of the Lattice Group in 1999 represents the amount of the reduction in the share capital of the Company as a consequence of that restructuring.

As the amounts included in other reserves are not attributable to any of the other classes of equity presented, they have been disclosed as a separate classification of equity.

21. Capital and other commitments

Commitments are those amounts that we are contractually required to pay in the future as long as the other party meets its obligations.

These commitments primarily relate to energy purchase agreements and contracts for the purchase of assets which, in many cases, extend over a long period of time. Commitments previously included operating lease commitments but on transition to IFRS 16, which was effective from 1 April 2019, substantially all lease commitments are included on the balance sheet as right-of-use assets (see note 6) and lease liabilities (see note 17). Therefore, only low-value leases and short-term leases are off-balance sheet commitments, both of which are immaterial. We also disclose any contingencies, which include guarantees that companies have given, where we pledge assets against current obligations that will remain for a specific period.

Notes to company financial statements continued

(a) Future capital expenditure

	2025	2024
	£m	£m
Contracted for but not provided	318	219

(b) Operating lease commitments

The Company had no future lease payments under non-cancellable operating leases in the current or prior financial years.

22. Contingent liabilities

(a) Other commitments, contingencies and guarantees

The value of other commitments and guarantees at 31 March 2025 amounted to £20 million (2024: £35 million), including energy purchase commitments amounting to £16 million (2024: £11 million). Energy purchase commitments relate to contractual commitments to purchase electricity or gas that are used to satisfy physical delivery requirements to our customers or for energy that we use ourselves (i.e. normal purchase, sale or usage) and hence are accounted for as ordinary purchase contracts.

Security arrangements in favour of NGUKPS Trustees are disclosed separately in note 22 to the consolidated financial statements.

(b) Parent Company loan guarantees on behalf of subsidiaries

The Company has guaranteed the repayment of principal sums, any associated premium and interest on specific loans due from its subsidiaries to third parties. At 31 March 2025, the sterling equivalent amounted to £nil (2024: £nil million).

(c) Litigation and claims

Through the ordinary course of our operations, we are party to various litigation, claims and investigations. We do not expect the ultimate resolution of any of these proceedings to have a material adverse effect on our results of operations, cash flows or financial position and claims.

23. Related parties

The Company is exempt under FRS 101.8(k) from disclosing transactions with Luppiter Consortium Limited and its subsidiary undertakings where all of the voting rights are held within the group.

Other related party transactions are disclosed below;.

	2025	2024
	£m	£m
Services received	47	89
Acquisition of new sites	—	10
Amounts receivable at 31 March	1	—
Amounts payable at 31 March	—	12

Following this final acquisition, National Grid and its associated entities are reported as a related party only for the period 1 April 2024 to 30 September 2024 and ceases to be a related party thereafter.

Glossary and definitions

CAF
The National Cyber Security Centre's Cyber Assessment Framework
CCC
Climate Change Committee
CCS
Carbon capture storage
CCUS
Carbon Capture, Utilisation, and Storage
CFD
Climate-related Financial Disclosures
Company
References to National Gas, the 'Company', 'we', 'our', and 'us', refer to National Gas Transmission plc itself or to National Gas Transmission plc and its subsidiaries collectively, depending on context.
Consumer
Domestic or industrial users of gas, who don't directly connect to our infrastructure but indirectly benefit from it, including schools, homeowners and businesses.
CP30
Clean Power 2030
CPI
UK Consumer Price Index
Customer
Those directly connected to our infrastructure, including shippers, producers, importers and exporters, the gas distribution networks, transportation hubs, gas terminals, interconnectors, storage providers, heat providers., heavy industry and power generators.
DEI
Diversity, equity and inclusion
DESNZ
Department for Energy Security & Net Zero
EAP
The environmental action plan included in each RIIO regulatory regime

ESG
Environmental, Social and Governance – the areas used to measure a business's impact on the environment, society, and how transparent and accountable it is
EU
European Union
FEED
Front End Engineering Design
FRS
UK Financial Reporting Standard
GAAP
Generally accepted accounting principles
GDN
Gas Distribution Network
GHG
Greenhouse Gas
Group
The Group consists of National Gas Transmission plc, National Gas Metering Limited, Premtec Limited, Premzero Limited, National Gas Transmission Pension Trustee Limited, National Gas Transmission Pension Scheme Nominee Company One Limited, National Gas Transmission Pension Scheme Nominee Company Two Limited, National Gas Transmission Holdings Limited, GasT MidCo Limited, GasT PledgeCo Limited, GasT TopCo Limited, Luppiter BidCo Limited and Luppiter Consortium Limited (ultimate parent Company).
GW
Gigawatt, 10 ⁹ watts
GWh
Gigawatt hours
HSE
Health and Safety Executive
IAS
International Accounting Standard

IASB
International Accounting Standards Board
IFRIC
International Financial Reporting Standard Interpretations Committee
IFRS
International Financial Reporting Standard
KPI
Key Performance Indicators
LNG
Liquefied natural gas
Lost time injury frequency rate (LTIFR)
A key safety performance metric that measures the number of lost time injuries (LTIs) relative to the total hours worked. This report references both 100,000 and 1,000,000 hours as standard comparators for calculating and benchmarking LTIFR.
NCC
National Gas' National Control Centre
NESO
National Energy System Operator
NISTA
The National Infrastructure and Service Transformation Authority (former National Infrastructure Commission and the Infrastructure and Projects Authority).
NTS
National Transmission System – the network of pipes that transports gas around Great Britain
Ofgem
The Office of Gas and Electricity Markets which regulates the energy markets in the UK.
Other regulated assets
Other regulated assets relates to regulatory revenue timing differences. These are costs that are either due to National Gas Transmission or owed to customers and arise due to timing (for example shrinkage, under or over recovery and passthrough costs). Regulatory Revenue differences arise from the difference between allowed revenue and collected

revenue, pass through costs allowances and actual pass through costs, incentives allowances and incentives earned and CPIH indexation forecast in our allowed revenue versus actual indexation in year. These amounts are then trued up between National Gas Transmission and the Regulator.
Regulated controllable operating costs
Total operating costs under IFRS less depreciation and certain regulatory costs where, under our regulatory agreements, mechanism are in place to recover such costs in current or future periods.
Regulatory asset value (RAV)
The RAV is a regulatory construct that reflects a company's historical investment, adjusted for inflation (currently CPIH). The RAV is calculated by summing an estimate of the initial market value of each company's regulated asset base at privatisation and all subsequent allowed additions to it at historical cost and deducting annual depreciation amounts.
RIIO
Revenue = Incentives + Innovation + Outputs and is the regulatory regime which sets out the Company's expenditure allowances, incentives and consumer outcomes for each regulatory period.
RIIO-T1
Regulatory period from 1 April 2013 until 31 March 2021
RIIO-T2
Regulatory period from 1 April 2021 until 31 March 2026
RIIO-GT3
Regulatory period from 1 April 2026 until 31 March 2031
RoE
A performance metric measuring returns from the investment of shareholders' funds. It is a financial ratio of a measure of earnings divided by an equity base. UK regulated return on equity is a measure of how a business is performing operationally against the assumptions used by Ofgem. These returns are calculated using the assumption that the businesses are financed in line with the regulatory adjudicated capital structure, at the assumed cost of debt and that UK taxation paid is at the level assumed by Ofgem.
RPI
UK Retail Prices Index
Stakeholder
Those with a direct and vested interest in National Gas Transmission, for example the UK government, devolved government, non-governmental

Glossary and definitions continued

organisations, regulators, charities, consumer bodies, trade associations and landowners.

STEM

Science, Technology, Engineering & Mathematics

TCFD

Taskforce on Climate-related Financial Disclosures

Timing over/(under) recoveries

In calculating profit, we exclude regulatory revenue timing over- and under-recoveries. The revenues we are allowed to collect each year are governed by regulatory price control. Once our allowed revenues are set, we calculate the prices we charge our customers based on the estimated volume of energy we expect will be delivered during the coming period. The variances between allowed and collected revenues and timing of revenue collections for pass-through costs give rise to ‘timing’ over and under-recoveries.

tonnes CO₂ equivalent

Measure of greenhouse gas emissions in relation to the impact of carbon dioxide.

TW

Terawatt, 10¹² watts

TWh

Terawatt hours