



**Independent Stakeholder Group Meeting 11**

**March 2026**



## 1. Introduction

The National Gas Transmission Independent Stakeholder Group (ISG) was set up in November 2023. Every December a Report<sup>1</sup> is published to demonstrate the output of the group throughout the year. Since the start of 2025, a report has been published after each meeting to ensure ongoing transparency, in addition to the annual report

Figure 1: ISG Members March 2026



## 1. Future of Gas: Security of Supply and Call for Input

### 1.1 Summary of Presentation

National Gas provided the background and context to this subject and highlighted some key points on the Gas in Transition work. The following events were noted:

- 30 June 2025 – DESNZ published their ‘Midstream gas system: update to the market’ policy paper.
- 26 November 2025 – DESNZ publish their ‘Gas System in Transition: Security of Supply: Consultation’ which closed on 18 February 2026.
- Early 2026 – anticipated DESNZ Call for Input on Balancing Infrastructure, Investment and Affordability.

The role of National Gas in this context was explained to the group. National Gas operates, balances, and maintains the National Transmission System (NTS) ensuring resilience, safety, and pressure management and they must plan and develop a network to meet peak demand against the established 1-in-20 demand standard. In terms of accountability boundaries, gas procurement, storage, and upstream

<sup>1</sup> <https://www.nationalgas.com/sites/default/files/documents/ISG%20Report%20December%202024.pdf>



production sit outside of National Gas' obligations. Gas availability depends on markets and shipper incentives, and it is crucial that there are clear role distinctions for policy decision-making to strengthen GB security of supply.

It was explained that the GB gas system is shifting from domestic UKCS production to high reliance on LNG and interconnectors, increasing exposure to global markets. A UKCS decline and reduced EU-GB interconnector capacity is narrowing supply margins. Despite falling annual gas demand, peak demand remains steady, requiring robust infrastructure and flexible operations. Gas-fired power plants provide crucial dispatchable power during low renewable energy output periods, ensuring energy reliability.

National Gas talked the ISG through the stakeholder engagement that had taken place for the Gas in Transition work. There were over 15 sessions with external stakeholders and over 60 key learnings were documented from these engagements. The sessions were primarily aimed at giving an overview of NGT's headlines and background to the consultation, to identify any areas of alignment or potential conflict and to give an opportunity to exchange information that may be helpful in informing both NGT's and customers' responses. The key themes of the stakeholder feedback were presented to the group so that the group could understand what insights had been obtained from the sessions and how it impacted the consultation response.

The headlines from the stakeholder responses to Ofgem's Call for Input in November 2025 on Energy System Cost Allocation and Recovery Review were shared with the ISG as well as a list of known respondents.

## 1.2 ISG Feedback

The ISG noted the staged approach in terms of stakeholder engagement, particularly that the Gas in Transition engagements had been very industry specific. National Gas advised that they aligned the types of stakeholders with the different stages of the engagement. Resilience involved industry specific groups, but environmental and consumer groups would be engaged with as part of the affordability and investability piece of work. The ISG were satisfied with this approach.

The group discussed the increase in thermal power demand due to various factors, such as electrification and advised National Gas to look at longer term data that informs decisions on new gas connections.

The group requested visibility of National Gas's response to the DESNZ consultation.

## 2. ESG

### 2.1 Summary of Presentation

National Gas updated the group on the approach to ESG and the maturity progress since separation from National Grid. There was a specific ask to the group to review the approach to stakeholder engagement via the materiality process and to review the ESG maturity progression.

National Gas talked through how ESG is delivered at the company and the various reporting mechanisms that underpin the pillars of ESG. The list of metrics as of January YTD were shown to the group and discussed and the Forbes ESG Maturity Framework was explained, noting that National Gas has progressed from Foundational Compliance at separation in 2023, to operating within Stage 4 (Advanced



ESG) as of the end of RIIO-T2. The next steps are a continued focus on innovation, supply chain, and embedding ESG into core business strategy and decision-making to further strengthen National Gas within Stage 4.

ESG materiality has evolved to double materiality, assessing both financial risk and societal/environmental impact, aligning with emerging global regulatory and investor expectations. It is embedded into core strategy and purpose, underpinning the 2040 net zero ambition, the three-molecule strategy, the RIIO-GT3 plan, and enterprise risk management. Significant progress has been made on ESG data quality and assurance, moving from fragmented data at separation to structured, audited, and partially externally assured ESG metrics.

The presenters noted that National Gas has demonstrated increasing maturity through transparent reporting and benchmarking, with strong improvements in external ratings (e.g. GRESB score rising from 63% to 87%). A benchmarking table showing peer comparison was shown to the group and discussed.

The double materiality assessment was explained to the group noting that this looks at issues through the lens of both impact and financial materiality:

**Impact Materiality** - The effect of our actions on people and the planet. (inside-out)

**Financial Materiality** - How sustainability issues affect the company's financial performance and future viability. (outside-in)

The ISG were taken through the results of the impact and financial materiality and views sought on whether they agree with the results or have any other opinions. The results were divided into different categories:

- Critical Issues
- Core Issues
- Peripheral Issues
- Immaterial Issues

Overall, 80 internal responses and 30 external responses were received to the materiality assessment. The external responses came from suppliers, environmental stakeholders, Community Grant Fund recipients, charity partners, customers, trade unions and other stakeholders. The ISG were asked for their views on this and the progress on ESG delivery so far at National Gas.

## 2.2 ISG Feedback

The group had a discussion on emissions and suggested that National Gas include Scope 3 emissions (indirect emissions in the value chain) in their strategy in addition to Scope 1 and Scope 2. In terms of the metrics, the group encouraged National Gas to continually review and make sure that they are challenging and ambitious.

The ISG considered staff wellbeing, particularly in terms of how fatigue is managed for operational and control room staff. National Gas advised that there are measures in place to manage this and numerous support systems in existence for employees.

The group were happy with the benchmarking that had taken place as part of the maturity framework assessment and noted improvements in this area since past presentations. It was noted that other companies do a lot of work in this area and have advanced targets for their upcoming price control and that National Gas could look at these for comparison. In addition, the group recommended that they speak to community and consumer groups to obtain further insights.



The group provided feedback on the titles and categorisation in the materiality assessment to ensure clarity and to drive the right behaviours. They agreed with the topics listed in the assessment and had some further questions and discussions on some of the topics. A number of actions were taken away by National Gas to address the comments and questions, and it was noted that ESG will continue to be a reoccurring topic at the ISG.

## 3. Performance

### 3.1 Summary of Presentation

An update was provided on performance for the period up to December 2025. The previous scorecards for the financial year were included for comparison to show trends and key changes.

The group were provided with the performance statistics in the pre-read meeting material, and the following metrics were discussed in further detail at the meeting:

- Total Company Capex Delivery gap to forecasted Budget
- High Potential Controllable Events (HPCEs).
- Lost Time Injury Frequency Rate.
- T2 Delivery (% of PCD categories).
- CSAT
- Cyber Security Incidents
- Number of internal audit/compliance return overdue actions.

### 3.2 ISG Feedback

The ISG discussed the metrics and several actions were taken away. This included to review some of the metrics to ensure that they remain challenging. Further detail was requested on some metrics such as workforce statistics.

## 4. RIIO-GT3 Key Deliverables

A recap of the RIIO-GT3 headlines was provided to the group as a reminder of the Final Determinations from Ofgem. The group were walked through the Board process to review Ofgem's proposals and Licence Modifications. A list of the Price Control Deliverables was shown to the ISG with the baseline values and planned delivery dates. The group were then informed about the education piece that has been ongoing to support consistent and ongoing understanding across the business on the T3 framework, including e-learning modules, communications and documentation to support people's day to day roles and provide clear, accessible reference points.

A timeline of the T4 programme was shown to the group as National Gas look ahead to when and how they shape their next Business Plan. It was noted that early engagement with the ISG will be essential to start testing the strategy and influencing the framework.

### 4.1 ISG Feedback



The ISG acknowledged the work and the processes that had taken place and noted the decisions from National Gas and other organisations on whether to raise an appeal with the Competitions Market Authority (CMA).

The group were complimentary of the work that National Gas had done on educating their business on RIIO-GT3 and the various resources and materials that have been produced to achieve this.

On the PCDs, the group requested further visibility of planned completion dates, current progress and forecasted spend to enable further discussion at future meetings.

## 5. Appendices

### ISG 2026 Framework

