



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

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







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**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

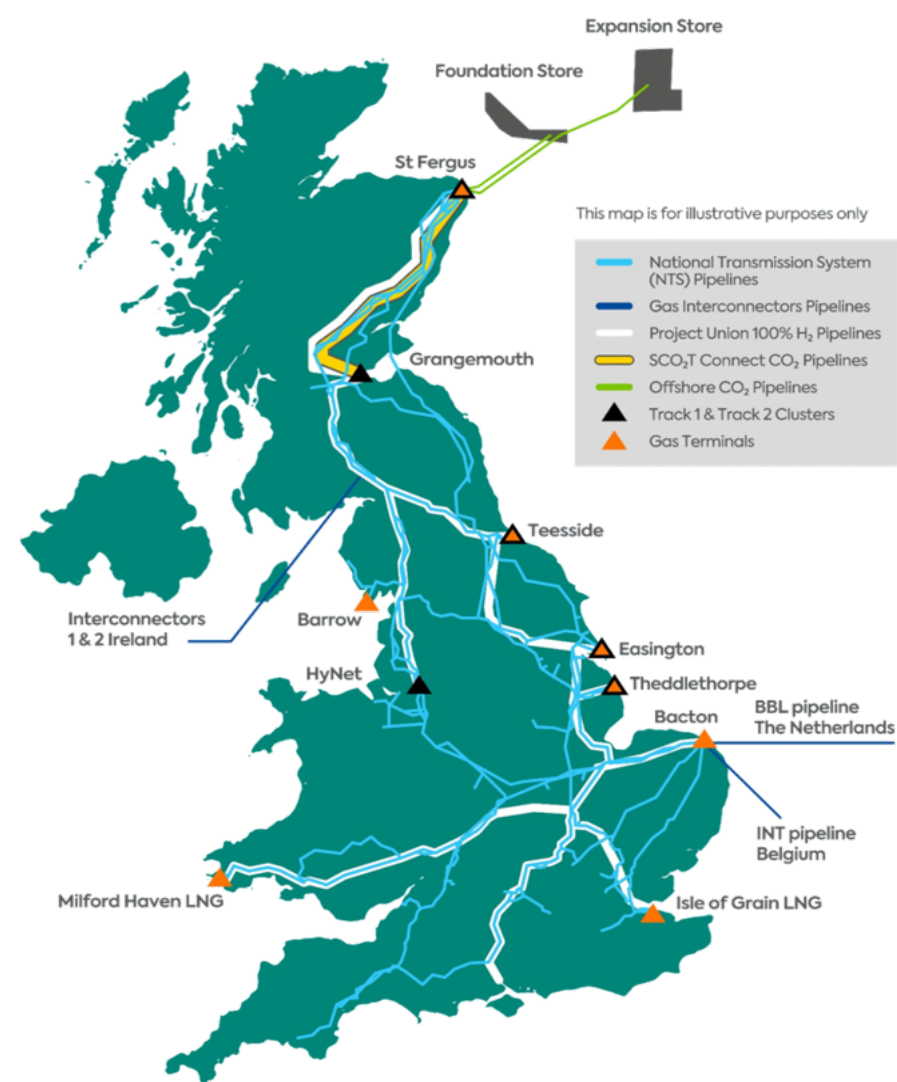
-  [Read more: Our business at a glance →](#)
-  [Read more: Financial statements →](#)

# Strategic report

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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 SCO<sub>2</sub>T 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

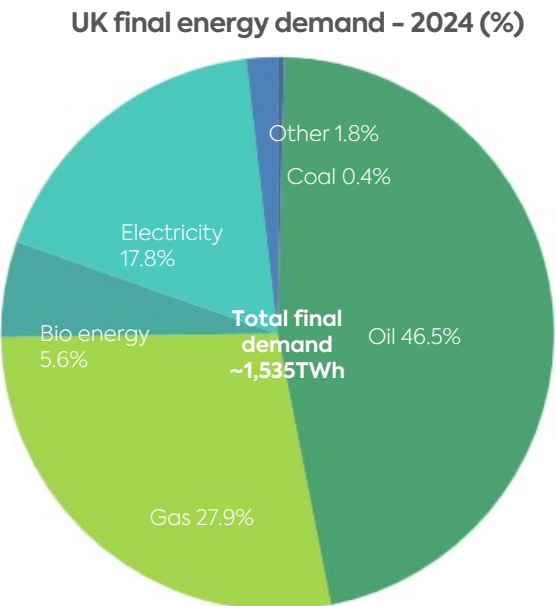
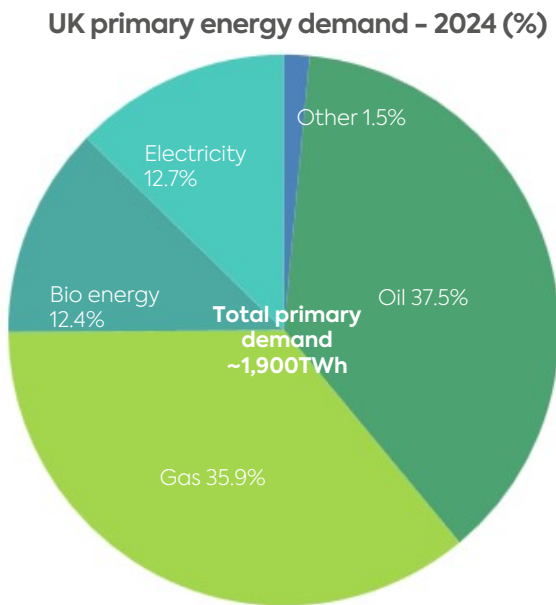


Almost every gas molecule consumed in our country passes through our network – we transport it safely.

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 blackout<sup>1</sup>.

Gas share in GB’s total energy use<sup>2</sup>



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.

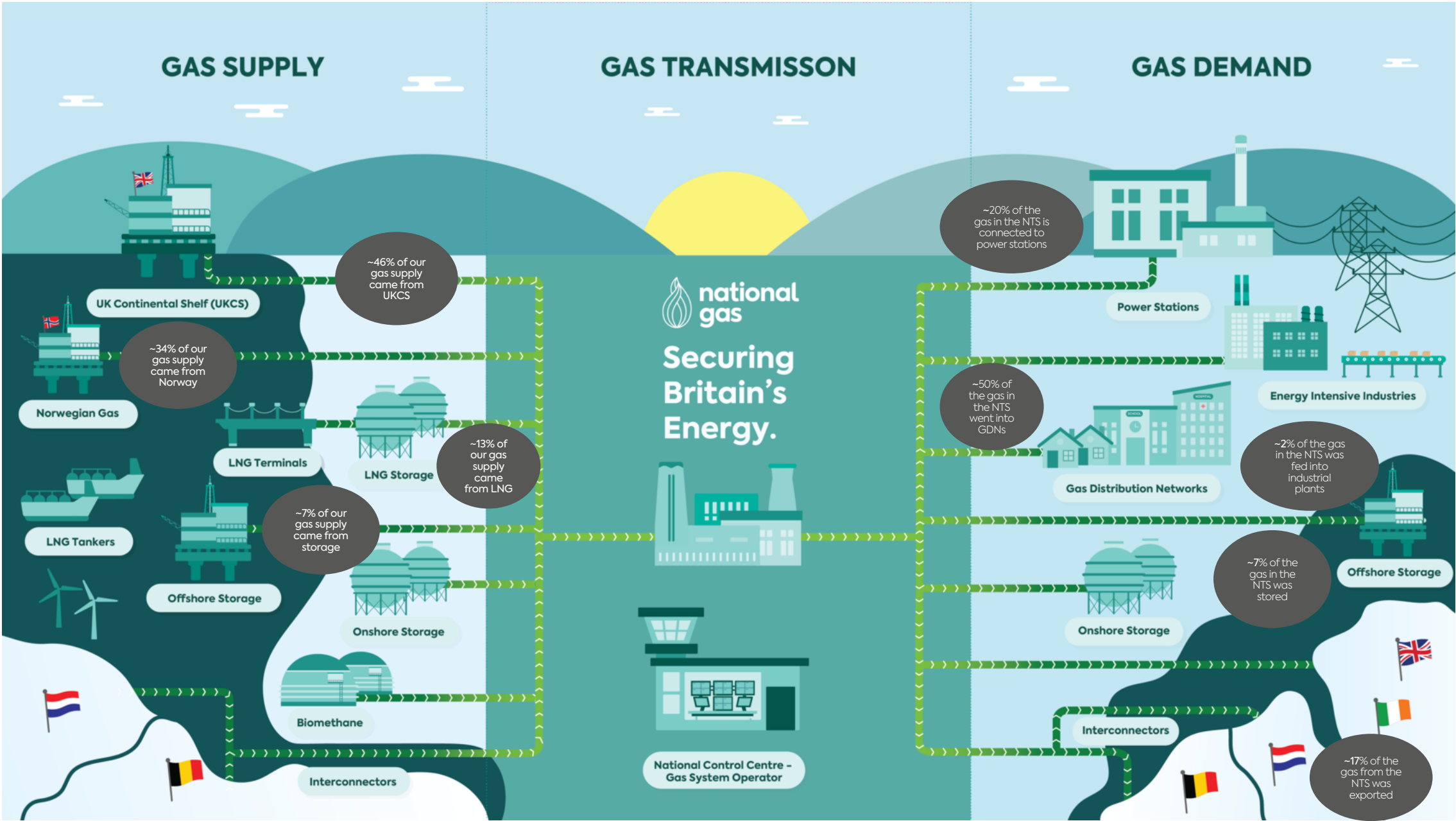
<sup>1</sup> National Grid ESO data for 2024, National Gas Transmission analysis  
<sup>2</sup> Source: Energy trends (DESNZ), Wood MacKenzie (2024 data)



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

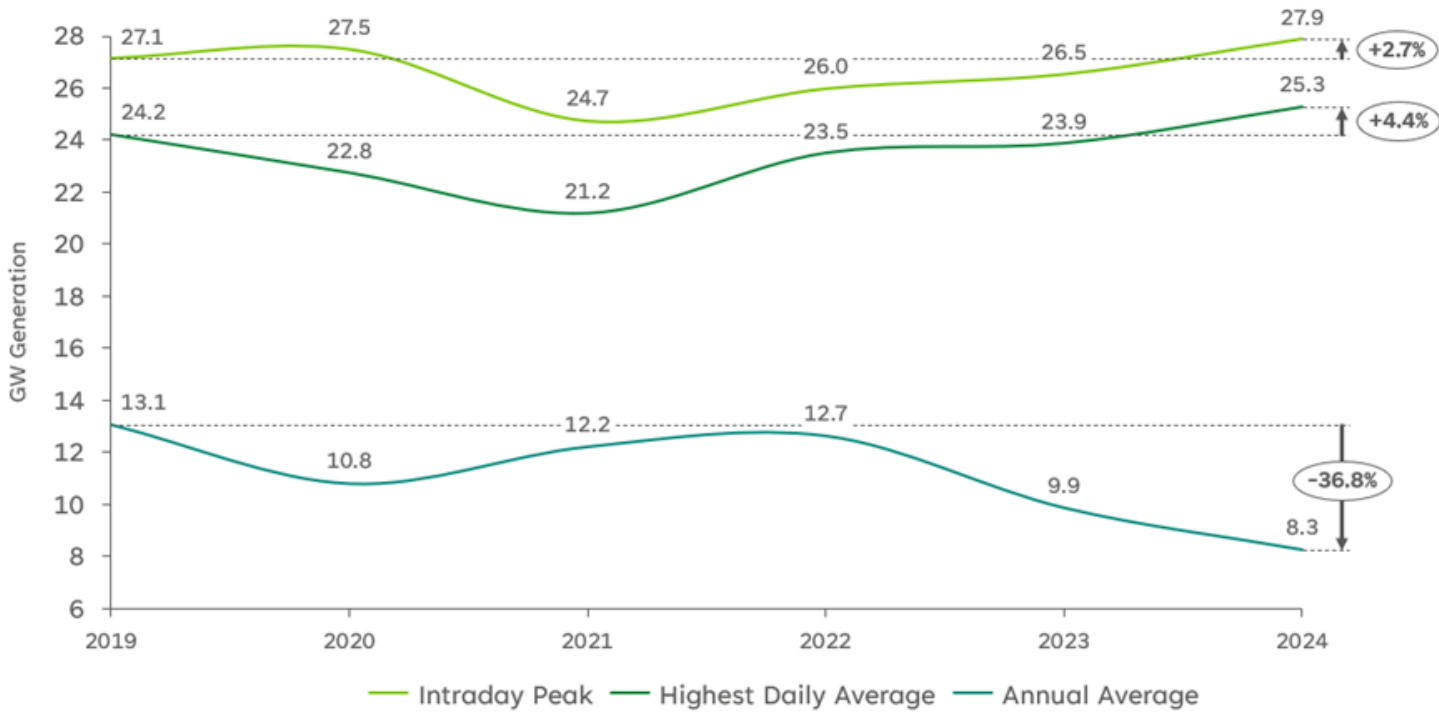
The role of gas in the GB power system has evolved in the past from providing a peaking role to supplement nuclear and coal-fired generation during the 1990s, to becoming more of a baseload supply source from 2010 onwards. It is now transitioning to play a critical back-up role in a GB power system increasingly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

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### Strategic objective 2

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## 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.

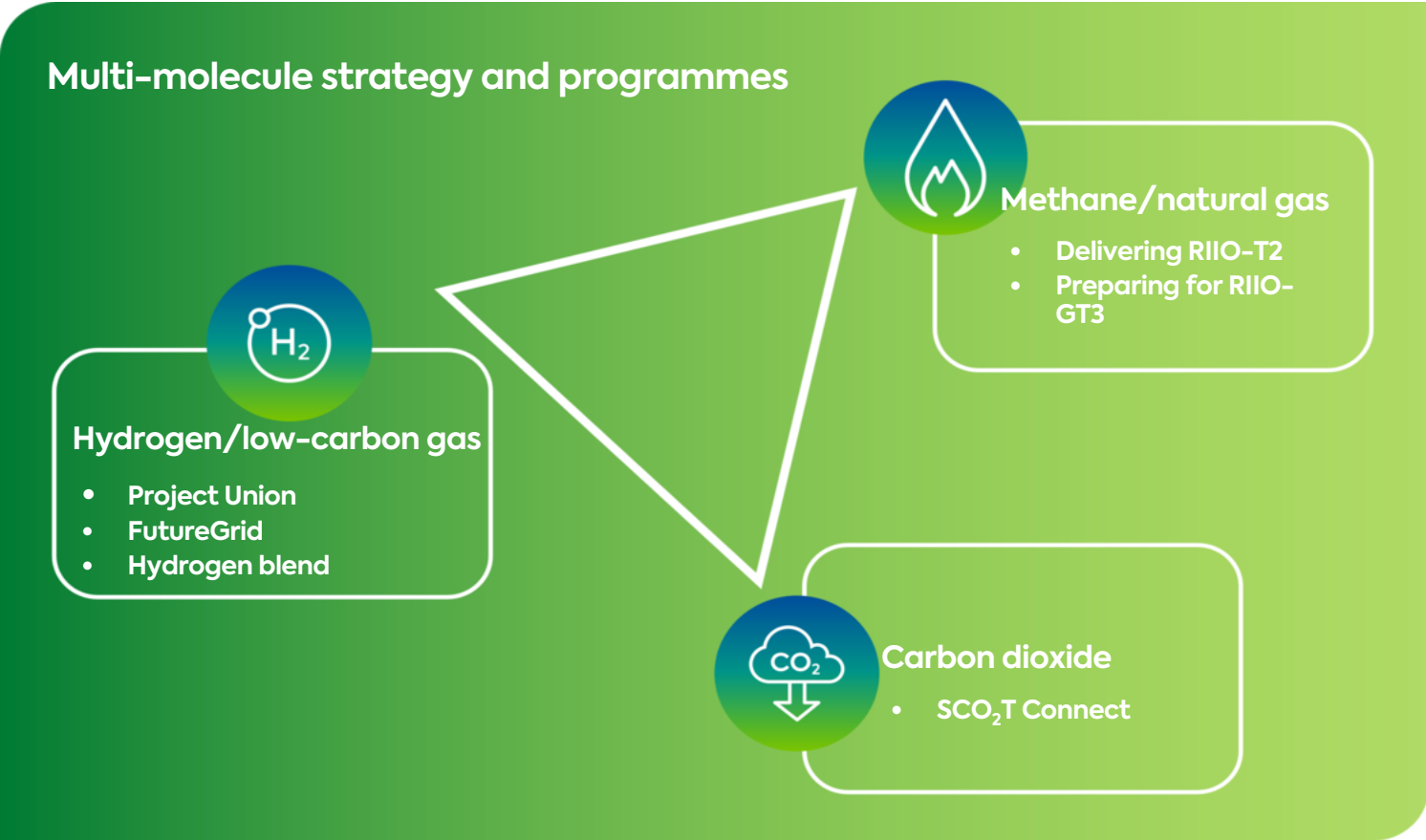
Beyond achieving 95% clean power by 2030, there are a range of whole-energy-system pathways that the UK could take to achieve net zero by 2050. Each will use combinations of gas, electricity, demand management services, biomethane and emerging technologies, such as hydrogen and carbon capture and storage.

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.



[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

	<b>Build our foundations</b>  This focuses on continuing to build our capabilities to grow and be successful
	<b>Deliver and close RIIO-T2</b>  This focuses on delivering all of our RIIO-T2 regulatory commitments and achieving our safety, operational, customer, environmental and financial performance targets
	<b>Secure and prepare for RIIO-GT3</b>  This focuses on agreeing a financeable RIIO-GT3 business plan with Ofgem and getting ready to go on day 1
	<b>Earn a seat at the table</b>  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
	<b>Shape the future</b>  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 ktCO<sub>2</sub>e**

Absolute scope 1 and 2 emissions



**21.6 ktCO<sub>2</sub>e**

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<sub>x</sub> 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<sub>x</sub>) 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 ktCO<sub>2</sub>e, compared to 381 ktCO<sub>2</sub>e 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 SCO<sub>2</sub>T Connect project, a ground-breaking initiative aimed at advancing Carbon Capture and Storage (CCS) in Scotland. SCO<sub>2</sub>T 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.

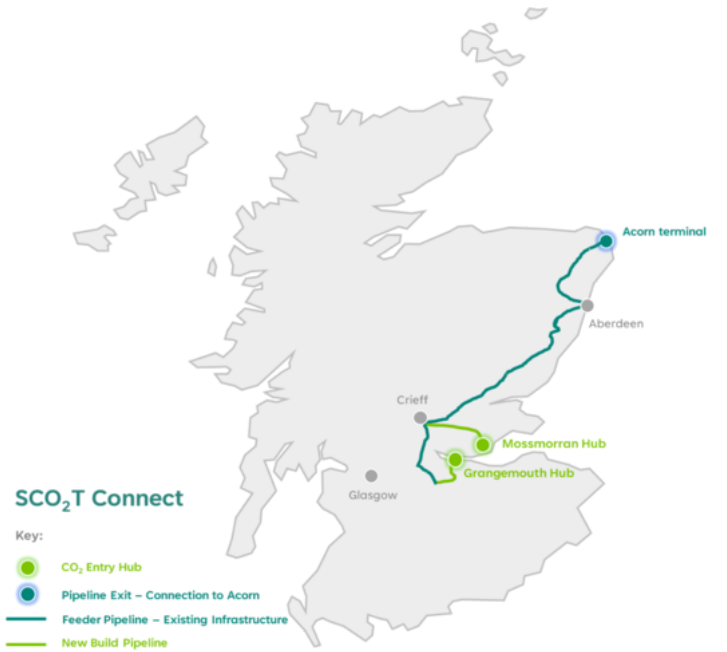
**HyNTS FutureGrid programme**  
FutureGrid is a world-class test facility with the sole purpose of demonstrating the ability to transition our National Transmission System (NTS) to decarbonised energy. At the forefront of all the work we do, it focuses on how we can repurpose existing assets that have 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.

**SCO<sub>2</sub>T Connect**  
The SCO<sub>2</sub>T 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 SCO<sub>2</sub>T 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 SCO<sub>2</sub>T 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.

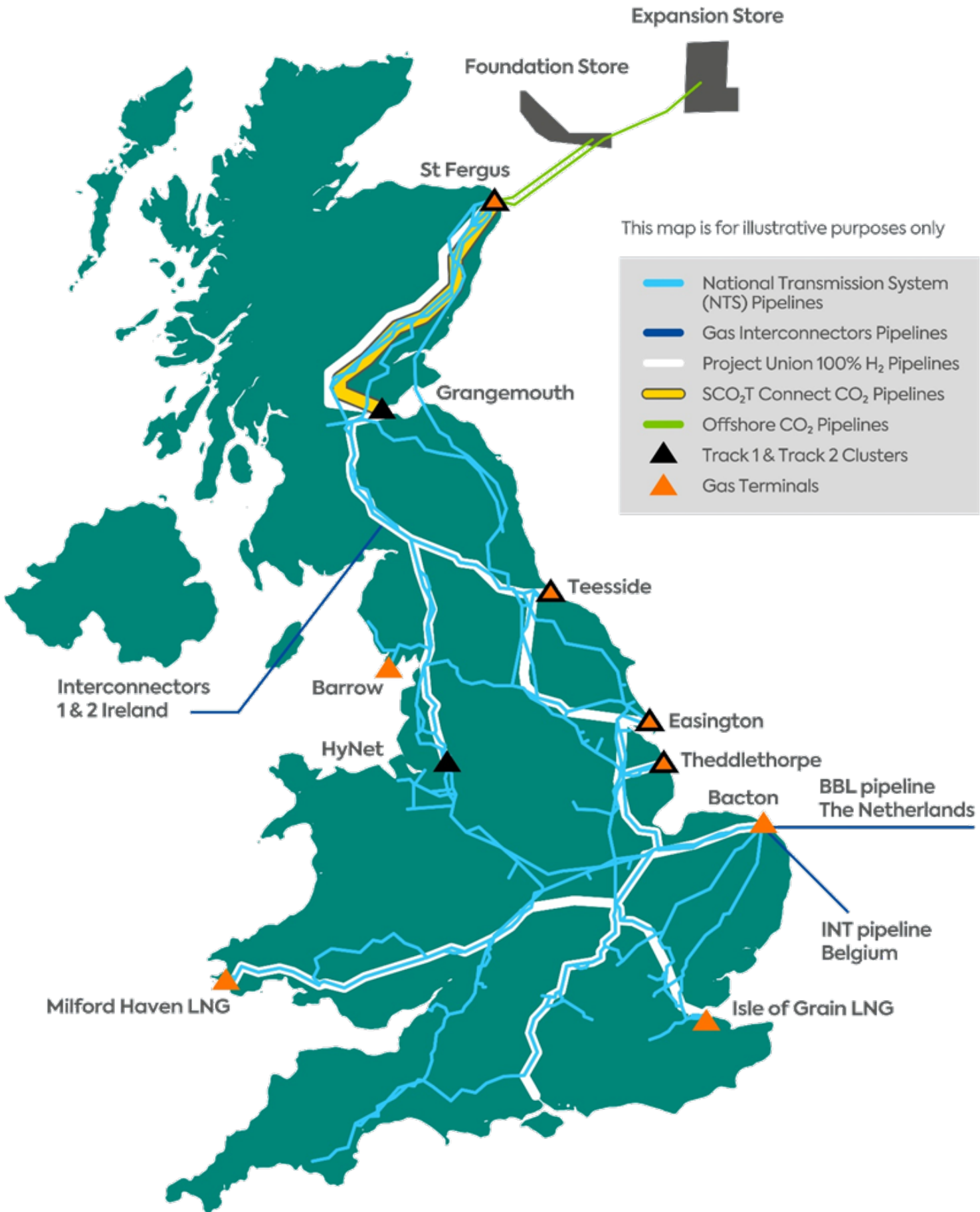
To enable a thriving hydrogen economy, we need to ensure that we build confidence in the resilience of physical supply and connectivity to developing markets. Project Union can fulfil this role by creating a cost-effective, reliable and efficient hydrogen transportation system.

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 →](#)





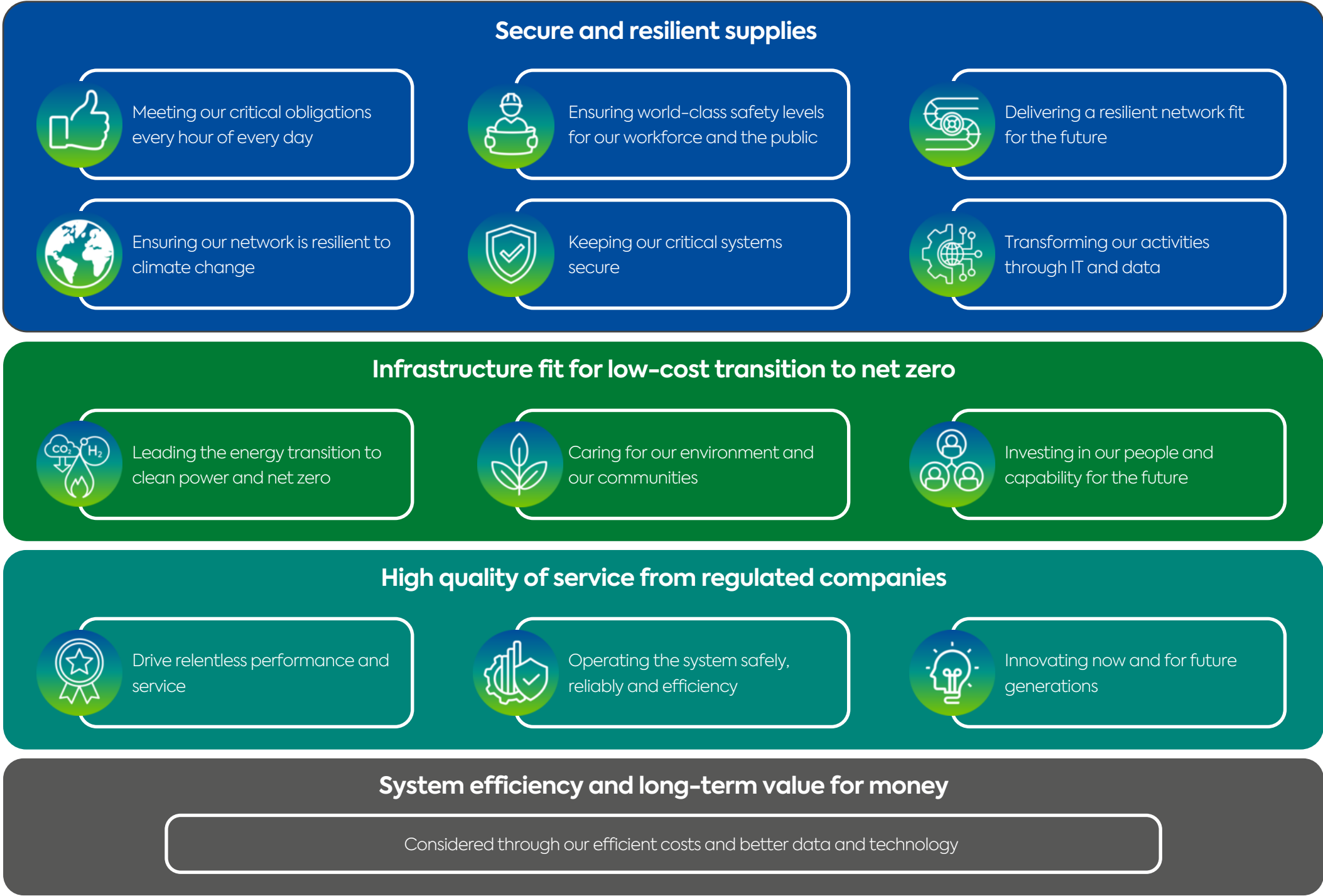
RIIO-GT3 price control

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.










<b>35+</b> Stakeholder workshops, webinars and interviews about our RIIO-GT3 Plan	<b>500</b> Business end-consumers surveyed as part of business plan acceptability testing	<b>2,000</b> Domestic end-consumers and business end-consumers surveyed as part of business plan acceptability testing
<b>90+</b> Additional insights collated, shared amongst the business, and considered in our submission	<b>40+</b> Stakeholder letters submitted in support of our business plan as part of Ofgem’s Call for Evidence on RIIO-GT3 plans	<b>85+</b> 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

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

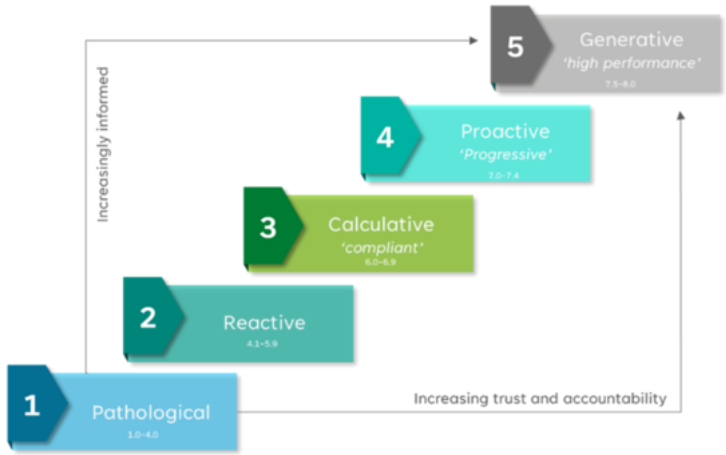
We have undertaken a full and varied communication campaign, including videos and personal reflective messages, safety stand-downs, pop-up banners/posters, desktop and teams background, as well as best practice sharing.

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

<b>PEOPLE &amp; PLANT</b>	<b>DRIVING</b>	<b>FALLS FROM HEIGHTS</b>	<b>LIFTING OPERATIONS</b>	<b>ELECTRIC SHOCK</b>	<b>STORED ENERGY</b>	<b>EXCAVATIONS &amp; CONFINED SPACES</b>
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

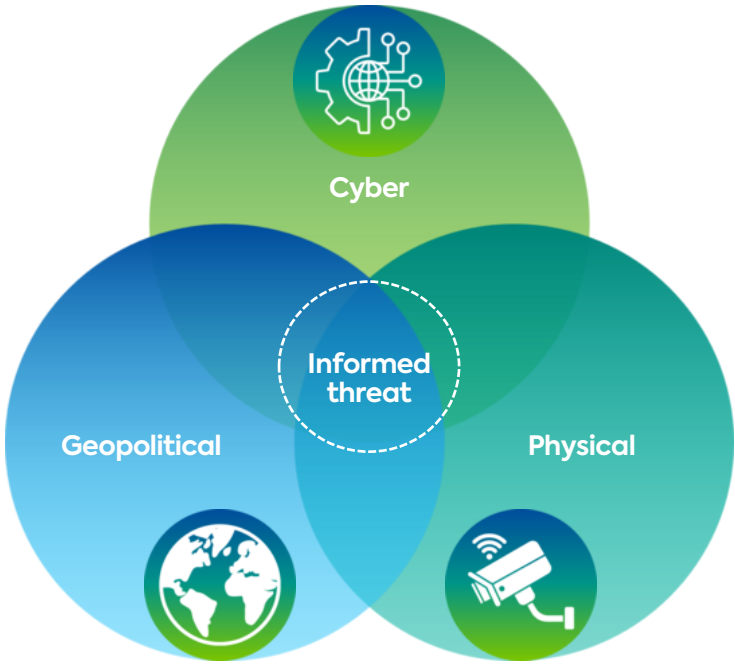
Protecting our people, assets and data ensures we can secure energy supply, drive a clean energy future and maintain industrial competitiveness.

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<sub>x</sub>) 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 ktCO<sub>2</sub>e.

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 <sub>2</sub> e)	156,022	192,322	308,470
Emissions from combustion of fuel for transport purposes (scope 1) (includes operational fleet and business mileage) (tCO <sub>2</sub> 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 <sub>2</sub> e)	238	233	207
Emissions from purchased electricity (scope 2, location-based) (excluding EVs) (tCO <sub>2</sub> e)	33,398	37,306	37,695
Total gross tCO <sub>2</sub> e based on above	191,972	232,137 *(correct for 2023/24)	348,764
Intensity ratio: tCO <sub>2</sub> 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 <sub>2</sub> 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 <sub>2</sub> 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 <sub>2</sub> 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 <sub>2</sub> e	294.6	343.1	443.3
Scope 2 (Location based)	ktCO <sub>2</sub> e	33.5	37.4	37.7
Scope 3**	ktCO <sub>2</sub> e	0.8	0.9	0.6
Total BCF	ktCO <sub>2</sub> e	329.0	381.4	481.6

\*This total includes two estimated categories of other venting (maintenance venting and gas using devices) which total 37.2ktCO<sub>2</sub>e. Total scope 1 excluding these categories is 257.4 ktCO<sub>2</sub>e.

\*\*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.

SCO<sub>2</sub>T: 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 <sub>x</sub> 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 <sub>2</sub> e	328.1 ktCO <sub>2</sub> e	443 ktCO <sub>2</sub> 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.

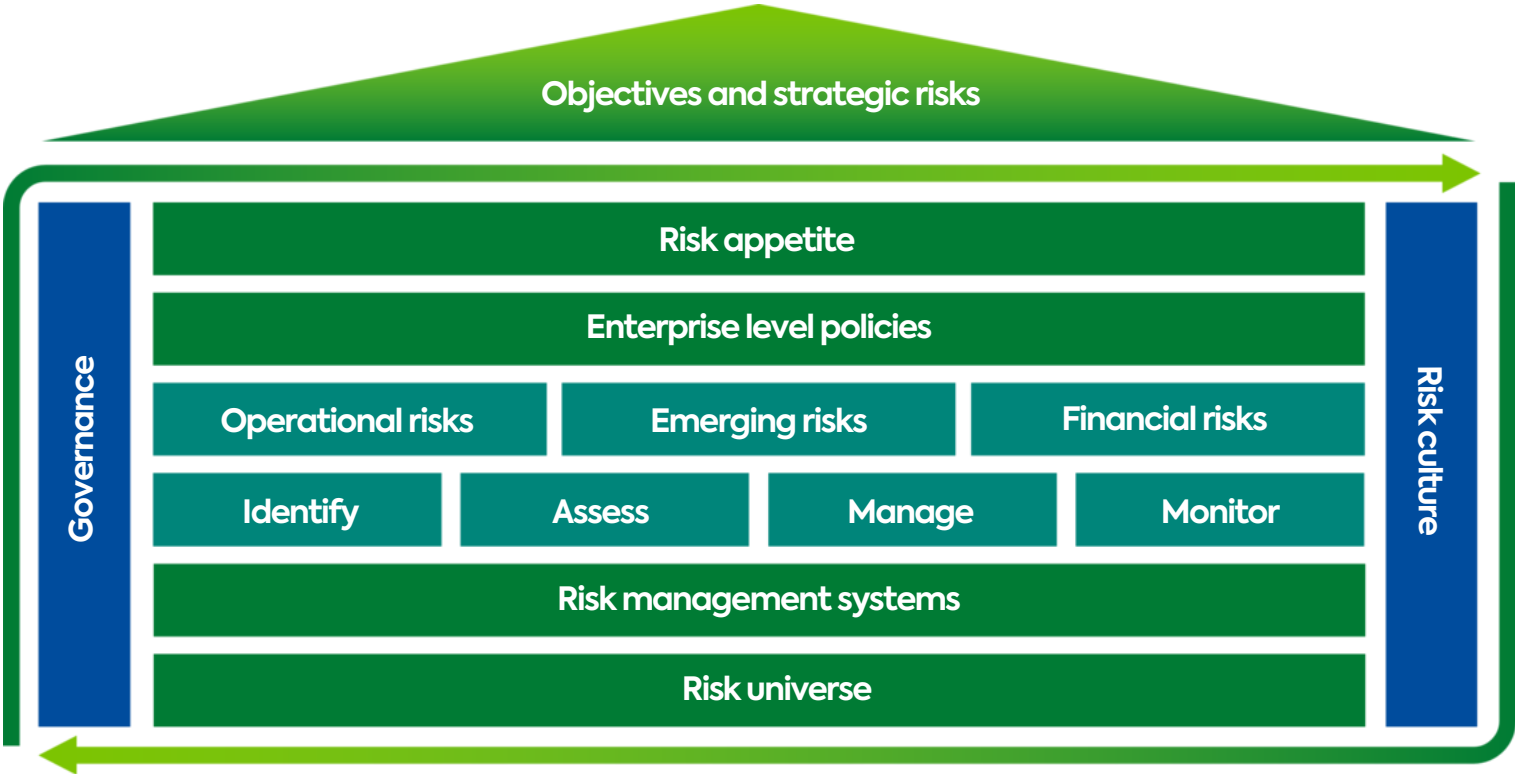
Additional governance is provided from the Executive Risk Committee (ERC), which escalates to the ARC and SSC. The internal audit function provides a third line of protection, with external assurance providing an additional independent level of assurance.

[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.

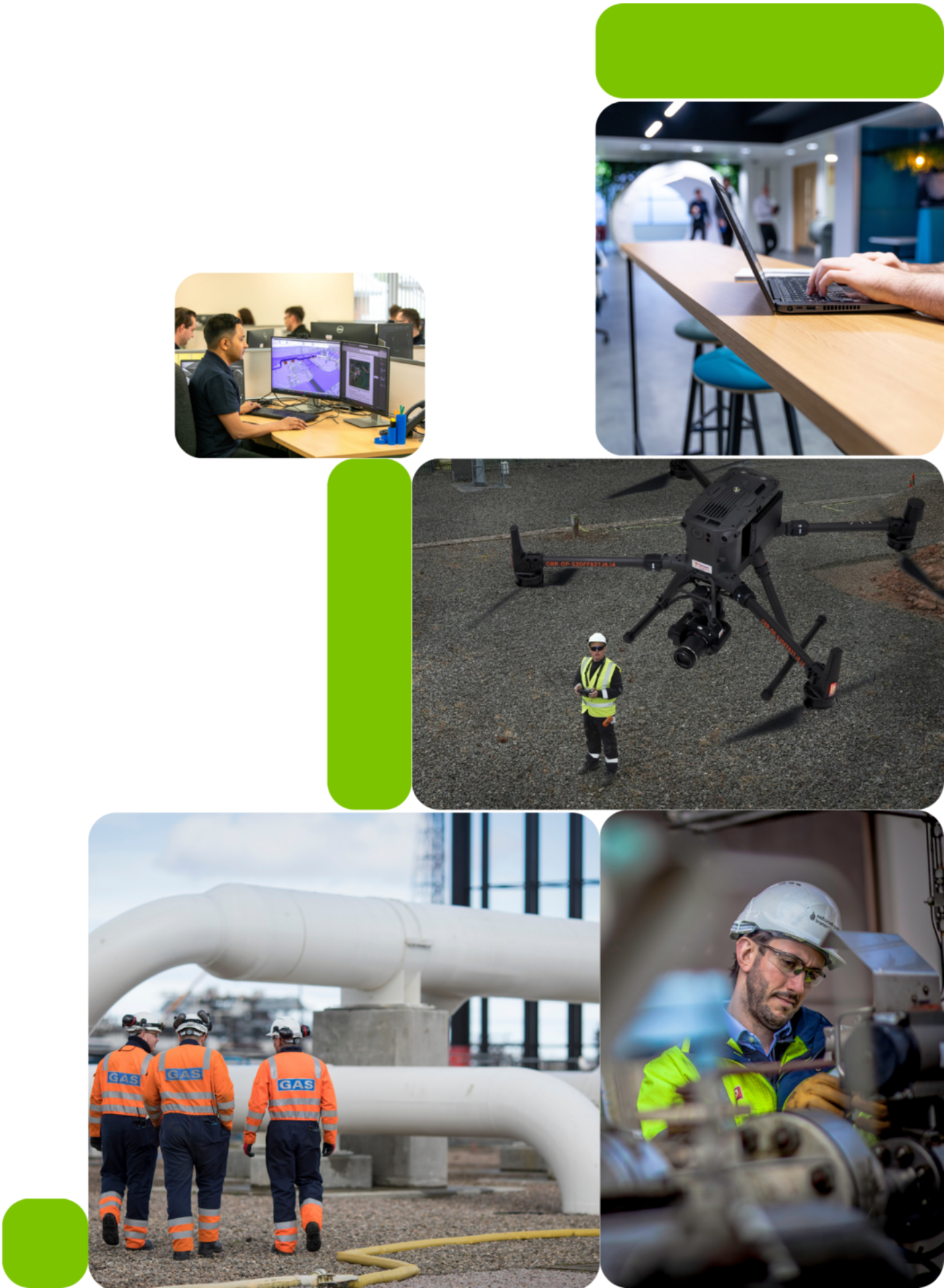
Changes to strategic risks

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

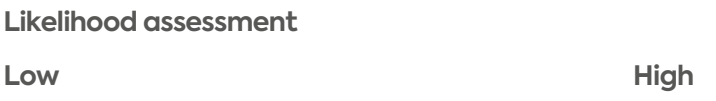
There is a potential we suffer a significant occupational safety or health event. Leading to significant ill health/injury, lasting reputational impact (Legal, Regulatory and Stakeholder), damage to shareholder confidence, a financial impact and enforcement action by the regulator, up to and including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

Low

High



Likelihood assessment

Low

High



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

Low

High



Likelihood assessment

Low

High



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

Low

High



Likelihood assessment

Low

High



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

Low

High



Likelihood assessment

Low

High



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

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 timing<sup>1</sup> 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.

<sup>1</sup> 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 <sup>1</sup>	(59)	(42)
Total operating profit	595	853

<sup>1</sup> 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 <sup>1</sup>	(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

<sup>1</sup> 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)
<b>Business net cash flow</b>	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)
<b>Increase in cash and cash equivalents</b>	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)
<b>Net debt increase</b>	(324)	246
Opening net debt	(3,719)	(3,965)
<b>Closing net debt</b>	<b>(4,043)</b>	<b>(3,719)</b>

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