# Our Performance 2025/26

Published 30th September 2026

Official - for public release



national gas transmission

# Contents


Executive Summary . . . . . 4
Meeting the Needs of Consumers and Network Users . . . . . 12
Maintaining a Safe and Resilient Network . . . . . 23
Totex (TO and SO) . . . . . 43
Load Related Capital Expenditure (TO) . . . . . 49
Non Load Related Expenditure (TO) . . . . . 53
Non-Operational Capital Expenditure (TO and SO) . . . . . 77
Other Costs . . . . . 82
TO Network Operating Costs (Direct Opex) . . . . . 89
Indirect Opex . . . . . 91




# CEO Foreword

**Welcome to the final Regulatory Reporting Pack of the RIIO-T2 price control period. In the pages that follow you will see how our concerted efforts this year have delivered against our RIIO-T2 commitments, alongside a broader review of our performance across the price control period.**

As we come to the end of RIIO-T2, I reflect with a good deal of pride on our performance. I believe that our performance, not only this year but over the whole price control period, demonstrates the resilient and adaptable nature of our business and that we play a critical role in delivering a secure, affordable, and low-carbon energy system.

While it has undoubtedly been a demanding year, NGT staff have risen to every challenge that has come our way, demonstrating their determination and commitment to our mission. In the last year, I believe we have strengthened our position as a purpose-led, performance-focused, and innovative organisation, providing a strong foundation on which to build as we begin RIIO-GT3.

In July 2025, we received our Draft Determination (DD) for RIIO-GT3 proposing baseline funding of £2.46bn against our business plan request of £3.97bn. We responded by providing additional evidence and engaging constructively with Ofgem to demonstrate the need for our proposed investments and secure efficient funding. In December 2025, Ofgem's Final Determination increased baseline funding to £3.2bn, alongside the potential for significant further allowances during the regulatory period.

We now turn our focus to delivery. The trust, confidence, and support shown by Ofgem, our supply chain partners, and customers places a responsibility on us to deliver and I have every confidence that we will. There should be no doubt that as we begin the RIIO-GT3 price control period, we are ready to deliver our commitments efficiently, effectively, and professionally from day one.

We have continued to put securing the country's energy front and centre of our work this year. Maintaining security of supply and safeguarding the country's energy are responsibilities we take extremely seriously. In a year marked by geopolitical volatility, including the ongoing conflicts around the globe, the critical importance of a secure, resilient and diverse energy system has been brought sharply into focus.

Throughout the year, we focused on ensuring that the National Transmission System (NTS) has remained safe, secure, and resilient, achieving 99.99% network reliability. We have invested significantly in our network and supporting systems this year, achieving record levels of regulated capex investment of £472.8m.

I am particularly proud of our operational and delivery teams, not least in completing the construction and commissioning of the largest compressor unit ever installed on our network at Hatton. They also delivered an extensive summer maintenance programme ensuring the network was ready for winter 2025 and continuing to safeguard the country's energy security.

We have achieved all this while continuing to be 'safe every day' with our Lost Time Injury Frequency Rate for 2024/25 being an industry leading 0.04 - evidence of our firm commitment never to compromise on the safety of our people, our customers, the public and our assets.

Alongside safety, we have further strengthened our focus on the physical and cyber security of our assets, as befits our network's status as Critical National Infrastructure (CNI). We are on track to maintain our basic Cyber Assessment Framework (CAF) compliance and have taken steps towards achieving Enhanced CAF compliance.

While delivering energy security remains our core purpose, we are equally committed to being a responsible and compassionate organisation that makes a positive contribution to society and the environment. This year, our people raised more than £132k for our corporate charity partner Barnardo's, delivered our 'Tackling Loneliness' initiative and contributed over 3,350 hours of volunteering to support local communities.

Externally, in 2025-26 we have witnessed volatility in the world around us. The ongoing war in Ukraine and the more recent conflict in Iran and the wider Middle East region have resulted in high geopolitical tensions, as well as turbulence in the global markets. This volatility, coupled with the unprecedented, rapid deployment of intermittent renewables, continues to remind us how critical the security of our energy supply is, and how integral energy diversity is to energy security.

This year, we have progressed with the delivery of our 'three-molecule' (methane including biomethane, hydrogen, and carbon) strategy. This means that alongside maintaining and improving the methane network, we have continued to build our capabilities in hydrogen, carbon capture and storage, and biomethane.

In June 2025, we received confirmation of funding for Project Union (PU): East Coast of £43.3m. This award was followed in November 2025 with confirmation of funding for Project Union: St Fergus to Teesside of £51.03m and Project Union: Northwest of £30.13m. Together this represents funding of nominal £165m and enables Front End Engineering Design (FEED) delivery for over 50% of the entire length of the proposed PU network.

In October 2025, we partnered with Centrica for a landmark trial at Brigg Power Station. The trial involved injecting a 2% blend of green hydrogen into the NTS. The Power Station then used this to generate electricity for the grid – demonstrating the potential for hydrogen to decarbonise critical energy infrastructure. The trial also showed how blending can be effectively implemented at scale.

During 2025/26, we implemented a new delivery model, comprising of three regions – East, Scotland and the North, and the West – alongside a Major Programmes function and supported by central teams. This has improved accountability, brought decision-making closer to delivery and prepared us to start RIIO-GT3 with strong control and focus.

## Looking ahead

In the coming year, we will continue to ensure our workforce remains flexible, resilient, highly skilled and ready to deliver for years to come. Our values – progress, simplicity, and ownership – will remain integral to everything we do, enabling us to deliver our RIIO-GT3 commitments safely, efficiently and effectively.



> Above all, our focus will remain on operating our network safely, securely, and reliably, helping to safeguard Britain's energy security in what will undoubtedly remain challenging times.

Jon Butterworth
Chief Executive Officer

# Executive Summary


Consumer Priorities . . . . . 6
Innovation . . . . . 6
Net Zero . . . . . 7
Consumer Bill Benefit . . . . . 7
Operational Context . . . . . 9

This report is National Gas Transmission's Performance report for the final year of the five-year RIIO-T2 Regulatory period, forming part of the 2025/26 Regulatory Reporting Pack submission.

## 2025/26 marked both the end of the RIIO-T2 Price Control period spanning April 2021 to March 2026, and the completion of a significant transformation of our organisation.

Throughout this transition, we remained focused on delivering the commitments set out in our RIIO-T2 business plan and the outputs funded by consumers.

National Gas Transmission began the price control period as National Grid Gas Transmission and completed it as National Gas Transmission (NGT) following the successful separation from National Grid in 2023.

Throughout RIIO-T2 we delivered the vast majority of our funded outputs and RIIO-T2 commitments while adapting to significant internal and external challenges, including the COVID-19 pandemic, volatility in global gas markets, and the separation from National Grid. We maintained exceptional levels of network reliability, delivered substantial long-term reductions in network risk, improved customer and stakeholder satisfaction, reduced the environmental impact of our operations, and returned funding to consumers where delivery was no longer required or in their interests. We also maintained strong financial discipline throughout the price control, delivering efficiencies and ensuring consumers only funded investments that continued to represent value.

RIIO-T2 has also been characterised by significant political change at home. Within the price control period, there have been four prime ministers, bringing evolving energy policy priorities into the public eye and requiring us to continuously adapt while maintaining a relentless focus on our three consumer priorities.

The COVID-19 pandemic, Russia's invasion of Ukraine and wider geopolitical developments have driven volatility in energy markets, changing customer behaviour and creating unprecedented gas flow patterns across Great Britain and Europe. These events have fundamentally reshaped European gas markets and have required continuous operational adaptation to maintain security of supply.

This report provides a summary of our operational, financial and regulatory performance during 2025/26 and across the RIIO-T2 price control period as a whole covering both our Transmission Owner (TO) and System Operator (SO) activities. Our TO function is responsible for the physical network and its long-term development, while the SO function is responsible for the day-to-day operation and balancing of the gas system to maintain security of supply. The report sets out what we have delivered for consumers, customers and stakeholders, how investment decisions were developed and assured, and the lessons learned throughout the period. It also explains how those lessons have informed our plans and readiness for RIIO-GT3.

### Our Three Consumer Priorities




Our RIIO-T2 performance demonstrates a resilient and adaptable business that has continued to deliver strong outcomes for consumers despite a period of exceptional change. The capabilities we have developed, the outputs we have delivered, and the lessons we have learned provide a strong foundation for RIIO-GT3 as we continue to support a secure, affordable, and low-carbon energy system.

# Consumer Priorities

Throughout RIIO-T2 , we have consistently improved our performance for our customers against the deliverables within our **three consumer priority areas**.

We have successfully delivered each output within our '**meeting the needs of consumers and network users**' priority area for 2025/26. Throughout RIIO-T2 we consistently exceeded our Customer Satisfaction (CSAT) target. In 2025/26 we achieved our highest ever score of 9.0, up from 8.89 in 2024/25, and well above the target of 7.8, continuing the upward trend seen since 2023/24. Stakeholder Satisfaction (SSAT) similarly remained above target throughout the period, reaching a score of 8.12 for 2025/26, up from 7.93 in 2024/25, against a target of 7.4.

These improvements reflect our greater focus on engaging meaningfully with customers and stakeholders, obtaining feedback on key interactions through targeted surveys and using what we learn to improve and enhance the services we provide. As we enter RIIO-GT3, we build on these strong foundations and continue to focus on delivering excellent outcomes for our customers and stakeholders.

Across the RIIO-T2 period, the System Operator (SO) delivered a strong and consistent level of performance. We met our targets for demand forecasting, maintenance, entry and exit capacity constraint management, and exit capacity throughout the price control period. While residual balancing performance was slightly below target in 2021/22 and 2022/23, all outputs have been achieved since. This performance has generated value for our customers and stakeholders by supporting efficient market operation, maintaining access to the network, minimising constraints, and providing high-quality forecasting services.

Under our '**maintaining a safe, reliable and resilient network**' priority, we continued to ensure that gas was available when customers needed it, facilitating the delivery of approximately 99.99% of gas requirements throughout RIIO-T2.

We have also delivered significant reductions in network risk through our asset health programmes and investment activities, ensuring the NTS remains safe, resilient, and capable of responding to changing supply and demand patterns.

A key component of this programme has been the redevelopment of the Bacton terminal site. In line with our RIIO-T2 settlement, we undertook further assessments and option appraisal work before submitting a Final Options Selection Report (FOSR). We submitted the FOSR to Ofgem in February 2024, followed by a full cost re-opener submission in October 2024. We have continued to progress delivery work against our baseline allowances supporting future network resilience and the long-term needs of consumers.

**Delivering an environmentally sustainable network** remains an important priority for NGT and we recognise the critical role we must play in helping the UK achieve its environmental targets. Throughout RIIO-T2, we exceeded almost all of our environmental incentive targets, including reductions in business mileage emissions, office and operational waste, and office water consumption. We also consistently outperformed our greenhouse gas (GHG) emissions targets across the entire price control period. In 2025/26, compressor venting emissions were 2,143 tonnes, outperforming the RIIO-T2 baseline target. This performance was supported by proactive compressor management, enhanced system control, optimised operational practices and strategic maintenance planning, enabling us to reduce environmental impacts while maintaining security of supply.

We have also made significant progress in delivering our compressor emissions programme, which supports compliance with the Industrial Emissions Directive (IED). Projects at Peterborough, Huntingdon and Kings Lynn have delivered their RIIO-T2 outputs, while work continues at Wormington and St Fergus which currently have cost re-openers in progress with critical asset health interventions to be delivered.

# Innovation

RIIO-T2 for NGT has seen a continuous focus on preparing the network for a low-carbon future, with emphasis on projects that can facilitate the UK's target of net zero by 2050. There are two main funding routes for innovation projects:

1. Network Innovation Allowance (NIA)

Provides allowances to fund smaller-scale low Technology Readiness Level (TRL) projects from early research through to demonstration.

2. Strategic Innovation Fund (SIF)

Provides funding for larger-scale demonstration projects.

Over the RIIO-T2 control, we sanctioned 140 NIA projects. In 2025/26, we progressed 69 projects into delivery, spending £9.9m. This brought the total number of projects completed during RIIO-T2 to 140. We have delivered 66 projects under SIF with a total spend of £21.2m across RIIO-T2.

Innovation at NGT is based around five strategic themes:

- Asset development for risk mitigation
- Automation and measurement
- Business development,
- Digital systems and simulation
- Materials and processing

The focus of these themes can be found within the **Innovation** chapter of this document.

As we work towards Government decarbonisation targets, Project Union and $SCO_2t$, our hydrogen and carbon transportation initiatives will be key areas of innovation and development throughout RIIO-GT3. All of the projects form part of a broader programme to improve our understanding of the role hydrogen and carbon capture and storage can play in the transition to net zero.

# Net Zero

Our net zero strategy has an integral role to play in leading a clean, fair, and affordable energy future for all in the UK. The strategy focuses on facilitating the implementation of a decarbonised energy system while ensuring resilience. In all future scenarios, we see hydrogen playing a key role so we are actively exploring hydrogen transport via the National Transmission System (NTS) as a low-carbon alternative to natural gas. In our RIIO-T2 business plan, we committed to be ready to start the conversion to hydrogen by 2026. Over the five years Ofgem has made five Final Determinations on net zero projects under the Net Zero Pre-Construction and Small Projects Re-opener. These are Project Union feasibility; Project Union East Coast FEED; Project Union St Fergus to Teesside FEED; Project Union North-West FEED; and Methane Emissions. More detail is provided within the **Net Zero Chapter** of this document

# Consumer Bill Benefit

We are acutely aware of the impact that high gas prices can have on consumers across the board, and we are committed to delivering value for money with the services we provide and the investments we undertake. Where changing system requirements, updated asset information or revised customer needs demonstrated that investment was no longer required, we returned associated funding to consumers rather than proceeding with expenditure that no longer represented value for money. Our consumer bill calculation aims to quantify the financial impact on consumers for the work we do in maintaining and operating the NTS.

We apply Ofgem's methodology for calculating the components of a domestic consumer's bill; there are a number of assumptions used. Approximately 50% of gas transmission charges are recovered via entry charges and classified by Ofgem as costs for entering the wholesale market. These costs are excluded as not being directly attributable to the consumer. The exit costs, which include the 'direct' domestic sector consumption, are allocated to Gas Transmission network costs. The bill impact for 2025/26 is £12.55 following the application of the new methodology; we explain further how we've changed the methodology we use to calculate the bill to align us with other networks. More information on this can be found in the **Consumer Bill chapter.**



# Performance Summary

Key: FY25 FY26 RIIO-T2

## Activity (£m, 18/19 prices)

**TO Load Related Capex**



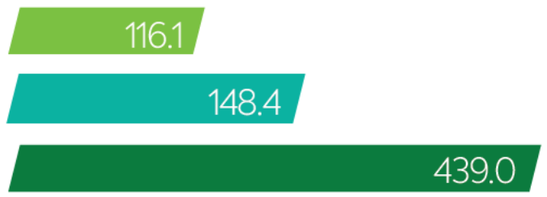

**TO Non-Load Related Capex**



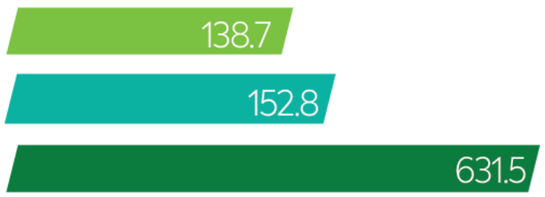

**TO Non-Operational Capex**




**TO Other Capex**




**TO Opex**



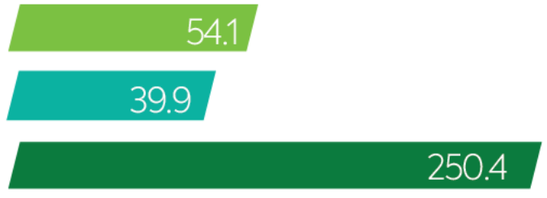

**TO Totex**




**SO Capex**




**SO Opex**




**SO Totex**




**TO / SO Totex**






£2,502.8m

We have spent £2502.8m compared to allowances of £2604.1

0.04

Our Lost Time Industry Frequency Rate of 0.04 (per 100,000 hours) against last year's 0.02

99.99%

We maintained near 100% reliability on our network

£33.5m

We have returned £33.5m to consumers through a combination of savings, cost efficiency, and innovation

96%

96% of Business Plan Commitments delivered

9.0 / 10

We have finished RIIO-T2 with a score of 9 in our customer satisfaction surveys - our highest score to date

# Operational Context

As the sole owner and operator of the Gas Transmission Network in Great Britain, we manage the day-to-day operation of the NTS including our residual balancing role, maintaining system pressures and assuring gas quality.

Throughout 2025/26, the NTS continued to adapt to meet the evolving supply and demand dynamics, driven by ongoing geopolitical and market developments. The continued reduction in Russian gas supplies to Europe has altered Great Britain (GB) and European energy markets. This transition has positioned GB as a potential supply route for gas flows into Europe, with LNG imports and interconnector exports playing an important role in supporting continental supply security.

Conflict in the Middle East from February 2026 disrupted global Liquefied Natural Gas (LNG) supply chains. The effective closure of key shipping routes, including the Strait of Hormuz, has recently disrupted flows equivalent to ~20% of global LNG supply and introduced significant uncertainty into international gas markets. As a result, global LNG and European gas prices experienced increased levels of volatility, with prices rising during periods of supply disruption and uncertainty. This volatility also reflects increased competition between Europe and Asia for available LNG cargoes.

The UK Continental Shelf (UKCS) remained a major contributor to GB gas supplies accounting for 41% with Norwegian imports providing a further 35% LNG. Storage, Interconnector UK (IUK) and Balgzand Bacton Line (BBL) European interconnectors accounted for the remaining 24%.

Overall NTS demand decreased in 2025/26 by 3.13 billion cubic metres (bcm) compared to 2024/25. Reductions were observed across Local Distribution Zones (LDZ) offtakes, power stations, storage injection, industrial demand, and Moffat interconnector flows, which were partially offset by increased exports at [redacted]

Summer demand was between 4-5% lower than the previous year in both average and peak terms. Winter demand showed a more mixed picture, with average demand down 2% but peak demand 4% higher. The highest demand day reached 407 million cubic metres (mcm) on 05 Jan 2026, underlining the ongoing requirement for operational flexibility to respond to weather events. Lower summer demand was driven in part by reduced interconnector exports between August and October, although stronger export levels during winter contributed to higher overall annual export demand. This reinforces the increasing variability of supply and demand patterns and the importance of maintaining system flexibility.

Storage withdrawal and injection both declined over the year with the Rough storage facility undertaking no injection and only limited withdrawal from September 2025.

Power station demand showed seasonal changes, with higher maximum and average demand in summer, although maximum and average demand was lower in the winter compared to the previous year. The winter decrease was primarily due to an increase in output from wind generation.

Constraints were encountered at [redacted] in January and February.

- January: On 5 January, a compressor outage restricted the amount of gas that could enter the network. To manage the impact, we reduced interruptible entry capacity, did not release any additional firm capacity through within-day auctions, and invited market participants to offer alternative supplies, although no offers were accepted.
- February: Differences between local gas supply and demand created pressures on the network. To manage these, we reduced some capacity and carried out targeted gas trading at specific locations. In total, we sold around 52 GWh of gas, bought around 23 GWh, and bought back around 30 GWh of entry capacity to keep the system balanced

No other constraint actions occurred during the year, with risks managed through operational tools, planning and strategy.

Compression requirements increased in 2025/26 despite periods of low and no utilisation during the summer. In winter, high southern demand and elevated LNG imports at [redacted] drove increased run hours across both entry-point compressors and assets supporting north-to-south flows. This reflects changing supply patterns highlighting the growing importance of operational flexibility and resilience across the NTS to support changing customer requirements and to avoid constraints.

Figure 1 - Shows the changes in total NTS demand over the previous four years in each demand category. Comparing 2025/26 with 2024/25, demand decreased across several categories: LDZ Offtakes (-2.57 bcm), Moffat Interconnector (-0.13 bcm), power stations (-0.87 bcm), storage injection (-1.01 bcm), and industrial demand (-0.45 bcm). These reductions were partially offset by an increase in European exports at [redacted] Overall, this resulted in a net demand reduction of 3.13 bcm in 2025/26 relative to 2024/25 but demand was broadly similar to 2023/24.

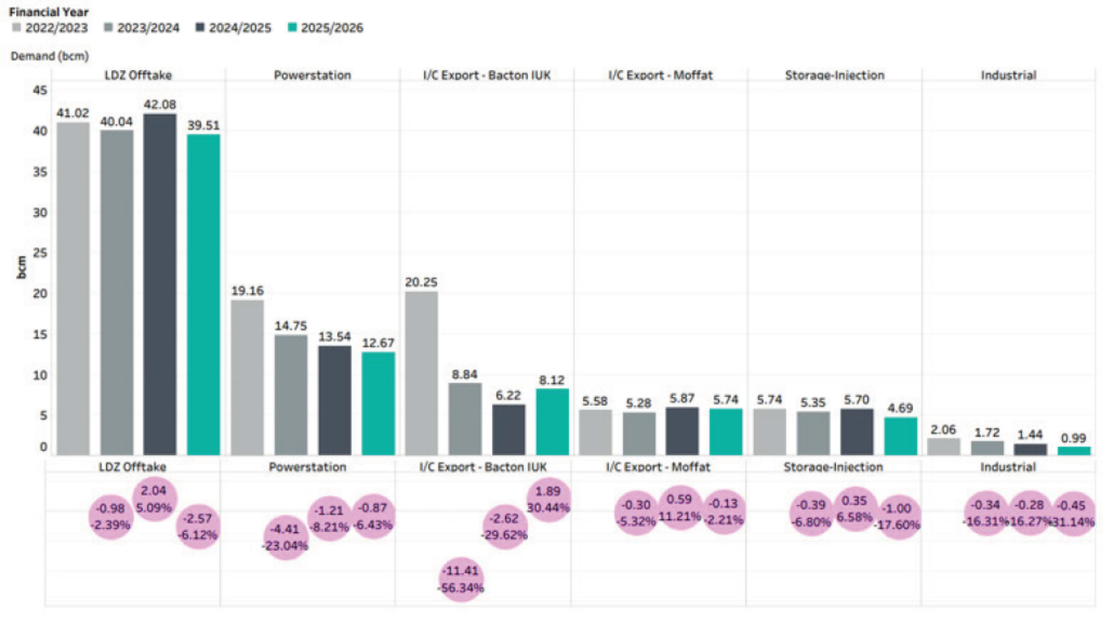



**Figure 1: Total NTS Demand**

During summer 2025/26, overall demand was lower than the previous year, with both average and peak demand reducing by approximately 4-5% compared to 2024/25.

In winter, average demand decreased by around 3.6% although peak demand was 4% higher than the previous year. The highest demand day was 407 mcm on 5 January 2026, highlighting the continued need for flexibility within the NTS to respond to colder weather and to meet customer requirements.

Figure 2 provides a break down by season, with summer defined as April to September and winter as October to March. For a more detailed overview of demand during the winter period, please refer to our Gas Winter Review publication.

## Operational Context Cont.

The reduction in summer demand highlighted in Figure 2 is driven by a combination of factors. Firstly, there was a reduction in interconnector exports from August through to October, as shown in Figure 3. In addition, the relaxation of EU storage targets ahead of winter influenced both the timing and extent of storage injections, reducing the requirement for imports during the summer period. However, during the winter period, exports were consistently higher than in previous years, contributing to the overall increase in export demand for the full year, as highlighted in Figure 1 (Total NTS Demand). Secondly, the Rough natural gas storage facility did not undertake any injection during 2025/26 and only withdrew a total of 0.32 bcm, as detailed in Figure 4 (Storage Site Withdrawal and Injection).

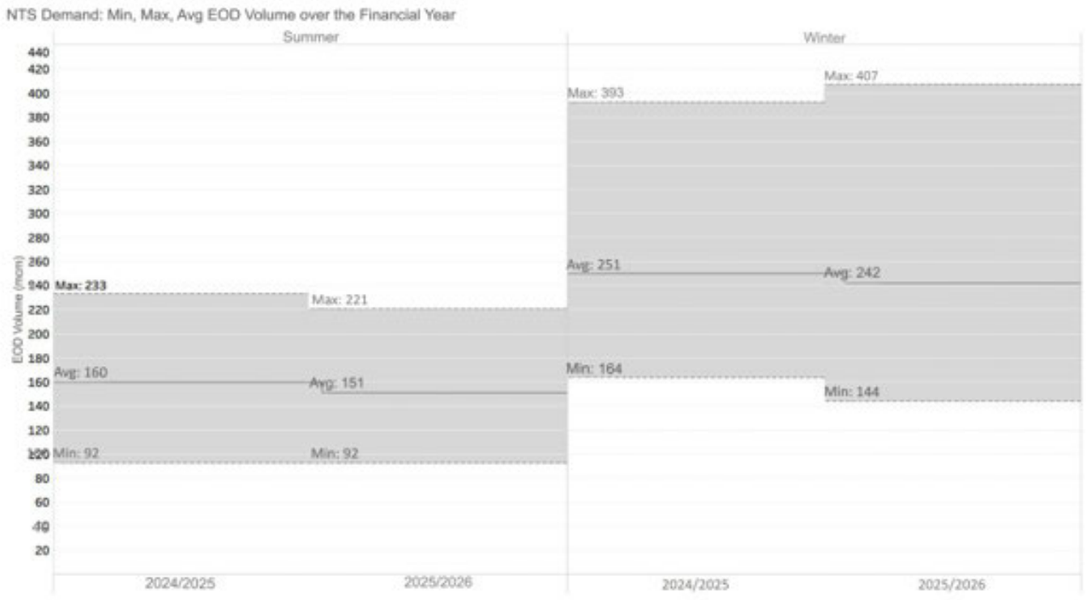



Figure 2: NTS Demand - Summer vs Winter

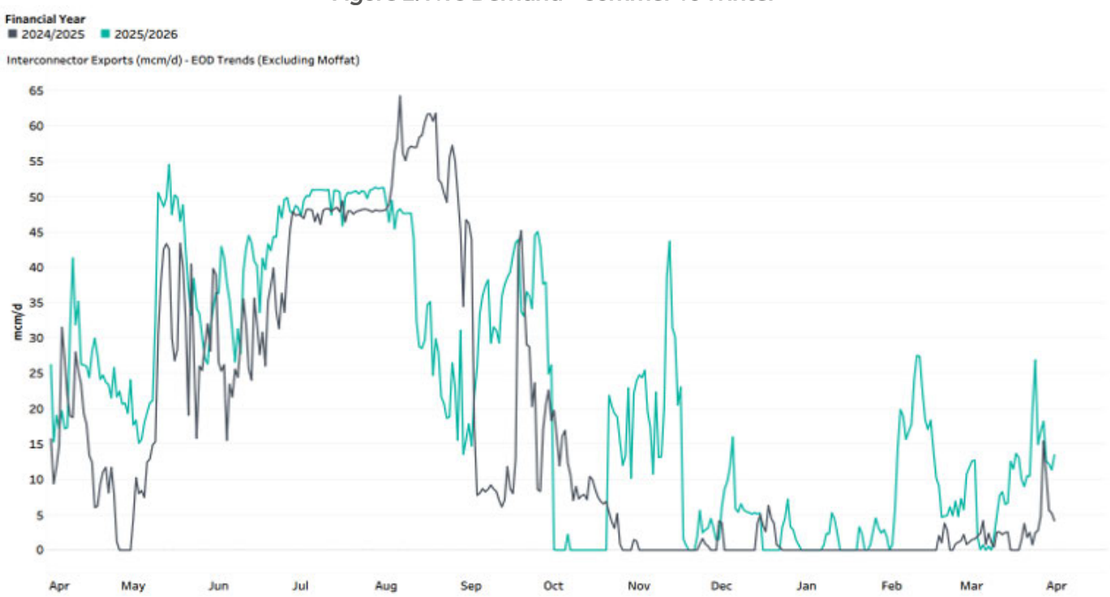



Figure 3: Interconnector Exports - excluding Moffat

Power station demand was higher in summer 2025/26 than in 2024/25, with both average and peak demand increasing. In winter, however, both average and peak demand were lower than the previous year.

We continue to see reductions in UKCS supply, decreasing from 25.78 bcm in 2024/25 to 24.18 bcm this year. Additionally, there were reductions in Norwegian gas imports and storage withdrawal as detailed in Figure 6 - Supply by type.

The reductions in UKCS, Norwegian and storage supply was offset by an increase in LNG imports, ~1.5 bcm. Throughout January, February and March there were supply increases from the [redacted] terminal as shown in Figure 7 - LNG Supply

The need to run one or more compressors on any given day depends on the supply and demand patterns, network conditions and the requirements of planned maintenance and construction work. Total compressor run hours increased from 32,111 in 2024/25 to 35,014[1] in 2025/26, as detailed in Figure 8.

In summer, lower demand would normally mean that less compression is needed, In 2025/26, however, additional compression was needed to manage [redacted] flows during network maintenance to ensure customer requirements were met. During winter, high and sustained demand in the south combined with very high flows of imported gas from [redacted] Haven entry compressors and those supporting north-to-south flows had to run for longer.

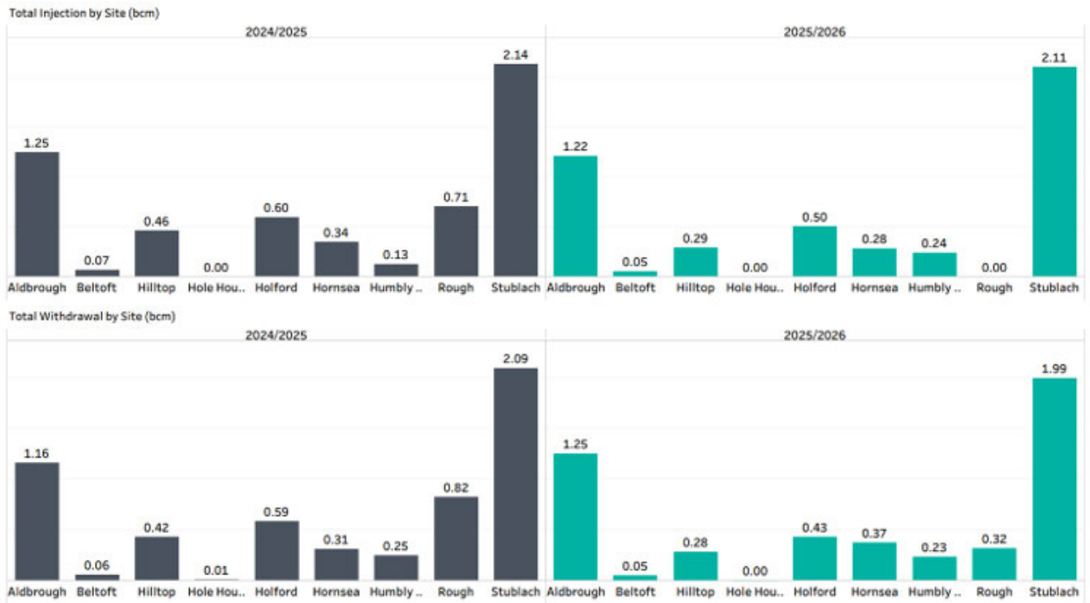



Figure 4: Storage Site Withdrawal and Injection

[1] This figure excludes any sites pre-operational acceptance.

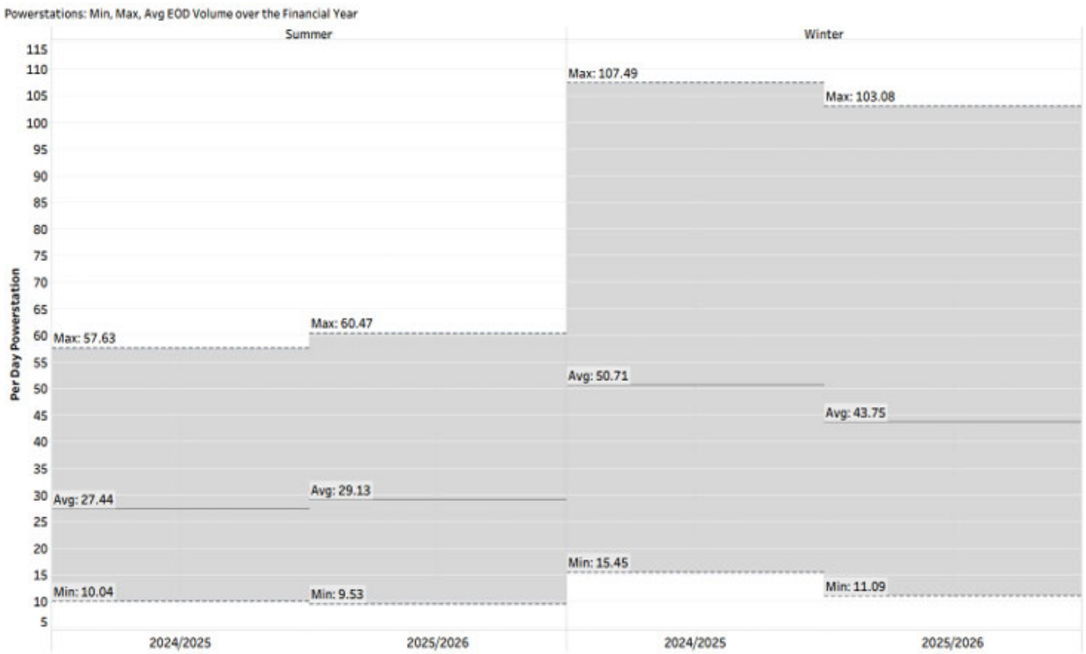



Figure 5: Power station demand by season

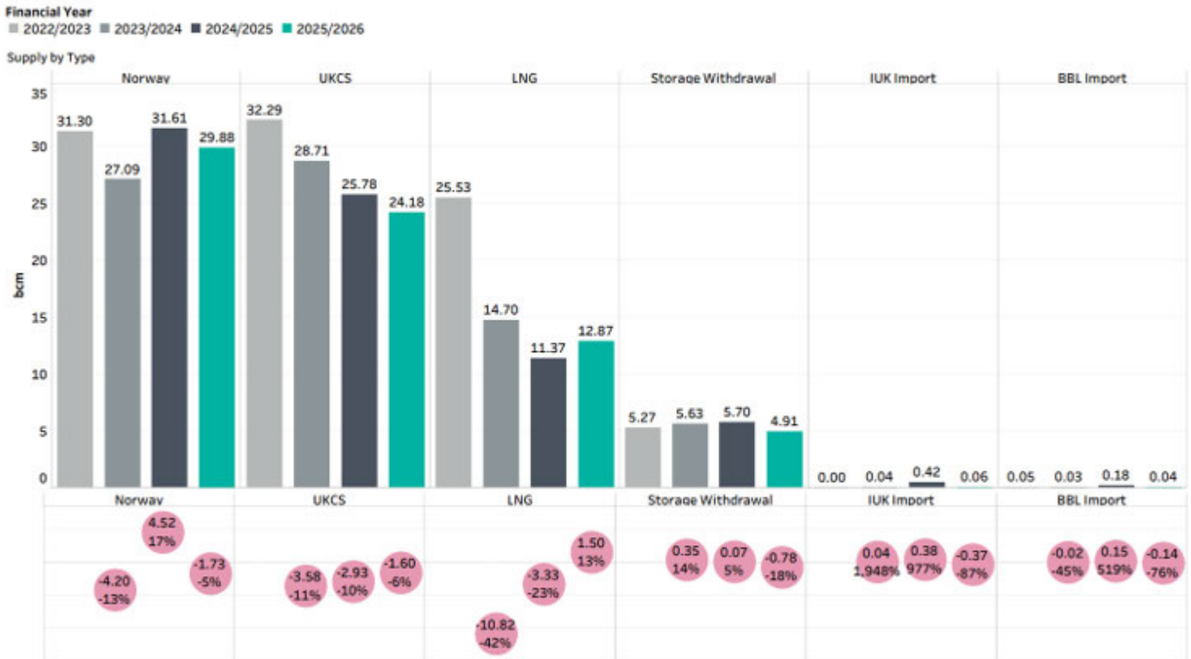



Figure 6: Supply by type

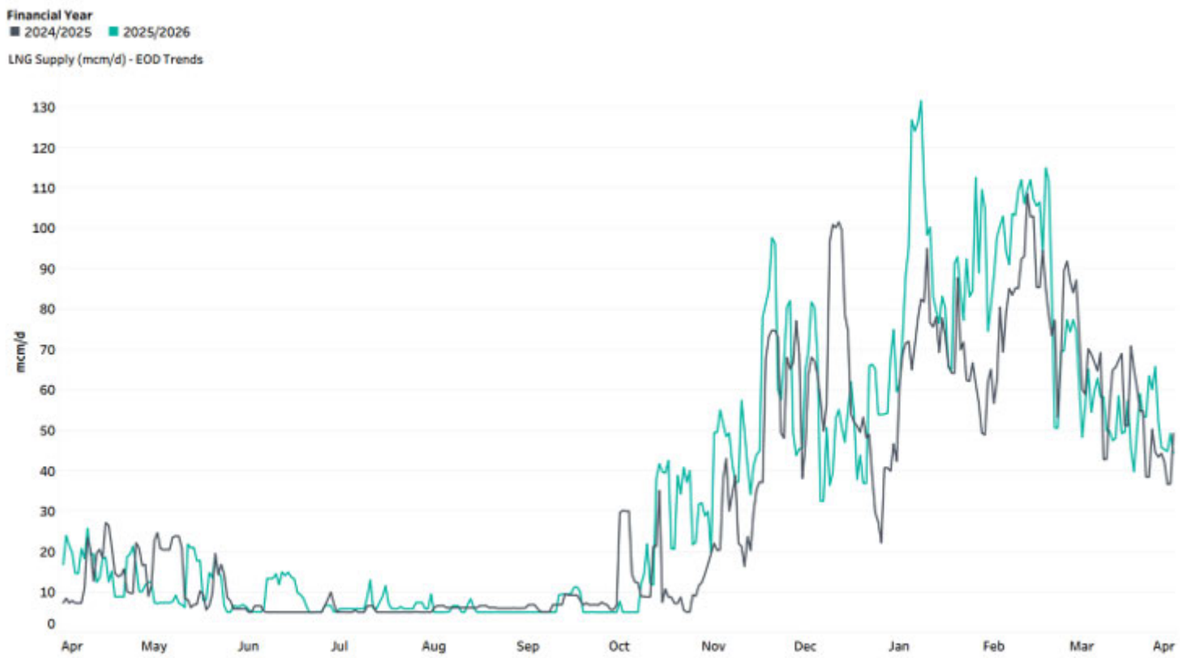



Figure 7: LNG Supply

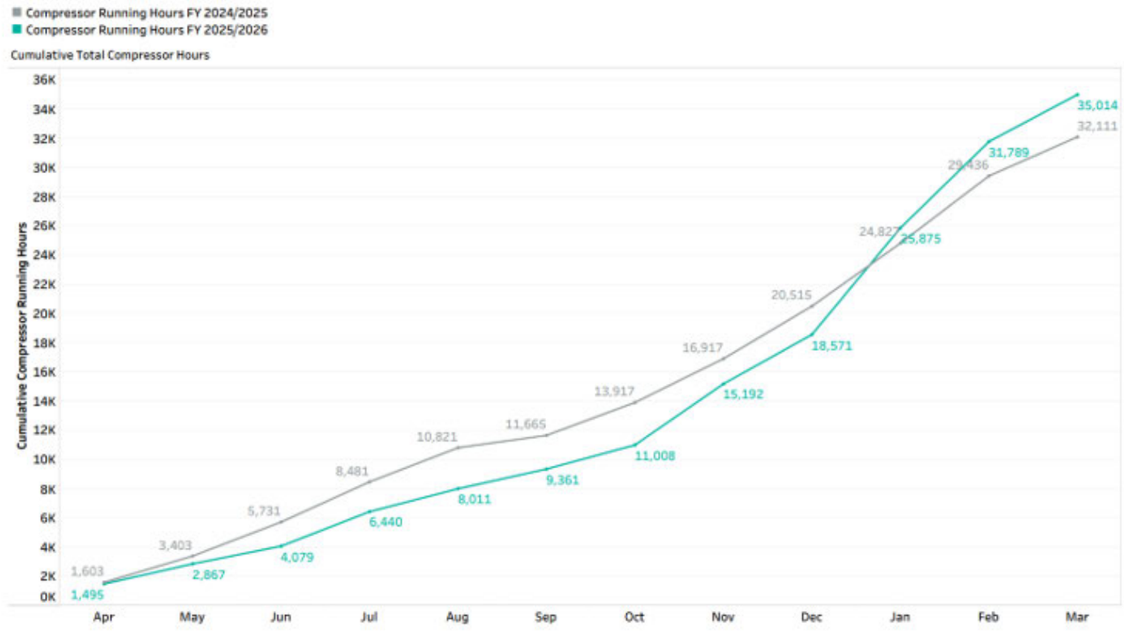



Figure 8: Run Hours

# Meeting the Needs of Consumers and Network Users


Digitalisation and Action Plan 14
Data Best Practice 14
Customer and Stakeholder Satisfaction Survey 16
Maintenance 19
Entry / Exit Capacity Constraint Management 20
Residual Balancing 22




## Delivering positive outcomes for consumers and network users has remained central to our approach throughout the RIIO-T2 price control period.

## We have maintained a strong focus on:

### Meeting our regulatory obligations

### Successfully delivering against Price Control Deliverables (PCDs)

### Ensuring that consumers receive the benefits expected from network investments

Despite a challenging external environment and continued market volatility, we have successfully delivered all of our outputs under this priority area, with only limited and carefully managed re-phasing of activities where this represented a more efficient or better-value outcome for consumers

Our decisions and investment priorities have been guided by the needs of consumers, customers and network users, particularly the expectation that gas transportation services remain safe, reliable and resilient. A secure and dependable gas network is essential to supporting households, businesses and wider economic activity. For domestic consumers, continuity of supply underpins essential daily activities, including heating, cooking and maintaining comfort and wellbeing. For industrial and commercial users, supply interruptions can result in significant operational disruption, financial loss and wider economic impacts, including effects on employment and local communities.

Throughout the RIIO-T2 price control period, we have continued to strengthen our understanding of customer needs and improve the services we provide. This is reflected in our customer satisfaction performance, which increased from 8.17 obtained in the previous price control in 2021, to 9.0 in the final year of RIIO-T2, delivering an average CSAT score of 8.75 across the period. These improvements reflect our greater focus on engaging meaningfully with customers and stakeholders, obtaining feedback on key interactions through targeted surveys and using what we learn to improve and enhance the services we provide. This focus on listening to customers and responding to their experiences has enabled us to deliver better outcomes while maintaining compliance with our regulatory commitments and consumer-focused objectives.



# Digitalisation and Action Plan

Our digitalisation strategy enables NGT to operate critical national infrastructure safely and affordably through a period of system change, by turning data into better decisions and freeing our experts to focus on what matters most.

Our Digitalisation Strategy Action Plan (DSAP) tracks the progress that we are making in delivering the work required to fulfil our Strategy, as well as the open actions carried over from our previous submissions. We published our last half yearly DSAP updates in December 2025. Website link: Digitalisation strategy | National Gas.

2025/26 has been a year to close out RIIO-T2 commitments, agree the RIIO-GT3 allowances, and plan for RIIO-GT3 delivery.

In our journey towards being a data-driven interoperable organisation, we have made significant improvements to data quality, integrity, visualisation and accessibility, in line with Data Best Practices. Systems such as the Gas Data Portal have been developed and enhanced to provide quality data, reports, Application Programming Interfaces and better user experience and automation.

In the Enhanced Asset Design project, Building Information Management (BIM) together with the Common Data Environment (CDE) has helped to streamline capex project delivery.

Enhanced integrations have connected asset management systems and processes, and functional enhancements have strengthened enterprise asset management capability.

We have been able to leverage Machine Learning and Artificial Intelligence (ML/AI) technologies to create the foundation for more accurate forecasting and system driven operations management.

The rollout and adoption of cloud-based Software as a Service (SaaS) platforms has simplified and modernised our IT estates, reducing complexity and improving efficiency.

In RIIO-GT3, we will build on our five digital focus areas - Data foundation, Data Sharing platform, Digital Twin, Enhanced Decision-making and Efficient Enterprise Essentials - by moving to a set of business-led transformation programmes that strengthen key capabilities while maintaining the security and resilience of our core systems. These are listed below:

- Keystone – Asset management lifecycle optimisation
- Atlas – A single pane of glass (SPoG) for operations engineers
- Lighthouse – Digital front door with trusted data, AI, and automation
- Navigator – Network operational management capabilities
- Bedrock – IT asset health for core capabilities

These transformation programmes are in line with our latest Digitalisation Strategy published in March 2026. Please refer to **'Our Digitalisation Strategy chapter'** within the publication for more information on our RIIO-GT3 Digitalisation Strategy.

Digitalisation is supported by data, AI, and security strategies and nourished by constant innovation, driven by effective stakeholder engagement

In RIIO-GT3, we will achieve the following outcomes from further digitalisation:

- Higher data quality combined with well-governed AI will enable better decisions, streamline processes and improve the ways our systems work together.
- Our scalable and simplified architecture will enable smoother operations and improve stakeholder engagement.
- With constant innovation initiatives, new projects will enrich the delivery process.
- With a focus on safety and security, we will design the workplace to be safer and more resilient.

# Data Best Practice

Data Best Practice covers a wide range of disciplines that are to be applied to "Data Assets" created and used by NGT. The term Data Asset can refer to a myriad things, from an email to a back-end database, to a regulatory report. In light of this, NGT takes a proactive yet considered approach when deciding how to implement the principles set out in its license condition, to ensure that our actions meet the need of our customers. To this end, and in consultation with Ofgem, we have narrowed down the scope of Data Assets to those things that are most important to the efficient running of our business, but also that provide our customers with what they need.

An example of this is our upgrade to our Gas Data portal to use the more modern REST APIs instead of the legacy Simple Object Access Protocol (SOAP) APIs to enable third parties to connect their systems more easily (an API is an Application Programme Interface that enables two computer systems to send data between each other) and the creation of a Dublin Core compliant API catalogue so that data users are better able to find and extract the information they need. Through this portal, NGT serves around 2 million requests for operational data (supply, demand, capacity, etc.) per year.

We have also opted to align with the Dublin Core Metadata Standard for new system implementations rather than retrofit existing applications. This is to help keep costs down for our customers and ultimately, gas consumers. We have also applied this metadata standard across several key repositories, namely our Data Asset Catalogue, Business Glossary, and Reporting Catalogue.

## Sustaining Industry Collaboration

NGT continues to deliver for its customers through the vehicle of Data Best Practice. Through sustained commitment to industry collaboration via the Gas Data and Digitalisation Collaboration Group (GDDCG) - and in line with principles 2, 3, 4 and 8 of the Data Best Practice Guidance - we have created what we believe is an energy sector first by co-creating a Pipeline Data Interoperability Standard with the Gas Distribution Networks. Using this standard, pipeline information from NGT and any of the Gas Distribution Networks can be joined together using common definitions, units of measurement, and applicability to a given network. As RIIO-GT3 approaches, NGT continues to be a key player in the GDDCG. We are currently working on an interoperability standard for demand data and an industry-wide business glossary of commonly used business terms.

Through RIIO-GT3, NGT will continue to play an active role in development of the Data Sharing Infrastructure, ensuring that datasets we provide are curated and of high quality.

## Quality, Discovery, Efficiency

We've improved the discoverability and quality of our data through the development of an Acronym Tracker, which brings together over 1700 business terms with a catalogue of our reports and reporting metrics. Consistent understanding of business terms, the reports we have in the business, and the metrics behind them, will reduce duplication and speed up report development. It will also help ensure that our network runs safely and reliably, by providing trusted information to the users of our reporting. Our information is used daily, with an average of around 14 people per day using it.

## Looking to the Future

As we close out RIIO-T2 and prepare for RIIO-GT3, we look both back and forward. We reflect on the successes and lessons of RIIO-T2, while preparing to meet the challenges and opportunities of the next price control period.

Data profiling work carried out with our shrinkage and emissions team has improved data quality, supporting more robust regulatory reporting and helping us operate as efficiently as possible, and ensuring the incoming data is 100% complete and ready to meet requirements of the new RIIO-GT3 incentive.

We have learned lessons around scope limitation, business engagement and market trends in the data skill recruitment space. We have continually refined our agile planning method for project delivery to ensure that scope, requirements and dependencies are not only mapped from the outset, but tracked and updated throughout the project lifecycle. The reporting developed has enabled demand to be managed more effectively,

## Data Best Practice Cont.

and set clear expectations for both business users and the data science team.

Given competing priorities across NGT, the availability of Subject Matter Experts (SMEs) was sometimes constrained which led to delays in a small number of cases. We have altered our approach to ensure contact with the business as early as possible in the project discussions, providing estimates of what resources will be needed, when, and for how long.

Data management skills are in high demand and can be expensive to engage, particularly at the start of new price control periods and fiscal years. To access the best talent cost-effectively, we broadened our recruitment approach beyond our existing managed service providers and developed relationships with specialist technology, data and AI firms.

As RIIO-GT3 kicks off, we will apply these learnings to ensure our activities are clearly prioritised, aligned with business needs and supported by appropriate resources.

In RIIO-GT3 we will align our asset data to industry standard ISO14224, enabling more granular operational maintenance but also better asset health predictions through enhanced interoperability with other systems and datasets, further strengthening our asset management posture and ensuring we run a network that is both reliable and safe.

This movement to a common industry standard will be supported by new master data management tools, enabling both further refinement of our canonical implementation (this is how systems talk to other systems, understanding what a data item in one is referred to in another), but also bringing a step change in our semantic data implementation.

This semantic data layer is the layer that enables the business view of a data item to be translated into the system view of a data item – crucially, it does not require the expensive and scarce resources referred to in the paragraphs above to be focused on point work; rather they can invest their time and skills into ensuring that the data tools that we have within NGT are available to as many people as possible, with the hard

work of data curation having already been undertaken by the data experts.

[redacted]

[redacted]

A Proof of Concept, for example, has enabled questions like "what was the most efficient trade in February" to be answered, without the need to involve data scientists in the analysis or to request a bespoke report. The GenAI tool then enables the user to redefine what they mean by 'efficient trade' and will adjust the results accordingly.



# Customer and Stakeholder Satisfaction Survey

**At NGT, we have a longstanding commitment to working closely with our customers and stakeholders, ensuring their views inform how we deliver our services and shape our future plans to meet consumer needs.**

Through structured engagement, and our customer satisfaction (CSAT) and stakeholder satisfaction (SSAT) incentives, we continuously seek to improve service quality to deliver a safe, resilient and sustainable gas network. CSAT is a financial incentive that encourages NGT to improve and understand the quality of our customer services by surveying customers on their experience of working with us. The SSAT incentive operates in a similar way but is a reputational rather than financial incentive. Together, these mechanisms ensure that gathering and acting on customer and stakeholder feedback remains central to our teams, allowing us to continually drive service improvements.

## CSAT and SSAT performance in 2025/26

This year we achieved a customer satisfaction score of 9.00 against a baseline target of 7.8 and an increase of 0.11 against last year's score. Compared to last year, five out of nine areas saw scores increase, one remained the same, and three areas saw decreases in score (maintenance services, energy balancing, and capacity auctions). Energy balancing had a score of 9.11 in 2025/26 (compared to 9.45 in 2024/25). Although the score fell from last year, we consider this area to be strong as the 2025/26 score remains high. This is similar for capacity auctions which had a score of 9.29 in 2025/26 (compared to 9.88 in 2024/25). Maintenance services had a score of 8.13 compared to 8.67 in 2024/25. This represents a decline of 0.54. This was driven by a low score received from one of our power station customers, due to data issues caused by an asset upgrade completed by NGT. We investigated this survey and customer interaction in accordance with our complaints procedure, leading to several changes to ensure faster issue identification and resolution. Changes include adding additional post upgrade check-ups and creating standardised temporary solutions which can be deployed quickly to resolve issues while a permanent solution is implemented.

Our highest scoring area for CSAT this year was connections services (including diversions), achieving a score of 9.8, a considerable improvement from 6.8 last year. While we remain focused on continual improvements, we recognise that this result is based on a small sample size of four responses and is therefore sensitive to individual feedback. Nevertheless, we believe the score reflects genuine improvements in our service offering, especially for diversions works which accounted for at least two out of the four responses captured. Customers cited collaboration, transparency and proactive engagement as key contributors to the score, with further reinforcement through a direct letter of gratitude from a customer. Additionally, our connections work was scored highly with customers appreciating the helpfulness and speed of the team. Other high scoring survey areas include markets & strategy, Project Union, energy balancing, capacity auctions, and operational liaisons all with scores of 9 or more.

In 2025/26 our CSAT response rate decreased from 49% in 2024/25 to 40% in 2025/26. We received 71 CSAT responses in 2025/26, slightly lower than the 74 responses recorded in the previous year. This reduction in volumes reflects our continued focus on significant interactions and a shift towards more direct customer engagements rather than webinars and online events. Further increasing response volumes, response rates, and the quality of feedback received remains a key priority for the next price control period, ensuring we continue to capture as much meaningful customer feedback and suggestions as possible.

For SSAT, our response rate increased from 23% in 2024/25 to 30% in 2025/26 and our SSAT score increased from 7.93 in 2024/25 to 8.12. The 0.19 increase in our SSAT score was largely driven by improvements in procurement services where our score increased from 7.70 last year to 7.99 this year. Procurement service accounted for the majority of responses, representing 195 of the 238 SSAT responses received (including "unsure" responses). We will continue to focus on improving procurement services in RIIO-GT3, recognising their role in supporting efficient and agile delivery and ensuring value for money for customers.

## Reflections and learnings from RIIO-T2, and our goals for RIIO-GT3

During RIIO-T2, our main focus for CSAT and SSAT was increasing response rates and targeting significant interactions[2] with customers. This has helped us gather more feedback, understand our service levels and areas of improvement. To achieve this, we implemented several surveying initiatives including:

- Having more regular touchpoints with business areas to drive actions from CSAT and SSAT feedback
- Greater risk management processes and points of escalation to increase awareness of issues and reduce delays in response where possible
- Streamlining processes and communications internally and externally to further enhance our customer service and stakeholder relationships.

This approach has been highly beneficial over this regulation period, enabling us to gather more meaningful feedback, understand our service level, and identify service improvements. For example, the feedback gathered has helped us: identify ways to increase engagement and collaboration in customer meetings and events by understanding the key topics that are most pertinent and impactful to our customers; better understand our customers' journeys when contacting NGT, and improving how customers are directed to resolve issues more efficiently; and identify the gaps in our services and improvement areas, such as minimising delays. For example, our connections team have implemented various changes due to feedback, such as using alternative construction methods where possible, utilising external expertise to reduce internal skills gap, and having reserve stock of key materials to reduce lead times and project delays. NGT will continue to deliver CSAT and SSAT by embedding the best practices developed during RIIO-T2 and building on these foundations in RIIO-GT3.



[2] Agreed definition with Independent Stakeholder Group (ISG): ): A significant interaction within a survey area requires direct interaction with a customer via telephone, virtual or face-to-face meetings, or email threads (i.e., it is not simply transactional). These interactions will usually include solving of a query, the provision of information or documents, or a much lengthier ongoing interaction which requires a back and forth with the customer (e.g. a connections application). Customers are only to be surveyed every 90 days (to prevent survey fatigue) therefore meaningful or significant interactions are surveyed to give us the most valuable feedback for us to improve our services.

# Quality of Demand Forecasting

We publish the NGT demand forecasts for the next day (D-1) and for two to five days ahead (D-2 to D-5). These forecasts are a key tool for the UK gas industry, helping shippers understand expected demand and manage their gas positions.

The provision of timely and accurate forecasts aids the efficient operation of the market from both a physical and commercial perspective which reduces operating costs and ultimately helps to keep consumers' bills lower. To encourage accurate forecasting, the D-1 incentive provides a financial reward or penalty based on the accuracy of our day ahead forecasts.

In 2025/26, the weighted average error on the D-1 incentive was 8.19 mcm against a target of 8.35 million cubic metres (mcm). The target could have been increased by up to one mcm under the Demand Forecasting Storage adjuster; however this wasn't triggered in 2025/26, primarily because there were no injections into the Rough Storage site. The D-2 to D-5 reputational incentive weighted average error was 12.8 mcm in 2025/26 against a target of 13.7 mcm. This was similar to the 2024/25 outturn of 12.7 mcm.

From a demand forecasting perspective, 2025/26 proved to be another challenging year as ongoing global uncertainties continued to drive volatility in both gas and electricity markets. This resulted in a wider System Average Price (SAP) spread than last year, increasing the complexity of demand forecasting as a wider price range can influence market behaviour including storage withdrawals and interconnector flows. During winter 2025/26 SAP ranged from ~62 pence per/therm (p/th) on the 11 November 2025 to 152.5 p/th on 8 March 2026. The range the year before was 93.7 p/th on the 8 March 2025 to 144.4 p/th on 11 February 2025.

Peak day demand in 2025/26 reached 408 mcm, up from 392.7 mcm in 2024/25. Demand was also more volatile with day-on-day changes exceeding the previous year's peak of 75.9 mcm on four occasions, with the maximum being 86.3 mcm - an increase of more than 10 mcm compared to the peak change seen in 2024/25. This increase also exceeds our incentive daily error incentive scheme target of 8.35 mcm.

Wind forecasting continues to be a major driver of overall forecasting accuracy. Total wind generation output increased by 18.6%, rising from 62.7 TWh in 2024/25 to 74.4 TWh in 2025/26. Using wind generation data published via Elexon's Balancing Mechanism Reporting Service and converting this value to an equivalent mcm impact (over the full gas day and applying an average efficiency factor of 52%) the average daily error in the day-ahead wind generation forecast was ~6.5 mcm in 2025/26, compared with 6.0 mcm in 2024/25, an increase of 8% year on year. The maximum daily error seen also increased to ~150 GWh (26.2 mcm) in 2025/26, compared with 123 GWh (21.6 mcm) in 2024/25. As renewables generation continues to grow, uncertainty around wind forecasts remains a significant challenge. This is particularly important given the RIIO-T2 D-1 incentive target of 8.35 mcm reduces to 6.79 mcm in RIIO-GT3.

Greater volatility in electricity interconnector flows was also evident in 2025/26. GB was a net electricity exporter on 28 days in 2025/26, almost double the 15 days recorded in 2024/25. Of these, 19 days occurred during winter and nine during summer, compared with 9 winter days and six summer days in the previous year. The maximum daily electricity exported rose from 80 GWh/day in 2024/25 to 130 GWh/day in 2025/26. On an annual basis this resulted in an increase in total exports to 16.1 TWh in 2025/26 up from 11.3 TWh in 2024/25. These changes in the frequency, scale, and direction of electricity interconnector flows increase the variability of domestic generation requirements and make power demand forecasting more challenging, particularly when combined with our limited visibility of price-driven interconnector behaviour. It is worth noting that the electricity imports were very similar compared to last year, 43.75 TWh in 24/25 and 43.58 TWh in 2025/26.

Peak demand for electricity generation (103 mcm) coincided with the peak gas demand for the year (408 mcm) on 5 January 2026. From a generation perspective this level was not forecast at the day ahead stage as there were moderate levels of wind generation expected, which were factored into the forecast. The driver behind this was linked to electricity interconnector exports, which were higher than forecast, leading to a higher total electricity demand in GB. This resulted in higher-than-expected levels of gas generation on this day.

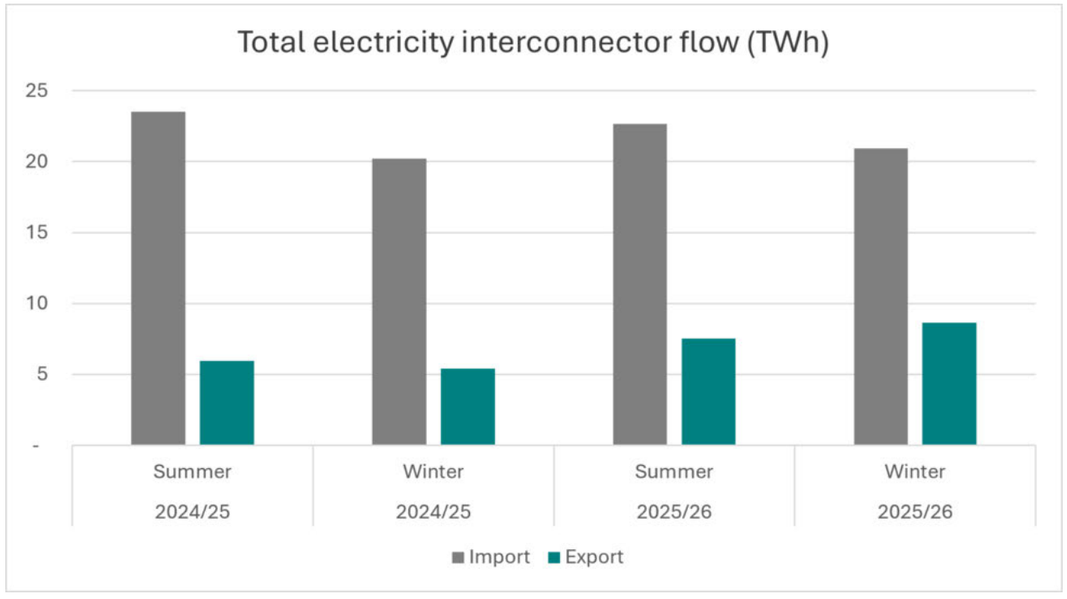



**Figure 9: Total electricity interconnector flow (TWh)**

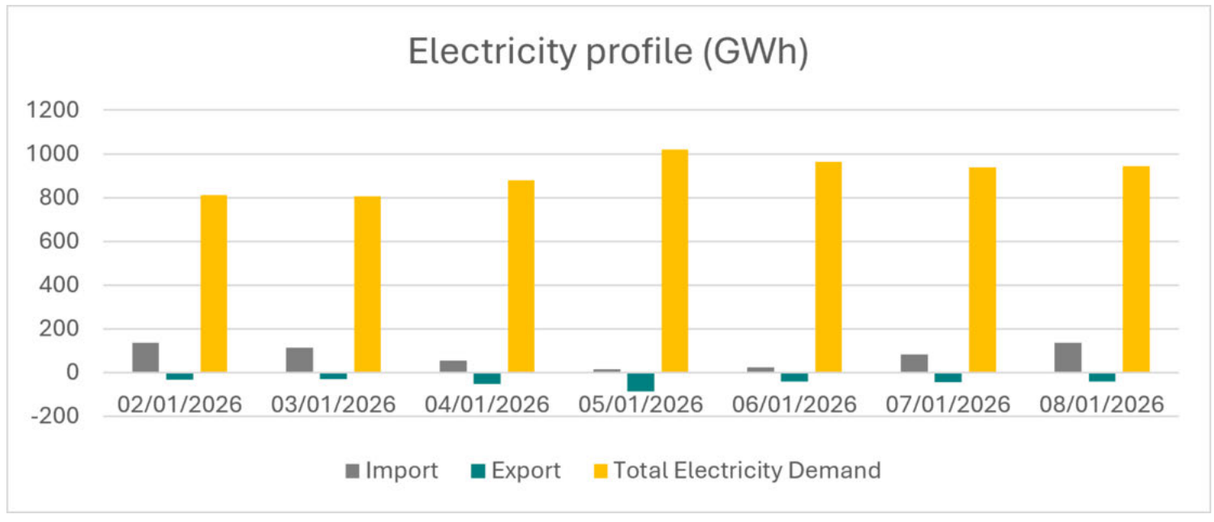



**Figure 10: Electricity Profile (GWh)**

## Quality of Demand Forecasting Cont.

Underlying supply to the GB market is a critical input to demand forecasting, as a result, any unplanned maintenance or deviations to planned changes can materially affect the level of demand on a given day. An example being between 23-25 May 2025, supply was ~20 mcm/day lower than expected due to an unplanned outage at [redacted] that lasted longer than initially indicated. As this continued to be revised over subsequent days, late changes affected understanding of supply availability and contributed to a larger demand forecast error of ~35 mcm on 26 May 2025 due to lower core supply availability for this day.

As LNG represents a larger and more flexible component of total gas supply, tracking vessels arriving in the UK remains important for forecasting and operational planning. Total LNG supply to the UK increased to 12.87 bcm in 2025/26 up from 11.38 bcm in 2024/25, with LNG's share of total supply rising to 18%. Peak LNG send-out also increased to 131.37 mcm/day whilst [redacted] maximum flows rose to 86.49 mcm/day. However, we continued to observe LNG tankers being diverted to other countries during 2025/26 due to a combination of global market dynamics, adverse weather conditions preventing vessels from docking, and wider geopolitical tensions and conflicts influencing the LNG market and therefore where ships land their gas. These factors led to an increased number of changes to scheduled deliveries. In 2025/26, there were seven vessel changes at [redacted] and 18 diverted from [redacted] compared with eight vessels diverted from [redacted] and 15 diverted from Milford Haven in 2024/25.

We continue to focus on improving our demand forecasting accuracy and throughout 2025/26, we undertook a range of targeted activities to drive process improvements:

A focused study was completed on the influence of wind, Composite Weather Variable (CWV) and day-of-week effects on Local Distribution Zone (LDZ) demand as part of our ongoing forecast improvement activity. The analysis covered conditions where CWV was below eight and improved understanding of demand sensitivity within this range, which coincides with the heating season for LDZ demands. It also identified opportunities for further development through extending the assessment across the full CWV range and considering additional demand drivers which we will continue to explore in the coming year.

During winter 2025/26, a second CWV provider was introduced to improve assurance and reduce dependency on a single source. In preparation for RIIO-GT3, a competitive tender for weather data services was completed, resulting in the appointment of a new provider for the next three years, covering both CWV and wind generation forecasts.

Enhanced the supply forecasting process through continued engagement with sites and terminals and the initiation of an automation project for terminal maintenance tracking. This has strengthened the control environment around supply forecasting inputs by improving the capture, consistency and accessibility of maintenance information across teams.

Developed and implemented a Demand Forecast Performance dashboard to provide a more transparent and structured view of forecast performance across demand forecasts, individual model outputs, and NESO day-ahead forecasts for total electricity demand and wind generation. The dashboard has improved our ability to monitor accuracy, detect trends, better understand the root causes of forecast error, and assess comparative model performance consistently. It also now underpins regular weekly forecasting review meetings, better enabling a more structured discussion of forecast performance, identification of good practice, and prioritisation of areas for improvement. This has enabled targeted actions that have improved the accuracy of our models and as such drive continuous improvement.

Improved the performance of our in-house power station forecasting models, with model accuracy improving by 7% on average, and delivered a 26% improvement to the in-house total electricity demand forecasting model since its deployment in December 2025, compared to the same period last year. Whilst these improvements demonstrate meaningful progress in model capability, forecasting electricity interconnectors behaviour remains challenging due to limited visibility of electricity price signals and other market drivers. Our current focus is on further enhancing the wind forecasting model and improving the capture of electricity price data to support continued model development and power forecast accuracy.

# Maintenance

**The Maintenance Incentive Period runs from 1 April – 31 October each year[3], to align with the summer outage plan. To incentivise the efficient planning and execution of network maintenance impacting customers at direct exit connections from the NTS, the maintenance incentive is split into three scheme components:**

## Use of Days - Maintenance days (Routine Valve Operations)

The Use of Days – Maintenance Day (Routine Valve Operations) scheme is designed to reduce the impact we have on our customers when we undertake our routine maintenance activities including Routine Valve Operations (RVO). All RVO activities were completed in 2025/26, whilst continuing to minimise the impact to customers. This was achieved by using six maintenance days, outperforming our target of 11 days or fewer. Dates for valve operations are based on outage information submitted by customers with the aim of alignment. Once notices are sent out in Jan, we can reschedule RVOs based on customer feedback. In comparison in 2024/25 we achieved all RVO activities utilising zero 'Maintenance Days' with them all being achieved through 'Advice Notices' due to the availability of customer outages. This element of the RIIO-T2 scheme is downside only (£0.5m collar). As we outperformed the target of 11 days or fewer, no financial downside was triggered, and we incurred £0 cost under this element of the incentive scheme.

## Use of Days - Maintenance days (excluding Routine Valve Operations)

The Use of Days – Maintenance Day (excluding Routine Valve Operations) scheme is designed to reduce the impact we have on our customers for all other maintenance activities (excluding RVO). In 2025/26 the incentive included 259 days of customer impacting works, of which 240 were aligned to customer outages. This demonstrates that 92.6% of customer impacting works (excluding RVOs) were successfully aligned with customer outages against a target of 75%. This compares to 184 days of customer impacting works in 2024/25, of which 174 were aligned to customer outages (94.6% of customer impacting works). 12 Maintenance Days used this year were to facilitate asset replacement works at a power station, where the duration of our work extended beyond the customers' advised outage period. A further seven Maintenance Days were used to facilitate an in-line inspection where multiple customers needed to be offline to ensure a consistent Pipeline Inspection Gauge (PIG) speed, and alignment with all parties' advised outages was not possible. This element of the RIIO-T2 scheme has a capped upside and collared downside of +/-£0.5m. This year we outperformed the target leading to an outcome of £0.5m from this element of the incentive scheme.

## Changes - Minimisation of changes initiated by National Gas Transmission to the agreed maintenance plan

The aim of the Maintenance Day Changes scheme is to reduce the impact our maintenance activities have on customers should we make changes to our planned maintenance after 1 April. The incentive scope does not include changes that were initiated by customers. The Maintenance Day Changes scheme includes any maintenance plan days called. In total, there were 307 days of planned maintenance in 2025/26 compared to 226 days in 2024/25. This led to an updated benchmark for changes (target) of 22 days in 2025/26, which is 7.25% of all Maintenance Days and Advice Notice Days called. This compares to a benchmark for changes (target) of 16 days in 2024/25. In 2025/26, there were four change days initiated by us during the maintenance period. This is a decrease compared with the ten changes seen in 2024/25. Three of these change days were due to a replanned in-line inspection because of birds nesting on the PIG launch site, while the other one was due to a rescheduled RVO because of resource constraints. Given the increased workload seen in 2025/26, this performance continues to demonstrate that the incentive encourages us to minimise change to works that depend on alignment with customer outages.

The number of maintenance plan days categorised under the scheme has increased in 2025/26 compared to 2024/25 due to the overall number of maintenance jobs also increasing. The number of jobs related to non-RVO works (In Line Inspection (ILI) runs, Defect Inspections and Asset Replacement) requiring notices remained at thirteen in 2025/26, however the overall duration of these works was greater than in the previous year. This element of the RIIO-T2 scheme is downside only (£0.5m collar) therefore as we outperformed the target, we outturned at £0 under this element of the incentive scheme. This performance was primarily delivered through carefully monitoring our maintenance and communications processes, including continuing with our customer face-to-face meetings with renewed engagement at least eight weeks prior to the planned maintenance affecting them, allowing us to capture any changes to customer outages earlier to maximise the potential to align and therefore cause minimum disruption.

READ MORE: Our annual review of the 2025/26 maintenance programme will be published on our **website** from 1 June 2026.

[3] RIIO-GT3 incentive proposal linked to UNC Modification 0907 ("Extending the Maintenance Planning Window"); Panel did not recommend implementation, and the proposal is awaiting Ofgem decision.

# Entry / Exit Capacity Constraint Management

The Capacity Constraint Management Incentive is designed to drive us to maximise available network capacity and minimise constraint management costs. We aim to achieve this through efficient and economic planning and operation of the network.

In 2025/26 the outturn of the Constraint Management Incentive scheme was £3.7m, a decrease of £0.1m from 2024/25 (all monetary values in 18/19 prices).

## Non-Obligated Capacity

Total non-obligated Entry and Exit capacity product sales resulted in a revenue (pre sharing factors) of £6.8m. This was a 26% decrease compared to 2024/25, where the revenue was £9.1m.

## Non-Obligated Entry Capacity

In 2025/26, revenue (pre sharing factors) from all Non-Obligated Entry Capacity was £2.1m. This is 58% lower than in 2024/25, where the revenue was £5.1m. Short term Non-Obligated Entry capacity revenue for 2025/26 was £1.2m, which is lower than in 2024/25 when the revenue was £4.2m. The introduction of baseline capacity at Rough Storage in September 2025 resulted in lower volumes of short-term Non-Obligated Entry capacity sales; in the previous year non-obligated entry capacity was released in the winter months at this location. Firm obligated capacity was available at [redacted] between January and March 2026 for the first time in ~10 years. This resulted in zero Non-Obligated sales at this location. Long-term Non-Obligated Entry capacity revenue (pre sharing factors) for 2025/26 was £0.99m, which is similar to 2024/25 when the revenue was £0.96m. This revenue was generated from sales at Cheshire and Murrow in the Quarterly auctions.

## Non-Obligated Exit Capacity:

In 2025/26, revenue (pre sharing factors) from all Non-Obligated Exit Capacity was £4.6m. This is 15% higher than in 2024/25, where the revenue was £4.0m.

Short term: In 2025/26, short-term Non-obligated Exit capacity generated £4.2m revenue (pre sharing factors). This was an increase of £0.8m compared to 2024/25. The increase in revenue was primarily driven by [redacted] power station where revenues were higher year on year, increasing by 36% and 25% respectively. While volumes were broadly consistent, higher revenues reflected an increase of 44% in Entry capacity charges which took effect on 1 Oct 2025.

Long-term: Exit capacity revenue (pre sharing factors) for 2025/26 was £0.42m, which is lower than in 2024/25 when the revenue was £0.57m. This decrease was driven by a 53% reduction in capacity sale volume across multiple locations, with some locations no longer purchasing non-obligated capacity.

## Commercial Actions

In line with our constraint management strategy (detailed further below), a series of commercial actions were undertaken during January and February 2026. The actions in January 2026 did not result in any commercial costs being incurred. The actions in February 2026 resulted in costs (all pre sharing factor) for Entry capacity buybacks (£0.1m) and locational buy actions (£0.7m), offset with revenue from locational sell actions (£0.8m). Overall, these resulted in a net cost of approximately £0.03m for the reporting period.

## Constraint Management

We use operational tools and clearly defined commercial strategies for managing potential or emerging constraint risks on the network. Our commercial strategy includes a range of commercial tools that have a recommended order of use from least to highest cost, with additional decision-making to assess the option that would provide the most effective outcome. These actions can only be used if there is a forecast or actual constraint on the network.

The commercial tools include the scaling back of Interruptible or Off-peak capacity products, withholding from sale Firm capacity products in the short-term auctions, locational buy or sell actions and buying back of capacity rights (also known as capacity Surrender). If these commercial actions do not resolve the constraint, the final step for an Entry constraint will be to issue a Terminal Flow Advice (TFA) or seek Network Emergency Coordinator (NEC) approval to declare a Gas Deficit Emergency for Exit locations.

[redacted]

The [redacted] aggregated supply entry point (ASEP) comprises of two LNG sub-terminals, [redacted] and is a key LNG entry point supplying gas into South Wales, which then moves onward through the wider network. Due to its critical role in security of supply and the challenge of moving gas away from this part of the network, analysis is proactively undertaken twice per year to assess the inherent risk of Entry capacity constraints. For Summer 2025, we assessed the latest view of capability levels against historic and forecast supply, using our Constraint Risk Modelling Tool to generate the likelihood and potential cost of capacity constraint days. For both Summer and Winter, the use of on-the-day commercial tools was considered likely to be a more efficient approach should a constraint occur, so no Constraint Management Agreement's (CMA) were pursued. However, constraint events have since materialised, which are explained in more detail below.

## Use of Commercial Constraint Tools

On 6 January 2026, there was a short-duration constraint affecting flows from [redacted] caused by a compressor trip during the early hours of the Gas Day. This reduced the ability to transport gas eastwards and limited operational flexibility for maintaining pressures under prevailing winter conditions. Due to the late stage of the Gas Day and imminent market closure, no commercial actions could be undertaken. As a result, a pressure Terminal Flow Advice (TFA) was issued. On 7 January 2026 instructions to scale back interruptible capacity and additional firm capacity were enacted and subsequently lifted later in the day.

On 8 January 2026, high supplies were observed at the [redacted]. These higher flows were due towards the end of the Gas Day, which coupled with overnight demand decreases, led to a forecast entry constraint. The following commercial actions were taken;

- Scale back of Interruptible Entry capacity
- Withholding of further Firm Entry Capacity from the within-day auction
- Request for locational offers, although none were accepted.

Network pressures continued to be assessed. At 2am, the supply level decreased to below capability, alleviating the forecast constraint without requiring any further actions to be taken.

During February 2026, sustained high LNG flows from the [redacted] sub-terminals resulted in a prolonged constrained period on the network. Commercial actions were taken as follows between 3 - 19 February 2026.

- 16 days Interruptible capacity was scaled back. Whilst no Interruptible capacity was booked, Automated Notification System messages continued to be sent to maintain the appropriate communication / information to the industry.
- Capacity was restricted in the day-ahead (DADSEC) auction on 14 days. On one of these days, a proportion of the capacity was subsequently restored in a later day-ahead auction.
- In the within-day (WDSEC) auction, firm capacity was restricted on 14 days, 11 of which coincided with restrictions observed in the day-ahead auction. Of these, 12 days saw either full or partial restoration of capacity later within the Gas Day.
- Offers for locational sells and buys were requested on four days (5, 7, 8 and 16 February 2026). Offers were accepted on three days (7, 8 and 16 February 2026), resulting in a total sell volume of ~52 GWh and revenue of ~£0.8m, and a total buy volume of ~23 GWh and a cost of £0.07m for the period. These include secondary locational actions taken to support the national balance position.
- On 5 February 2026, buyback actions were taken to a volume of 30 GWh, costing ~£0.1m.
- A TFA was applied on 5 February 2026 but lifted later in the gas day.

As a result of these actions, and through close collaboration with the sub-terminal operators, entry flows were maintained within safe operational limits. By

## Entry / Exit Capacity Constraint Management Cont.

applying a structured suite of commercial tools, prioritised from least to most costly, we were able to minimise both the operational impacts and the costs passed on to consumers. Two industry webinars were also facilitated during this time to aid transparency of the constraint management and operational activities, and to address a clear appetite from industry to engage on this topic.

### Supporting our customers

We always aim to deliver a high standard of customer service. We raise awareness of the capacity regime and provide support to industry with auction participation and any other capacity related processes. We have delivered several initiatives this year with the objective of meeting customer requirements and managing network capacity more efficiently.

In 2025/26, we supported several industry Gas Energy Forums on capacity-related topics.

- April 2026 – [redacted] Exit capacity update: A high-level overview of potential non-obligated capacity release over the summer period.
- June 2026 – Annual Exit capacity auctions: We provided an overview of the annual auctions ahead of the bid windows with resource links for further information.
- September 2026 – Capacity Auction data entry errors: We highlighted the importance of entering correct data, shared the possible consequences, clarified the process to follow if a mistake is made, and encouraged the use of the Bid Validation Parameters in Gemini as a preventative measure.
- January 2026 - South Wales overview – We shared actions taken in preparedness for winter. A spotlight was shone on "interesting days" on 6 and 8 January 2026 (see section above for details)

As mentioned earlier in this section, we also provided two webinars focused on the [redacted] constraint period in February 2026. These were well attended, reflecting the clear appetite from industry to know more about our operations. We provided an overview of:

- NTS operations
- The activity at [redacted]
- Resolution to challenges (including those relating to the Gemini system)
- A reflection on the outlook for the summer
- Information on future asset investment plans.

The webinars offered an opportunity for industry to ask questions, the answers to which were summarised and published after the call.

This year, we facilitated a Gemini Code Contingency Exercise, which was paired with testing of on-the-day commodity market Contingency arrangements. This was held on 18 June 2025 and was used to raise awareness of contingency arrangements and test communications.

The Gemini system is key to facilitating our capacity auctions and having established contingency processes is of prime importance. The report for this Exercise is available on our **Website.**

Daily, we provide support to customers and stakeholders on all aspects of the capacity regime to seek and act on feedback as a means of continually improving the service we provide, ensuring customer needs have been fully satisfied and that additional information is provided to further their understanding, where required.

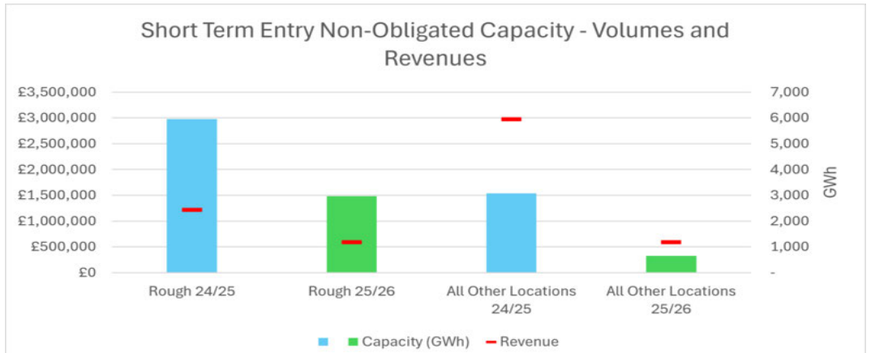



**Figure 11: Short-term Non-Obligated Entry Capacity volumes and revenues (pre sharing factors)**

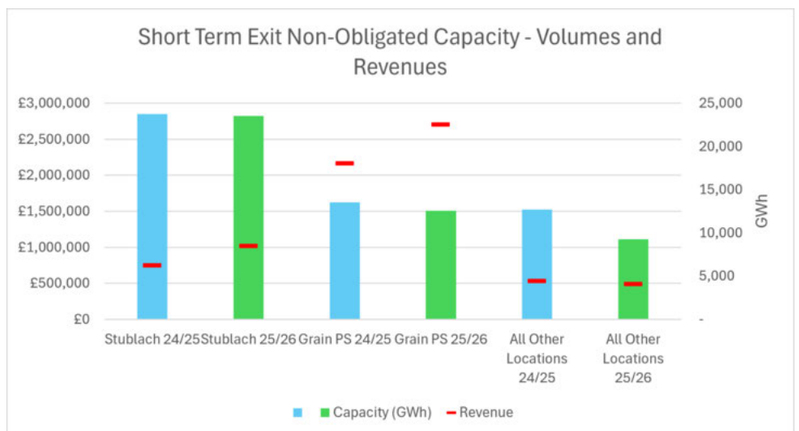



**Figure 12 :Short-term Non-Obligated Exit Capacity volumes and revenues (pre sharing factors)**

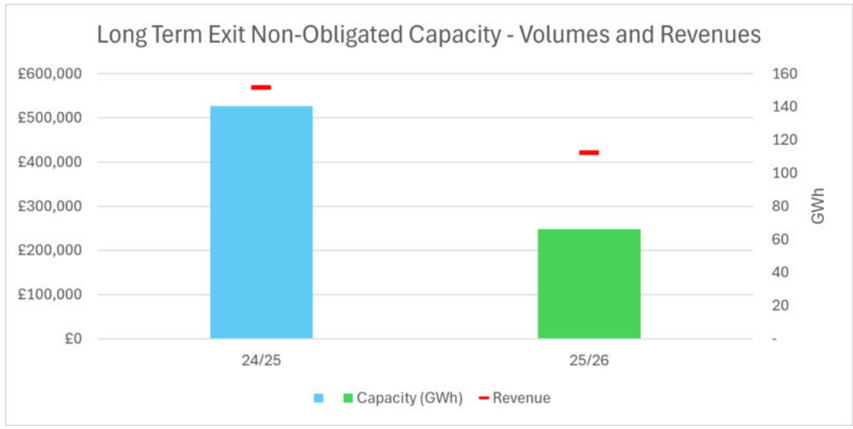



**Figure 13: Long-term Non-Obligated Entry Capacity volumes and revenues (pre sharing factors)**

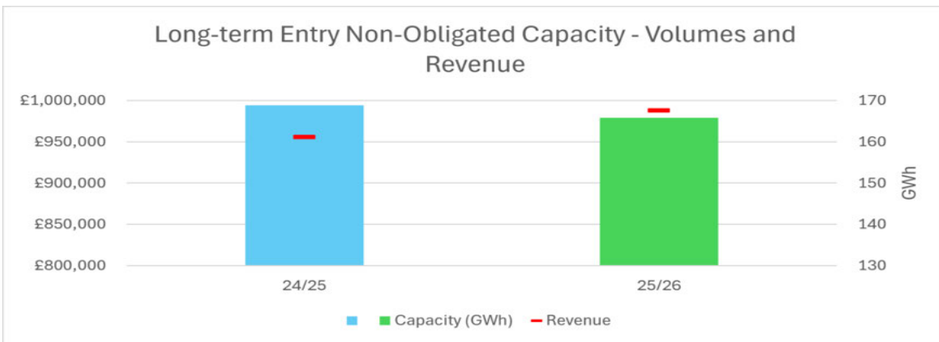



**Figure 14: Long-term Non-Obligated Exit Capacity volumes and revenues (pre sharing factors)**

# Residual Balancing

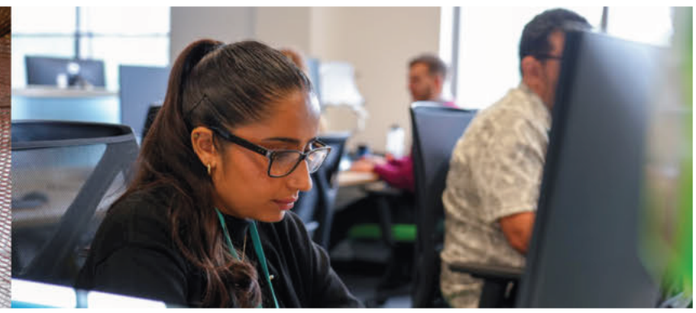
The Residual Balancing Incentive Scheme is designed to drive efficient system balancing while minimising market impact. It does this through two key measures:

| 1. The Linepack Performance Measure (LPM) | 2. The Price Performance Measure (PPM) |
|---|---|
| For 2025/26 delivered a daily average performance of 1.6 mcm/d, outperforming the 2.8 mcm/d target and maintaining the performance achieved in 2024/25.<br><br>Performance remained consistent throughout the year, with LPM below the target on 299 days (82%), compared to 309 days (85%) in 2024/25.<br><br>While overall performance was positive, 2025/26 was not without challenges. On days where the target was not met, the LPM averaged 3.9 mcm/d and peaked at 8.5 mcm/d. This is broadly in line with 2024/25, where the LPM averaged 4.1 mcm/d on above target days, also peaking at 8.5 mcm/d. | Achieved a daily average price spread of 0.7%, outperforming the 1.5% target, although this represents an increase from 0.5% in 2024/25.<br><br>There were 44 days where the price spread exceeded the target, with a peak of 19%, significantly higher than the 9% peak in 2024/25. On days where Residual Balancing actions were taken (194 days, 53%, down from 235 days, 64% in 2024/25), the average price spread was 1.3%, compared to 0.8% in the previous year.<br><br>Market conditions were notably more volatile in 2025/26. Day-to-day changes in the System Average Price (SAP) reached up to 31% on the 3 March 2026, compared to 8% in 2024/25, highlighting a much more challenging trading environment, from March onwards this was in part driven by the Middle East conflict. |

We continued to manage significant supply and demand imbalances, requiring earlier and more frequent market intervention during challenging periods, with our trade quantity peaking at 131 GWh to manage a single gas day.

To support our residual balancing performance, we maintained weekly residual balancing insight reporting and undertook detailed analysis of key balancing days. This has strengthened our understanding of behavioural drivers, emerging trends, and system risks, informing both internal strategy and targeted engagement with shippers and wider industry stakeholders.



# Maintaining a Safe and Resilient Network


Safety . . . . . 24
Network Access Risk Metrics (NARMs) . . . . . 25
Asset Health – Non Lead Assets . . . . . 26
Exit Capacity . . . . . 28




Our ambition is to be safe every day with safety and resilience being one of our highest priorities. We do not compromise on the safety of our people, our customers, the public, and our assets.

We achieve this by embedding a proactive safety culture. Over RIIO-T2, we have run the network to the highest safety standards by maintaining the health of our assets, whilst applying robust controls to manage workplace hazards and complying with all relevant legislation. Alongside the safe operation of our assets, we have also maintained high levels of asset reliability, responding dynamically to changing flow patterns, and so ensuring security of supply throughout RIIO-T2, with our network delivering exceptional levels of reliability, averaging 99.99% for the five years of RIIO-T2.

# Safety

The safety and health of our workforce, the public and our assets is an integral part of NGT and a top priority within our overall strategy. We aim to have a proactive safety culture within the RIIO-GT3 price control which will support the movement towards the highest level of maturity. This approach is crucial to driving strong safety performance and to ensure delivery for our customers, the communities we serve, and to maintain the reputation of our business.

## Gas Transmission Safety Performance

To support our proactive aim, NGT has an ambition to be 'safe every day'. The ambition sets the strategic direction for the RIIO-GT3 framework and associated safety and health plans - the focus within these plans is to be aligned to four key target areas:

- Keeping our assets and processes safe every day
- Demonstrating safe behaviours every day
- Supporting health and wellbeing every day
- Improving safety every day

NGT has now concluded year five of its ambition with positive progress being made.

The NGT lost time injury frequency rate (LTIFR) of 0.04, outperforms the target and stretch target (<0.12 and 0.1 respectively) and is only slightly higher than our FY25 performance (0.02). The LTIFR was made up of three lost time injuries.

Nine High Potential Controllable Events (HPCE) were reported and investigated, covering risk areas such as temporary works, driving, lifting operations, fatigue management and operational readiness. The willingness to report HPCEs demonstrates the maturity of our learning culture and supports earlier identification of emerging risks. No tier one process safety events occurred during the year, and there were no public safety injuries attributable to our operations.

Leading indicators aligned to process safety have continued to receive sustained focus, with actions in place to improve performance and manage risk. Encouragingly, improvement is already evident, with overall compliance increasing from 66% at the end of Q3 to 69% at year end. The associated metrics operate within a six-monthly continuous improvement cycle, with progressively greater rigour applied to support sustained and improved performance over time.

We have continued our programme of Executive Safety, Health and Environment (SHE) Leadership visits, delivering a 53% increase in the total number of visits compared to FY25. Visible senior commitment to safety, health, and the environment is critical to strong performance and the majority of our leaders have exceeded requirements this year, further increasing their visibility. This leadership programme measure has now been re-set to ensure we continue to maintain strong leadership engagement in preparation for FY27 delivery.

[redacted]

## Key highlights delivered in 2025/26 include:

- Continued delivery of a consistent "Safe Every Day" strategy, with annual plans addressing priority risks and improvement areas
- Ongoing rollout and embedding of the Seven Deadly Risks programme to reinforce critical risk controls
- Continued simplification of the Safety Management System, improving content availability and accessibility
- Updated safety governance structure to ensure escalation opportunities and an increased focus on value-add safety, health and wellbeing conversations at all levels
- Strengthened health surveillance processes and enhanced wellbeing support, including improved case management, new working groups, and updated resources
- Focused review of supply chain safety performance, confirming consistency with internal performance and strong responsiveness to learning

The themes for the 2026/27 Safety, Health & Wellbeing Plan have been developed following a senior level sign off process and continue to support our "Safe Every Day" commitments. These are designed to protect value, keep incidents low, and progress through continuous improvements.

# Network Access Risk Metrics (NARMs)

The NARM framework enables Ofgem to quantify the long-term benefit to consumers of our investment decisions and to hold us accountable for the value delivered.

The primary benefit to consumers from our RIIO-T2 activities is delivered through the reduction in network asset risk, as measured by Long-Term Risk Benefit (LTRB). By investing efficiently in asset replacement and refurbishment, we reduce the probability and impact of asset failures over the long term. This supports a safe, reliable and resilient gas transmission network while ensuring consumers receive demonstrable value for money through reduced future risks and avoided costs. The NARMs Methodology separates the monetised risk into five service risk categories

1. Environment
2. Health & Safety
3. Availability & Reliability
4. Societal
5. Financial

We have learned a great deal from our application of NARM across RIIO-T2. In particular, the tight restrictions applied to the estimated targets set out in the original RIIO-T2 NARM methodology and Business Plan data tables have, over time, proven to be overly restrictive. This has led to several areas of clearly identifiable over and under delivery as investment priorities evolved.

A key driver of this challenge was the allocation of pots by Ofgem at the start of RIIO-T2, based on forecast Unit Cost of Risk (UCR). Over a five-year asset management period, these allocations have proven volatile and, in some cases, insufficiently flexible to support good asset management decisions on the gas network. Whilst we remain strongly supportive of NARM as a mechanism to demonstrate and justify consumer value, the application of fixed pots has increased complexity for both NGT and Ofgem

Learning from this experience, NGT and Ofgem have worked collaboratively to address these challenges in preparation for RIIO-GT3. We have implemented changes to the way we report and structure our asset base, improving the granularity of unit cost and risk reporting and enabling investments to be assigned directly to individual assets. This has supported the development of a more accurate and robust LTRB target for RIIO-GT3.

Having a clearly defined and auditable target in place means that any movement away from that target will be supported by a full audit trail, with clear justification of what has changed, when, and why. In addition, Ofgem's revised approach to assigning pots based on delivery theme and Unit Cost Risk provides greater flexibility. This allows capital reallocation within delivery themes through the NARM mechanism, reflecting spend in similar risk areas as set out in the final determinations and reducing the need for ex-post scrutiny.

These lessons will be embedded in RIIO-GT3 delivery, strengthening the alignment between asset management decisions, consumer value, and regulatory oversight.

In FY26, we have delivered a further R£88.5m of LTRB in NARM outputs (A1 Unique Identifiers), subject to work close-out between now and the final RRP NARM submission in Autumn 2026. When combined with the cumulative delivery to the end of FY25 of R£160.43m, this brings total LTRB delivered in RIIO-T2 to R£244.6m, compared to the rebased target of R£203.7m. These outputs will be used to inform the revised forecast position submitted as part of the October NARM RRP, although the figures may still move slightly as close-out activity is completed.



# Asset Health – Non Lead Assets

The RIIO-T2 Asset Health programme was designed to maintain a safe, reliable and efficient National Transmission System (NTS), while delivering value for consumers and supporting long-term environmental sustainability.

The majority of Asset Health outputs are delivered through the Network Asset Risk Metric (NARM), which targets investment to reduce risk on the network, measured through Long-Term Risk Benefit (LTRB).

Alongside this, the Non-Lead Asset Health programme was initially structured around 33 intervention types (Unique identifiers), aligned to baseline funding and reported through the Regulatory Reporting Pack (RRP) submissions. Following the approval of additional non-baseline funding through RIIO-T2 re-openers, this expanded to 56 intervention types. This reflected a more complete understanding of asset condition, risk, and compliance requirements across the network.

These interventions span civils, mechanical, electrical and site infrastructure assets, collectively supporting the safe, resilient and operationally effective performance of the NTS.

Delivery of the programme was underpinned by an integrated, risk-based approach aligned to NGT's Asset Health strategy. A key feature of delivery was the integration of Non-Lead Asset Health with NARM activities, particularly through structured campaigns such as the National Above Ground Installation Renovation Campaign (NARC). This enabled multiple interventions to be delivered at site level during a single mobilisation. This approach:

- Reduced outage requirements and overall system disruption
- Improved delivery efficiency and cost effectiveness
- Increased certainty of delivery across the programme

The optimisation of outages was a critical enabler. Coordinated planning allowed multiple asset issues to be addressed within a single outage window, maximising productivity and reducing the impact on system operations.

A blended delivery model was also introduced, combining internal resource with external contractors. This increased delivery flexibility and scalability, enabling a significant ramp-up in later years of RIIO-T2 without a proportional increase in cost or operational impact.

Governance and assurance were maintained through a structured framework, ensuring that:

- Interventions were prioritised based on asset condition and risk
- Outputs remained aligned to regulatory commitments
- Delivery progress was monitored through established planning and reporting processes

Delivery volumes increased markedly across the RIIO-T2 period, with a clear transition from early-stage mobilisation to full-scale delivery. In years one and two (2021/22–2022/23), activity levels were intentionally low (71 and 100 interventions respectively) as the programme focused on foundational activities, including site surveys, asset condition assessments, and the development of a robust, prioritised intervention pipeline. This preparatory phase was essential in enabling efficient, scalable delivery in subsequent years.

From 2023/24 onwards, delivery accelerated significantly, increasing to 459 interventions in 2023/24 and 552 interventions in 2024/25. Peak delivery was achieved in 2025/26, with 2,178 interventions delivered, representing a step-change in execution capability.

This increase was driven by several factors evidenced in Table 1.

- The inclusion of non-baseline scope, most notably 80 Primary Protection Device (PPD) interventions delivered entirely in 2025/26.
- Significant volumes of Plant & Equipment interventions at [redacted] (1,765 interventions), forming the largest single contributor to Year 5 delivery.
- Sustained Civils and Structural Integrity activity, particularly Pipe Supports (c.1,319 total across RIIO-T2, with peak delivery in 2023/24 and 2024/25).
- Continued maturity of delivery processes, supply chain capability, and programme execution.

Year 5 delivery reflects a broad and intensive programme across multiple asset categories, including:

- High-volume Plant & Equipment interventions, primarily at [redacted]
- Civils/Structural Integrity delivery across key risk areas such as Pipe Supports, Security, and Access
- Completion of targeted Electrical (Site Lighting) and Pipelines (Single Point of Failure) interventions
- Delivery across Cab and Compressor Systems, including Fire Suppression, Ventilation, and Structural improvements, contributing to risk reduction across operational sites

| | | | Volume Interventions | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Asset Health Sub Theme** | **Asset** | **FD Volumes** | **2021/22** | **2022/23** | **2023/24** | **2024/25** | **2025/26** | **RIIO-T2 Total** |
| PPD | PPD | 80 | 0 | 0 | 0 | 0 | 80 | **80** |
| Bacton | Plant & Equipment | 4 | 0 | 0 | 0 | 0 | 5 | **5** |
| St Fergus | Cabs | 8 | 0 | 0 | 0 | 0 | 8 | **8** |
| | Valves | 20 | 0 | 0 | 0 | 0 | 20 | **20** |
| | Plant & Equipment | 1,470 | 0 | 0 | 0 | 0 | 1,765 | **1,765** |
| Cabs & Compressors | Air Intake | 9 | 5 | 1 | 2 | 0 | 1 | **9** |
| | Cab Structure | 16 | 3 | 3 | 6 | 2 | 4 | **18** |
| | Cab Ventilation | 13 | 5 | 1 | 1 | 3 | 1 | **11** |
| | Exhausts | 12 | 5 | 4 | 1 | 2 | 0 | **12** |
| | Fire Suppression | 17 | 4 | 0 | 6 | 3 | 4 | **17** |
| Civils - Structural Integrity | Pipe Supports | 1,300 | 37 | 83 | 438 | 519 | 242 | **1,319** |
| | Security | 9 | 4 | 5 | 3 | 5 | 8 | **25** |
| | Access | 11 | 8 | 3 | 2 | 1 | 11 | **25** |
| Electrical | Site Lighting | 78 | 0 | 0 | 10 | 16 | 28 | **54** |
| Pipelines | Single Point of Failure | 1 | 0 | 0 | 0 | 0 | 1 | **1** |
| **Total** | | **3,048** | **71** | **100** | **459** | **552** | **2,178** | **3,370** |

**Table 1: Asset Health interventions by sub theme per year**

## Asset Health Non Lead Assets Cont.

While delivery volumes varied by asset class and year, the overall profile demonstrates a well-managed ramp-up from assessment to execution, culminating in a high-volume final year. In total, 3,370 interventions were delivered across RIIO-T2 (against a Final Determination volume target of 3,048), evidencing both the successful delivery of baseline scope and the effective incorporation of additional, risk-driven interventions.

Collectively, the programme has addressed key asset health risks and delivered the intended safety, compliance, and network resilience outcomes.

The Non-Lead Asset Health programme has delivered clear and measurable benefits to consumers by:

- Maintaining a safe and resilient network: Reducing the likelihood of asset failure and unplanned outages, supporting continuity of gas supply
- Improving operational reliability: Addressing degradation across a wide range of asset types, contributing to improved system performance
- Minimising disruption and cost: Efficient use of outages and bundling of works reduced system impact and avoided unnecessary costs
- Strengthening delivery capability: Increased internal capability and more effective use of contractors improved delivery certainty and efficiency

Overall, the programme has ensured that asset risks are managed proactively, protecting consumers from the consequences and costs of asset failure.

Environmental considerations were embedded within the delivery approach, including:

- Reducing site visits and mobilisation through bundled interventions
- Minimising operational disruption and associated emissions
- Delivering targeted interventions to avoid more significant future asset replacement activity

This approach supports a proportionate and efficient use of resources while maintaining long-term asset integrity.

A number of key lessons have been identified through delivery of the programme:

- Early-stage definition is critical: Investment in comprehensive surveying and condition assessment in early years enables scalable and efficient delivery later in the price control
- Integrated, campaign-based delivery is highly effective: Bundling NARM and Non-Lead interventions improves efficiency, reduces outage requirements and enhances delivery certainty
- Flexibility in delivery models is essential: A blended approach, using both internal and external resources, allows delivery to scale in response to evolving programme demands
- Programme optimisation requires system-level coordination: Aligning outages, volumes and delivery across the full NTS remains complex and requires strong central coordination
- Data and planning maturity are key enablers: Reliable data and consistent processes are essential to support forecasting, reporting and decision making

These lessons have directly informed the development of the RIIO-GT3 Asset Health strategy. Key areas of focus include:

- Earlier and more robust programme definition
- Continued use of integrated, campaign-based delivery models
- Improved optimisation across the full network
- Strengthened governance, planning and data disciplines

This will ensure that the RIIO-GT3 programme builds on the strong foundation established in RIIO-T2, continuing to deliver a safe, resilient and efficient network for consumers.



# Exit Capacity

The annual Exit Capacity process is delivered in line with the Exit Capacity Planning Guidance (ECPG), introduced as part of RIIO-T2 and continuing into RIIO-GT3. The process supports secure and resilient operation of the NTS while avoiding unnecessary investment and protecting consumer value.

During 2025/26 we completed the full annual Exit Capacity application, assessment, and allocation cycle in line with ECPG requirements. Exit capacity bookings for the first three years (Y+1 to Y+3) remain broadly consistent with recent years and have not reduced to the levels anticipated under the 2025 Future Energy Scenario (FES) Falling Behind scenario.

Across later years, exit capacity reductions become more pronounced, reflecting improved use of annual booking processes and uniform network code mechanisms by Gas Distribution Networks to signal changing demand. This trend demonstrates increasing alignment between distribution network forecasts and national transmission capability, helping to mitigate inefficient long-term commitments.

13 assured offtake pressures (AOP) change requests were initially submitted; however, the majority were withdrawn by GDNs during the engagement and review stages. Where AOP changes were taken forward, enhanced bilateral engagement enabled negotiated outcomes that avoided additional investment while maintaining operational resilience. This approach ensured that the final allocations were cost neutral for NGT and ultimately to the benefit of consumers. READ MORE on this in the **Exit Capacity Allocation Report.**

The Exit Capacity process operated to the established ECPG timetable, supported by defined governance, assurance, and cross-functional engagement. Network analysis was undertaken using recognised modelling tools and informed by National Energy System Operator Future Energy Scenarios, alongside sensitivity analysis in constrained regions.

Clear decision gateways, internal approvals, and structured engagement with GDNs were maintained throughout the process to ensure transparency, consistency, and auditable outcomes. Bilateral discussions ahead of and during the allocation window were critical in resolving potential issues early, particularly around AOP requests in constrained locations. No material deviations from the ECPG process were required.

## Consumer outcomes

The 2025 Exit Capacity allocations ensured that consumer needs were met by maintaining a safe, resilient, and operable gas transmission network, while avoiding inefficient investment.

Key learning from RIIO-T2 is the tangible value of increased, early and enhanced engagement with GDNs particularly on AOP requirements and longer-term capacity signals. Earlier dialogue has reduced late changes, enabled withdrawal of non-essential requests, and improved overall confidence in final allocations. Increased engagement also supported better forecasting discipline and more efficient use of available capacity, helping contribute to improved value for money and alignment with the energy transition as demand patterns continue to evolve.

Going into RIIO-GT3, we will build on this by strengthening pre-application engagement, improving clarity around system constraints and substitution options, and continuing to mature our communication and transparency with stakeholders. These improvements will support more efficient outcomes, reduced process friction, and continued delivery of safe, resilient, and consumer-focused exit capacity arrangements.



# Deliver an Environmentally Sustainable Network


Environmental Action Plans 30
GHG Emissions (Venting) 34
NTS Shrinkage 34
Environmental Incentive 36
Redundant Assets 37
Innovation 39
Net Zero 41




National Gas Transmission is at the forefront of leading a transition to clean, fair, and affordable energy. As one of our key outputs under RIIO-GT2, delivering an environmentally sustainable network is important both to us and our customers.

**As a responsible business, we are committed to delivering environmental and community benefit, prioritising the issues that matter most to stakeholders. This section provides detail on how we have performed against specific deliverables that sit within the 'Delivering an environmentally sustainable' theme.**




## Environmental Action Plans

Looking back at our RIIO-T2 Environmental Action Plan (EAP), we originally set out 30 commitments. These were developed at a time when NGT was still part of the National Grid Group. While some of those commitments were later updated to better fit how we operate, they did not fully capture what our environmental impact looks like as a standalone business today. For RIIO-GT3, we have taken the opportunity to rethink and simplify our approach. The refreshed EAP now focuses on 14 commitments, grouped under five key areas: Climate Change, Circular Economy, Nature, Supply Chain, and Stakeholder Engagement. These are much more aligned with what we do, where we have influence, and the priorities that matter most to NGT as an independent organisation. On the next page you'll find a snapshot of how we've performed against our RIIO-T2 commitments.

READ MORE: We'll be sharing a fuller picture of our environmental performance in our Annual Environmental Report (AER), due in October 2026.

## We aim to reduce the impact our operations have on the environment, whilst delivering positive benefits for the communities we serve. For RIIO-T2 we developed an EAP (environmental action plan) containing 30 commitments aligned to five pillars.

### Air Quality

We will work to reduce our NOx emissions from the business by the end of RIIO-T2. This includes replacing some of the most polluting compressors on our network with cleaner technologies, improving air quality

### Caring for the Natural Environment

We will make sure both new and construction and demolition projects include initiatives to protect and promote biodiversity, and we will enhance the value of natural assets on non-operational land

### Responsible Asset Use

We will drive a low-carbon future by reusing, repurposing, or responsibly retiring assets - maximising value and reducing waste through circular thinking

### Our Climate Commitment

We will develop a Science-Based Target initiative aligned pathway for carbon reduction for our scope one and scope two emissions

### Leadership for Change

We will embed sustainability in our decision making, be transparent on our progress, and work with industry to drive forward the sustainability agenda

## Our five Pillars aligned to our 30 EAP Commitments

## Performance highlights for each of the five pillars

We made a commitment to reduce NOx emissions from our operations by the end of RIIO-T2. This programme included replacing some of the most polluting compressors on our network with cleaner technologies, helping to improve local air quality. The NOx intensity performance 2025/26, measured in kilograms per hour (kg/h) decreased from 4.74 kg/h in 2024/25 to 4.06 kg/h, representing a 14.8% reduction year on year. This improvement is primarily driven by the increased utilisation of Best Available Technique (BAT) units, which are newer and significantly cleaner than legacy equipment. Across the network, total compressor running hours grew by 9% during the year. Despite this increase in operational activity, emissions performance improved due to a larger proportion of operating hours delivered by the Dry Low Emissions Gas Turbines (DLE GTs). DLE GT utilisation rose from 40.9% to 47.9%, further supporting the reduction in NOx intensity. This year's results are indicative of the trends seen over the last five years with NOx intensity steadily decreasing from 8.09 kg/h in 2021/22 to 4.06 kg/h 2025/26 through the use of lower emitting assets.

Delivery has been through a combination of targeted project interventions, strategic planning, land management improvements, and community engagement. During the reporting period, the Hatton compressor project successfully completed its Biodiversity Net Gain (BNG) commitments on land impacted by construction activities. This was achieved through the off-site purchase of biodiversity units, delivering a minimum of 10% net gain. This approach ensured that unavoidable impacts from development were effectively compensated, resulting in an overall enhancement of biodiversity value in line with emerging planning and regulatory expectations. Building on the lessons learnt at Hatton, a Biodiversity Net Gain (BNG) strategy has been developed for all major construction projects. This strategy will provide a consistent framework to embed biodiversity protection and enhancement into project planning, design, and delivery, supporting commitments set out for the RIIO-GT3 period. By establishing clear principles, methodologies, and governance for BNG, the strategy will help ensure biodiversity considerations are systematically integrated across the capital programme. In parallel, NGT has fulfilled its commitment to deliver a 10% improvement in Environmental Value (EV) across its non-operational landholdings, exceeding the target by achieving a 16.1% improvement. This outcome has been realised through targeted land management interventions aimed at enhancing habitat quality and promoting species diversity, alongside a structured programme of educational outreach. Community engagement activities have been successfully delivered in connection with major compressor emissions projects, supporting improved public understanding of environmental issues and the mitigation measures implemented. This programme has contributed to raising local awareness and strengthening understanding of how gas infrastructure development is balanced with environmental protection and heritage considerations, thereby fostering trust and enabling constructive dialogue with stakeholders. Together, these actions demonstrate a comprehensive approach to protecting and promoting biodiversity, ensuring that both project activity and land management deliver lasting environmental benefits alongside essential infrastructure development.

We have focused on responsible asset management through a range of targeted activities. A programme was implemented to decommission redundant assets, with the objective of minimising environmental impact and reducing ongoing maintenance requirements and operational costs. During the RIIO-T2 period, the number of outputs delivered did not fully meet the EAP commitment of 74; however, 53 redundant assets were successfully fully decommissioned A detailed explanation of this activity and the factors influencing delivery is provided in the Redundant Asset Closure Report. We have met our commitment to extend the operational life of equipment against a 2019/20 baseline. A refurbishment programme, led by the Asset Health Team, resulted in the refurbishment of 165 assets during 2025/26. This work has supported the establishment of a RIIO-GT3 baseline, enabling ongoing performance tracking as the programme continues. We have been tracking recycling across major construction projects which has highlighted some key lessons, particularly the need for consistency in how waste streams are recorded, where interpretations has varied. We are working with contractors and waste providers to standardise processes, improve monitoring to support delivery of our RIIO-GT3 recycling targets.

Since 2023, we have had a formal commitment in place to achieve net zero emissions, scope one and two, by 2050, with an accelerated ambition of reaching net zero by 2040. This commitment aligns with the principles of the Science Based Targets initiative (SBTi). During the reporting period, we awaited the outcome of an industry wide review by the SBTi; however, they have indefinitely paused the development of an official science-based target pathway for the oil and gas sector. Despite this, NGT remains committed to progressing its decarbonisation strategy in line with best practice and scientific evidence. A range of supporting activities continues to underpin delivery of this ambition. To address fugitive greenhouse gas emissions, an ongoing monitoring campaign has been implemented to develop a comprehensive understanding of methane emissions across all sites. This programme is also supporting the development of a robust RIIO-GT3 baseline, with two years of the planned three-year monitoring schedule now completed. Engagement with the supply chain remains a key focus area. To date, 82% of our 50 top suppliers by category spend, have carbon reduction targets in place, demonstrating strong alignment with our net zero objectives and reinforcing expectations around emissions performance across the value chain. An embodied carbon strategy and carbon intensity assessment tool are now in place for major construction projects. These tools enable more informed decision making at the design and delivery stages. Building on learnings from RIIO-T2, we are refining the user experience with clearer guidance and expanding the range of materials captured. This will improve the accuracy of emission calculations across the full lifecycle of each project and will support the delivery of stretching commitments in RIIO-GT3. Progress has also been made in reducing operational emissions through on-site renewable generation. Solar photovoltaic panels have been installed at Nether Kellet (21.0 kW) and Warrington Compressor Station (26.0 kW), providing a combined output of over 45kW. These installations reduce reliance on grid electricity and establish a new benchmark for improving the sustainability of compressor station operations. To strengthen governance and delivery capability, a full-time carbon specialist has been appointed. In addition, standards for operational carbon reporting have been updated, improving consistency, accuracy and transparency in emissions data across the business.

We have taken a structured approach to embedding sustainability into day-to-day decision making, improving transparency, and actively contributing to the advancement of sustainability across the wider industry. A key focus during the reporting period has been building internal capability. The workforce has been upskilled through an online environmental sustainability training programme, achieving a completion rate of 98% by year-end. This high level of participation ensures that sustainability principles are well understood across the organisation and consistently considered in operational, investment and strategic decisions. Governance and transparency have also been strengthened through improvements to internal reporting. Monthly Business Carbon Footprint reporting has been enhanced to increase visibility of performance and trends at the most senior levels of the organisation. This improved reporting enables informed, evidence-based decision making and ensures sustainability considerations are embedded alongside financial and operational performance. To further integrate sustainability into capital delivery, BNG and embodied carbon strategies have been introduced for Major Construction Projects. These frameworks support the consistent application of environmental commitments across the capital programme, ensuring that biodiversity protection and carbon reduction are embedded from project design through to delivery to enable us to meet our RIIO-GT3 targets. Transparency remains a central pillar of the organisation's approach. The business is preparing to publish its third stand-alone Annual Environmental Report, to be published in October 2026, which will provide a clear and accessible account of progress against environmental objectives. This report reinforces accountability to stakeholders and demonstrates ongoing commitment to openness around environmental performance. Collaboration beyond NGT continues to play an important role. Ongoing engagement with other gas networks has been maintained, alongside regular contributions to the development of industry standards. Through this external collaboration, the organisation is helping to share good practice, influence consistency across the sector and collectively drive forward the sustainability agenda. Together, these actions show meaningful progress in embedding sustainability into decision making, strengthening transparency and working collaboratively to support long-term environmental outcomes at both organisational and industry levels.

## Environmental Action Plans Cont.

In summary, delivery of the RIIO-T2 Environmental Action Plan has provided clear benefits to consumers by reducing environmental impacts, improving local air quality, and increasing transparency of performance, while supporting long-term value through more efficient and sustainable asset management. These activities have also contributed to maintaining a safe and resilient network by improving asset reliability, strengthening operational governance, and embedding risk-informed decision-making across asset lifecycle management. Through delivery, we have identified key lessons that will shape RIIO-GT3, including the need for clearer, more targeted commitments, enhanced data quality and standardisation, stronger integration of environmental considerations into core processes, and a more proportionate, outcome-focused approach to governance and delivery.

# GHG Emissions (Venting)[4]

The aim of the GHG emissions scheme is to reduce the amount of natural gas vented from our compressors (primarily methane) and therefore reduce the effect our operational activities have on the environment. This remains an important consideration for our customers, stakeholders, ourselves, and society in general.

Under the RIIO-T2 arrangements the GHG venting allowance is set as an annual allowance of 2,897 tonnes. For each tonne of natural gas vented over or under this allowance a reference price is levied under the incentive scheme calculation.

For 2025/26 the reference price applied to the GHG emissions incentive was £2,766 per tonne of natural gas vented, this is an increase of £132 or 5% from 2024/25.

The operational requirement to run an individual compressor on any given day depends on a range of factors, including supply and demand patterns, prevailing network conditions, and the need to accommodate planned maintenance and construction activities.

Total natural gas venting from compressor activities in 2025/26 was 2,143 tonnes, including 72 tonnes associated with site vents that fall outside the scope of the financial incentive. This represents a 6.2% increase compared to 2024/25, when total compressor venting was 2,018 tonnes.

The average RIIO-T2 annual venting through compressors excluding site vents is 2,141 tonnes, with the maximum venting being 2,293 tonnes (2023/24) and the minimum being 1,982 tonnes (2024/25).

Despite an overall increase in emissions during 2025/2026, compressors were actively managed during periods of system imbalance. Proactive alignment of maintenance and assurance testing with operating conditions delivered savings of approximately 50 tonnes. Reduced summer flows resulted in minimal compressor use and some low or no-compressor days, while the summer unit inhibition programme delivered a further saving of around 103 tonnes. Additional reductions were achieved through a 12.6% decrease in static seal losses (61 tonnes) and a 12.8% reduction in emergency shutdown venting (40 tonnes), driven by upgrades to system control panels that improved telemetry accuracy and reduced emergency shutdown events compared with the previous year.

In line with our licence requirements, the GHG emissions calculation methodology for calculating the mass of natural gas vented in 2025/26 was verified by an Independent Examiner; Avonbridge compressor station was utilised this year and the report will be submitted to the Authority in July 2026.

# NTS Shrinkage

We are responsible for managing the procurement of energy and emissions for NTS Shrinkage, in our role as NTS Shrinkage Provider. These costs are recharged back to users as part of general non-transmission charges. A reputational incentive is in place for NTS Shrinkage for RIIO-T2. Under the scheme, from 2022/23 onwards, annual gas procurement costs are compared to benchmark costs, which are based on actual volumes and market prices. There is a financial incentive in place for RIIO-GT3, which will form part of our trading strategy review. All costs / revenues are in 18/19 prices.

Total NTS shrinkage costs for 2025/26 were £99.5m, including £72.0m for gas (including third party revenues and meter reconciliation revenues), £23.3m for electricity and £4.2m for emissions. Costs were around £3m higher compared to 2024/25.

Gas procurement costs (not including third party revenues), which are the costs of trades and gas imbalance cashout for the year, were £72.5m. This is similar to (slightly lower than) the average cost benchmark for the year, which is calculated according to the published methodology and based on benchmark and actual volumes and average market prices, of £74.2m. Although the average cost benchmark uses the same net daily volumes as for actual procurement, it uses published volumes for forward procurement based on forecasts at the time of publication, while the actual forward procurement profile is different as it is based on updated forecasts, which in general leads to a difference between the benchmark and actual cost.

For gas shrinkage for 2025/26, we procured our forecast requirement utilising forward and prompt markets. We maintained our access to the market(s) for efficiently procuring gas, including reviewing our counterparties, agreements and brokers. We continued to review our trading strategy to manage the price risk for consumers, as geopolitical factors continued to impact gas markets, culminating in sharp rises in gas prices in March 2026 due to the Middle East conflict. We spread procurement between trades ahead of the month, as seasons, quarters, and month products, and trades closer to and on the day. In the months ahead of 2025/26, market prices generally rose until mid-February 2025, with for example the Summer 2025 product peaking at around £1.40/th, before dropping sharply, with Summer 2025 ranging between 90p/th and £1.10p/th in March 2025. During 2025/26, forward prices were relatively steady, with Winter 2025/26 ranging between around 85p/th and 95p/th, except for a spike in June 2025 driven by the Twelve Day War in the Middle East between Israel and Iran when it rose to over £1.10p/th.

In the last month of 2025/26, market prices rose sharply on Monday 2 March 2026, following the onset of conflict between US, Israel, and Iran on Saturday 28 February 2026. Although market prices had factored in a premium for the risk of such conflict on global gas supplies, gas prices rose far above their levels prior to the conflict (on Friday 27 February 2026, within day was around 78 p/th, but jumped to around 120-160 p/th in March 2026). Our strategy of spreading procurement between the longer and shorter term meant that ahead of March 2026, we had bought a proportion of forecast shrinkage for that month at a volume weighted average price of 81p/th. This was much lower than the prices we were able to achieve for the remainder of procurement planned for during the month, with the volume-weighted average price of our prompt trades for March 2026 at 137 p/th. For RIIO-GT3, given ongoing geopolitical impacts on energy markets, we will continue to review and adjust our hedging strategy, managing both the customer price risk while aligning with the revised RIIO-GT3 licence and incentive framework.

NTS Shrinkage gas includes Own Use Gas (OUG, for compressor use), Calorific Value (CV) Shrinkage (gas that cannot be billed), and Unaccounted for Gas (UAG, the remaining quantity of gas after considering measured inputs and outputs to the system). The overall volume of NTS Shrinkage gas was 3,263 GWh in 2025/26. This is 17% higher than the 2024/25 outturn of 2782 GWh.

The volume increase was due to higher outturns for all three components of gas shrinkage. The volume of OUG increased from 809 GWh in 2024/25 to 887 GWh in 2025/26, which correlates with the increase in gas compressor unit running hours. Compressor use is primarily driven by the supply/demand patterns presented by the market.

CV shrinkage volume remained the smallest component of overall gas shrinkage and increased from 257 GWh in 2024/25 to 436 GWh in 2025/26. This continued to be driven by CV capping, particularly in the North-East and Northern Local Distribution Zones, where gas of different calorific values (energy contents) from different entry points converged, and some energy associated with the gas of higher calorific value could not be billed.

The UAG volume increased from 1715 GWh in 2024/25 to 1940 GWh in 2025/26. This is pre-reconciliation UAG, which includes some energy that is reconciled to

[4] The GHG incentive applicable venting reference price is in the 2025/26 price base

## NTS Shrinkage Cont.

particular users after close-out. The annual UAG volume for 2025/26 was 0.25% of the annual NTS throughput and remains significantly below the meter error tolerance standard of 1.1% in energy terms. READ MORE: More details on UAG and CVS volumes are provided in the **Shrinkage Report** which is published annually in June 2026.

The electricity consumption for electric compressor units for 2025/26 is estimated as 136 GWh, which is similar to the 2024/25 outturn of 134 GWh. We are using an estimate because of a telecoms issue with the metering for the two electric units at the [redacted] site has impacted on the delivery of actual consumption data. We are continuing to work with service providers to establish the actual readings for the missing period. This has meant that for these units we have estimated the electricity consumption based on the running hours in 2025/26 and the ratio of consumption to running hours in the previous year 2024/25. This estimate has also been used in annual reporting of scope two emissions. Including this estimate, electricity costs were similar to the previous year.

Year-on-year, our trading activity increased by 30%, with 1,353 gas trades completed for 2025/26, compared to 1,040 trades for 2024/25. Trading activity remained above pre-2022/23 levels (890 trades completed for 2021/22, and an average of 555 per year over RIIO-T1). The volume weighted average price of these trades was 89p/th, similar to the 92p/th level for 2024/25. Emissions costs for compliance with UK ETS were higher year-on-year but remain a small percentage of overall costs.



# Environmental Incentive

Our RIIO-T2 Environmental Action Plan (EAP) set out the actions we strived to deliver during the price control period and improve our environmental performance. The EAP incorporated stretching targets that exceeded Licence obligations; accordingly, a subset of these commitments was subject to incentive arrangements, reflecting the additional value delivered for consumers and wider society.

Table 2 summarises performance in 2025/26, the final year of the price control period, against those incentivised areas.

## Operational Transport

Our operational transport emissions baseline was set at 1,748 tCO2e. To meet the benefit threshold, a reduction of at least 38% against this baseline was required. In 2025/26, total emissions were 2,109 tCO2e representing an increase of 21% against our baseline. This results in a reasonably significant penalty on our Output Delivery Incentive (ODI).

The increase in operational fleet emissions is primarily due to a 21.5% expansion in our commercial fleet from 247 vehicles in 2022/23 to 344 vehicles in 2025/26. This increase reflects the expansion of our NGT business following its separation from National Grid Group.

In RIIO-GT3, we will be investigating options to decarbonise our fleet in partnership with our fleet services provider, drawing on their expertise to develop a clear and practical approach. This will ensure we are ready to meet upcoming 2030 legislation and support delivery of our net zero ambitions.

## Business Mileage Emissions

Our business mileage emissions baseline was set at 1,608 tCO2e. To meet the benefit threshold a reduction of at least 12% against this baseline was required. In 2025/26, total emissions were 949.1 tCO2e representing a reduction of 41% against our baseline.

Therefore, we have exceeded the benefit threshold on our ODI, resulting in a financial reward.

The reduction of business mileage emissions is primarily due to the continued uptake of Electric Vehicles (EV) within our company car scheme. EVs now account for over 70% of the total of company car fleet, significantly reducing the CO2e emissions associated with business mileage.

## Operational and Office Waste

The proportion of combined office and operational waste recycled in 2025/26 was 67%. This exceeds the benefit threshold of 65% set under the ODI, resulting in financial reward.

Furthermore, total office waste at our Warwick Headquarters for 2025/26 was 25 tonnes. This represents a 55% reduction against baseline, exceeding the benefit threshold under the associated ODI and resulting in a financial reward.

The office waste tonnage in our Headquarters is apportioned using the agreed finance allocation factors, aligned to share of building footprint occupied by each entity. For this reporting period the NGT allocation of National Grid House Warwick is 19.4%.

## Office Water

The office water usage at our Warwick Headquarters and [redacted] archives in 2025/26 was 3,768 m3. This represents a reduction of 49% against baseline, exceeding the benefit threshold of 25% reduction under the associated ODI and resulting in financial reward.

## Environment Value in Non-Operational Land

In 2025/26, we delivered a 3% increase in environmental value across our non-operational land. This contributes to a cumulative increase of 16.1% over the five-year RIIO-T2 period.

This enhancement in environmental value was achieved through woodland and scrub management at our [redacted] compressor station sites. These activities have improved habitat quality and created enhanced opportunities for a range of flora and fauna to thrive.

Delivery was supported by volunteers, generating additional social value through education, health, and wellbeing benefits. The programme forms part of a rolling, long-term land management approach, with benefits expected to accrue over an anticipated 30-year period.

Our non-operational land portfolio is managed on behalf of NGT by the Trust for Conservation Volunteers (TCV).

In reflecting on our RIIO-T2 environmental incentives, we note that these were agreed while NGT was part of National Grid Group and, as such, do not fully reflect the significant environmental aspects of our standalone operations.

For RIIO-GT3, the Environmental Action Plan (EAP) was developed to include 14 environmental commitments aligned to the specific activities and impacts of NGT as an independent entity. In addition, the Environmental Incentives agreed under our Operational Licence will focus on our most material environmental aspects, including compressor and pipeline venting and fugitive emissions.

| Environmental incentive | Baseline levels | Benefit threshold | Penalty threshold | 2025/26 Level | 25/26% difference to baseline levels | RAG |
|---|---|---|---|---|---|---|
| Operational fleet emissions (tCO2e) (%change) | 1,748 (2021 forecast) | -0.38 | -0.18 | 2,109 | 0.21 | |
| Business mileage emissions (tCO2e) (%change) | 1,608 (2019/20) | -0.12 | -0.08 | 951 | -0.41 | |
| Operational and office waste recycling (%change) | N/A | -0.65 | -0.55 | -0.67 | N/A | |
| Office waste reduction (%change) | 54.6 (2019/20) | -0.25 | -0.15 | 25 | -0.55 | |
| Water use reduction in m3 (%change) | 7,380 (2019/20) | -0.25 | -0.15 | 3,768 | -0.49 | |
| Environmental value of non-operational land (£m) (%change) | 32.92 (2021/22) | 0.032 | 0.0145 | £1m | 0.03 | |
| Biodiversity Net Gain (BNG) on projects affecting the local environment | All years in RIIO-T2 | Reward if a project achieves 15% or more BNG | Penalty if a project achieves 5% or less BNG | Not activated | N/A | |

**Table 2: Environmental Incentive Performance throughout RIIO-T2**

# Redundant Assets

As the requirements on the NTS change, there are assets on the network that are no longer required by NGT or our customers, to operate or use the network. These are defined as 'redundant assets'. If these assets remain on the network for longer than required, they represent an ongoing maintenance commitment and operational cost, as well as having the potential to cause a detrimental impact on the environment.

Through the development of our RIIO-T2 business plan, we identified and agreed 85 scopes of work that were classified as redundant asset. These outputs are listed in the Redundant Assets Price Control Deliverable (PCD) Annex.

During 2025/26, NGT continued the systematic delivery of redundant asset decommissioning activities across compressor stations, AGIs, terminals, feeder systems and associated infrastructure throughout the NTS. The works undertaken included at a large number of sites are:

- Removal and rationalisation of redundant feeder infrastructure
- Decommissioning of obsolete compressor units and associated plant
- Removal of redundant pressure reduction systems
- Decommissioning of legacy telemetry, instrumentation and control systems
- Removal of redundant condensate tanks and ancillary above-ground equipment
- Rationalisation of duplicate river crossings and valve arrangements
- Full site decommissioning of redundant AGIs and terminal infrastructure.

For detailed explanations and rationales of all the delivered and non-delivered outputs in the Redundant

Assets PCD, please see the Redundant Assets Closure Report.

## Delivery of the Redundant Asset Programme

To ensure effective delivery of the redundant assets programme, NGT established a structured governance and assurance framework throughout RIIO-T2. This included:

- Centralised portfolio tracking of all PCD outputs
- Integration with asset integrity and operational planning processes
- Stage-gated project governance and investment assurance
- Cross-functional collaboration between Asset Management, Investment Planning, Engineering, Operations and Project Delivery teams
- Alignment with outage planning and network availability requirements
- Contractor engagement and delivery partner coordination

Each scope underwent technical assessment to confirm:

- Continued operational redundancy
- Isolation requirements; Interaction with adjacent live assets
- Interaction with adjacent live assets
- Opportunities for rationalisation and optimisation
- Opportunities to improve site safety following decommissioning activities, including the removal of redundant structures and equipment, installation of permanent barriers and handrails where required, and making sites safe for future operation and maintenance activities.

Where possible, decommissioning activities were integrated with wider station outages and asset programmes to improve delivery efficiency and minimise disruption.

## Assurance and Risk Management

The programme operated under established engineering governance and assurance processes, including:

- Asset decommissioning procedures
- Engineering technical authority approvals
- Construction Design and Management Regulations (CDM) and Health and Safety Executive (HSE) compliance
- Environmental assessments and waste management controls
- Operational risk reviews and isolation procedures
- Financial and regulatory reporting governance

## Challenges and Delivery Constraints

As with many large-scale asset programmes, several challenges emerged during RIIO-T2, including:

- Access constraints and outage availability.
- Discovery of undocumented legacy infrastructure.
- Interface complexity between live and redundant systems.
- Contractor and specialist resource constraints
- Evolving operational requirements
- Changing delivery priorities linked to wider network resilience activities

One of the key lessons learned through the delivery of the work was that bundling multiple outputs together made it challenging to accurately track performance and actual spend against individual outputs during delivery. As a result, NGT has identified the need for a more granular Work Breakdown Structure (WBS) approach during RIIO-GT3. Maintaining individual WBS structures directly linked to each PCD output and work scope will improve:

- Granular cost visibility and forecasting
- Performance monitoring
- Regulatory reporting and assurance

This improved approach will strengthen programme governance and transparency while still enabling NGT to retain the delivery efficiencies and consumer benefits achieved through integrated delivery planning.

## Deliverable Status

Table 3 shows progress made to date against the agreed Price Control Deliverable (PCD) outputs (Redundant Assets, Compressor Decommissioning and Customer Disconnections).

| PCD Output Status | Volume of Outputs |
|---|---|
| Outputs Delivered | 54 |
| Not Delivered | 17 |
| To be delivered in 2027 | 11 |
| To be delivered in RIIO-GT3 | 3 |
| **Total** | **85** |

**Table 3: Price control deliverable output volumes by status**

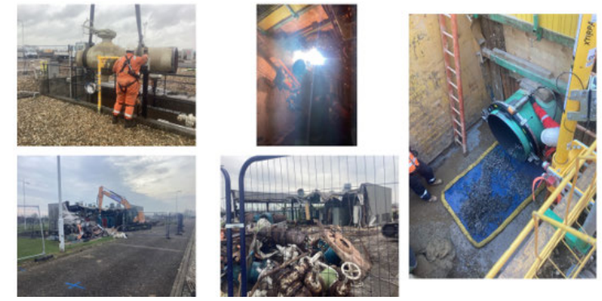


**Image 1: Theddlethorpe Terminal Assets Removal**



**Image 2: Upper Neeson AGI Pipeworks Removal**

# How Redundant Assets meets our Three Consumer Priorities



## Meeting the needs of consumers and network users

The programme supports consumers by:

- Reducing inefficient expenditure on maintaining obsolete infrastructure;
- Simplifying network operations;
- Improving focus on critical operational assets;
- Enabling investment to be prioritised towards assets that provide ongoing customer and system value;
- Removing unnecessary infrastructure also improves operational flexibility and supports a more efficient future network aligned to changing gas flows and future energy transition requirements.



## Maintaining a safe and resilient network

Decommissioning redundant infrastructure reduces safety and integrity risks associated with ageing and unused assets. Benefits include:

- Reduced risk of asset failure or leaks;
- Elimination of obsolete equipment with declining reliability;
- Reduced operational complexity;
- Improved maintainability of remaining operational assets;
- Improved network resilience through rationalised asset configurations.

By proactively removing assets no longer required, NGT reduces future integrity risk exposure across the NTS.



## Deliver an environmentally sustainable network

The programme contributes positively to environmental sustainability by:

- Removing obsolete hydrocarbon and other product-containing systems;
- Reducing risk of leaks, spills and contamination;
- Removing redundant condensate systems;
- Reducing land and equipment footprint;
- Supporting efficient use of operational resources and materials.

The rationalisation of compressor station infrastructure and associated plant also supports reduced environmental burden from legacy equipment and enables more sustainable long-term asset stewardship

# Innovation

Throughout RIIO-T2, National Gas Innovation has focused on preparing the network for a low-carbon future. Our project portfolio has played a critical role in preparing the network for the energy transition by generating practical evidence, reducing uncertainty, and enabling better decision-making for the business.

Innovation projects have gathered robust evidence on how hydrogen and carbon dioxide can be safely transported, how existing assets could be repurposed and what changes may be required to systems, standards and processes. This work has helped to reduce technical and commercial risk, inform strategic programmes such as Project Union and $SCO_2$t Connect, and helped ensure NGT is ready to support the future of energy, as policy and market needs evolve.

Alongside this, a consistent focus throughout RIIO-T2 has been on the transition from research to implementation. The team has focused on embedding solutions identified through RIIO-T1 projects into business-as-usual activity and where appropriate, learnings from across the innovation portfolio have fed into follow-on projects.

Overall, the RIIO-T2 innovation portfolio has supported the business to strengthen network performance, reduce future uncertainty, and ensure NGT is well-positioned to operate a safe, efficient and flexible transmission system in the future energy landscape.

There are two main funding mechanisms used to deliver innovation projects;

the Network Innovation Allowance (NIA) and the Strategic Innovation Fund (SIF).

The NIA is a set allowance received as part of our price control allowed revenue. The NIA provides funding for smaller technical, commercial, or operational projects related to our network. Our total NIA spend for the RIIO-T2 price control period was £30.2m. In 2025/26, we spent £9.9m on a total of 69 NIA projects, bringing the final total of NIA projects to 140 across the RIIO-T2 period.

The SIF supports large-scale transformational research and development projects. Funding is provided for projects that can address the Innovation Challenges set by Ofgem.

SIF projects are split into three project phases:

Discovery: feasibility studies

Alpha: for experimental development

Beta: for building, operating and/or demonstrating

Across RIIO-T2, we spent £21.2m on a total of 66 SIF projects - these included Discovery, Alpha and Beta projects. Alongside delivering our own SIF projects, we have collaborated with other organisations such as the National Energy System Operator (NESO), National Grid Electricity Transmission (NGET) and the gas distribution networks, to support their SIF projects and provide input and expertise. In 2025/26, we carried out a total of 20 projects, totalling £5.8m.

Through our RIIO-T2 project portfolio, we've conducted significant modelling, testing and feasibility work (utilising both NIA and SIF funding), to develop a body of empirical evidence to strengthen the safety case for the use of hydrogen on the NTS. We have actively worked to understand the viability of using the NTS to transport hydrogen and ensure a more resilient net zero transition for Great Britain and our customers.

The projects undertaken throughout RIIO-T2 have focused on proving the capability for repurposing our network, rather than relying solely on new build assets, which will enable cost savings and minimise disruption to consumers during the transition to a lower-carbon network.

Overall, as a business a core focus throughout RIIO-T2 was on strengthening our data and improving data collection methods, and Innovation has supported this by exploring automated tools and processes and the applicability of Artificial Intelligence (AI) solutions.

To support the transition to a net zero future, green gases such as biomethane will play a key role, by reducing the carbon intensity of the gas we transport. We've carried out several projects focused on making it easier and more affordable for biomethane producers to connect to the National Transmission System.

Another fundamental consideration when preparing for the energy transition, is how existing processes, policies and procedures may need to change. This was the focus of several of the projects within the innovation portfolio.

Throughout 2025/26, the SIF portfolio has delivered on a variety of different topic areas that has helped to develop the understanding of several key areas supporting the energy transition, including increasing biomethane entry to the network, improving consumer engagement, improving future energy planning, as well as strengthening network and maintenance planning and improving asset inspection challenges.

We've seen the successful delivery of three Discovery projects: Rem$O_2$val, AI Opportunities for Consumer Centric Engagement and Quantum Optimisation, two Alpha projects: B-Linepack+ and FOSGI and the successful application and launch of the FutureGrid $CO_2$ Beta project.

## RIIO-T2 Delivery Approach and Governance

The Innovation team for NG has continued to develop over time and in RIIO-T2, was based around five strategic themes.

Each theme has several key technology areas that are supported by a technology portfolio lead. These portfolio leads ensure the delivery of the projects under each theme and support the development of a robust strategy for the pipeline of projects alongside the Strategy Team. The leads are supported by innovation engineers who work across the themes, providing links between projects and developing their technical knowledge to progress into a lead role in the future. These themes are being refreshed for RIIO-GT3, but the structure and approach to managing projects under each theme will remain the same.

Projects also have defined Innovation Owners and Project Sponsors to ensure ownership is clear and any escalations are managed effectively. Financial milestones are recorded and tracked through our Innovation delivery portal – Decision Focus Now (DFN). Technical input is sought directly from business Subject Matter Experts (SMEs) and we hold regular technical forums, where experts for different subject areas (such as materials) will convene and discuss project progress, results and future ideas.

| Theme | Focus |
|---|---|
| **Asset development for risk mitigation** | Developing our understanding of our current asset landscape and its capability in future scenarios |
| **Automation and measurement** | Sensing systems and assessment methodologies used across the gas transmission network |
| **Business development** | The operation of the National Transmission System (NTS) to understand how this may evolve through the energy transition |
| **Digital Systems and simulation** | All aspects of digitalisation and data management, to ensure our systems are ready for the future |
| **Materials and processing** | Solutions and novel techniques to help improve materials resistance for current and future scenarios |

## Innovation Cont.

Robust governance and assurance approaches ensure that projects meet the specified regulatory criteria and are enabled to produce the best end outcome. Our projects go through several stages of assurance and governance:

- Idea selection – ideas are scored against the value criteria and aligned to our strategies to determine those to progress and prioritise.
- Statement of Work – project scope, timeline and plan are created, including a RASIC (Responsible, Approving, Supporting, Informed and Consulted) where possible. This scope is reviewed by internal stakeholders and the innovation management team, to ensure it aligns to business needs and is deliverable. It is then submitted to collaborators to quote against.
- Proposal assessment – The quotations are reviewed against the procurement innovation assessment tool, to identify the best proposal to progress
- Project Notification – The project is raised and discussed either with just the gas networks or the wider Innovation Strategy Group (ISG).
- Gas Transmission Innovation Governance Group (GTIGG) – The project is then formalised with the relevant Ofgem and internal documentation to then be assessed by a cross-business forum chaired by a member of the National Gas Regulation team. This provides insight into the project, helps share ideas internally and ultimately signs off the project to begin.

Throughout 2025/26, we have developed our processes and experiences with the Strategic Innovation Fund. Completing 66 SIF projects (both leading and supporting) over RIIO-T2, we have gained a good understanding of the process and how to deliver projects. Throughout this year, we have specifically looked at the application process and have developed templates to ensure the required information for an application, is provided in the many formats it is needed. This has been well received, and the application process for Cycle 5 was navigated well.

For the SIF Beta projects, we have worked on pulling together all the required information for the Quarterly Review Meetings (QRMs) with the UKRI and all project partners, in a format that is understandable and addresses all areas of interest for Ofgem. We have also refined our stakeholder engagement sessions, inviting many different groups and organisations to the FutureGrid Spadeadam site throughout the RIIO-T2 period. These visits helped to develop the understanding of the energy system, NGT's role in the future energy mix and how we can repurpose our assets to transport different molecules.

We have incorporated key learning points from previous Beta projects to improve the delivery and strategic alignment of future submissions. This includes ensuring a consistent approach with infrastructure development, utilising phased approaches and using Discovery and Alpha phases to derisk the Beta. Where there is uncertainty, this will be managed with a gated review process, alongside monitoring and reporting of any underlying assumptions against this. Another key learning point is ensuring that the projects implementation path aligns closely with the core business strategy, to ensure benefits can be realised.

Alongside this, in preparation for RIIO-GT3, we have reviewed our processes and identified two key areas that we would like to improve and strengthen moving forward. These are:

- Benefits definition and value tracking
- Evolving our governance

Benefits definition and value tracking We want to ensure we have a clearer and more consistent approach to capture and present benefits. To do so, we will be focusing on defining benefits earlier and more explicitly, and these will be discussed in greater detail at the project idea stage, to help drive decision making around which projects are taken forward to the scoping stage.

To align with this, we have refreshed the value tracking categories that our project ideas will be scored against.

This will support with strengthening how we evidence the value of a given project and will support with better decision making and stronger regulatory credibility.

These categories will be reviewed and where required, updated on an ongoing basis to ensure that our projects are delivering real value to the business, wider industry and consumers.

| Value Tracking Category | Key Principles |
|---|---|
| **Safety and risk mitigation** | Prevent harm to people, assets and supply integrity. Encourage proactive risk management over reactive response. |
| **Financial** | Reduce operating costs, improve revenue and release workforce capacity. Efficiency gains must be traceable to a monetary value |
| **Operational Resilience** | Maintain and improve network reliability. Prioritise planned interventions to minimise unplanned disruption |
| **Environmental** | Reduce the network's environmental footprint and support the transition to net zero, including cultural and behavioural change. |
| **Reputational** | Build trust with regulators, industry and the public. Demonstrate leadership and transparency in network operation and customer engagement. |
| **Consumers** | Deliver direct benefit to end users through reliable supply, fair pricing and support for vulnerable consumers |
| **Research and Innovation** | Generate knowledge and capability that unlocks future value for the network, industry and wider scientific community |
| **Regulatory** | Ensure all innovation activity maps to and provides evidence for the RIIO-GT3 commitments and Ofgem requirements. |

### Evolving our governance

We are evolving the Innovation Governance process to introduce a clearer Innovation Board stage earlier in the idea/project lifecycle.

The Innovation Board sessions will happen monthly, ahead of the GTIGG meetings, and will be used to:

- Review ideas and opportunities and mature them thoughtfully as a team
- Confirm which projects should
- Move forward into further development or scoping
- Be prepared for supplier engagement
- Or be paused, reshaped or redirected

These sessions will ensure the projects taken to GTIGG for sanctioning have a strong and clearly defined business case

### Innovation in RIIO-GT3

Throughout RIIO-GT3, innovation will be central to maintaining a safe, resilient, and efficient transmission network while supporting the transition to net zero. Building on the strong evidence base developed through RIIO-T2, our innovation programme will focus on improving network resilience and safety, reducing operational and construction emissions, and accelerating

the use of digital and data-led solutions. Activity will be increasingly aligned to clear business outcomes, supporting the move from research into practical implementation.

# Net Zero

Over the course of the RIIO-T2 period there have been five Final determinations received for net zero projects under this mechanism.

## Project Union

Project Union is a pioneering project led by NGT, which will create a hydrogen transmission backbone for the UK, facilitating the transport of 100% hydrogen. The backbone is proposed to connect strategic hydrogen production sites, industrial clusters, and hydrogen storage facilities, while serving major industrial customers and power generation sites directly, as well as through Gas Distribution Network (GDN) connections that have converted to hydrogen. Through a combination of repurposed existing assets and new infrastructure, a hydrogen backbone of up to 2,500km will be created. A hydrogen backbone will be at the heart of a net zero future, acting as a key enabler for developing a hydrogen economy and realising key UK Government targets. Project Union will support a whole UK energy system approach to decarbonisation by providing critical resilience and flexibility to the electricity system during periods of low renewable electricity generation. The following phases of Project Union have received funding through Final Determination from Ofgem over the RIIO-T2 period.

### 1 Project Union Feasibility

In 2024, Project Union completed the Feasibility Phase of the project. The Feasibility phase had three key outcomes:

1. Phasing Strategy - including prioritisation and timing for delivery of each section of the hydrogen backbone while ensuring security of supply on the remaining methane network (see Figure (#)). It also delivered a staged approach to project delivery and funding.
2. Pre-Front End Engineering Design (Pre-FEED) activities for a full hydrogen backbone, delivering an appraised set of routing options, a constructability assessment and a planning and consenting strategy based on enhanced cost estimates and asset data. A full engineering policy review was undertaken.
3. Hydrogen market enabling activities provided a supply chain assessment and ongoing customer and stakeholder engagement.

In 2025, Project Union received positive Final Determinations from Ofgem to carry out FEED studies and enabling activities for the first three phases of Project Union.

### 2 Project Union [redacted]

The proposed pipeline runs from Teesside, through [redacted] following a route that connects major industrial areas across the [redacted] England.

### 3&4 Project Union: [redacted] & Project Union: [redacted]

These projects will lay the groundwork to connect regional hydrogen industrial clusters in the [redacted]

Together, these investments unlock development of more than 50% of NGT's proposed hydrogen core network, known as Project Union, into the detailed engineering design phase. This provides the detailed design and costs of delivering a hydrogen network.

We have successfully tendered, contracted, and mobilised the Project Union: [redacted] programme, and have been providing regular updates on progress against the deliverables set out by Ofgem in its Final Determination.

Key focus areas for the project include progressing detailed assessments of the repurposed pipeline sections, advancing design development for the new-build sections along the route, and maintaining proactive engagement with key stakeholders. This has also included the announcement of the proposed route for this section, as well as ongoing engagement with UK Government and industrial customers to demonstrate the strategic needs case. The remaining sections will mobilise in a phased manner, implementing continuous improvement through lessons learnt on Project Union: [redacted]. We expect to conclude on these current phases, in line with agreed Ofgem dates,

### 5 Methane Emissions (MERC)

This submission covered the following MERC delivery themes:

- Mobile Recompression
- Compressor Machinery Train
- Detection and Analytics

Tender responses received for the combined gas recompression trials under the Compressor Machinery Train theme (also referred to as CH4RGE) were broadly consistent across bidders but significantly exceeded the total funded allowance, which was originally based on the delivery of four pilot projects across the two technology areas. NGT undertook extensive challenge and scrutiny of bid submissions; however, cost and scope uncertainty remains elevated due to the first of a kind nature of the proposed solutions and wider market immaturity.

In response, and in line with our responsibility to ensure value for money for consumers, NGT has adopted a phased delivery approach. Rather than progressing multiple trials simultaneously, detailed design activities will initially proceed for one trial of the gas capture and recompression technology only. This approach reduces delivery risk and cost uncertainty while preserving programme momentum and enabling lessons learned to inform future deployment decisions. The Cost Benefit Analysis (CBA) has been refreshed using updated project estimates and tender returns and continues to demonstrate a positive net benefit. NGT considers this measured approach to be in consumers' interests, balancing the need to advance methane abatement technologies with appropriate management of delivery and cost risks.

Within the Detection and Analytics theme, Year 2 of NGT's three-year expansion of our periodic fugitive monitoring programme is complete. Upon completion of the programme, expected in January 2028 (originally scheduled for March 2027), NGT will have established a robust, measurement-based fugitive emissions baseline for the NTS. Procurement of monitoring equipment and the associated training of personnel is complete, providing the capability required to deliver the programme effectively. Further detail can be found in the **Non-Load Related Capital Expenditure section.**

Under the Mobile Recompression theme, NGT has placed an order for the pipeline recompression set, which is currently expected to be delivered during Summer 2026 and commissioned for operational use in Summer 2027. The revised delivery timetable reflects prevailing supply chain constraints, impacting equipment availability. In addition, investment approval and associated procurement activities for recompression equipment designed to capture vented methane emissions arising from pipeline inspection activities and compressor station depressurisations is complete. Placement of the equipment order is anticipated during Summer 2026, with deployment and operational readiness expected in Summer 2027.

## Net Zero Cont.

NGT will continue to provide updates to Ofgem through future RRP submissions, including on progress against delivery milestones, expenditure, and the methane emission reductions achieved through these investments.

A key lesson from delivery under this funding mechanism is the importance of maintaining proactive engagement with Ofgem throughout the development and assessment process. Furthermore, clear and evidence-based needs cases, supported by robust re-opener submissions, are critical to securing funding approvals. These insights will be applied to future funding applications, including opportunities arising through competitive application rounds via the Hydrogen Transport Business Model (HTBM).

### Net Zero Use it or Lose it

The Net Zero and Re-opener Development (NZARD) Use It Or Lose It (UIOLI) funding enables and facilitates early development work on strategic projects which are critical to progress further through net zero re-opener mechanisms.

In 2025/26 we have spent £2.4m across 16 projects. The following projects were continuations from the previous financial year

- Hydrogen Valley and Capital Hydrogen Consortium
- Hydrogen Rupture Testing Part A
- $SCO_2$t Connect FEED Readiness
- BRIGG Blending Demonstration
- Blending Re-opener Application
- BP [redacted] Blending Pre FEED

The following Projects were commenced within the financial year currently being reported

GIE Sector Coupling Survey-A study is proposed to enable the fact-based and comprehensive incorporation of hydrogen infrastructure into the ten-year network development plan planning process.

Hydrogen Data Management Approach Phase 1-This project supports hydrogen repurposing by transforming legacy methane-era asset data into enriched, structured digital formats.

UIOLI Hydrogen backbone economic assessment-Develop credible and independently modelled pathways, to test the economic case of developing a $H_2$ backbone and prepare NGT for dialogue with NESO, DESNZ, HMT and a wider group of stakeholders.

Hydrogen Fuel Gas Deployment at [redacted] This project will determine the feasibility, detailed design and deployment of a hydrogen blending system for the fuel gas and the necessary upgrades to the Solar Titan 130 gas turbines at the [redacted] Compressor Station on the NTS in South Wales.

Evidence to Policy AI Tool-Will cover internal policy team costs and scope needs for the Project Union East Coast programme to deliver into the FEED designs and policies to drive the major project. This project will develop a Policy agent tool for the innovation research; the governance and processes will be developed to support the usability of it and the team costs will help support the implementation into our asset strategy team.

$SCO_2$t Connect Feed Preparation and Funding-This project has the aim of continuing activities from the Sco2t connect FEED Readiness project until FEED begins.

Transmission repurposing: German-UK approach comparison-This project is focused on understanding what the critical differences are. The result will be a detailed further works plan to specifically implement opportunities to remove conservatism (where well-justified) and iterate our own UK methodologies.

Hydrogen Rupture Testing Part B and C-Part A of the project started to fulfil this gap, however further repeatability and scale up of the testing is required to adequately and confidently support the Part A testing.

Downstream Options Investigation-This project is an initial exploratory phase for both biomethane and data centres.

Ireland UK Interconnector Assessment-Complete a collaborative study with Gas Networks Ireland and Mutual Energy on understanding the impact of 5% blends on our interconnectors maximum operating pressure and life cycles. Key takeaways and learnings from RIIO-T2 moving into RIIO-GT3 are to include the development and deployment of enhanced governance systems, to maintain programme adherence and forecasting accuracy. Another key improvement will be ensuring there is a clear strategic purpose for the fund with thematic alignment to the innovation portfolio, with project pipelines prioritised based upon business requirements

Across the RIIO-T2 period we have spent £8.3m across 37 Projects. The investment carried out under this fund has enabled NGT to develop a pipeline of decarbonisation options, ensuring that future strategic investments are better informed, lower risk and more efficient for customers. This ensures that only robust, well evidenced projects progress to delivery, lowering costs for consumers.

### Net Zero Re-opener

The net zero re-opener enables NGT to initiate the Authority to amend the value of our Totex Allowance if a Net Zero Development is expected to occur.

Across the RIIO-T2 period no projects started or were delivered under this funding mechanism as funding was secured through Net Zero and Re-opener Development (NZARD) Use-it-or-Lose-it (UIOLI) or Net Zero Pre-Construction and Small Projects Re-opener mechanisms.

# Totex (TO and SO)


TO Totex Overview . . . . . 45
SO Totex Overview . . . . . 47
Consumer Bill . . . . . 48

## The table and commentary in this section reference allowances that include Real Price Effects (RPE), whereas commentary provided for each individual category of spend in the remainder of this document excludes the impact of RPE.

**The table below summarises spend and allowances (baseline and uncertainty mechanisms) for the five-year RIIO-T2 period.**

| | 5 Year Totex Allowance | Allowance Adjustment | Adjusted Allowance | 5 Year Totex Spend | 5 Year Cost vs Allowance presented in tables | Further spend in FY27 | Underlying RIIO-T2 Spend vs Allowance |
|---|---|---|---|---|---|---|---|
| TO LR Capex | 11.1 | 0 | 11.1 | 27.2 | (16.1) | 0 | (16.1) |
| TO NLR Capex | 957.4 | (34.8) | 922.6 | 928.8 | (6.2) | 31.5 | (37.7) |
| TO Non Op Capex | 122.3 | 0 | 122.3 | 108.6 | 13.7 | 0 | 13.7 |
| TO Other Capex | 458.9 | (11.0) | 448.0 | 439.0 | 8.9 | 13.3 | (4.3) |
| TO CAPEX | 1,549.7 | (45.8) | 1,503.9 | 1,503.5 | 0.3 | 44.8 | (44.5) |
| TO OPEX | 651.5 | (34.7) | 616.8 | 631.5 | (14.7) | 0 | (14.7) |
| **TO TOTEX** | **2,201.2** | **(80.5)** | **2,120.7** | **2,135.0** | **(14.3)** | **44.8** | **(59.2)** |
| SO CAPEX | 167.6 | (3.6) | 164.0 | 117.4 | 46.6 | 1.5 | 45.1 |
| SO OPEX | 322.5 | (3.1) | 319.4 | 250.4 | 69.0 | 0 | 69.0 |
| **SO TOTEX** | **490.1** | **(6.7)** | **483.5** | **367.8** | **115.6** | **1.5** | **114.1** |
| **TOTAL TOTEX** | **2,691.3** | **(87.2)** | **2,604.1** | **2,502.8** | **101.3** | **46.3** | **55.0** |

**Table 4: Summary spend and allowance for five-year RIIO-T2 period**

Over the five-year RIIO-T2 period our Totex spend was £2,502.8m compared with adjusted allowances of £2,604.1m.

Through a combination of savings, cost efficiency and innovation, we have generated £55.0m (2.1%) of savings, resulting in a net benefit of £33.5m (1.3%) returned to customers and ultimately consumers.

Overall, delivery has been strong, with outputs largely achieved despite significant external pressures, including COVID-19 supply chain impacts and the impacts of the Ukraine war on energy demand and network requirements.

Reflecting changing system needs, we are proposing to return £60.0m (2.2%) of allowances (£3.7m was returned in 2023/24). This includes funding for projects that were discontinued because of changing system needs or where different circumstances and new information meant it was no longer in consumers' interest to deliver the outputs as originally envisaged.

A number of outputs to the value of £27.2m have been re-phased, partly using the RIIO-T2/RIIO-GT3 crossover mechanism. We believe it is in consumers' interests for us to deliver these in RIIO-GT3.

Of the £87.2m allowance adjustment £34.8m relates to Non-Load Related Capex which includes £7.2m return relating to Asset Health Non-Lead, £8.7m return relating to Redundant Assets, plus a further £6.1m reapplication of funding, and a £12.9m adjustment on Compressors relating to works continuing into RIIO-GT3. The remaining £52.4m largely relates to return of allowances in Cyber OT (£37.1m), Cyber IT (£0.9m) and PSUP (£8.1m return for work not required and £8.2m relating to work we intend to reapply for to carry out in RIIO-GT3 under the crossover mechanism). This is offset by a £1.9m additional allowance requirement relating to Crop & Quarry.

A further £46.3m (1.9%) of spend is required to complete a small number of outputs which are subject to minor timing delays but remain in delivery and will complete in the early part of RIIO-GT3. These largely relate to Asset Health NARMs (£5.2m), Non Lead Assets (£7.7m), Redundant Assets (£4.2m), MERC UM (£14.5m) and Cyber OT (£12.2m). These have not been adjusted for in the tables but are noted in the relevant commentary sections.

More details on allowance adjustments and minor delayed works can be found in the relevant chapters.

For more details on the specific outputs in each PCD please refer to the relevant PCD reports submitted on 31 July.

Our Totex spend of £2,502.8m includes £71.4m of RIIO-GT3 preparatory spend, largely in Asset Health (£46.6m) and Non Operational Capex (£15.6m ). It also includes £9.2m Load Related Entry spend relating to West Import Resilience Project (WIRP) where we have allowances of £83.3m (23/24 prices) agreed for RIIO-GT3. The spend in RIIO-T2 includes £5.6m relating to the reuse of an asset purchased in 2023/24 for Western Gas Network Upgrade. The remainder is being recovered under the Planning and Advanced Reservation of Capacity Agreement PARCA).

As part of the transition to RIIO-GT3 the RRP table 8.10 Pipeline Log is only capturing UMs that we expect to be submitted within the next 12 months. At which point the table will be fully updated via RIGs to capture all new RIIO-GT3 UMs. The table is largely laid out for RIIO-T2 terms and most UMs are now completed.

A further breakdown of the key variances is detailed within the following pages.

# TO Totex Overview

TO Capital Expenditure for 2025/26 was £445.8m against total allowances of £403.3m. Capital Expenditure for the five-year period is £1,503.6m against adjusted allowances of £1,503.9m.

Load Related Capital Expenditure RIIO-T2 spend totals £27.2m compared to allowances of £11.1m. There has been £6.5m incurred on Entry RIIO-T1 Carryover works in RIIO-T2 (largely [redacted] at £5.9m). In addition to this, there was £9.2m RIIO-GT3 Preparatory spend on WIRP £3.6m in 2025/26 plus £5.6m included in 2023/24 relating to reuse of a Western Gas Network Upgrade (WGNU) asset not covered under PARCA. Network Capability was £0.5m above allowances due to [redacted] Our net zero UIOLI spend was in line with directed allowances of £8.3m.

Non-Load Related Capital Expenditure in 2025/26 was £270.3m, £40.9m higher than adjusted allowances of £229.4m. RIIO-T2 spend is £928.8m, £6.2m higher than adjusted allowances of £922.6m.

After taking into account £31.5m forecast spend in 2026/27 related to minor timing delays on Asset Health NARMs (£5.2m) and Asset Health Non-Lead (£7.7m) largely on [redacted] works, MERC (£14.5m) and Redundant Assets (£4.2m), Non Load Related Capex is £37.7m more than adjusted allowances.

The higher spend against adjusted allowances relates to RIIO-T1 Carryover works of £86.8m, primarily on [redacted] compressor works, £46.6m relating to RIIO-GT3 preparatory work, £19.1m relating to [redacted] and £2.7m relating to Stopples. This is largely offset by lower spend on Asset Health £88.8m, Redundant assets £10.2m, GRAID £12.4m and Other £6.1m.

In 2025/26, we delivered a 22% increase on 2024/25 activity, in areas such as Compressor IEDs (+£34m), RIIO-GT3 preparatory work (+£34m) and East Coast Hydrogen (£9m).

In the first years of RIIO-T2 we experienced slower than expected progress across many of our Non-Load Related Capex deliverables. Despite this, our 5-year delivery has been strong, with outputs largely achieved despite significant external pressures arising from the pandemic and conflict in Ukraine. We have actively mitigated these impacts by replanning and rephasing work to adapt to changing circumstances and protect customers.

As stated above, we have adjusted Non-load Related allowances by £34.8m . Table 5 shows a detailed breakdown of the allowance adjustments made in the RRP tables Note that we are not adjusting for Asset Health NARMs at this stage as these will be considered in the close out report due 31 October.

Non-Operational Capex spend was £20.8m in 2025/26, £0.4m above allowances. RIIO-T2 spend is £108.6m, £13.7m below allowances. The underlying T2 IT programme was £32.4m lower driven by the impact of Software-as-a-System (SaaS) spend now expensed under IFRS accounting rules as opex and delivery efficiencies driven by tight management of project scope and resource synergies across the wider IT investment portfolio, cyber investment programmes, and the self-funded separation programme as NGT exited the National Grid group. In addition to this, spend on Small Tools, Equipment, Plant & Machinery (STEPM) was £3.8m lower. This was partly offset by £11.3m of spend on IT RIIO-GT3 preparation activities, £8.9m higher spend in Property, and £1.8m T1 carry overspend.

TO Other Capex expenditure was £148.4m, £8.8m above allowances in 2025/26. Across RIIO-T2 spend was £439.0m compared to adjusted allowance of £448.0m.

The Cyber OT PCD crosses TO and SO Capex and Opex. For our Cyber OT capex related PCD we have spent £400.3m in line with adjusted allowances. The allowance adjustment related to partial delivery and delayed delivery on some outputs and return of UIOLI allowances of £512.6m, aside from a small amount of allowance identified for some minor delays in early 2026/27 (£12.2m), the remainder of the allowances (£37.1m largely opex) have been returned. This is primarily due to delayed mobilisation of delivery phases compared to assumptions at the time of the business plan submission, resulting in rephasing spend rather than reduced scope. For more details, please see the PCD report.

| | 5 Year Totex Allowance | Allowance Adjustment | Adjusted Allowance | 5 Year Totex Spend | 5 Year Cost vs Allowance presented in tables | Further spend in FY27 | Underlying RIIO-T2 Spend vs Allowance |
|---|---|---|---|---|---|---|---|
| Emissions (IEDs) | 103.0 | (3.6) | 99.4 | 96.6 | 2.8 | 0 | 2.8 |
| Hatton | 69.3 | 0 | 69.3 | 88.4 | (19.1) | 0 | (19.1) |
| Bacton | 23.4 | (9.3) | 14.1 | 13.2 | 0.9 | 0 | 0.9 |
| Asset Health | 618.3 | (7.2) | 611.1 | 509.4 | 101.7 | 12.9 | 88.8 |
| Asset Health RIIO-GT3 Spend | 0 | 0 | 0 | 46.6 | (46.6) | 0 | (46.6) |
| Redundant Assets | 77.1 | (14.8) | 62.4 | 48.1 | 14.3 | 4.2 | 10.2 |
| MERC UM | 19.4 | 0 | 19.4 | 4.9 | 14.5 | 14.5 | 0.0 |
| East Coast Hydrogen | 16.1 | 0 | 16.1 | 14.0 | 2.1 | 0 | 2.1 |
| Stopples | 10.0 | 0 | 10.0 | 12.7 | (2.7) | 0 | (2.7) |
| GRAID | 16.3 | 0 | 16.3 | 3.9 | 12.4 | 0 | 12.4 |
| Other | 4.6 | 0 | 4.6 | 4.1 | 0.5 | 0 | 0.5 |
| RIIO-T1 carry over | 0 | 0 | 0 | 86.8 | (86.8) | 0 | (86.8) |
| **Non Load Related Capex** | **957.4** | **(34.8)** | **922.6** | **928.8** | **(6.2)** | **31.5** | **(37.7)** |

**Table 5: Non Load Related Capex Breakdown**

| | 5 Year Totex Allowance | 5 Year Totex Spend | 5 Year Cost vs Allowance | Further Spend in FY27 | Underlying RIIO-T2 Spend vs Allowance |
|---|---|---|---|---|---|
| Non Op IT Capex Baseline | 74.7 | 42.8 | 31.8 | 0 | 31.8 |
| Non Op IT Capex UM | 5.0 | 4.4 | 0.6 | 0 | 0.6 |
| RIIO-T1 carry over spend | 0 | 1.8 | (1.8) | 0 | (1.8) |
| RIIO-GT3 Preparatory spend | 0 | 11.3 | (11.3) | 0 | (11.3) |
| Vehicles | 6.9 | 7.5 | 7.5 | 0 | (0.6) |
| Property | 11.3 | 20.3 | 20.3 | 0 | (8.9) |
| STEPM | 25.3 | 20.5 | 20.5 | 0 | 3.8 |
| **Total TO Non-Operational Capex** | **122.3** | **108.6** | **108.6** | **0** | **13.7** |

**Table 6: Non-Operational Capex Breakdown**

## TO Totex Overview Cont.

[redacted] Overall spend is largely in line with allowances. Table 7 includes £2.1m relating to RIIO-T1 carry overspend (Other). For more details please the PCD report

[redacted] The £10.6m allowance adjustment includes; £8.2m relating to work expected to be completed in RIIO-GT3 due to a delay on four NPSA std sites, plus [redacted] In addition to this there are very minor delays at several sites totalling £0.7m. For more details please the PCD report

For the non PCD Physical Security element, spend is £2m lower than allowances. There is also a £5.5m RIIO-T1 carryover spend (Other) incurred during the early part of RIIO-T2.

TO Opex costs in 2025/26 were £152.8m against allowances of £129.5m. RIIO-T2 total spend was £631.5m versus adjusted allowances of £616.8m.

The £34.7m allowance adjustments relate to the following:

[redacted]

- £1.9m additional allowance for Crop and Quarry has been included in anticipation of a true up of efficiently incurred spend in RIIO-T2.

Direct Opex costs were £16.4m lower than allowances, driven by a broad mix of factors including increased capitalisation of labour costs due to greater involvement from our internal Gas Operations teams in delivery of the capital and cyber programmes. TO Indirect costs are £39.7m higher than allowances, the majority of the overspend relating to IT primarily due to reclassifications of SaaS expenditure from Non-Operational Capex. Physical Security Opex spend is £3.1m lower than adjusted allowances, £2.4m of this relates to Non PCD spend.

| | 5 Year Totex Allowance | Allowance Adjustment | Adjusted Allowance | 5 Year Totex Spend | 5 Year cost vs allowance presented in tables | Further spend in FY27 | Underlying RIIO-T2 Spend vs Allowance |
|---|---|---|---|---|---|---|---|
| Cyber OT PCD | 400.3 | (0.1) | 400.3 | 388.2 | 12.0 | 12.0 | (0.0) |
| Cyber IT PCD | 4.9 | (0.3) | 4.5 | 4.1 | 0.5 | 0.5 | (0.1) |
| PSUP PCD (Spc 3.4) | 42.0 | (10.6) | 31.5 | 29.4 | 2.0 | 0.7 | 1.3 |
| PSUP non PCD | 11.7 | 0 | 11.7 | 9.7 | 2.0 | 0 | 2.0 |
| Other | 0.0 | 0 | 0 | 7.6 | (7.6) | 0 | (7.6) |
| **TO Other Capex** | **458.9** | **(11.0)** | **448.0** | **439.0** | **8.9** | **13.3** | **(4.3)** |

**Table 7: TO Other Capex breakdown**

| | 5 Year Totex Allowance | Allowance Adjustment | Adjusted Allowance | 5 Year Totex Spend | 5 Year Cost vs Allowance presented in Tables | Further spend in FY27 | Underlying RIIO-T2 Spend vs Allowance |
|---|---|---|---|---|---|---|---|
| Direct Opex | 187.4 | 0 | 187.4 | 171.0 | 16.4 | 0 | 16.4 |
| Indirect Opex | 285.3 | 0 | 285.3 | 325.0 | (39.7) | 0 | (39.7) |
| Pensions | 17.8 | 0 | 17.8 | 12.8 | 5.0 | 0 | 5.0 |
| Crop & Quarry | 13.3 | 1.9 | 15.2 | 15.2 | 0 | 0 | 0.0 |
| Cyber IT | 16.3 | (0.5) | 15.8 | 15.3 | 0.5 | 0 | 0.5 |
| Cyber OT | 91.5 | (30.4) | 61.0 | 61.0 | 0 | 0 | (0.0) |
| PSUP | 39.9 | (5.7) | 34.2 | 31.1 | 3.1 | 0 | 3.1 |
| **TO Opex** | **651.5** | **(34.7)** | **616.8** | **631.5** | **(14.7)** | **0** | **(14.7)** |

**Table 8: TO Opex Breakdown**

# SO Totex Overview

SO capital expenditure in 2025/26 was £19.9m, in line with allowances of £20m. RIIO-T2 Capex spend was £96.4m, £54.7m lower than allowances of £151.1m. This was primarily driven by SaaS cost reclassifications and realised savings on the Gemini programme.

SO Direct and Indirect Opex costs were £36m in 2025/26, £23.5m lower than allowances. RIIO-T2 spend was £238.4m compared to allowances of £307.2m. The £68.8m underspend relates to net staff cost savings due to ongoing vacancies, high attrition and recruitment challenges, combined with lower Xoserve costs relating to lower Gemini system costs.

SO Cyber OT and IT costs cover both Capex and Opex spend. There is a £6.6m allowance adjustment relating to partial or non delivery of outputs and UIOLI in Cyber OT and a £0.1m adjustment relating to the SO element of partial delivery of 201 ENT Governance, Risk and Compliance PCD output and partial delivery of Security Organisation. For more details please the relevant PCD reports.

| | 5 Year Totex Allowance | Allowance Adjustment | Adjusted Allowance | 5 Year Totex Spend | 5 Year cost vs allowance presented in tables | Further spend in FY27 | Underlying RIIO-T2 Spend vs Allowance |
|---|---|---|---|---|---|---|---|
| Non Operational Capex | 151.0 | 0 | 151.0 | 96.4 | 54.7 | 1.0 | 53.7 |
| Cyber IT | 10.2 | (0.1) | 10.1 | 9.8 | 0.3 | 0.3 | (0.1) |
| Cyber OT | 20.8 | (6.6) | 14.2 | 14.0 | 0.2 | 0.2 | (0.0) |
| Direct Opex | 152.3 | 0 | 152.3 | 111.6 | 40.8 | 0 | 40.8 |
| Indirect Opex | 154.9 | 0 | 154.9 | 126.9 | 28.0 | 0 | 28.0 |
| Pensions | 0.9 | 0 | 0.9 | 0.7 | 0.2 | 0 | 0.2 |
| RIIO-T1 Carry Over | 0 | 0 | 0 | 4.2 | (4.2) | 0 | (4.2) |
| RIIO-GT3 Preparatory Spend | 0 | 0 | 0 | 4.3 | (4.3) | 0 | (4.3) |
| **SO TOTEX** | **490.1** | **(6.7)** | **483.5** | **367.8** | **115.6** | **1.5** | **114.1** |

**Table 9: SO Totex breakdown**







# Consumer Bill

Our consumer bill calculation aims to quantify the financial impact on consumers for the work we do in maintaining and operating the National Transmission System (NTS). We apply Ofgem's methodology for calculating the components of a domestic consumer's bill; there are a number of assumptions used. Approximately 50% of gas transmission charges are recovered via entry charges and classified by Ofgem as costs for entering the wholesale market. These costs are excluded as not being directly attributable to the consumer. The exit costs, which include the 'direct' domestic sector consumption, are allocated to Gas Transmission network costs.

In 2025/26 the portion of the consumer bill attributable to NGT is approximately £10.04. This is an average in 2025/26 prices of £9.30 over the RIIO-T2 period.

As we enter the RIIO-GT3 period, we believe it is an appropriate time to review our consumer bill impact methodology. Going forward, we will adopt an approach that more accurately reflects how consumers pay for gas, while continuing to focus on exit-related elements only.

The NGT methodology is revenue-based, using a range of denominators to derive an average bill impact. Historically, we have calculated the cost per customer using exit flows multiplied by average domestic demand. Under the revised methodology, transmission service costs will be allocated using forecast capacity as the denominator, multiplied by the number of domestic connections.

This change reflects the fact that Gas Distribution Networks (GDNs) typically overbook capacity to meet their 1-in-20 licence obligation. As a result, using actual flows as the denominator can understate the transmission costs ultimately charged to consumers. For non-transmission services, bill impacts will continue to be calculated using domestic flows multiplied by the number of domestic connections.

If applied, the revised methodology to the current year would result in an indicative consumer bill impact of £12.55, compared with £10.04 under the existing approach. This variance is solely attributable to the change in methodology; the underlying charges themselves remain unchanged.

The revised methodology provides a more representative assessment of consumer bill impacts by reflecting GDNs capacity booking approaches more accurately. To ensure consistency and comparability, future consumer bill impact assessments will use £12.55 as the baseline reference point.

Given the continued evolution of charging methodologies and industry arrangements, it will be important to undertake regular reviews of this approach to ensure it remains robust, transparent and reflective of underlying network cost drivers.



# Load Related Capital Expenditure (TO)


Entry RIIO-T1 Carry Over . . . . . 50
Incremental Capacity . . . . . 51
Network Capability – Changing Customer Needs . . . . . 51
Network Capability – Tactical Access (Tirley AGI) . . . . . 51
Offtakes . . . . . 52




In 2025/26 our LR expenditure was £6.3m compared to an allowance of £1.7m. This largely relates to £3.6m RIIO-GT3 Preparatory spend on West Import Resilience Project (WIRP) for which we have allowances directed in RIIO-GT3.

Our total LR RIIO-T2 spend was £27.2m compared to adjusted allowances of £10.9m (excluding RPEs), this is predominantly driven by £9.2m spend on WIRP (this includes a £5.6m asset cost reuse from WGNU in 2023/24) and Entry RIIO-T1 Carryover works totalling £6.5m (£5.9m related to [redacted]

Network Capability was £0.7m above allowances largely due to the [redacted] project where factors such as project complexity and the Russia-Ukraine conflict, which had an adverse impact on valve prices and lead times.

Our net zero UIOLI spend was in line with directed allowances (£8.3m).

## Entry RIIO-T1 Carry Over

[redacted] was built as part of the project to connect the [redacted] Liquefied Natural Gas (LNG) terminal to the National Transmission System (NTS). Construction of the compressor station was completed in 2010, but commissioning could not be completed until [redacted] Pressure Reduction Installation (PRI) was operational. Commissioning of the electric variable speed drive (VSD) was further delayed because the volume of gas for which the asset had been designed did not materialise. Due to this the variable speed drive unit was put into preservation until [redacted] gas flows increased.

Since the decision in 2016 to bring the VSD out of preservation, work has been ongoing to prepare it for commissioning runs. During this time many issues have been identified and resolved, as described in previous reports.

During 2025 an interim solution for control system issues has been installed. This facilitates Asset Acceptance of the compressor unit but is not a permanent solution. It has been agreed as a cost-efficient temporary measure until the control system is replaced as part of our Cyber Operational Technology programme of works.

Asset health work to facilitate completion of commissioning has been completed. This included replacing damaged electrical components. The root cause of the damage has been identified as a faulty safety relay and associated protection system component. Based on manufacturer guidance regarding future suitability and reliability, both components are being replaced to mitigate the risk of recurrence.

The remaining works are final checks of software safety systems, Original Equipment Manufacturer (OEM) inspections and final test runs. A key issue for this work is the reliance on external specialists and difficulty securing committed attendance dates from them. These third-party dependencies plus the lead time for the safety relay component have impacted our programme such that the timescale when we will be ready for final commissioning runs is beyond the period when inputs from [redacted] are most likely to be suitable. Through liaison with the [redacted] terminals, we plan to complete trip testing during Summer 2026, but it is unlikely that there will be gas flows to support 24-hour test runs of the VSD unit until Autumn 2026. Based on this, we expect to achieve Operational Acceptance around the end of 2026 and Asset Acceptance by Spring 2027.

The many issues that have arisen during this project relate to the prolonged period between construction and commissioning, and the availability of information regarding the status of components when the project was put on hold. Key learning points are:

- When a project is put on hold, comprehensive documentation should be produced. This should be signed off as part of the on-hold approvals.
- Maintenance requirements for mothballed assets should be documented and added to work-planning systems.
- If a mothballed asset has not been fully commissioned, under usual processes Operations have not formally accepted responsibility for maintenance. Responsibilities need to be agreed with the Site Operations team and formally documented.
- Where a project has been put on hold for a significant period, restart should be at feasibility stage, to ensure full understanding of works required.

# Incremental Capacity

Termination of the [redacted] PARCA and associated project closure activities were previously reported in the June 2025 RRP submission.

NGT continue to cancel, redeploy and scrap materials in line with its' obligations under the long lead item agreement (LLIA). The LLIA is valid [redacted] after which the final invoice will be sent to [redacted] following storage of large quantities of materials successfully redeployed to West Import Resilience Project (WIRP).

Any costs not already recovered or recoverable through the LLIA will be processed to Ofgem through Special License Condition 6.1. as per the terms of the National Gas Transporter Licence. Please see closure report for more detail.

NGT will submit a termination report to recover the outstanding costs that cannot be recovered via the agreement later on this year.

# Network Capability - Changing Customer Needs

During RIIO-T2, NGT committed to delivering targeted upgrades to critical network infrastructure to ensure the continued accuracy, safety, resilience, and sustainability of the National Transmission System (NTS). These commitments were aligned to our consumer priorities:

- Meet the needs of consumers;
- Maintain a safe and resilient network;
- Deliver an environmentally sustainable network

As part of this programme, upgrades to gas metering assets at [redacted] were agreed. The agreed scope across RIIO-T2 focused on replacing and upgrading oversized and ageing metering assets that were no longer optimally matched to prevailing flow conditions. Reductions in customer demand meant legacy systems were operating outside their most accurate performance envelope. The new metering solutions were therefore designed to:

- Improve measurement accuracy at lower flow rates;
- Support correct customer charging;
- Ensure a reliable and auditable NTS energy balance; Future-proof installations against foreseeable operational change.

[redacted]

Physical replacement and upgrade works were completed during 2022/23, bringing the site onto a modernised metering configuration aligned with current flow demands.

[redacted] Detailed design and build activities were completed in October 2025, concluding the core delivery phase within RIIO-T2. The new metering system has been commissioned to accommodate reduced flow rates while retaining flexibility for future scenarios.

Collectively, these deliveries ensure both sites now operate with appropriately sized, accurate, and resilient metering assets. To ensure successful delivery, an internal structured governance and assurance framework was utilised across RIIO-T2. This included clear investment justification aligned to consumer need and regulatory commitments, alongside stage-gated design, procurement, and construction processes. Independent technical assurance was applied at key milestones, with cost and schedule performance monitored through established programme controls and regular internal governance reviews and reporting.

The following key lessons from RIIO-T2 will be carried forward into RIIO-GT3:

- Early alignment of asset scope to changing customer demand is essential to avoid prolonged operation of sub-optimal infrastructure;
- Front-loaded design maturity reduces downstream delivery risk and improves cost certainty;
- Strong supplier engagement early in the lifecycle improves programme resilience to market and capacity constraints;
- Clear and proportionate governance enables effective assurance without slowing delivery.

These lessons will inform future investment planning, delivery strategy, and assurance arrangements in RIIO-GT3, supporting continued value for money and improved outcomes for consumers.

# Network Capability - Tactical Access [redacted]

The background and purpose of the [redacted] project were set out in the 2024/25 Strategic Narrative. In 2024/25, NGT confirmed completion of the execute phase in November 2024 and signalled the intention to close the project in the 2025/26 RRP cycle.

Since last year's submission, NGT progressed closure activities, including the Fixed Asset Completion Certificate, and engagement with contractor Morrisons for the closure of the final Purchase Order, which related to the removal of a retention paid as a part of a commercial settlement on NGTs Asset Health works programme. The conclusion of these activities led to Financial Closure of the project in March 2026.

At the time of closure, a review of the project shows the actual cost at completion was [redacted], exceeding business allowances of £1.0m. Previous RRP narratives have articulated how factors such as project complexity, beyond Business Plan assumptions, and the Russia-Ukraine conflict, which had an adverse impact on valve prices and lead times, created upward pressure on the total project cost.

The project has delivered its core benefit of reducing network constraints from [redacted], through the delivery of the solution at [redacted] This solution enables valve maintenance with a reduced requirement for a site outage.

The main lesson learnt is that a thorough Formal Process Safety Assessment (FPSA) process is required to identify a practical design that avoids unnecessary re-work.

# Offtakes

We continue to deliver connections to our network, supporting a competitive market and enabling natural gas to both enter and exit the network. The end-to-end process can take several years to complete depending on the scale of the project. A project will move through the Application to Offer (A2O) process, Detailed Design & Build before being commissioned as a live connection.

In the regulatory reporting year of 2025/26, we received six applications under the A2O process. Of the six applications, two were for an entry connection and two were for a bi-directional (entry & exit) connection, and two were exit only connections. Three of these applications (one entry and both exit connections) did not reach competency before the end of 2025/26. The other three applications received in 2025/26 achieved competency, with a further application received in 2024/25 achieving competency, making four in total. Of the four applications achieving competency in 2025/26, three required Full Connection Offer's (FCOs) to be delivered within 2025/26. These were delivered and are pending acceptance. One requires an FCO to be delivered in 2026/27 following a customer request to extend the offer period. Of the FCOs issued prior to 2025/26 reporting period and live in the previous report, one of these FCOs was accepted in 2025/26, with five receiving FCO extensions and one being declined.

Compared to the previous years of RIIO-T2 (see previous reports for details), 2025/26 has seen a reduction in the number of new applications and offers being accepted, despite continued interest from biomethane and data centre developers in NTS connections. Uncertainty over the replacement for the Green Gas Support Scheme (for biomethane developers) and increased market costs has meant developers have not been able to commit to construction agreements, however we have continued to support developers with extensions and modifications to offers to support changing needs.

During 2025/26, we raised and secured implementation of UNC Mod 0882S to ensure transparency of gas quality requests for new entry points onto the NTS through the A2O process. This improves transparency for sites such as storage and power stations that are sensitive to certain gas quality parameters that NGT may negotiate with developers, notably carbon dioxide and oxygen content. In addition to this, we have submitted an application and associated evidence case to Health and Safety Executive (HSE) for a Gas Safety (Management) Regulation 1996 (GS(M)R) exemption to allow up to 1% oxygen content in gas injections to the NTS where doing so would not impact offtakes that are sensitive to oxygen, and we are working with the HSE to understand the assurance they need to allow for this, either across the network or in specific cases, or whether a wider GS(M)R change is required, rather than an exemption. Please refer to previous year reports for all the UNC modifications that we have raised and secured implementation during RIIO-T2 to support connections to the NTS.

Looking to improvements for RIIO-GT3, we have listened to feedback from the biomethane industry, and we are focused on standardising connection designs and exploring the possibilities for developers to build their own connections on a "customer-led connections" basis, which allows developers to align construction contracts and programmes, but ensures they build to NGT standards. We hope to launch above and below ground connection options for greenfield entry/exit connections to the NTS in early 2026/27, which will provide efficiencies in timelines and costs for connecting parties. In terms of "customer-led connections", we have been engaging with potential developers to agree a trial deployment in 2027, with the view to offering both NGT build and "customer-led connections" options for most FCOs. These initiatives will enable more low-carbon gas onto our network whilst offsetting traditional natural gas. Finally, the intelligence gained through NTS connection enquiries for data centres is also driving internal developments to support this emerging market

| Connection Application | | Offers made in 2025/26 | |
|---|---|---|---|
| Applications received in 2025/26 | 6 | Competent Applications withdrawn | 0 |
| | | FCO's made within year | 5 |
| Applications received in 2025/26 which did not reach competency | 3 | FCO's accepted within year | 1 |
| Applications achieving Competency 2025/26 | 4 | FCO's not accepted within year | 1 |
| | | FCO Extensions | 5 |
| | | FCO pending customer acceptance | 7 |
| | | FCO's due to be issued in 2026/27 | 2 |

**Table 10: Connection applications and offers made in 2025/26**

# Non Load Related Expenditure (TO)


Compressor Emissions - Peterborough and Huntingdon RIIO-T1 . . . . . 55
Compressor Emissions - Hatton . . . . . 55
Compressor Emissions - St Fergus (including subsidence) . . . . . 56
Compressor Emissions - Wormington . . . . . 57
Compressor Emissions - King's Lynn . . . . . 58
Compressor Emissions - Peterborough and Huntingdon . . . . . 59
Compressor Emissions - Recompression . . . . . 60
Compressor Emissions - Methane Detection and Quantification . . . . . 60
Asset Health - Compressor . . . . . 64
Asset Health - Pipelines . . . . . 68
Asset Health - Electrical . . . . . 70
Asset Health - Cab Infrastructure . . . . . 72
Other Asset Health - GRAID . . . . . 75


national gas transmission

LM2500+ & Vectra 40G Tooling Pod

# This section covers our Non-Load Related Capex, where our RIIO-T2 expenditure (including UMs and RIIO-T1 / RIIO-GT3 expenditure) was £928.8m, which was £40.1m above adjusted allowances of £888.6m (excluding RPEs)

The £34.8m allowance adjustment relates to:

- £7.2m return for Non lead Asset Health PCD largely relating to re-lifing of pipe supports £5.9m for partial delivery of three outputs, and Site lighting £0.6m for partial delivery of two outputs.
- £14.8m allowance adjustment relating to our Redundant Asset PCD where we have returned £2.7m relating to sites no longer required, £3.9m relating to Feeder 9 Humber Crossing and £2m where we have delivered an alternative specification. Note that £3.7m was returned in 2023/24 relating to nine sites. There is also a £6.1m adjustment largely relating to [redacted] and Feeder 1 [redacted] where we are expecting long delays.
- Our draft RIIO-T2 MCPD UM allowances have been updated and rephased to align with spend. These include [redacted] (net impact +£4.3m). We are expecting decisions on recent resubmissions during 2026/27. We have also adjusted our RIIO-T2 unspent allowance for [redacted] by £7.9m as this will be captured as part of our RIIO-GT3 resubmission due during 2026/27.

In the first years of RIIO-T2 we experienced slower than expected progress across many of our Non-Load Related Capex deliverables. Despite this, our five-year delivery has been strong, with outputs largely achieved despite significant external pressures arising from the pandemic and conflict in Ukraine. We have actively mitigated these impacts by replanning and re-phasing work to adapt to changing circumstances and protect customers.

In 2025/26, we delivered a further 22% increase on 2024/25 activity, in areas such as Compressors (+£34m), RIIO-GT3 preparatory work (+£34m) and East Coast Hydrogen (£9m).

Emissions Medium Combustion Plan Directive (MCPD) Projects – Total spend of £96.6m spend incurred on projects under the scope of MCPD for RIIO-T2, in line with adjusted allowances. We have increased our draft UM allowances, so that they align with our latest spend and recent updated submissions. These include [redacted] the net impact in RIIO-T2 is + £4.3m. We're expecting decisions on recent resubmissions during 2026/27. We've also adjusted our RIIO-T2 unspent allowance for [redacted] by £7.9m as this will be captured as part of our RIIO-GT3 resubmission due during 2026/27

[redacted] Site Redevelopment – We have adjusted our draft UM allowances by £9.3m, so that they align with our latest spend and recent updated submissions. The majority of spend will now be incurred in RIIO-GT3 in line with our recent resubmissions.

[redacted] Emissions Total spend in RIIO-T2 was £88.4m, £23m higher than allowances of £65.4m. [redacted] has experienced programme slippage in three major areas; required design changes delaying construction; material issues have led to re-work from other contractors and delay; and extreme volumes of rain in the region in 2023 and 2024. Operational acceptance was achieved in March 2026, one year after the PCD delivery date of March 2025, with the latest forecast of Asset acceptance scheduled for July 2026. We expect to spend a further £1.1m on project closure and asset acceptance during 2026/27.

Our Asset Health spend was £66.9m lower than our adjusted RIIO-T2 allowances, and is broken down in table 12.

| | 5 Year Totex Allowance | Allowance Adjustment | Adjusted Allowance | 5 Year Totex Spend | 5 Year cost vs allowance presented in tables | Further spend in FY27 | Underlying RIIO-T2 Spend vs Allowance |
|---|---|---|---|---|---|---|---|
| Emissions IEDs) | 100.4 | (3.6) | 96.8 | 96.6 | 0.2 | 0 | 0.2 |
| Hatton | 65.4 | 0 | 65.4 | 88.4 | (23.0) | 0 | (23.0) |
| Bacton | 22.5 | (9.3) | 13.2 | 13.2 | 0.0 | 0 | 0.0 |
| Asset Health | 596.4 | (7.2) | 589.2 | 509.4 | 79.8 | 12.9 | 66.9 |
| Asset Health RIIO-GT3 Spend | 0 | 0 | 0 | 46.6 | (46.6) | 0 | (46.6) |
| Redundant Assets | 73.8 | (14.8) | 59.1 | 48.1 | 11.0 | 4.2 | 6.9 |
| MERC UM | 19.4 | 0 | 19.4 | 4.9 | 14.5 | 14.5 | 0.0 |
| East Coast Hydrogen | 16.1 | 0 | 16.1 | 14.0 | 2.1 | 0 | 2.1 |
| Stopples | 9.5 | 0 | 9.5 | 12.7 | (3.2) | 0 | (3.2) |
| GRAID | 15.5 | 0 | 15.5 | 3.9 | 11.6 | 0 | 11.6 |
| Other | 4.3 | 0 | 4.3 | 4.1 | 0.2 | 0 | 0.2 |
| RIIO-T1 carry over | 0 | 0 | 0 | 86.8 | (86.8) | 0 | (86.8) |
| **Non Load Related Capex** | **923.5** | **(34.8)** | **888.6** | **928.8** | **(40.1)** | **31.5** | **(71.7)** |

**Table 11: Non Load Related Capex breakdown**

| | 5 Year Totex Allowance | Allowance Adjustment | Adjusted Allowance | 5 Year Totex Spend | 5 Year cost vs allowance presented in tables | Further spend in FY27 | Underlying RIIO-T2 Spend vs Allowance |
|---|---|---|---|---|---|---|---|
| Asset Health NARMs | 435.3 | 0 | 435.3 | 371.1 | 64.1 | 5.2 | 58.9 |
| Asset Health NLA | 120.4 | (7.2) | 113.2 | 108.5 | 4.7 | 7.7 | (3.0) |
| Asset Health null | 40.7 | 0 | 40.7 | 29.7 | 11.0 | 0 | 11.0 |
| **Asset Health** | **596.4** | **(7.2)** | **589.2** | **509.4** | **79.8** | **12.9** | **66.9** |

**Table 12: Asset Health Breakdown**

This has resulted from a number of initiatives including:-

- The integration of Non-Lead Asset Health with NARM activities, particularly through structured campaigns such as the National Above Ground Installation Renovation Campaign (NARC).
- The optimisation of outages was a critical enabler. Coordinated planning allowed multiple asset issues to be addressed within a single outage window, maximising productivity and reducing the impact on system operations.
- A blended delivery model was also introduced, combining internal resource with external contractors. This increased delivery flexibility and scalability, enabling a significant ramp-up in later years of RIIO-T2 without a proportional increase in cost or operational impact.

Our Asset Health allowances have been adjusted by £7.2m on our Non lead Asset Health PCD. More details on Non Lead Assets can be found in our full PCD report. Adjustments relating to NARMs will be captured as part of our October 2026 PCD submission.

The £66.9m underspend includes further spend of £12.9m related to minor timing delays on Asset Health NARMs (£5.2m) and Asset Health Non-Lead (£7.7m) largely on [redacted] works.

DSEAR is spend related to "Dangerous Substances and Explosive Atmospheres Regulations" to ensure compliance; we have spent £5.2m across RIIO-T2. Whilst there are no specific allowances for this within RIIO-T2, we view this as a 'Null output' and have therefore included these costs within the Asset Health null category.

In addition to this, in RIIO-T2 we have spent £46.6m on Asset Health RIIO-GT3 preparatory spend. This is related to outputs included within our RIIO-GT3 plans and is key in us delivering the first year of RIIO-GT3 in line with expectations.

Redundant Assets spend was £48.1m during the RIIO-T2 period, compared to adjusted allowances of £59.1m. As mentioned above, we have returned £14.8m allowance relating to outputs no longer required. There are minor delays at several sites totalling £4.2m where minor costs will continue into the RIIO-GT3 period. The largest relates to the Asselby to Drax feeder where we are expecting to spend a further £1.7m to complete works.

Our total spend is therefore expected to be £52.3m compared to adjusted allowances of £59.1m. More details can be found in our PCD report

MERC UM spend in RIIO-T2 amounted to £4.9m against allowances of £19.4m. One pilot is being progressed on Project CH4RGE in RIIO-T2, with the remainder of the programme scheduled for delivery in RIIO-GT3.

East Coast Hydrogen – The program of works for this project spans RIIO-T2 and RIIO-GT3 which was directed in 2025 along with the allowances. Delivery has slipped slightly in 2026 and we have spent £14m of our allocated RIIO-T2 allowances of £16.1m. This underspend will offset with an overspend (plus our 10% NGT contribution) in RIIO-GT3.

Our spend on Stopples in RIIO-T2 was £12.7m, £3.2m above allowance. Stopples costs manifest themselves on interventions within the Asset Health themes of Valves and Plant & Equipment and are used where a pipeline shutdown cannot be achieved due to network constraints or the need to maintain supplies to a customer. Whilst Stopples remain a proven and effective isolation technique, some sites still present notable access constraints, and we continue to evaluate and trial alternative isolation technologies,

Our spend on GRAID was £3.3m, £11.6m below allowances. A revised schedule has been agreed with Ofgem and is the primary driver behind the considerable underspend of the GRAID Connections funds in RIIO-T2.

Other spend: Our spend on procuring new Recompression units (£3.3m) was largely in line with allowances of £3.4m. Similarly, our spend on Methane Detection and Quantification was £0.8m largely in line with allowances of £0.9m.

In terms of RIIO-T1 carry over Non-Load Related Capex, we have incurred a further £0.4m of costs in 2025/26. Cumulatively, for RIIO-T2 we have incurred £86.8m of RIIO-T1 carry over Non-Load Related Capex. These costs largely relate to the ongoing [redacted]

## [redacted] RIIO-T1

[redacted] Compressor Stations play a critical role in meeting a wide range of supply and demand conditions across the National Transmission System (NTS). These include supporting South-East and South-West demand, maintaining supply to South Wales during periods of reduced imports from the [redacted] terminal, and enabling the transportation of gas from [redacted] into the western parts of the network.

Due to their central location, both sites provide essential operational flexibility to the NTS and are integral to maintaining system resilience. To continue fulfilling these roles, long-term, secure, flexible and reliable compressor solutions are required that comply with the Integrated Pollution Prevention Control (IPPC) directive and align with NGT's 1-in-20 peak demand obligations.

### Activities Completed During the Period (2025/26)

During 2025/26, the following key activities were completed at both the [redacted] sites:

- Installation of the Condensate Tanks,
- Installation of the waste areas,
- Battery system installation and testing,
- re-testing of proof test procedures by site Operations teams.

In addition, a significant programme of documentation review and consolidation was undertaken. This included the processing of over 12,000 operational drawings and the progressive closure of snag list items, improving the overall quality and completeness of the project handover documentation.

## Compressor Emissions - [redacted]

[redacted] is pivotal in the transmission of high East flows to the wider network; main relevant entry points are [redacted]. In addition to supporting large directly connected loads and storage sites in the immediate vicinity, [redacted] is therefore critical to exit loads across the south of the country, international exports and 1-in-20 obligations. Investment at [redacted] is necessary to achieve the Industrial Emission Directive (IED) Large Combustion Plant Directive (LCPD) emissions compliance within the LCPD legislation deadline of 31st December 2023.

[redacted] compressor station consists of an electric Variable Speed Drive (VSD) (Unit D), which is the lead compression unit, and three RB-211 machines (Units A, B and C) which supplement the VSD and provide backup capability. These RB211s are not IED-LCP compliant and will be replaced by the installation of a new compliant gas-powered compressor (Unit E), of equivalent capability to the 35MW Electric VSD.

During 2025/26, the following key activities were completed at [redacted]

- Gas Turbine (GT)/Compressor Cold/Hot Commissioned and Gas-on.
- Balance of Plant (all other systems) commissioning
- Installation and commissioning of the CEMS (Continuous Emissions Monitoring System)
- Engine Tuning and Sequencing
- Emissions and noise testing
- As-Built drawings/operational drawings review
- Data books and asset data register ongoing

Operational acceptance was achieved in March 2026.

Key financial milestones are as follows:

- [redacted] Fixed Asset Commissioning Certificate (FACC): Forecast August 2026
- Asset Acceptance Certificate (AAC): Forecast August 2026
- Project closure and asset capitalisation: During 2026/27

## [redacted] Cont.

The project is expected to be formally closed within the 2026/27 regulatory year, with assets fully accepted and capitalised.

A few outstanding vibration issues remain with the following recommended short-term solutions:

- Unit A's manual discharge valve is being kept closed. There is a bypass across unit C suction/discharge. The long recycle line valve on unit E is 10% open. This reduces the vibration levels to an acceptable level.
- [redacted] are currently carrying out modelling on the vibration issue to come up with the long-term solution which will be completed when Units B and C decommissioning works starts
- [redacted] have been engaged and completed a temporary design for the flexible bypass. Following this [redacted] have produced a permanent design for a rigid bypass which is currently undergoing sign off, with the aim to get asset acceptance by the end of August 2026. The bypass will then need to be installed once fabricated.

[redacted] project lessons learnt have been formally captured and highlight several areas for improvement identified, including:

- Insufficient commissioning planning and associated budgeting by EPCm (Engineering Procurement Construction management) Delivery model
- Unrealistic programme durations given by the OEM.
- Vibration issues that have already materialised on ERP3 and [redacted] Emissions projects have been captured to inform and mitigate delivery risk on MCPD projects.

The project has spent c£23m above RIIO-T2 allowances, primarily driven by the extended delivery schedule and unforeseen inflationary pressures during the construction phase (which has in particular increased steel prices, labour rates and availability and more recently welding inspection rates). The project is now working on closing out the remaining activities such as data books, drawings and final close out.

The PCD output for [redacted] compressor site is an emissions compliant compressor procured for 41MW mechanical output power to be delivered by March 2025. As per the Ofgem PCD guidance, the PCD at [redacted] would be deemed Fully Delivered, once NGT can provide an asset acceptance report for the new compressor unit as well as confirmation of the capacity of the new compressor unit and confirmation from the relevant environmental regulator of the acceptance of the new unit as meeting emissions compliance requirements. NGT have notified Ofgem via a Basic PCD report in July 2025 that the PCD delivery is delayed. Since operational acceptance has now been achieved in March 2026, NGT will provide Ofgem with an updated Basic PCD report by the end of July 2026 providing the evidence to support the updated fully delivery PCD status.

## Compressor Emissions – [redacted]

Ofgem approved NGT's investment recommendation to replace three non-MCPD compliant compressor units with three new gas-driven compressor units at [redacted]. In addition, one of the existing [redacted] units will be retained with significant asset health investment to improve unit availability. The existing non-compliant [redacted] units on Plant 1 and Plant 2 should be decommissioned post 2030, following operational acceptance of the new units.

To maintain resilience across Plants 1 and 2, two new units will be installed on Plant 2 and one on Plant 1. Units 1C, 2C and 2D have already been decommissioned in 2025/26 to provide the vacant berths for the installations to commence later this year.

Over the last year, NGT have submitted separate EJPs and cost books for Asset Health investment for Unit 1A in December 2025. The submission also included a draft EJP for New Units (1C, 2C and 2D) investment for which we will provide an update planned for October 2026 as agreed with Ofgem in our pre-application engagement.

Throughout 2025/26, the Asset Health team have completed the following:

- Development of investments proposed in the December 2025 cost submission to Ofgem based on a 25-year Asset Health re-life strategy for Unit 1A
- Submission of separate EJPs and cost books for Asset Health investment for Unit 1A in December 2025
- Contract award with [redacted]

Through 2026/27, NGT is exploring opportunities to phase elements of the investment programme for Unit 1A where appropriate, whilst maintaining delivery of all works required to achieve compliance by 1 January 2030.

For this phased approach, NGT will be engaging with Subject Matter Experts, delivery teams, and Asset teams. Ensuring an approach that delivers improved unit availability beyond 2030 whilst achieving best outcomes for consumers is a priority. NGT is currently engaging with the [redacted] to re-assess the costs for the proposed critical interventions and make a re-submission to Ofgem for a review and determination in January 2027.

The new units' team have completed following throughout 2025/26:

- Completion of FEED
- Completion of Conceptual Design Development
- Procurement of critical long lead items (process valves)
- Accelerated enabling works

The new units' team will be working on the following throughout 2026/27:

- Complete Stage 1B contract.
- Updated re-opener submission in October 2026
- Maintain programme for a suitable ECI Stage 2 Contract award point.
- Advance towards completion of the Detail Design with the [redacted]
- Progress towards delivery of Long Lead items – Compressor and Core Engine Units (3x), due early in 27/28
- Progress towards delivery of Long Lead items – Local Equipment Room (LER) and Fuel Gas Skid (3x), due later into 27/28
- Initiate delivery of Free Issue Materials.
- Complete Site Establishment Works required within programme ahead of CAB installation.
- Start of Civil Works.

We have documented three lessons learned themes to take through to RIIO-GT3. The first being the development of a risk register which is based on feedback of completed and ongoing projects, such as [redacted] and [redacted] The second being, conducting extended vibration analysis work as part of design evaluation and verification following feedback from existing and ongoing projects, as well as other site and team experience. Finally, using insights from comparable projects to refine the Formal Process Safety Assessment (FPSA) programme, covering HAZOP's and HAZCON's.



**Image 3: [redacted] in Unit A in Foreground**

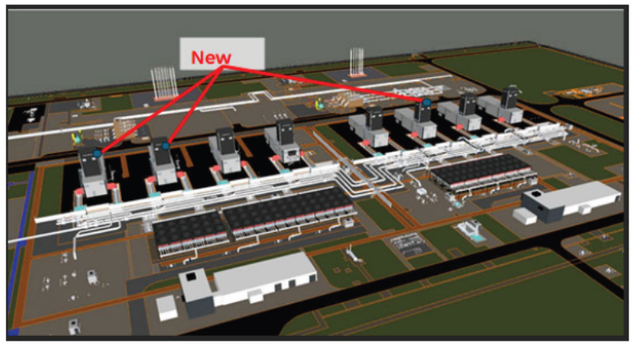



**Image 4: Plant 1 and Plant 2 layout identifying units to be replaced**

# Compressor Emissions – [redacted]

Ofgem approved NGT's investment recommendation to install one new gas-driven compressor unit at [redacted] In addition, one of the existing [redacted] units will be retained with significant asset health investment to improve unit availability. The existing non-compliant Avon unit should be decommissioned post 2030, following operational acceptance of the new unit. Over the past year work has progressed on the new unit scope and existing Avon unit asset health scope under two separate investments for asset health and new unit scope as detailed below.

## Asset Health Scope:

[redacted] have completed condition assessment surveys on Units A and B compression packages and presented findings and recommendations in Asset Health Assessment Reports. The recommendations specifically addressed asset integrity, compliance with contemporary industry standards, identification of obsolescence issues, and feasibility of equipment with recommendations for replacement or refurbishment to sustain operational safety, efficiency, and reliability over the asset's extended operational lifespan.

The output of the assessments on Unit A and recommended remedial actions which was used as the basis to submit our cost re-opener issued to Ofgem in December 2025 in accordance with the Special Licence Condition 3.11. NGT are exploring opportunities to phase elements of the investment programme where appropriate, whilst maintaining delivery of all works required to achieve compliance by 1 January  This assessment reflects the increase in costs observed across the compressor emissions asset health portfolio, with the objective of minimising impacts on consumers while delivering improvements in unit availability and reliability.

## New Unit Scope

A separate two-stage Early Contractor Involvement (ECI) contract was awarded in January 2025. This contract consists of Stage 1 including engineering and procurement activities and Stage 2 which is yet to be awarded consists of all site-based activities.

The [redacted] has so far completed a feasibility study and site surveys to inform the ±15% cost estimate to be provided to Ofgem as part of the re-opener submission. Since the FOSR Final Determination the siting and layout of the new compressor has been revised to locate the compressor further from the nearest noise receptor and address concerns around meeting the likely noise conditions in the planning consent. This has led to the compressor being located to the north of the existing compressor station requiring land acquisition which is now complete. This re-siting was agreed with Ofgem in the bilateral meeting held in March 2025.  The project was awarded to a contractor in March 2025 via competitive call off from the Compressor Machinery Train Framework agreement. The compressor will be delivered to site in July 2027 for installation.

A planning application was submitted to the local planning authority in February 2026, with consent anticipated prior to mobilisation for the construction phase later in 2026.

In December 2025 NGT submitted a draft re-opener submission for the delivery of the new unit investment to Ofgem as per Special Condition 3.11 of our Licence. As agreed as part of pre-application engagement with Ofgem NGT are planning to submit an updated funding request for the new unit investment in January 2027.

Our lessons learned for RIIO-T2 going into RIIO-GT3 consist of the following:

- Issuing of proposed instructions for specification change during in flight projects has lead to ambiguity within the overall project team, with parties working to different versions.
- Project Operations Representative implemented to bridge the gap between MCPD and Operations which has realised the benefit in scheduling site survey's and leveraging good quality site operations input into FEED.



**Image 5: [redacted] Compressor Station**

# Compressor Emissions – [redacted]

[redacted] Compressor Station is the only site on the NTS which can facilitate exports to Europe via the [redacted] and the site also plays an important role in moving gas away from [redacted] and from [redacted] when supplies exceed demand.

King's Lynn comprises four existing compressor units, two compliant Siemens SGT-400 compressors and two Avon units, Unit A (disconnected) and Unit B (operational), which are non-compliant with MCPD. Unit B is over 50 years old and now operating well beyond its original design life. Failure to meet emissions legislation means that Unit B would be limited to 500-hours running per year, restricting the operation of the site.

Over the course of the last year, the [redacted] project has progressed the development of the final preferred option (retaining the remaining Avon (Unit B) under 500-hours Emergency Use Derogation (EUD) with significant asset health investment to improve unit availability. To ensure operation mapping alignment across all site compressor, this option will also re-wheel of the existing SGT-400s (Units C and D) and decommission Unit A). In April 2025, separate EJPs aligned to the Final Preferred option and supporting cost books were submitted to Ofgem under the compressor emissions re-opener.

Subsequent development of the re-wheeling EJP, including detailed engineering engagement with the [redacted] identified that the scope and complexity of the re-wheel interventions were greater than originally assumed. As a result, it was agreed that the April 2025 EJP submission would be based on a provisional scope and cost estimate (+/-30%), with further cost maturity to follow completion of FEED.

Finalisation of the cost estimate and supporting delivery documentation remains ongoing. The updated cost position, reflecting FEED outputs and subsequent design development, is being prepared for formal re-submission to Ofgem for approval later in the year. This re-submission will present a mature, fully evidenced scope, aligned to the finalised engineering solution and delivery strategy.

The FEED study, undertaken by the contractor, confirmed the technical suitability of the Siemens re-wheel design against the latest Process Duty Specification (PDS). The selected solution supports reduction in operational reliance on Unit B, which is scheduled to transition to an EUD operating regime from 2030.

Following FEED, a contract has been awarded to the [redacted] Siemens for delivery of the re-wheel works (subject to funding being awarded). This has enabled early procurement of critical long-lead items, mitigating programme risk and securing manufacturing slots. Siemens will undertake the re-wheel installations on Units C and D, currently scheduled for Winter 2027.

Progression of the [redacted] project over the coming year will focus on advancing delivery into detailed design and execution readiness, subject to Ofgem agreement on the Uncertainty Mechanism (UM) scope and associated allowances. The planned activities include contract awards for detailed engineering design, further procurement of long-lead materials, and development of associated asset interventions across the site.

Specifically, the programme will progress contract award for detailed design of the compressor re-wheels and the procurement of additional long-lead components. In parallel, detailed design and long-lead procurement will be undertaken for Unit B asset health interventions, ensuring continued operability under the EUD regime. The programme will also advance contract award for the decommissioning of Unit A, completing the transition to the optimised asset configuration. A re-submission of revised costs and delivery programme to Ofgem is planned for later this year.

[redacted]

[redacted]

# Compressor Emissions - [redacted]

[redacted] projects submitted separate EJPs and cost books under the compressor emission re-opener to Ofgem in June 2025. [redacted] received Draft Determination in April 2026 with Final Determination expected during the Summer.

Through 2025/26 the project has completed conceptual design and entered Stage 2 contract with [redacted] The project has mobilised on site, and the compressor unit has been delivered.

In addition, the [redacted] project is also in contract with a [redacted] The current contract is for the surveys and cost estimates which was completed to support the cost re-opener submission in June 2025.

This coming year (FY26/27) will see the project team for [redacted] formalise the Stage 2 Contract with the [redacted] for Detailed Design, and Long Lead Item procurement. NGT are currently exploring the feasibility of phasing the investment considering the cost increase across the compressor emissions asset health portfolio to minimise the impact on consumers while improving unit availability and reliability.

The [redacted] new unit team will be working on the following in FY27;

- Delivery of Free Issue Materials.
- Complete Site Establishment Works.
- Land Compressor Unit to Base.
- Cab Installation.
- Completion of Civil Works.
- Completion of Detailed Design.
- Installation of Compressor Main Plinth.
- Long Lead Item delivery (Compressor Units).

[redacted] project lessons learnt have been formally captured and highlight several areas for improvement, including:

- Condition of existing chamber draw pits (CDPs): The condition of CDPs on site requires careful assessment. There is potential for significant water ingress, which will need to be planned for and actively managed during construction. Additionally, the condition of the pit lids and their lifting arrangements should be reviewed prior to works commencing, as some lids have been found to be sealed together.
- Proof Test Procedures (PTP) cannot be 100% completed in advance of "Gas On" as some control features need to be tested with gas on. This needs to be reviewed and included when producing commissioning sections of the programme.
- There is a lack of clarity on how industry practice/certification for water mist suppression systems translates to NGT standards. This can lead to over-engineering and unnecessary use of subject matter expert (SME) time. The recommendation is to update NGT standards to align the requirements with the National Fire Protection Association requirements and provide additional clarity to ensure consistent application of standards and best practice.

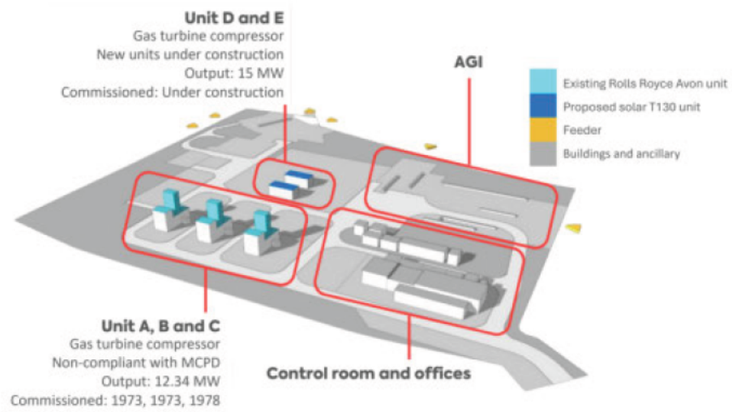



**Figure 6: Current setup at [redacted]**

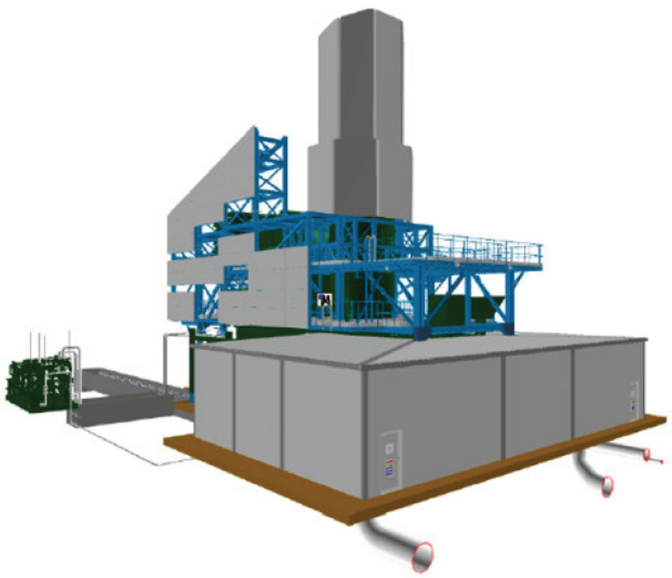


**Figure 7: Unit F Acoustic Design**

# Compressor Emissions – Recompression

Mobile recompression is a specialist capability typically only employed on high pressure gas pipelines to minimise the amount of gas vented to atmosphere when preparing a pipeline for intrusive maintenance work. If a pipeline needs intrusive maintenance the gas first needs to be removed from the pipeline to make it safe to work on. First, the section of pipe to be worked on is isolated using block valves. Then, a recompression machine is connected around one of the block valves, so that it can pump the gas from the isolated section of pipeline into the live section of pipeline. Without a recompression machine, this gas would be vented to atmosphere.

National Gas Services (NGS) has had recompression capability since 1993, and it is estimated that the existing machines have saved over 100,000 tonnes of natural gas from being vented to atmosphere. However, due to technical limitations, the existing machines can only save about 85% of the gas at each job they are dispatched to, and modern machines are available that can increase the saving to over 95%. [redacted].

Across the RIIO-T2 period, our objective has been to deliver modern mobile recompression capability that reduces the amount of venting that is required for intrusive pipeline maintenance, materially reducing methane emissions and supporting outage delivery.

Two pipeline recompression machines were funded through RIIO-T2 baseline. Two further pipeline recompression machines were funded through the NZASP re-opener. Seven smaller recompression machines that are designed for use on PIG traps, compressor stations, and smaller sections of pipework were also funded through the NZASP re-opener.

For the RIIO-T2 baseline funded recompression machines, there has been no spend this year, meaning a total project cost of [redacted] for price control.

For the NZASP funded pipeline recompression machines, there has been a spend to date of [redacted]. The NZASP funded small recompression units are in the tender phase after extended supplier engagement to ensure that the machines available on the market will meet our requirements.

During 2025/26, the baseline funded units were commissioned in March 2026 and are now available for deployment; the NZASP funded pipeline recompression units are progressing through factory acceptance testing (FAT), with delivery and site acceptance testing (SAT) planned for 2026 with the aim of achieving independent commercial operation by March 2027; and an eight-unit small RCU fleet (four PIG trap, four compressor depressurisation) progressing to contract award in May 2026 and Fully Delivered in October 2027 following design approval, manufacturing, and testing.

Across all elements, delivery claims are governed through the evidence-based methodology to ensure outputs are only closed when the capability is demonstrably available for operational use and supported by commissioning and acceptance records.

The need for the recompression machines comes from pipeline defects. I.e. Pipeline Inspection Gauge (PIG) runs are carried out to identify defects on a pipeline, work is planned to remediate the pipeline defects, and the recompression machines are needed to remove the gas from the pipeline in order that the defect remediation work can be carried out safely. The recompression machines are mobile and are transported to wherever they are required. When all the new recompression machines are operational, the recompression fleet capacity should be great enough to cover all recompression requirements on the NTS, and there should be no planned large-scale vents from pipelines, compressor stations, or PIG traps.

The main thing that went wrong was the failure to get approval to use the [redacted] as described in last years' narrative. That held up the delivery of the baseline funded machines by over a year. The NZASP funded pipeline recompression machines were designed to be identical to the baseline funded machines to minimise project costs, for example, because the machines are identical to the first set, we only need to carry out the hazard studies and design approval once which saves significantly on NGT project costs and time.

Recompression provides environmental and financial benefits to gas consumers by reducing the amount of gas that is vented to atmosphere during intrusive maintenance activities. These investments are improving recompression capability which will enable us to reduce the amount of gas we have to vent to atmosphere.

Engines originally specified were not type tested to the applicable legislation and, despite extensive engagement [redacted] no definitive approval route could be confirmed. The programme therefore re-specified to compliant [redacted], preserving the intended consumer and emissions outcomes while providing a lawful and robust route to delivery. This significantly increased the delivery time of the first pair of large machines because the project came to a standstill whilst we tried to get approval to use the original engine type from the environmental regulators.

For the pipeline recompression machines, key activities to secure NGT design approval and formal process safety approval commenced following delivery to site. While this sequence extended the timeline for site acceptance testing, it provided valuable learnings for the next price control. It highlighted the importance of dedicated project resourcing and early planning. Going forward, for projects of this nature, we appoint a dedicated engineer to focus specifically on recompression activities. Due to this improvement, we expect progress towards full commercial operation to accelerate. Furthermore, lessons learned are being proactively applied, with design approval and formal process safety activities for the smaller recompression machines now being planned well in advance of manufacturing.

# Compressor Emissions – Methane Detection and Quantification

Within the RIIO-T2 Final Determination, we were awarded funding for the rollout of the Monitoring of Realtime Fugitive Emissions (MoRFE) continuous fugitive emissions detection system. However, during the 2021/22 reporting period, and in parallel with the development of the net zero re-opener submission, NGT and Ofgem agreed that methane detection and quantification activity should go beyond the original RIIO-T2 commitments to better support net zero objectives and inform future emissions abatement strategies.

As part of this agreement, it was determined that the funding originally awarded for MoRFE rollout would be more appropriately deployed to establish and expand a robust periodic leak detection and quantification capability, enabling measurement-based emissions baselining across the NTS. This approach provides greater coverage, stronger data quality, and improved insight into fugitive emissions sources, supporting both near-term leak identification and longer-term strategic planning.

In line with the agreed approach, NGT shortlisted suitable periodic methane detection and quantification technologies and placed initial orders at the end of March 2023. The equipment was received and receipted during the 2023/24 reporting period, with spend of [redacted] Further spend of [redacted] in the 2024/25 and 2025/26 reporting periods allowed for additional equipment to be procured for the detection and quantification of fugitive emissions in support of NGTs periodic monitoring programme.

## Compressor Emissions - Methane Detection and Quantification Cont.

The equipment procured includes:

- Handheld methane detection and quantification instruments, enabling measurement of fugitive gas escapes from ground-level accessible pressurised assets; and
- Optical Gas Imaging (OGI) cameras, enabling detection and indicative quantification of fugitive methane emissions from elevated or otherwise inaccessible sources. This represents a new in-house capability for NGT, reducing reliance on third-party providers.

Total spend to date across RIIO-T2 is [redacted], compared to total allowances of [redacted]

Within the reporting period, the enhanced in-house capability was used to deliver 79 fugitive leak detection surveys. In year two of the expanded periodic leak detection and repair (LDAR) programme delivery has increased to 186 delivered. This compares with a planned run rate of 237 surveys required to meet the overall delivery profile set out in the Methane Emissions Reduction Campaign (MERC) re-opener. The reduced run rate in the first and second year reflects the practical realities of recruiting, training and embedding a dedicated in-house emissions monitoring team following re-opener approval, as well as the time required to establish safe systems of work and consistent survey methodologies.

The allowance allowed the capital purchase of handheld fugitive emission detection and quantification equipment which was then used in the delivery of the leak detection survey programme funded through the MERC re-opener. NGT used existing procurement and governance processes in the capital purchase, however, the in-house delivery of the LDAR programme itself was new and required implementing. A monthly working group was established to monitor and govern delivery of the LDAR programme during inception which has continued during delivery.

Some of the equipment purchased did not operate as expected, however NGT worked closely with the supplier to resolve these issues and ensure minimal impact to LDAR delivery.

This investment in RIIO-T2 has supported the delivery of NGTs fugitive emission performance base lining. From the base lining, improvements in our understanding of the sources of fugitive emissions from operating the NTS has been obtained. Insights gained include understanding of NGT's highest emitting assets at a site and component level. To date, after two years of base lining, NGT's highest emitting sites are offtakes, compressor stations, and multi-junctions. Highest emitting components to date include vents, plugs, and valve handles.

This learning and lessons learnt from RIIO-T2 will inform future targeted investment in RIIO-GT3 to reduce fugitive emissions and inform NGT's future fugitive survey programme following conclusion. The fugitive emission performance baselining will also inform the RIIO-GT3 GHG-F reputational incentive.

# Asset Health - Plant & Equipment, Valves and Civils

Throughout RIIO-T2, NGT was committed to and delivered a substantial volume of Above Ground Installation (AGI) Asset Health interventions across these asset groups – Plant & Equipment, Valves, Structural (Civils) and Stopples. The delivery volumes reflect the scale and complexity of work required to sustain asset integrity, operability and compliance across an ageing AGI asset base.

The majority of the interventions were delivered through the National AGI Renovation Campaign (NARC). NARC provides a structured, campaign-based delivery framework that was established during RIIO-T1 and further strengthened during RIIO-T2 to support consistent planning, coordination and delivery of AGI interventions at scale.

In 2025/26, the final year of RIIO-T2, NGT completed a full range of Asset Health work in the asset groups within the AGI theme, via the 2025 NARC programmes delivered by NGS and external [redacted]

In addition, internal operational teams delivered discrete intervention programmes alongside the NARC portfolio, focusing on activities that were not aligned to the campaign delivery model. Through a drive for efficient delivery, interventions were identified that could be undertaken by existing internal operational teams alongside their routine maintenance activities. This approach enabled lower complexity or time-critical works to be progressed in a more flexible and responsive manner, while also supporting efficiencies in both cost and delivery timescales. As a result, these interventions were effectively integrated alongside wider NARC works, ensuring that AGI asset health risks continued to be addressed proportionately and within required timeframes.

### Plant and Equipment (P&E)

The 2025/26 programme saw the delivery of the majority of P&E volumes through the NARC, ensuring a co-ordinated delivery of multiple intervention volumes at individual sites, facilitating efficient use of outage windows and enabling works to be delivered in a planned and controlled manner. The interventions including a comprehensive programme of maintenance and upgrade works was successfully delivered to address asset condition, structural integrity, and long-term operability, focusing on reducing corrosion risk, improving mechanical resilience, and extending asset life in line with RIIO-T2 asset health objectives.

### Valves

2025/26 saw the completion of valve intervention volumes across various AGIs including works to be locally operated, remotely operated and process control valves, together with actuators and associated equipment. These interventions are critical to maintaining effective isolation capability, operational flexibility and emergency response readiness. These interventions were delivered through the NARC framework. However, some valve programmes had delivery characteristics that were not aligned with the NARC model and were therefore delivered outside of it. These works include the Non-Return Valve and Actuator campaigns delivered by internal operational teams to address specific operability and integrity requirements.

### Structural Integrity (Civil)

Structural Integrity (Civils) intervention volumes delivered in 2025/26 include works to pits and covers, pipe supports, plinths, ducting, drainage, access infrastructure and security fencing. These assets provide essential physical support and protection, helping to ensure safe site operation, protect pipelines and minimise environmental impact.

Civils intervention volumes were primarily delivered through the NARC framework, reflecting the benefits of early site surveys, bundled delivery and coordinated outage planning. Delivered volumes address deterioration identified through inspections and surveys, ensuring continued safe access, structural stability and asset protection across the AGI portfolio.

# Ass.et Health - Plant & Equipment, Valves and Civils Cont.

## Stopples

In 2025/26, stopple works were successfully delivered at [redacted], the latter presenting notable access constraints. These interventions built on established best practice and lessons learned from earlier deployments across the RIIO-T2 period. Whilst stopples remain a proven and effective isolation technique, enabling intrusive works to be undertaken while maintaining live plant operation, we continue to evaluate and trial alternative isolation technologies, adopting them where they provide clear safety, efficiency, or delivery benefits. These innovations support our ongoing commitment to improving operational flexibility, reducing outage requirements, and ensuring the efficient and dependable delivery of future asset interventions.

For all the themes in the AGI programme, delivery was underpinned by a robust governance framework, encompassing structured programme planning, independent technical assurance, and ongoing regulatory oversight. These controls ensured that scope, cost and delivery milestones were closely monitored, with decisions subject to appropriate review and challenge.

As the programme progressed and delivery models matured, efficiencies were realised through the increased utilisation of operations teams to support the delivery of these interventions. This integrated approach reduced mobilisation and logistical costs, improved coordination across work scopes, and enhanced overall delivery performance.

Where delivery challenges arose—such as interventions identified late in the regulatory year, these were managed through established control processes, ensuring full transparency and enabling their timely progression into subsequent delivery periods in a controlled and auditable manner.

## Benefits for consumers

The Above Ground Installations (AGI) asset health programme directly supports consumers by:

- Driving asset efficiency through life extension, avoiding unnecessary capital expenditure and disruption.
- Enhancing system resilience and operational stability to ensure consistent service delivery and improved safety outcomes.
- Ensuring smart, targeted decision-making so that spending is proportionate and concentrated on the most critical requirements, reducing disruption by coordinating work with planned outages and routine inspection activities

## Lessons Learned and Future NARC Development

Through the delivery of NARC programmes across RIIO-T2, and in shaping our forward strategy for RIIO-GT3, we remain focused on maintaining the integrity, reliability and safety of our assets, while ensuring efficient use of resources to deliver best value for consumers and stakeholders.

The transition into RIIO-GT3 has incorporated both organisational change and programme maturity. While delivery strategies have been adapted to align with NGT's new regional operating model, they build directly on the proven success of RIIO-T2 NARC campaign delivery. Site-specific interventions have continued to be developed through comprehensive condition surveys and robust, risk-based prioritisation methodologies. This approach has enabled the identification of targeted, proportionate interventions aligned to asset condition and criticality, while maintaining delivery continuity and momentum from RIIO-T2.

Looking ahead, further Asset Health works within AGIs are scheduled for delivery in Year 1 of RIIO-GT3 (2026/27). These works include:

- Renewal and refurbishment of valves, including actuators and sealing systems
- Relifing and replacement of pipe supports and valve pits
- Upgrades to operational plant and associated infrastructure
- Improvements to site access, security, and resilience measures
- Cleaning and refurbishment of valve pits, and replacement of failed insulated joints across AGIs and compressor stations
- These interventions are designed to sustain asset performance, mitigate identified risks, and support continued safe and reliable network operation.

## Key Lessons Learned

A number of key lessons from RIIO-T2 delivery have been embedded into the development of the RIIO-GT3 NARC scope:

- Strategic Procurement and Supply Chain Management: Bulk procurement of critical components, particularly strategic valve assets, has been adopted to mitigate manufacturing lead times and reduce delivery risk for at-risk installations.
- Early Survey and Development Activities: Completion of early-stage surveys under the AGI FY27 programme has enabled proactive risk identification and mitigation. This has supported early Campaign Decision Panel (CDP) engagement, facilitated timely development of conceptual designs, and produced Material Take-Offs (MTOs) at an earlier stage—improving cost certainty and enhancing delivery readiness.
- Adoption of Design for Manufacture and Assembly (DfMA): The continued application of DfMA principles has enabled a greater proportion of works to be undertaken offsite, reducing site-based construction activities. This has improved safety outcomes, minimised operational disruption, and enhanced programme efficiency, supporting the achievement of critical return-to-service timelines.

# Eastoft AGI pre and post-intervention



Image 7 - 10: Site Condition prior to intervention [redacted]



Image 11 - 14: Site condition postintervention [redacted]



Image 15 - 18: Site condition prior to intervention [redacted]



Image 19- 23: Site condition post-intervention [redacted]

# Asset Health - Compressor

Compressors remain critical to the safe, reliable, and flexible operation of the NTS, enabling pressure control, security of supply and system resilience amid increasingly volatile gas flows and the need to respond to changing supply and demand patterns, and meet minimum contractual offtake pressures.

The RIIO-T2 Compressor Asset Health Programme was established to maintain safe, reliable and compliant compression capability, as set out in our RIIO-T2 Business Plan. Delivery was structured around five integrated sub-themes, each targeting key drivers of asset risk, including ageing, obsolescence, performance degradation, and statutory compliance. These sub-themes are:

- Compressor
- Gas Generator Power Train
- Variable Speed Drive
- Vent System
- Compressor Breakdown

These sub-themes will be explained in our NARMs closeout report. This programme has delivered a coordinated, evidence-led approach to managing compressor asset health, ensuring assets remain fit for purpose, resilient and compliant, while supporting broader network operability and positive consumer outcomes.

Across RIIO-T2, the programme has maintained consistent levels of asset availability and reliability at efficient whole-life cost, aligned with OEM guidance and industry best practice. Delivery has increasingly adopted a condition-based approach, with interventions driven by actual asset performance and risk rather than fixed forecasts. This has enabled:

- Targeted intervention on high-risk assets
- More efficient allocation of funding
- Avoidance of unplanned failures and disruption

While this has introduced some variation against planned volumes, it has ensured that delivery remains focused on risk reduction, resilience and value for consumers.

## Delivery in 2025/26

In the final year of RIIO-T2, delivery continued to follow a condition-based, risk-led approach, ensuring interventions were prioritised where most needed. Key outputs delivered in 2025/26 include:

Compressor systems: Three interventions (including bearing replacements at [redacted] and oil system refurbishments at [redacted]), bringing total RIIO-T2 delivery to 15

Gas generator power trains: Six overhauls delivered in-year (including LM2500 at [redacted] bringing the RIIO-T2 total to 29.

Vent systems (safety-critical): Three overhauls completed [redacted] with eight delivered across RIIO-T2

Variable Speed Drives (VSDs): No interventions in 2025/26, reflecting lower relative risk based on condition assessment

In total, 61 interventions were delivered in 2025/26, the highest annual activity level across RIIO-T2, reflecting emerging asset condition and system requirements.

Across the period, overall delivery increased from 31 interventions in 2021/22 to 61 in 2025/26, with activity becoming more concentrated in the later years. This trend was primarily driven by the growing influence of actual asset condition and emerging operational risk, rather than adherence to fixed forecast volumes.

In particular, the Compressor Breakdown scope shows a significant increase, rising from 24 interventions in 2021/22 to 49 in 2025/26. These volumes reflect actual in-period breakdowns, which by their nature cannot be fully predicted at the outset of the price control period. The observed increase therefore demonstrates the programme's responsiveness and flexibility to real-time asset performance, enabling intervention in response to emerging deterioration, failure risk, and the impacts of increasingly variable system operation, rather than reliance on fixed forecasts set at the start of RIIO-T2.

Other asset categories, such as gas generators and vent systems, demonstrate more stable and planned delivery profiles, consistent with scheduled overhaul cycles and compliance requirements.

| AH - Compressor Train | RIIO-T2 Target Vol | Volume Interventions | | | | | RIIO-T2 Total |
|---|---|---|---|---|---|---|---|
| | | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | |
| Compressor | **20** | 1 | 0 | 3 | 8 | 3 | **15** |
| Gas Generator Power Train | **36** | 5 | 4 | 4 | 10 | 6 | **29** |
| Variable Speed Drive | **10** | 1 | 4 | 0 | 0 | 0 | **5** |
| Vent System | **24.5** | 0 | 0 | 0 | 5 | 3 | **8** |
| Compressor Breakdown | **257** | 24 | 4 | 25 | 30 | 49 | **132** |
| **Total** | **347.5** | **31** | **12** | **32** | **53** | **61** | **189** |

**Table 13: Asset Health Compressor Train Volume Interventions**

The programme continues to deliver tangible benefits for consumers:

- Security of supply: Maintaining reliable compression ensures gas can be transported across the network under all operating conditions
- Value for money: Condition-based delivery targets investment where needed, avoiding unnecessary inefficient expenditure
- Reduced disruption risk: Proactive intervention reduces the likelihood of unplanned outages and associated impacts
- System flexibility: Sustained compressor capability supports operation of a more dynamic and responsive network

This approach ensures efficient delivery while protecting consumers from avoidable cost and operational risk.

Safety and resilience remain central to delivery:

- Vent systems maintained to ensure safe depressurisation and support compliance with safety requirements
- Overhaul of critical rotating equipment (compressors, gas generators and turbines) to maintain mechanical integrity
- Condition-led interventions enabling proactive management of emerging risks

As network utilisation has become more variable, increasing start–stop cycles and mechanical stress, the programme has adapted to maintain high levels of reliability and availability, ensuring the fleet remains safe, resilient and operationally effective.

Environmental performance has been improved through targeted investment and maintenance:

- Progressive reduction in emissions through improved sealing technologies and maintenance practices
- Transition toward lower-emission solutions (e.g. dry seal systems replacing legacy wet seals where appropriate)
- Improved asset efficiency through overhaul and refurbishment

## Asset Health - Compressor Cont.

### Lessons Learned

Delivery of RIIO-T2 compressor works demonstrated that interventions were primarily driven by actual asset condition rather than forecast volumes, particularly within the Compressor Breakdown Budget where works responded to emerging failures and operational risk.

While this condition-led approach improved efficiency and enabled delivery of comparable risk outcomes at lower cost, it also highlighted the need for stronger upfront planning, clearer scope definition, and improved cross-project coordination.

Key challenges included design and scope ambiguity, supplier and contractual misalignment, and gaps in site-specific planning, all of which contributed to delays and cost variability.

Overall, the programme reinforced the need to embed a more flexible, risk-based delivery model, supported by robust governance, improved supplier assurance, and integrated planning to better reflect real-world asset behaviour in future RIIO-GT3 delivery.

Project highlights: LM2500 gas generator power trains at [redacted], showing key stages from engine installation and inspection through to refurbishment and reassembly ahead of return to service.

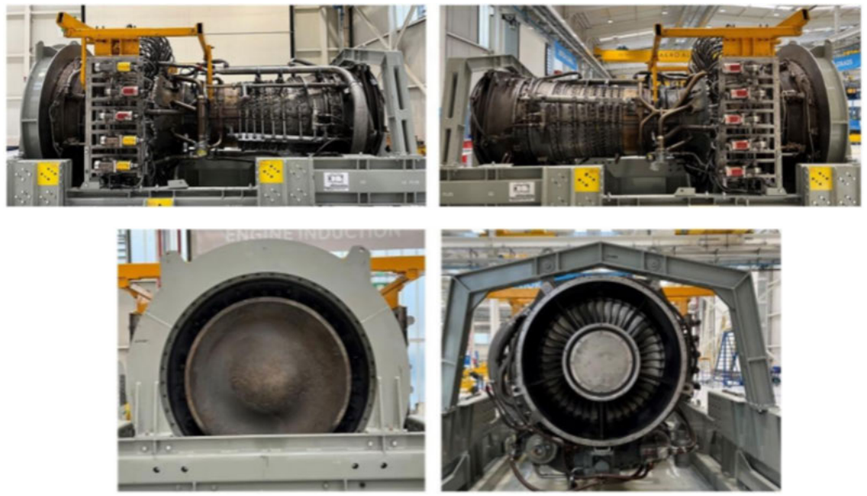


Image 24: [redacted] LM2500 Gas Generator Overhaul - engine delivered to site and positioned within transport container ahead of planned overhaul activities




Image 25: [redacted] LM2500 Gas Generator Overhaul - Detailed inspection of the compressor front frame and casing components, identifying wear, surface degradation and areas requiring refurbishment prior to reassembly





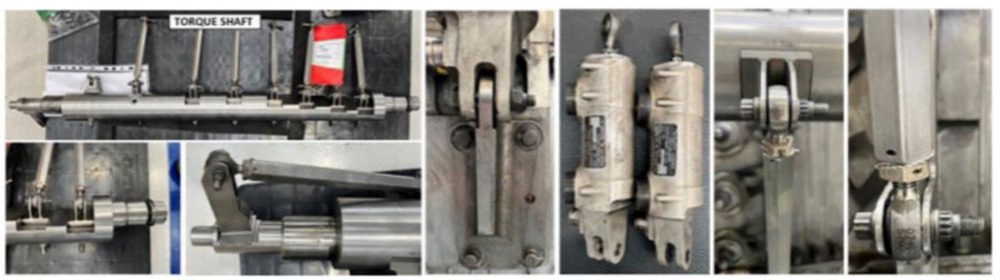




Image 26: [redacted] LM2500 Gas Generator Overhaul - Inspection of the high-pressure compressor stator and variable stator vane (VSV) system, identifying wear, fouling and component condition to inform refurbishment and ensure optimal performance on return to service

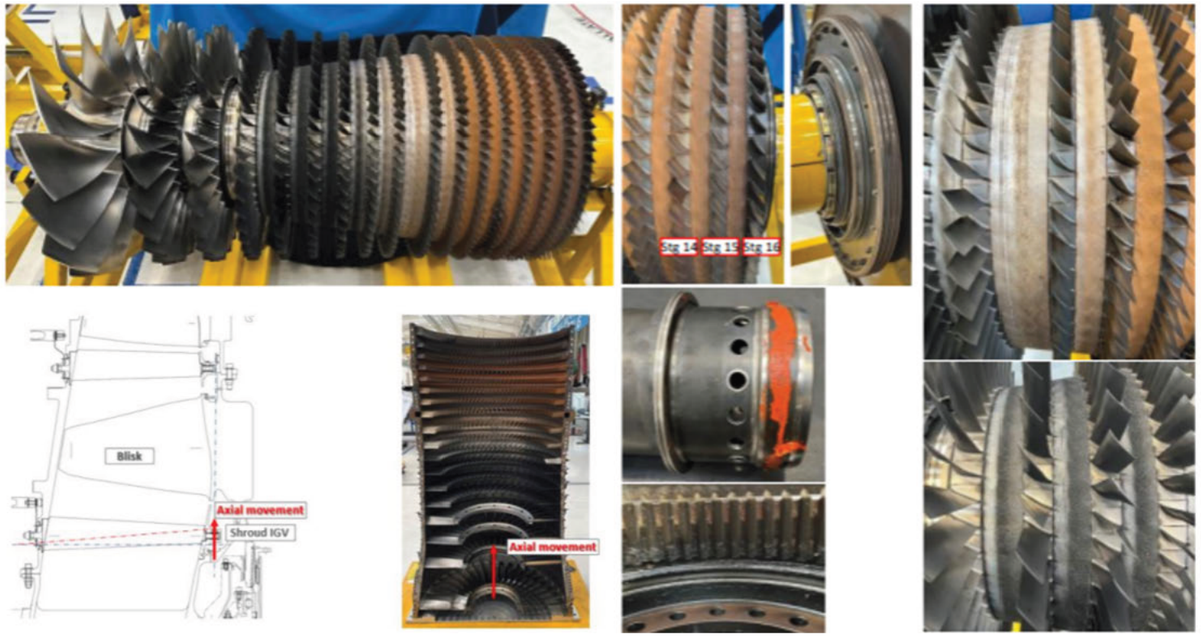



Image 27: [redacted] LM2500 Gas Generator Overhaul - Detailed inspection of the high-pressure compressor roto and blisk assemblies, assessing wear, fouling and axial movement to inform refurbishment and ensure reliable performance on return to service



Image 28: [redacted] LM2500 Gas Generator Overhaul - Inspection of the high-pressure compressor rotor blisk, assessing blade condition, integrity and wear to support refurbishment and ensure liable in-service performance.



Image 29 : [redacted] LM2500 Gas Generator Overhaul - Inspection and refurbishment of the fuel system, assessing component condition, integrity and flow performance to ensure safe, efficient operation on return to service



Image 30: [redacted] LM2500 Gas Generator Overhaul - Inspection of compressor rear frame components, assessing wear, sealing surfaces and structural condition to inform refurbishment and ensure integrity on return to service

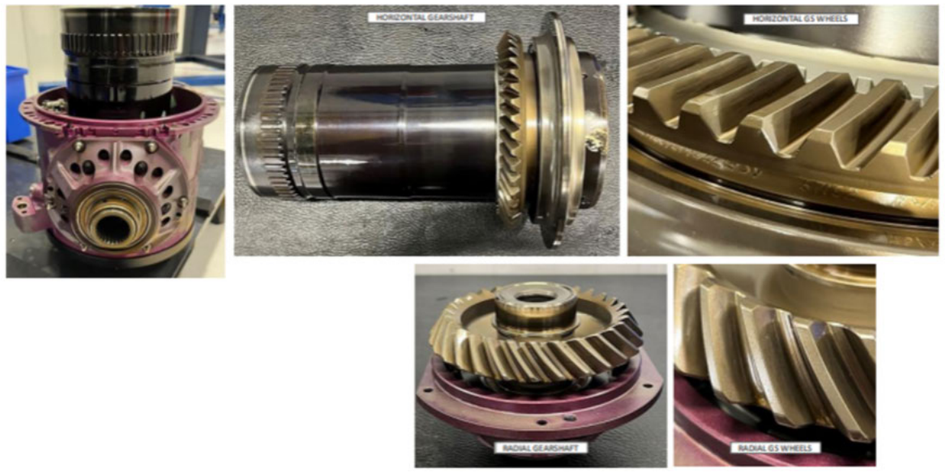



**Image 31: [redacted] LM2500 Gas Generator Overhaul -Inspection of the inlet gearbox assembly, including shafts and gear wheels, assessing wear, alignment and component condition to ensure reliable power transmission on return to service**

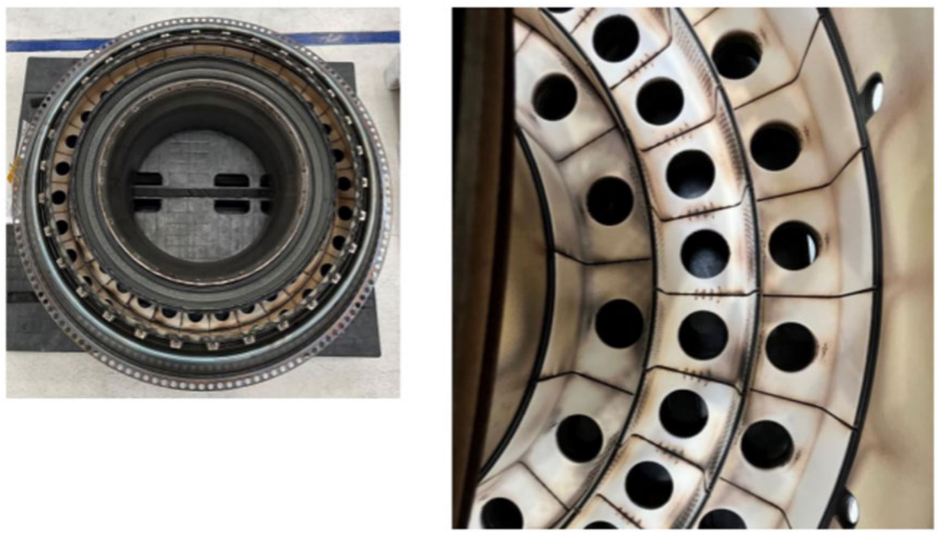


**Image 32: [redacted] LM2500 Gas Generator Overhaul - Inspection of the combustor assembly, assessing liner condition, thermal wear and combustion integrity to support refurbishment and reliable operation on return to service**

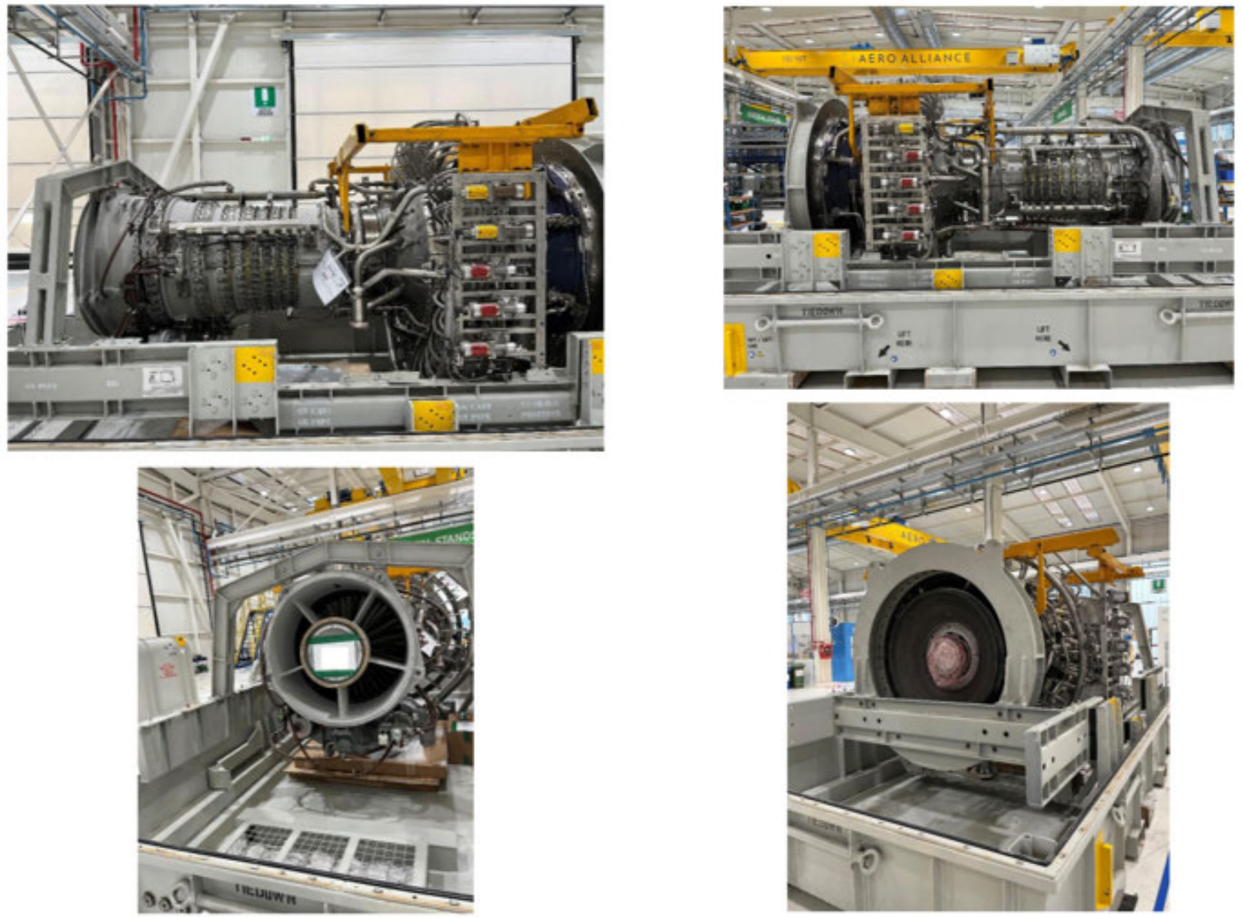



**Image 33: [redacted] LM2500 Gas Generator Overhaul - Fully overhauled unit following inspection, refurbishment and reassembly, ready for return to service.**

# Asset Health – Pipelines

Under RIIO-T2, NGT committed to deliver a comprehensive pipeline asset health programme covering the NTS pipelines that connect AGIs and terminals. The agreed scope focused on maintaining the safety, reliability and integrity of the existing pipeline network through inspection, monitoring and targeted intervention, rather than widespread replacement. This approach recognises that extending the safe operating life of existing assets delivers the greatest value to consumers by avoiding the significant cost and disruption associated with pipeline replacement.

Further detail on the NTS pipeline asset health strategy and delivery framework has been provided in previous RIIO-T2 RRP submissions.

## What we delivered in 2025/26

During 2025/26, NGT completed the final year of planned RIIO-T2 pipeline asset health delivery, encompassing the full range of inspection, assessment and intervention activities agreed at Final Determination:

- Pressure Systems Safety Regulations (PSSR): Delivery of the planned RIIO-T2 programme of PSSR inspections on Pipeline Inspection Gauge (PIG) traps and other pressure systems, including statutory inspections and associated minor repairs where required.
- In Line Inspection (ILI) runs: Completion of the final planned ILI runs under RIIO-T2, targeted using a risk based approach that considers pipeline condition, criticality and corrosion protection performance.
- ILI digs and interventions: Delivery in 2025/26 of all intervention volumes identified through ILI surveys undertaken in 2024, including excavation, inspection and remediation activities such as re coating and repair sleeve installation.

In summary, the pipelines programme delivered close to its RIIO-T2 target, with delivery weighted towards later years and focused on large-scale integrity, monitoring, and refurbishment activities that underpin long-term asset health.

Overall delivery across RIIO-T2 totals 10,143 interventions, compared with a target volume of 10,283, indicating delivery broadly in line with plan (around 99% of target achieved). Delivery was heavily back-end loaded, with relatively low activity in 2021/22 (52) and 2022/23 (756), followed by a significant ramp-up from 2023/24 onwards.

The highest levels of delivery occurred in 2024/25 (2,413) and 2025/26 (3,611), reflecting programme acceleration in the latter part of RIIO-T2.

## Major contributors to delivery included:

- Close internal potential surveys (CIPS) for capital refurbishment (5,734 total),
- Repair/replace existing Cathodic Protection (CP) test posts (1,511),
- Remote monitoring installations (2,055),
- In-line inspections and associated defect resolution (notably in-line inspection defects at 228).

Lower-volume but targeted activities, such as AC mitigation, pipeline defect repairs, and watercourse crossing defects, were delivered where required and generally aligned with risk-based priorities.

## Pipeline impact protection

This programme of work comprised four intervention types including:

- Successful completion of a water crossing intervention on the [redacted]
- Reduced Depth of Cover locations protected around the network.
- Nitrogen sleeves repair to filling points.
- Grouting nitrogen sleeves to remove sleeve maintenance requirements.

Close Interval Potential Surveys (CIPS) and OLI/4 surveys: Completion of the remaining RIIO-T2 survey programme, including some volumes delivered in earlier years but not previously ready to claim.

CIPS interventions: Ramped up delivery of cathodic protection upgrades, including replacement and installation of transformer rectifiers, informed directly by survey findings.

Alternating Current (AC) mitigation: Completion of all 11 AC site assessment reports, with associated mitigation actions identified for delivery in RIIO-GT3.

Remote monitoring upgrade: Completion of the transition from 3G to 4G remote monitoring systems across test posts and transformer rectifiers, with contingency measures (including satellite connections) implemented where mobile coverage was not sufficient.

## Delivery approach and assurance through RIIO-T2

Throughout RIIO-T2, delivery of the pipeline asset health programme was underpinned by a risk-based, data-led approach with robust assurance built in at each stage from inspection through to intervention. Inspection data from ILI, CIPS and other surveys was systematically assessed and prioritised, ensuring that interventions were targeted to where they delivered the highest safety and integrity benefit.

The delivery processes were supported by established governance, including programme planning, technical assurance and regulatory oversight. As the programme matured, on-site refurbishment teams increasingly supported the delivery of pipeline interventions, reducing mobilisation costs and improving delivery efficiency. Where issues arose —such as interventions identified late in the year or survey outputs not ready to claim—the approach ensured that these were logged, tracked and carried forward in a controlled manner.

## Benefits for consumers

The pipeline asset health programme directly supports consumers by:

- maintaining a safe and resilient gas transmission network, reducing the likelihood of unplanned outages or safety incidents;
- extending the operational life of existing pipeline assets, avoiding the need for costly replacement and associated disruption;
- enabling targeted intervention, ensuring expenditure is proportionate to risk and focused on areas of genuine need
- minimising operational disruption through planned delivery aligned to outages and inspection campaigns.

By managing degradation proactively, NGT has protected system availability and reliability, while keeping costs to consumers as low as reasonably practicable.

## Environmental sustainability

The RIIO-T2 pipeline asset health approach contributes to environmental sustainability by prioritising life-extension and integrity management over replacement, reducing material use, construction activity and environmental disturbance. Interventions, such as cathodic protection upgrades and impact protection, mitigate long-term corrosion and external damage risks, supporting the safe and sustainable operation of the existing network.

## Asset Health Pipelines Cont.

### Lessons learned and application to RIIO-GT3

Key lessons learned during RIIO-T2 that are being taken forward into RIIO-GT3 include:

- the value of early, high-quality inspection data to support timely and efficient intervention planning;
- the benefits of integrating survey, intervention and delivery teams, reducing mobilisation costs and improving execution
- the importance of robust digital and remote monitoring capability, highlighted through the 3G to 4G transition; and
- the need for a structured approach to managing residual defects where intervention is not immediately required, ensuring continuity across price controls

These lessons have informed the development of the RIIO-GT3 pipeline asset health strategy, strengthening our ability to deliver a safe, resilient and sustainable network that meets the needs of consumers.



Image 34: Pipeline excavation for coating repair



Image 35: Pipeline coating repair and upgrade



Image 36: [redacted] road crossing inspection & test post installation



Image 37: Replacement of Transformer Rectifier (TR) and installation of remote monitoring unit (Completed works)

| AH Theme | Pipelines | RIIO-T2 Target Vol | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | RIIO-T2 Total |
|---|---|---|---|---|---|---|---|---|
| PSSR | Pig Trap Defect Resolution - Minor | **28** | 0 | 0 | 7 | 8 | 9 | **24** |
| | Pig Trap Major Inspection | **61** | 10 | 12 | 6 | 14 | 16 | **58** |
| | Pig Trap Defect Resolution - Major | **4** | 0 | 0 | 1 | 3 | 1 | **5** |
| Pipelines | Watercourse crossings defects | **18** | 0 | 0 | 0 | 0 | 1 | **1** |
| | Watercourse crossings (Duddon) | **1** | 0 | 0 | 0 | 0 | 0 | **0** |
| | Depth of cover defects | **317** | 0 | 17 | 14 | 0 | 41 | **72** |
| | Nitrogen Sleeve - Minor | **73** | 0 | 0 | 5 | 7 | 22 | **34** |
| | Nitrogen Sleeve - Grouting | **99** | 0 | 0 | 13 | 0 | 19 | **32** |
| | In Line Inspection | **79** | 22 | 15 | 17 | 13 | 12 | **79** |
| | In Line Inspection Defects | **241** | 0 | 57 | 61 | 52 | 58 | **228** |
| | Cathodic Protection Digs | **429** | 0 | 21 | 0 | 0 | 51 | **72** |
| | AC mitigation | **11** | 0 | 0 | 0 | 0 | 11 | **11** |
| | Remote Monitoring | **2,033** | 0 | 0 | 0 | 720 | 1,335 | **2,055** |
| | Replace existing Transformer Rectifier | **59** | 0 | 0 | 6 | 17 | 107 | **130** |
| | Repair/Replace existing CP test posts | **1,719** | 0 | 48 | 179 | 516 | 768 | **1,511** |
| | Install new Transformer Rectifier | **24** | 0 | 0 | 1 | 0 | 0 | **1** |
| | CIPS for Capital Refurbishment | **5,041** | 0 | 586 | 2,960 | 1,063 | 1,125 | **5,734** |
| | OLI/4 Inspections | **30** | 0 | 0 | 34 | 0 | 29 | **63** |
| | OLI/4 Pipeline Defects | **16** | 20 | 0 | 7 | 0 | 6 | **33** |
| Total | | **10,283** | **52.0** | **756** | **3,311** | **2,413** | **3,611** | **10,143** |

Table 14: Asset Health Volume Interventions - PSSR and Pipelines

# Asset Health – Electrical

The National Electrical Asset Health Campaign (NEAHC) was established to assess the condition of electrical assets across a defined portfolio of sites through a comprehensive survey effort, agreed risk-based and prioritised interventions, and delivered the resulting programme of works through existing procurement frameworks. The campaign addressed a broad range of electrical assets, including high- and low-voltage switchgear, low-voltage distribution systems, uninterruptible power supply (UPS) systems, battery chargers and associated batteries, standby generation, power transformers, and lighting systems.

In 2025/26, the NEAHC was successfully delivered through a structured, evidence-based approach, covering a comprehensive portfolio of electrical asset health interventions, characterised by the following:

- Asset renewal at key compressor stations, particularly switchgear and DC systems.
- Resilience enhancement, through UPS and battery charger replacements.
- Safety and operability improvements, including site lighting and full electrical system upgrades.

Most of the works were executed by external MWCs, ensuring scalability and specialist delivery.

Where appropriate, selected scopes were self-delivered by the operational teams, leveraging in-house expertise and the ability to mobilise rapidly to address lower-complexity activities. This blended delivery model enhanced flexibility, improved responsiveness, and ensured efficient execution across the programme.

Across RIIO-T2, delivery of the electrical assets theme shows a progressive profile over the period, with activity increasing toward the later years. A total of 181 units were delivered against an overall target of 274.4. Delivery levels were limited in the early years of the period, with no outputs recorded in 2021/22 and four units in 2022/23. Output then increased steadily, with 40 units delivered in 2023/24, rising further to 67 units in 2024/25, and reaching 70 units in 2025/26, representing the highest annual level of delivery within the period.

A significant proportion of delivery has been driven through major programmes such as NEAHC, which have enabled targeted, high-impact interventions across compressor station sites. Notable works delivered in the latter years include:

- Power Distribution & Switchgear Upgrades: A significant portion of the FY26 scope is dedicated to the replacement of ageing switchgear assets to ensure safe and reliable power distribution at [redacted] These works address asset obsolescence and reduce the risk of unplanned outages.
- Electrical Systems Renewal: Broader electrical infrastructure upgrades are included to modernise site-wide systems, including at [redacted] This reflects a more comprehensive intervention beyond discrete component replacement.
- Standby & Resilience Systems (DC power supply, UPS and batteries): Enhancing resilience and backup power capability is a key FY26 theme with UPS and battery charger replacement works at [redacted]. These upgrades will ensure continuity of critical systems during power interruptions.
- Site Infrastructure (Lighting): Site lighting replacement at [redacted], which supports operational safety, visibility, and compliance with modern lighting standards.

## Disciplined Governance and Risk-Based Decision Making

A consistent theme throughout delivery has been the application of stringent capital governance to ensure that investment was directed only where justified by asset condition, safety, and compliance risk. Comprehensive surveys frequently identified fewer assets requiring capital intervention than originally forecast, and where this occurred, delivery volumes were deliberately reduced rather than progressing low value or inappropriate capital works. This approach prevented the capitalisation of activities more appropriately managed through routine operational maintenance.

Clear examples of this disciplined approach include [redacted], where full replacement interventions were progressed based on demonstrable condition deterioration, while works at nine other sites initially envisaged for intervention were correctly removed from scope once surveys confirmed no material capital need. Similarly, within the Standby Generator programme, condition-based assessments reduced delivery from six planned assets to two justified refurbishments, ensuring that NARM funding was applied strictly in line with condition evidence and Engineering EJP criteria.

## Cost Savings and Value-for-Money Outcomes

Material cost efficiencies were achieved through informed intervention selection, ensuring technical and commercial efficiency in delivery. A notable example is the approach to Low Voltage (LV) Switchboards, where detailed design review demonstrated that refurbishment would require extensive rebuild of non-compliant legacy structures, effectively replicating full manufacturing facilities on live operational sites. This carried disproportionate cost and delivery risk. The decision to pivot towards full replacement fabricated and factory-tested offsite—reduced outage durations,

| AH Theme | Sub theme | RIIO-T2 Target Vol | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | RIIO-T2 Total |
|---|---|---|---|---|---|---|---|---|
| Electrical | Auxiliary equipment | 6.4 | 0 | 0 | 1 | 2 | 0 | 3 |
| | Distribution board | 17.2 | 0 | 0 | 9 | 24 | 12 | 45 |
| | Uninterruptible Power Supply | 23.8 | 0 | 2 | 3 | 4 | 3 | 12 |
| | Battery charger | 35 | 0 | 0 | 3 | 3 | 2 | 8 |
| | Small power | 0 | 0 | 0 | 0 | 3 | 2 | 5 |
| | Battery | 58 | 0 | 2 | 9 | 9 | 6 | 26 |
| | Lighting | 93.4 | 0 | 0 | 10 | 16 | 30 | 56 |
| | Transformer | 2 | 0 | 0 | 5 | 0 | 1 | 6 |
| | Switchgear | 10 | 0 | 0 | 0 | 5 | 9 | 14 |
| | Standby generator | 9.2 | 0 | 0 | 0 | 1 | 2 | 3 |
| | Other Equipment Minor Refurbishment | 12.4 | 0 | 0 | 0 | 0 | 1 | 1 |
| | Other Equipment Replacement | 7.2 | 0 | 0 | 0 | 0 | 2 | 2 |
| Total | | **274.4** | **0** | **4** | **40** | **67** | **70** | **181** |

**Table 15: Asset Health Electrical Assets Volumes Delivery**

## Asset Health – Electrical Cont.

improved safety and delivered superior whole-life value. Importantly, affordability reviews constrained overall volumes, ensuring cost pressures were managed while still addressing the highest-risk assets.

### Flexible and Efficient Delivery Models

The programme employed a blended delivery strategy, utilising [redacted] for technically complex works while deploying internal operational teams to deliver lower complexity electrical tasks more efficiently. Activities such as battery replacements and minor lighting upgrades benefitted from enhanced control, reduced overheads, and faster mobilisation when delivered in-house. This flexibility supported responsiveness to emerging risks while maintaining strong cost control.

The site emergency lighting programme exemplifies this approach, where 14 volumes were delivered against a planned nine, with the decision driven by compelling safety needs raised through the Area Form process.

Locations exhibiting inadequate illumination or unsupported legacy fittings were prioritised due to the direct safety risk posed to personnel. Each additional intervention was risk ranked and approved through established governance, ensuring delivery was evidence-led rather than discretionary.

A small volume of electrical works was delivered through other established workstreams. These include the [redacted] delivery programme, and [redacted] A few minor electrical interventions were also being undertaken as part of a wider, bundled asset health programme. This coordinated approach ensured electrical asset health risks were addressed efficiently, proportionately, and in alignment with RIIO-T2 priorities, whilst maintaining flexibility to optimise delivery routes and provide value for consumers.

### Learning and Forward Planning

Throughout delivery, insights gained during design, commissioning, and asset condition discovery were systematically captured and fed back into future planning. Changes in intervention strategy—such as the rebalancing of LV switchboard refurbishment and replacement volumes, or the revised transformer strategy at [redacted]—have directly informed RIIO-GT3 investment thinking, improving the accuracy of baseline assumptions and strengthening future value-for-money cases.

In summary, the National Electrical Asset Health Programme has been closed out with demonstrable evidence of responsible asset stewardship, effective cost management, and robust delivery assurance.

Interventions were reduced, reshaped or progressed based solely on verified condition and risk, with specific sites such as [redacted] illustrating how disciplined governance translated into tangible value for consumers. The programme remained aligned with NARM objectives and regulatory expectations while embedding learning to support more efficient and resilient delivery in the next price control period.



Image 38: [redacted] Standby Generator



Image 39: LV Switchgear commissioned at [redacted]



Image 40: [redacted] Compressor Station site lighting replacement, including station lighting columns, task lighting and emergency bollards.

# Asset Health – Cab Infrastructure

Cab infrastructure is essential in enabling the optimal and efficient operation of the Compressor Train whilst maximising their life and minimising expensive overhaul costs. The cab also supports our compliance with the emissions regulations and European Industrial Emissions Directive (IED).

The compressor cab infrastructure across the NTS is an ageing asset that suffers from corrosion and wear-related deterioration. The availability and performance of the compressors are reliant on the integrity and functionality of the compressor cab.

The overarching objectives of the Cabs Infrastructure strategy were to:

- Maintain and restore compliance with statutory safety, environmental and permitting obligations.
- Reduce the probability and consequence of compressor unavailability arising from cab infrastructure failure.
- Extend the operable life of cab assets in line with compressor fleet strategy and future network need.
- Deliver interventions efficiently through planned, condition-based investment, avoiding higher-cost reactive responses.
- Demonstrate value for money through optimised scope selection, procurement and delivery, consistent with Ofgem's expectations for efficient asset stewardship.

In 2025/26, a total of 12 interventions were successfully delivered across four sites, contributing to overall programme outputs under the Cabs Infrastructure theme.

Across the RIIO-T2 period to date, 67 interventions have been successfully completed against a target of 67, fully meeting the planned delivery scope. Two further cab ventilation interventions at [redacted] are scheduled for completion in June 2026 and are therefore currently recorded as delayed. This reflects effective programme management and adaptive prioritisation, with delivery flexed in response to evolving asset condition data, site readiness and emerging operational risks. Importantly, this has been achieved within the approved funding envelope, demonstrating strong cost control alongside delivery outperformance.

## Scope of Works Delivered (2025/26)

[redacted]

- Replacement of fire suppression electric water pump systems

[redacted]

- Cab structure minor refurbishment
- Cab ventilation replacement (two volumes are scheduled for completion in June 2026 and are therefore currently recorded as delayed)
- Fire suppression minor refurbishment

[redacted]

- Cab structure minor refurbishment
- Cab ventilation replacement
- Air intake replacement

[redacted]

- Cab structure minor refurbishment
- Cab ventilation replacement
- Replacement of fire suppression electric water pump system

This represents a coordinated programme of multi-scope interventions, with several units receiving combined upgrades (including structural, ventilation and fire suppression improvements). This approach has maximised delivery efficiency and minimised operational disruption.

Delivery throughout RIIO-T2 was underpinned by a rolling, asset health–led investment strategy, providing assurance that consumer funding was directed to areas of highest risk and benefit. Asset condition was assessed through a combination of intrusive and nonintrusive surveys, supported by Campaign Decision Panels (CDPs) and refreshed engineering assessments. This approach ensured that each intervention was proportionate to asset condition, criticality, future utilisation and residual risk, in alignment with Ofgem's asset health and justification principles. Investment decisions explicitly considered whether refurbishment could deliver a safe, compliant and enduring outcome, or whether replacement was necessary.

Decisions between refurbishment and replacement were made using a whole-life cost and risk framework. More information on this framework can be found in the Closure Report.

Where necessary, or when constraints arose, scope was flexed using proportionate, risk-based decision making. Through this adaptive, risk-based and value-focused delivery model, NGT maintained safety and compliance outcomes while avoiding unnecessary or premature investment, minimising consumer costs and supporting efficient asset stewardship.

Overall delivery achieved material efficiencies through effective scope optimisation, competitive procurement, design standardisation and bundled delivery. These efficiencies were secured without compromising safety, statutory compliance or asset performance, providing assurance that the Cabs Infrastructure programme has been delivered in a proportionate and efficient manner. This demonstrates NGT's commitment to protecting consumer interests while maintaining a safe, resilient and compliant transmission system.

Delivery of the Cabs Infrastructure programme across RIIO-T2 was undertaken using a planned, campaign-based delivery model, underpinned by structured, risk-based decision making and a clear objective to maximise long term value for consumers. This chosen approach was selected to provide assurance to Ofgem that investment decisions were delivered efficiently, proportionate, evidence-led and aligned to Ofgem's expectations on efficiency, consumer protection and with minimal disruption to network operation.

Interventions were strategically sequenced through a prioritisation framework that balanced safety, compliance, operability and cost, with decisions informed by asset condition data and risk modelling. Throughout RIIO-T2, we have delivered a significant programme of cab infrastructure upgrades while continually refining how we plan, design and execute work. Reflecting on this delivery, three key lessons have emerged that will materially strengthen our approach in RIIO-GT3, improving efficiency, reducing risk and enhancing value for consumers.

| AH Intervention Type | FD Target Vol | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | RIIO-T2 Total |
|---|---|---|---|---|---|---|---|
| Air Intake | **9** | 5 | 1 | 2 | 0 | 1 | **9** |
| Cab Ventilation | **13** | 5 | 1 | 1 | 2 | 4 | **13** |
| Cab Structure | **16** | 3 | 3 | 6 | 2 | 4 | **18** |
| Exhausts | **12** | 5 | 4 | 1 | 2 | 0 | **12** |
| Fire Suppression | **17** | 4 | 0 | 6 | 2 | 5 | **17** |
| Total | **67** | **22** | **9** | **16** | **8** | **12** | **67** |

**Table 16: Asset Health – Volume outputs by intervention type**

## Asset Health - Cab Infrastructure Cont.

Firstly, the importance of a clear and detailed definition at the earliest stages of the project lifecycle has been reinforced. While early engagement with equipment manufacturers took place, design assumptions made at concept stage were not always tested with sufficient technical depth. This meant that constraints, such as limitations within existing control systems, were only identified later, resulting in redesign and inefficiencies. In RIIO-GT3, we will address this by ensuring that design intent is more fully developed and validated upfront, with earlier formal engagement of suppliers and clearer technical specifications. This will reduce late-stage changes and provide greater certainty of delivery.

Secondly, stronger design assurance and compliance with technical standards has been identified as a critical area for improvement. During RIIO-T2, some design submissions progressed without fully incorporating all National Grid technical requirements, leading to rework, additional cost and extended timelines once gaps were identified. This experience has highlighted the need for more robust governance earlier in the process. In RIIO-GT3, we will introduce clearer assurance checkpoints and tighter review processes to ensure designs are compliant from the outset, reducing the need for rework and improving overall delivery efficiency.

Finally, we have learned that work which is packaged and allocated across the supply chain has a direct impact on delivery performance. Concentrating multiple sites with a single supplier, combined with wider market capacity constraints, reduced flexibility and contributed to delays in some areas of the programme. For RIIO-GT3, we will take a more balanced approach—aligning the scale and timing of work with supply chain capacity, encouraging greater competition, and spreading delivery risk. This will create a more resilient and adaptable delivery model.

Overall, these lessons reflect a maturing approach to programme delivery. While RIIO-T2 outputs have been achieved, applying these improvements in RIIO-GT3 will enable us to deliver more efficiently, reduce avoidable cost and rework, and ensure we continue to meet Ofgem's expectations for high-quality, timely and cost-effective delivery for consumers.

# Other Asset Health - [redacted]

[redacted] is a key asset in the NTS, as it is one of two Control of Major Accident Hazard (CoMAH) sites responsible for bringing in gas from the North Sea and transporting it into the UK and out to the continent via the Interconnector. The age of the terminal means that a large number of its assets are in deteriorating conditions, and therefore a wide range of interventions are required to ensure it maintains operational activity, whilst also ensuring staff and visitors to the site are working in safe and hospitable environments.

As part of initial funding requests all work goes through initial consumer benefit analysis to determine if it will provide that benefit, as well as individual projects and tenders going through our internal governance processes to ensure that we are delivering the best possible outcome for the money spent. Projects are progressed through the ND500 process (for further detail on this please see UM Proposal) to ensure that appropriate governance is adhered to & key stakeholder engagement is undertaken, and reviewed whenever scope or costs change to ensure that we are still delivering in alignment with our Ofgem agreed outputs and are therefore still delivering benefit to the customer.

### RIIO-T2 baseline allowances & volumes

In RIIO-T2 [redacted] was apportioned a variety of cabs, civils, plant & equipment, and redundant assets allowances and volumes to deliver across the period.

Cabs interventions covered replacement of the fire water ring main; civils covered surveys on access roads and paths, buildings, ducting and pipe supports & pits, replacement of fuel tanks & bunds, and both minor and major remediation of access, buildings, drainage, ducting and pipe supports & pits; Plant & Equipment covered replacement of failed insulation joints, and major refurbishment on the site Cathodic protection system, paintwork, filters and pre-heaters; and Redundant Assets covered decommissioning works on the old ENI incomer, and various redundant assets include ex-odourant tank & methanol area, ex-gas quality monitoring buildings, boilers, dewscope huts, and water pipeline.

| Theme | FD Baseline Allowances (£m) | Baseline Output Volumes |
|---|---|---|
| Cabs | 0.911 | 0.59 |
| Civils | 1.190 | 374.78 |
| Plant & Equipment | 2.747 | 32.63 |
| Redundant Assets | 3.897 | 2 |

**Table 17: [redacted] final determinations allowances and volumes**

### RIIO-T2 Uncertainty Mechanism

As previously reported, there is also a large amount of Uncertainty Mechanism work that has started delivery and is currently pending decision from Ofgem from Ofgem, which provides the bulk of the site redevelopment strategy. Following the development of strategic options for the future of [redacted] in February 2024 we submitted the Final Option Selection Report (FOSR) to identify NGT's chosen option, which is base case asset health (option 1).

## Other Asset Health – [redacted] Cont.

Included in this is the replacement of 50x critical valves, replacement of the site cathodic protection system, and an overhaul of low voltage electrical, cabling & instrumentation assets at the site. Lastly UM funding was also requested in FY26 for additional ILI runs, and associated pipework revalidation & filtration spares. For more information on the options, please refer to the FY23 Performance Narrative publication.

There was also an additional UM re-opener mid-RIIO-T2 for Overpressure protection as a result of HSE interventions within the RIIO-T2 period.

| Theme | FD Baseline Allowances (£m) | Baseline Output Volumes |
|---|---|---|
| Cathodic Protection | TBC | TBC |
| Critical valves | TBC | TBC |
| Low voltage EC&I | TBC | TBC |
| ILI runs, pipework revalidation & strategic spares | TBC | TBC |

**Table 18: [redacted] final determination allowances and baseline output volumes**

| Theme | FD Baseline Allowances (£m) | Baseline Output Volumes |
|---|---|---|
| Plant & Equipment | 1.704 | 1 |

**Table 19: [redacted] final determination allowances and baseline output volumes**

### FY26 delivery

Throughout FY26 we have progressed work against our RIIO-T2 baseline allowances on the fire water ring main replacement; decommissioning of the ENI incomer area, and surveys & installation works on incomer pits ladders

We have also begun to deliver against our [redacted] Uncertainty Mechanism (UM) allowances, including:

- Finalising design & mobilising on the cathodic protection replacement
- Entering conceptual design for the critical valves replacement
- Completing conceptual design on the low voltage electrical
- Cabling & instrumentation replacement
- Progressing surveys against the project village
- Undertaking additional ILI runs & pipework revalidation
- Purchasing strategic filtration spares

In addition, we have also progressed responses to Ofgem towards receiving Ofgem's decision on funding.

### Structural integrity – baseline asset health (civils)

In FY25 surveys were undertaken to identify civils work required on site, over-delivering 641x baseline volumes of survey works within our allotted allowances and identifying a range of possible interventions to be progressed.

In FY26 detailed design was progressed from September 2025 and completed shortly before Christmas 2025, allowing for the build and installation of 3x new pit access platforms to be completed by late March 2026, again delivered within allowances.

This work allowed for a reduction in safety risks associated to the lack of permanent access into pits, whilst also alleviating OPEX spend associated with the permanent scaffolding erected.

This investment is forecasting spend within the funding allowances, and final closure activities completing RIIO-GT3.

### ENI decommissioning – baseline redundant assets

In FY25 design & decommissioning work on the old ENI assets was started and continued throughout FY26 to delivering 1x redundant assets output volume.

In September 2025 it was identified that NORM (Naturally Occurring Radioactive Material) was present within some of the below ground pipework, adding an extra element of complexity to the work. Work progressed with additional care to ensure appropriate tests & subsequent management where required was undertaken, including activities such as capping & bagging of NORM contaminated assets and logging them on the NORM register before being cleaned & disposed of.

Final decommissioning activities completed in May 2026 to allow us to claim our outputs as delivered within the RIIO-T2 reporting period, with snagging and final closure activities progressing into the RIIO-GT3.

Forecasted spend against this investment is significantly above allowances, largely due to lack of scope maturity at the time of business plan submission and the cost estimate not including all required activities. The [redacted] who provided the original quotes for the funding allowances, were approached to deliver this work, and their quote was three times greater than the allowances.

### Fire water ring main – baseline asset health (cabs)

In FY25 detailed design & modular build of the new fire water ring main replacement and fire hydrants started, continuing throughout FY26 and completing delivery in May 2026, allowing for output to be claimed within the RIIO-T2 reporting period.

Through close coordination with Interconnector Fluxys (IF) the new ring main was designed to ensure it will maintain current capabilities to serve both NGT and IF. Final installation, re-pressurisation, service testing, performance testing and commissioning of the complete system was successfully completed in May 2026 allowing for the outputs to be claimed as delivered, with snagging and final closure activities progressing into the RIIO-GT3 and forecast spend remaining within adjusted allowances – the initial baseline allowance was insufficient to cover the full work required to deliver the volume, therefore additional funding was requested under the [redacted] UM submission.

### [redacted] – baseline asset health

The £10.5m baseline funding allowance was used primarily to deliver the FOSR and the re-opener cost submission, concluding in February 2024 and October 2024 respectively.

Some of the allowance was utilised to complete condition surveys on buried pipes as preparatory work for the Cathodic Protection, whilst another portion was used to enhance incomer filtration.

The remaining allowance was utilised to progress early design works against the Low voltage & Critical valves work streams whilst we awaited Ofgem's determination on the cost submission.

## Other Asset Health - [redacted] Cont.

The PCD associated with this allowance has two deliverables, both of which have been completed:

- Submit Final Option Selection Report (February 2024)
- Submit re-opener cost submission (October 2024)

Expenditure forecast for progression of initial design activities and activities following the submission (e.g. replying to queries, providing further evidence & justification) is still forecast to be within the baseline allowances.

### [redacted] – uncertainty mechanism asset health

The Uncertainty Mechanism works have progressed following the submission of the cost re-opener whilst we await final determination on the scope & funding allowances.

The individual workstreams funded by the UM include Cathodic Protection, Critical valves replacement, and Low voltage electrical, cabling & instrument replacement.

In June/ July 2025 Ofgem informally confirmed they agreed with the majority of our scope proposals for Cathodic Protection (CP) and Critical Valves (CV) replacement, as well as a portion of the funding request. This allowed us progress CP into build and CV into design to ensure we maintained our timelines.

In parallel we have been replying to Ofgem SQs and providing further evidence and justification to provide cost and scope reassurance to secure our full request. The formal Draft and Final determinations are still pending, having submitted our final information in March 2026, and are expected to be received during the Summer.

Additionally, we have also utilised the cost submission to top-up funding for the fire water ring main, and request additional funding for 2x ILI runs, revalidation of temporary pipework, and some spare filtration equipment to help with filtration at the terminal. This final portion of filtration costs was a last-minute addition to our submission following communication from Ofgem in early 2025 that they would be willing to provide some final funding for filtration, considering our initial Enhanced Filtration submission had not been fully funded.

### Cathodic protection – uncertainty mechanism asset health (UM AH)

The CP work was originally baseline funded under Asset Health plant & equipment, however following initial survey & design works it was identified that costs to fully deliver a replacement cathodic protection system at the terminal would be significantly larger than the funding allowances. As such it was included in the terminal redevelopment UM re-opener to hand back the baseline funding allowances and volumes, and re-request the full amount under the UM re-opener.

The detailed design works were completed in late-FY25, and progression into build was delayed until we had an initial response on scope/ funding from Ofgem, which came in summer 2025. This allowed us to move into build phase in late 2025, with contractor mobilisation starting just before Christmas 2025, and work on-site starting in January 2026.

### Critical valve replacement – uncertainty mechanism asset health

Conceptual design works & enablement activities commenced in Summer 2025 on the Critical Valves project, following initial responses from Ofgem that they agreed with our scope. This design phase will continue into RIIO-GT3, with build works commencing mid-RIIO-GT3 and running until the end of RIIO-GT4.

### Low voltage electrical, cabling & instrumentation – uncertainty mechanism asset health

Conceptual design works was completed on the Low voltage project under the [redacted] baseline allowances, with progression into detailed design currently pending a final Ofgem response.

### Filtration enhancement – uncertainty mechanism asset health

Following Ofgem's rejection of our initial proposal to fund enhanced filtration on the incomers and feeders at [redacted] in early 2025 they communicated to us that they would be willing to fund an additional two ILI runs, revalidation of temporary pipework, and the purchase of spare components related to filtration at the terminal.

Costs were pulled together between Ops & NGS and submitted into the cost submission, whilst NGS delivered the temporary pipework revalidation and first ILI run in January and February 2026 respectively. The second ILI run is planned for May 2026, whilst half of the purchased spare components were received in March 2026, with the remaining half expected in April 2026.

Throughout RIIO-T2, we have had a number of lessons learned to take through to RIIO-GT3. Some of the key lessons learned and challenges include:

- Earlier engagement with our procurement teams will mean that we are able to have more efficient commercial discussions, leading to improved management and delivery of the project.
- Early engagement with these teams is crucial to ensure full and protected commercial discussions are had ensuring we get the best possible value for money, whilst also ensuring the right contractors are chosen. Fully defining the scope at project conception and tightly managing the scope change process is key to ensuring that we are delivering the expected regulatory and business outcome with minimum deviation.
- Creation of a new contracting framework partnership to bring new contractors into the sector, promoting competition and increasing strength and depth without contractor base. This avoids contractor constraints, minimises project delays and drives efficiencies.

## Other Asset Health - GRAID

Gas Robotic Agile Inspection Device (GRAID) was positioned to strengthen asset integrity decision-making by collecting direct condition information for buried pipework at AGIs, improving deterioration modelling and time-to-failure understanding. In doing so, it aimed to reduce reliance on high-cost intrusive surveys or excavations, lower the likelihood of unplanned failures, and support smarter intervention timing—benefits that translate into lower whole-life costs and improved reliability for consumers. These benefits align to RIIO-T2's consumer and network-outcome priorities.

In FY26, NGT reviewed and re-baselined the GRAID Connections project in response to major delivery, safety and cost challenges. The team reassessed the original site portfolio, confirmed that some sites were no longer deliverable in 2025, prioritised technically viable options, and narrowed the immediate delivery focus as the year progressed. NGT also progressed engineering assurance work, including FEA, G35, vibration and pulsation studies, isolation strategy reviews, and revised design development for key sites such as [redacted]

At the same time, NGT progressed operator training, vessel readiness planning, and the procurement and management of long-lead materials such as valves, tees and pipework, while also preparing updated governance, cost and sanction documentation. Through late 2025 and early 2026, the team reset the business case, repositioned the project as a future-facing AGI inspection capability, handed over programme leadership, and prepared a revised delivery strategy centred on [redacted] as the first sites for the next phase of execution starting in FY26.

The programme did not deliver the planned connection-point rollout and need case was reassessed following detailed engineering and process safety assurance, which identified material constraints affecting both deliverability and the

## Other Asset Health – GRAID Cont.

needs case. The extent of the network that can currently be inspected remains limited, and the tool is therefore viewed more as an asset health check rather than a means of predicting interventions and reducing costs for consumers. We continue to explore whether other asset health works may provide opportunities to install inspection points; however, current plans, alongside changes made by Ofgem to our proposed asset health business plan, have reduced this opportunity.

We are continuing to assess if there is a clear benefit to utilise and deploy the AGI inspection tool on our sites and if there is a clear benefit to consumers. The programme already delivered value for consumers by completing substantial assurance and development activity that prevented unsafe or uneconomic implementation, including:

We are continuing to assess if there is a clear benefit to utilise and deploy the AGI inspection tool on our sites and if there is a clear benefit to consumers. The programme already delivered value for consumers by completing substantial assurance and development activity that prevented unsafe or uneconomic implementation, including:

- Detailed process safety assessments
- Specialised modelling (DNV) to understand pulsation / vibration risks
- Thermal contour reviews (IGE/SR/23 basis)
- Deviation management
- Detailed design development at representative sites
- Procurement / training decisions to enable mobilisation had the solution remained viable.

RIIO-T2 provided valuable learning by showing where the original GRAID Connections programme faced the greatest delivery challenge, particularly around engineering complexity, safety requirements, outage planning and cost. This gave NGT a much clearer understanding of what is required to deliver similar connection works successfully in future.

The work completed in RIIO-T2 strengthened technical understanding through FEA, G35 development, vibration and pulsation analysis, isolation reviews, site feasibility assessments and deployment-readiness planning. Although the project is now discontinued, this assurance work reduced uncertainty and created useful knowledge for future projects involving similar assets or inspection approaches.

Finally, long-lead materials and equipment procured during the project still retain value, with valves, pipes and fittings being reviewed for reuse on other projects where appropriate.

The GRAID robot will be retained by NGT, with options for future application and wider use to be explored.



# Non-Operational Capital Expenditure (TO and SO)


TO Non-Operational Capex . . . . . 78
Small Tools, Equipment, Plant and Machinery (STEPM) . . . . . 78
Vehicle Fleet . . . . . 81




# TO Non-Operational Capex

In 2025/26, our RIIO-T2 Non-Operational Capex (TO) spend was £20.8m, which was £0.6m above the 2025/26 allowances of £20.2m. Our RIIO-T2 spend was £108.6m, £8.0m below allowances of £116.6m (excluding RPEs).

Our spend on IT (TO) baseline programmes is £28.2m lower than allowances. The significant driver of this cumulative underspend is costs being expensed under SaaS accounting rules, in addition to cost efficiencies across the portfolio. For example, in year 4, £7.0m of project spend was incurred within our IT operating costs. Totex spend on projects decreased year on year following the successful separation from National Grid, with the majority of TO Non-Op IT spend in 2025/26 relating to RIIO-GT3 preparatory work. For a more in depth understanding of our IT spend please see the **IT Chapter.**

Our Non-Operational Capex Uncertainty Mechanism spend totals £4.4m, compared to allowances of £5m. The lower outturn cost reflects delivery efficiencies, including competitive platform selection, commercial challenge of suppliers, scalable licensing and disciplined programme governance. Please see our PCD report for more details

| | 5 Year Totex Allowance | 5 Year Totex Spend | Underlying RIIO-T2 Spend vs Allowance |
|---|---|---|---|
| Non Op IT Capex Baseline | 71.0 | 42.8 | 28.2 |
| Non Op IT Capex UM | 5.0 | 4.4 | 0.6 |
| RIIO-T1 Carry over spend | 0 | 1.8 | (1.8) |
| RIIO-GT3 Preparatory Spend | 0 | 11.3 | (11.3) |
| Vehicles | 6.6 | 7.5 | (0.9) |
| Property | 10.8 | 20.3 | (9.5) |
| STEPM | 23.1 | 20.5 | 2.7 |
| Total TO Non-Operational Capex | **116.1** | **108.6** | **8.0** |

**Table 20: TO Non-Operational Capex overview**

# Small Tools, Equipment, Plant and Machinery (STEPM)

Our spend in RIIO-T2 has totalled £20.5m against allowances of £23.1m. The underspend vs allowances is due to efficient management of our strategic spares and site spares, tools and equipment at Compressor sites. In addition, two long lead time spares ordered in RIIO-T2 for delivery are not arriving on site until 2026/27, hence spend will utilise the RIIO-GT3 equivalent allowance.

# Non-Operational Property

Non-Operational property is made up by the core estate excluding any operational sites such as compressor stations etc. Following separation from National Grid, the core estate now includes the dedicated NGT floorplate in National Grid House (NGH, Warwick) [redacted]

Non-Operational property allowances are also utilised for capital investment works (including refurbishment) at operational sites as there no separate RIIO-T2 operational property allowances. FY26 works include [redacted]. Across RIIO-T2 we have spent £21.5m (£20.3m TO, £1.2m SO), £8.3m more than allowances of £13.3m (£10.8m TO, £2.5m SO). This is largely attributed to a one-off property cost in 2022 for £7.4m.

# SO Non-Operational Capex

In 2025/26, Non-Operational SO Capex spend was £19.9m, which was in line with allowances. Cumulatively, our RIIO-T2 spend is £104.9m compared to allowances of £147.6m.

Our spend on IT (SO) baseline programmes is £44.7m lower than allowances and was principally driven by the following:

Gemini (performance) – c£18m of efficiencies over RIIO-T2. The Gemini programme and portfolio has delivered strong outperformance by tightly controlling expenditure during Regulatory Change and the Sustain Plus deliveries with reduced service costs achieved through a new contract arrangement. Regulatory Change has been delivered under allowances supported by a more efficient platform that has reduced delivery costs by 30%, ensuring continued financial stability with evolving industry requirements.

Project Opex (reclassification) – As noted in prior years, a significant value of investment spend across RIIO-T2 has been re-classified as opex to comply with the latest SaaS accounting rules, estimated at c£11m for SO across RIIO-T2. Unless commercial terms explicitly differ, SaaS products are not directly owned or controlled by NGT and therefore cannot be capitalised. Through our separation from National Grid, we have migrated to a greater proportion of SaaS based solutions to drive lower capital intensity and legacy risk, accelerated delivery, and deliver modern digital, data and AI capabilities.

Portfolio Efficiencies (performance)- delivery efficiencies of c£16m identified across the portfolio. Efficiencies largely driven by tight management of project scope and resource synergies across the wider IT investment portfolio, cyber investment programmes, and the self-funded separation programme as NGT exited the National Grid group.

## SO Non-Operational Capex Cont.

| | 5 Year Totex Allowance | 5 Year Totex Spend | 5 Year Cost vs Allowance | Further spend in FY27 | Underlying RIIO-T2 Spend vs Allowance |
|---|---|---|---|---|---|
| Non Op IT Capex Baseline | 123.0 | 78.4 | 44.7 | 0 | 44.7 |
| Non Op IT Capex UM | 22.1 | 16.8 | 5.4 | 1 | 4.4 |
| RIIO-T1 Carry over spend | 0 | 4.2 | (4.2) | 0 | (4.2) |
| RIIO-GT3 Preparatory Spend | 0 | 4.3 | (4.3) | 0 | (4.3) |
| Property | 2.5 | 1.2 | 1.2 | 0 | 1.2 |
| Total SO Non-Operational Capex | **147.6** | **104.9** | **42.7** | **1** | **41.8** |

**Table 21: SO Non-Operational Capex**

Our Non-Operational Capex Uncertainty Mechanism spend totals £16.8m, against allowances of £22.1m. The Gas Telemetry Network Refresh programme benefitted from delivery synergies with cyber (Full Compute and Storage Refresh, Secure Site Connectivity, GSO TR4 Telephony, GSO 089 Refnet Extension PCDs) and separation (CNI Networks separation) projects. These were achieved through combining the three programmes under the same project team. These projects shared the same Critical National Infrastructure sites, delivery partners and commissioning dependencies. A single delivery programme enabled integrated planning, cutover and assurance, reducing operational and regulatory risk, in addition to driving these cost efficiencies through optimised resourcing and leveraging vendor spend. We are expecting a further £1m spend in 2026/27 to complete two outputs, therefore completing all outputs for £4.4m less than allowances due to the above efficiencies. Please see our PCD report for more details.

# IT and Telecoms

RIIO-T2 has been a period of building foundations as a new, standalone company for NGT, separating from National Grid as well as delivering a compliant modernised digital estate, to provide better service to customers and ultimately, benefit consumers. Throughout RIIO-T2, spend has been broadly aligned with allowances and regulatory outputs, with clear evidence of:

- Improved system resilience and cyber security
- Reduced operational risk and manual intervention
- Faster, cheaper and more flexible change delivery
- Improved transparency, data quality and customer experience.

During 2025/26, NGT delivered a broad portfolio of regulatory, operational and digital transformation initiatives aligned to RIIO-T2 deliverables and commitments, as well as preparatory work for RIIO-GT3. The focus has been on regulatory compliance, operational resilience, market transparency and digital enablement, while maintaining safe and reliable operation of the National Transmission System (NTS).

NGT has delivered enhancements across Gemini, Gas Control Systems (GCS), telemetry, customer platforms, operational tools and enterprise applications, while strengthening data quality, asset management and infrastructure resilience.

### Commercial, Regulatory & Market Systems (Gemini)

The Gemini System Enhancements programme focused on ensuring ongoing compliance with the evolving regulatory frameworks, while maintaining system resilience and usability. Key outcomes included meeting NIS/NIS2 (Network and Information Systems) and Cyber Assessment Framework 4 (CAF4) cyber resilience requirements, delivering market-aligned changes such as Energy Identification Code (EIC) updates and Uniform Network Code (UNC) modifications and improving transparency through enhanced reporting like capacity utilisation monitoring.

### Gas Control Systems (GCS) & Operational Applications

Enhancements to Gas Control Systems and operational tools improved safety, compliance, and efficiency across control room and field operations. Upgrades to core platforms (Talend, Tableau, Oracle) were complemented by digital transformation initiatives such as the National Control Centre Digital Hub and automated reporting.

Improvements in risk management, workflow automation, and operational tooling streamlined processes, while enhanced governance, reporting and workforce tools increased usability and operational effectiveness.

### Telemetry Network Refresh (RIIO-T2 PCD)

The Telemetry Network Refresh programme is modernising the monitoring and control infrastructure to ensure resilience and readiness for the withdrawal of legacy Public Switch Telephone Network (PSTN) services. Key deliverables include replacing legacy telemetry systems, upgrading connectivity, and maintaining satellite capability where required. Delivered through an integrated, cross-programme approach, the initiative has optimised site deployment and achieved efficiencies, with full completion planned by FY27.

## IT and Telecoms Cont.

### Market & Customer Insights

This workstream enhanced customer engagement and data accessibility through Customer Relationship Management (CRM) discovery and Gas Data Portal (GDP) improvements. The CRM roadmap established opportunities to improve customer and connections processes, while GDP enhancements strengthened data quality, expanded datasets, and enabled user customisation. A consolidated support model further improved usability and overall customer experience.

### Operations Enablement

Operations Enablement initiatives focused on digitising field operations and improving workforce productivity. Key achievements included transitioning to more dynamic scheduling, deploying enhanced connectivity solutions across the fleet, and digitising visitor management. Improvements to device strategy and lifecycle management further increased operational efficiency and workforce effectiveness.

### Data Driven Asset Management

The Future of Asset Management (FoAM) programme enhanced asset data quality and usability to support better decision-making. This included refining Management of Change processes, significantly improving Geographic Information System (GIS) data accuracy, and digitising large volumes of legacy maps. Optimisation of asset management systems such as Maximo further improved data handling and operational efficiency.

### Enhanced Asset Design

Enhanced Asset Design established a Business Information Modelling (BIM)-enabled Common Data Environment and embedded standardised digital workflows across the asset lifecycle. Successfully deployed across multiple sites, this capability improves design consistency, data integration, and long-term asset management.

### Enterprise Applications & IT Infrastructure

Enterprise and IT initiatives strengthened core business systems and infrastructure. This included SAP finance modernisation, early-stage transformation of source-to-pay processes, and consolidation of governance and risk controls. Enhancements to ServiceNow, network infrastructure, and device refresh programmes improved service management, security, and workforce productivity, while laying the groundwork for future RIIO-GT3 planning.

Across all programmes, delivery in 2025/26 significantly strengthened regulatory compliance, operational resilience, and digital capability. Investments improved transparency, customer experience, and data-driven decision-making, while driving efficiency gains and reducing operational risk across the organisation.

#### Overall, in RIIO-T2 period, NGT has:

- Modernised core commercial, regulatory and operational systems, most notably through the Gemini Sustain programme, which re-architected Gemini into a modern microservices based platform.
- Delivered extensive regulatory change, maintaining full compliance with the UNC, NIS regulations, and evolving security and market obligations.
- Replaced legacy asset, operational, and data platforms, including upgrades to Simone, SCADA, Maximo, GIS, CRM (Salesforce), the Gas Data Portal, and multiple operational decision support tools.
- Continued to improve Data Quality/ Integrity in line with Data Best Practices principles
- Efficiently used AI/ ML technology to create the foundation of more predictable forecasting and system driven operations management
- Embedded digital ways of working across operations through scheduling, connectivity, visitor management, and workforce enablement improvements
- Ensured continued compliance in our Back-office systems and hardware with Evergreen Asset Health policy. Cloud Based SaaS solutions, increasing automation and digitalisation have created a strong foundation for RIIO-GT3.

For more details on year wise deliveries, please refer to RRPs from 2021/22 onwards.

### Key Takeaways from Delivery

- User-centred change delivery: Successfully delivering change to a national operational workforce highlighted the importance of adopting a user-centred approach, recognising the diversity of roles, capabilities, and ways of working. Careful planning and structured release management are essential to ensure new functionality is adopted effectively and delivers intended value.
- Clarity of roles and alignment across delivery teams: Reinforced the value of clearly defined roles and responsibilities across internal teams and partners. Establishing shared understanding of requirements, assumptions, deliverables, and constraints early helps maintain alignment, minimise scope changes, and support efficient, collaborative delivery.
- Robust and transparent change control: Emphasised the importance of maintaining a single, consistent, and auditable change control process, with clear traceability of decisions, rationale, and scope impacts to support governance and informed decision-making.
- Proactive RAID and dependency management :Highlighted the benefits of a proactive and continuous approach to risk, issue, assumption, and dependency (RAID) management, including regular reassessment of mitigations. Increased focus on external dependencies and drivers further strengthens delivery confidence and benefits realisation

### Our RIIO-GT3 approach

In the RIIO–GT3 period, we will build upon the foundation of RIIO-T2 and focus on enabling safe, resilient and efficient network operations, scaling delivery of a significantly larger Asset Management Plan (AMP), and modernising asset, workforce, data and customer-facing capabilities through digitalisation and smart analytics together with keeping systems and data compliant.

We will be progressing Asset-led refresh and compliance driven changes, with Cloud first, SAAS Based solutions using market standards with targeted innovation using tested new technologies, keeping a strong focus on Data Best Practices and future net zero readiness. With robust governance, continuing SaFe delivery methodology, we will be progressing with incremental enhancements and automations.

- Overall, in RIIO-GT3, we will be:
- Keeping critical systems secure, supported and compliant
- Scaling workforce and asset delivery capability
- Embedding digital, data led asset management
- Improving safety, resilience and long-term consumer value
- Laying foundations for AI, digital twins and smart networks

# Vehicle Fleet

101 commercial vehicles were ordered in FY26 – eight zero emission vehicles (ZEV) and 93 non-ZEV. Out of these 101 vehicles, 65 vehicles are now in operation, which includes 49 Ford Transits (L3H3 Large Panel Vans), five Ford Transit Custom (AWD Medium Panel Van), three Transit Dropsides (single cab) and eight Transit eCustoms (EV). The remaining 36 vehicles are currently going through conversion and will be delivered throughout FY27. There are seven large panel vans (Mercedes Sprinter), 14 Isuzu D-Max Double Cab (commercial) 4x4 vehicles, ten Ford Transit Custom AWD, and five Heavy Goods Vehicles. The HGVs are for National Gas Services and will be four 18T dropsides with rear mounted cranes, and one 26T dropside with front mounted crane.

We have introduced eight zero emission vehicles this year as mentioned above, bringing our total ZEV count to 15. The Transit eCustoms bring a greater range (WLTP is 205 miles) compared to the existing five Nissan eNV200 and the two Mercedes eCitan, and a greater payload. We are looking to operate these vehicles out of the compressor stations that are having EV chargers fitted, or depots with existing chargers. For NGT, this is about learning which job roles and vehicle types best fit the transition to ZEV.

This year has seen an updated NGT livery which builds on the previous theme of having 'our people' on the side of our vehicles, in line with our branding campaign. There are four new livery designs this year, which will continue into 2026/27.

The vehicle numbers delivered are based on what has been receipted in 2025/26 and will show within regulatory reporting. This is the same for vehicle conversions, meaning that some vehicle conversions won't be captured in the data table this year, as they have not yet been invoiced.

[redacted]

There has been an increase in our EV charging infrastructure this year, moving from 21 chargers to 24. This is lower than anticipated for this financial year – the EV charger project was anticipating 12 chargers to be fitted within FY26, but due to the complexity of installing at a compressor station, this has caused delays.

The designs and civils works have been more complex, with site safety and security being the priority. Of the anticipated 12 chargers being fitted as part of the project, only one was fitted within FY26[redacted] eight have since been fitted throughout May and June 2026.

This project will continue into FY27 until the full 12 chargers are fitted. NGT would like to fit more chargers at the remaining compressor stations and terminals to support future EV commercial and car fleet increases. Whilst NGT have not put a target for future zero emission vehicles, we will be focusing costs and efficiency of our fleet, which will consider the replacement of internal combustion engines (ICE) to electric vehicles (EV) if operationally viable.

We had delivery of the hydrogen commercial vehicle which was initially planned for early 2025. This vehicle operated at sites close to the NGT head office, complementing the ongoing HyNTS Deblending project which is working to develop a strategy on pipeline fed hydrogen refuelling across the country whilst demonstrating the required deblending technologies to provide fuel cell grade hydrogen at pressures suitable for direct refuelling at the NGT FutureGrid site at Spadeadam. The trial proved to be challenging based on the lack of refuelling infrastructure, as well as Stellantis stopping production of hydrogen fuelled commercial vehicles (FCEVs) until further notice.

## Lessons learned:

As a result of separation from National Grid in 2023, vehicles were ordered too late in the year (FY24). For this particular year it meant that vehicle deliveries weren't completed until FY25. The learnings from this exercise show that vehicles need to be ordered as early as possible within the fiscal year to allow delivery within the same price year.

Even though vehicle lead times can be lengthy, vehicles may become available sooner when ordering directly with the manufacturers, due to cancelled orders from other customers (unsold stock). Going forward and to mitigate long time delays, NGT may wish to purchase available vehicles sooner to meet demand from the field teams, with reduced waiting times for vehicle replacements.

Vehicles and vehicle conversions have become more expensive over the past five years. NGT regularly review acquisition strategies and funding methods to get the best value i.e. buy vs lease. This exercise will look at TCO (total cost of ownership), including conversion costs, to make sure we are getting the best possible value from the regulatory funding. The role of the vehicle and length of time will be reviewed to assess the best acquisition method and fuel type (EV vs ICE).




**Image 41: Converted Mercedes Sprinter (Mechanical Technical Spec) – Rear**




**Image 42: Converted Mercedes Sprinter (Mechanical Technical Spec – Front**




**Image 43: Concerted Ford Transit Customer AWD Multi-Purpose Pipelines Spec – Front**



**Image 44: Converted Ford Transit Custom AWD Multi-Purpose Pipelines Spec – Inside Rear**

# Other Costs


Cyber Resilience Information Technology . . . . . 83
Cyber Resilience Operational Technology . . . . . 84
Physical Security Upgrade Programme (PSUP) . . . . . 85
Physical Security Capex . . . . . 85
Physical Security Opex . . . . . 87
Customer Funded Diversions . . . . . 88




# Other Costs includes Cyber IT and OT, Opex and Capex (Table 6.9), Physical Security Opex (Table 5.7), and Capex (Table 6.6). This chapter also reports on Customer Funded Diversions (Table 4.15)

| | 5 Year Totex Allowance | Allowance Adjustment | Adjusted Allowance | 5 Year Totex Spend | 5 Year Cost vs Allowance presented in tables | Further Spend in FY27 | Underlying RIIO-T2 Spend vs Allowance |
|---|---|---|---|---|---|---|---|
| TO | 20.5 | (0.8) | 19.7 | 19.4 | 0.3 | 0.5 | (0.2) |
| SO | 9.9 | (0.1) | 9.8 | 9.8 | (0.0) | 0.3 | (0.4) |
| **Cyber IT** | **30.5** | **(0.9)** | **29.5** | **29.2** | **0.3** | **0.9** | **0.6** |
| TO | 491.8 | (30.5) | 461.3 | 449.3 | 12.0 | 12.0 | 0.0 |
| SO | 20.8 | (6.6) | 14.2 | 14.0 | 0.2 | 0.2 | 0.0 |
| **Cyber OT** | **512.6** | **(37.1)** | **475.5** | **463.3** | **12.2** | **12.2** | **0.0** |
| Physical Security | 89.6 | (16.3) | 73.3 | 70.2 | 3.1 | 0.7 | 2.4 |
| **Total Other Costs** | **632.6** | **(54.3)** | **578.4** | **562.7** | **15.7** | **13.8** | **1.8** |

**Table 22: Other Costs Summary**

## Cyber Resilience Information Technology

In December 2024, Ofgem concluded its assessment of the January 2024 Re-opener submission, resulting in amendments to the baseline and non-baseline Cyber IT funding allowances. This determination established a revised total RIIO-T2 Cyber IT allowance of £30.5m, which provides the formal basis for delivery and performance assessment within the July 2025 regulatory reporting cycle. This funding position reflects Ofgem's expectation that investment is delivered efficiently and targeted towards addressing evolving cyber threats and risks across critical systems. We spent £29.2m during the RIIO-T2 period on Cyber IT, compared to adjusted allowances of £29.5m. We are returning £0.9m of allowances; £0.4m relating to an output not delivered on Governance Risk and Compliance and £0.5m largely relating to partial delivery of Security Organisation. There are minor delays relating to 204 - ENT-IAM (£0.9m) where costs will continue into the RIIO-GT3 period.

This approach ensures that investment is prioritised towards the most critical risks, enhancing the resilience, integrity, and availability of essential gas transmission services, and reducing the likelihood and impact of cyber disruption to critical national infrastructure.

NGT's cyber strategy continues to focus on the systematic identification, elimination, and, where necessary, mitigation of cyber security risks through proportionate, risk-based investment and timely intervention. Delivery is aligned to the National Cyber Security Centre's Cyber Assessment Framework (CAF), supporting compliance with the Network and Information Systems (NIS) Regulations, alongside adherence to relevant industry standards and recognised best practice. This approach ensures that investment is prioritised towards the most critical risks, enhancing the resilience, integrity, and availability of essential gas transmission services.

As the fifth and final year of RIIO-T2 Cyber IT performance reporting, this period represents a culmination of sustained investment and capability development. Following the 2025 divestiture from National Grid, NGT has continued to strengthen and mature its in-house cyber security function, embedding enhanced governance, delivery capability, and technical expertise, with clearer accountability and improved assurance over cyber risk management. Throughout this period, NGT has maintained a threat-informed and risk-based approach to Cyber IT investment, directing funding towards initiatives that deliver measurable improvements in security posture, reduce systemic vulnerabilities, and support long-term operational resilience.

Collectively, these activities demonstrate a structured and proportionate approach to cyber risk management, aligned to regulatory expectations and delivering tangible improvements in the security and resilience of critical national infrastructure.

In the 2025/26 financial year, £7.1m was spent on delivering our RIIO-T2 Cyber IT activities. This represents an increase from £4.6m in the previous year, primarily reflecting the continued development of a capable in-house security function and progression into delivery phases of key projects. Over the five-year period, total Cyber IT expenditure reached £29.2m, with £0.9m forecasted to transition into RIIO-GT3.

The variance against the original allowance profile is primarily attributable to a change in strategy in light of evolving threats specifically around Artificial Intelligence (AI) and agentic AI and resultant delays in the mobilisation and initiation of delivery phases, compared to assumptions at the time of the Business Plan submission. This resulted in a re-phasing of expenditure across the price control period and into the 2026/27 financial year, rather than a reduction in overall scope or delivery intent.

## Cyber Resilience Information Technology Cont.

Delivery has taken place within a complex multi-price control environment, with challenges including supply chain constraints, cost pressures, and availability of skilled resources. Key lessons have informed our RIIO-GT3 planning, including the importance of aligning technology, data, and process maturity prior to platform integration, investing in organisational capability and workforce competence, and maintaining a disciplined, risk-based approach to prioritisation and delivery.

Looking ahead to RIIO-GT3, the strategic focus is on building on established organisational and behavioural foundations, while addressing remaining gaps in integrated risk management, visibility, and assurance capability. This will enable a more proactive, data-driven approach to cyber resilience and support more effective prioritisation of investment against evolving threats.

Detailed progress against Price Control Deliverables (PCDs) is provided within the Annual Cyber IT PCD report, to be submitted to Ofgem's Cyber Resilience team in July 2026.

# Cyber Resilience Operational Technology

In December 2024, Ofgem concluded its assessment of the January 2024 Re-opener submission, resulting in amendments to baseline and non-baseline allowances, the approval of new projects, and the re-phasing of delivery timelines. This determination established a revised total RIIO-T2 Cyber OT allowance of £512.6m, which provides the basis for delivery and performance assessment in the July 2026 regulatory reporting cycle.

NGT's cyber strategy continues to focus on the systematic identification, elimination, and, where necessary, reduction of operational technology (OT) cyber risk through proportionate, risk-based intervention. This approach is informed by principles from the Construction Design and Management (CDM) Regulations, applying the eliminate, reduce, isolate and control (ERIC) hierarchy to manage risk at source. Delivery is aligned to the National Cyber Security Centre's Cyber Assessment Framework (CAF) and relevant industry standards, including IEC 62443, ensuring a holistic approach across technology, processes, and people.

In the 2025/26 financial year, £168.4m was invested in delivering RIIO-T2 Cyber OT activities, an increase from £129.4m in the previous year. This reflects continued progression into the delivery phase of major projects within the programme. Spend for the year was broadly aligned to the Year five allowance, bringing total five-year Cyber OT expenditure to £463.3m, with £12.2m forecast to transition into RIIO-GT3. There is a £37.1m allowance adjustment; £20.9m relating to outputs not required or partially delivered, the remainder relating to UIOLI. This brings the allowance total down to £475.5m.

The variance against the original allowance profile is primarily due to delayed mobilisation of delivery phases compared to assumptions at the time of the Business Plan submission, resulting in a re-phasing of expenditure rather than a reduction in scope.

Delivery has taken place within a complex, multi-price control programme, with challenges including supply chain constraints, cost pressures, and availability of skilled resources. Key lessons have informed RIIO-GT3 planning, including the need for more standardised OT architectures and improved alignment of technology, data, and process maturity prior to implementation. Greater emphasis is also being placed on aligning delivery across projects to improve sequencing, reduce rework, and increase overall pace and efficiency.

In addition, NGT is strengthening its approach to quality management, establishing more consistent delivery and assurance practices to support right-first-time outcomes and improved control effectiveness. This includes a stronger focus on measurable outcomes, embedded assurance, and repeatable delivery standards across the programme. Collectively, these improvements are intended to enhance delivery efficiency, reduce risk, and drive more consistent outcomes across future investment periods.

Looking ahead to RIIO-GT3, the strategic focus is on building on established delivery capability and standardised architectures, while strengthening integrated risk management and assurance across IT and OT environments. This will support a more proactive and data-driven approach to managing cyber risk across critical operational systems.

Detailed progress against Price Control Deliverables (PCDs) will be set out in the Annual Cyber OT PCD report, to be submitted to Ofgem's Cyber Resilience team in July 2026.

# Physical Security Upgrade Programme (PSUP)

We spent £70.2m during the RIIO-T2 period on Physical Security, compared to allowances of £89.6m. Under the PCD element we have spent £29.8m compared to adjusted allowances of £30.5m. Our non-PCD related RIIO-T2 performance is £2.4m largely due to a proportionate risk-based approach ensuring investment is targeted where it delivers the greatest security benefit:

| | 5 Year Totex Allowance | Allowance Adjustment | Adjusted Allowance | 5 Year Totex Spend | 5 Year Cost vs Allowance | Further Spend in FY27 | Underlying RIIO-T2 Spend vs Allowance |
|---|---|---|---|---|---|---|---|
| Capex | 40.0 | (10.6) | 29.4 | (29.8) | (0.4) | 0.7 | (1.2) |
| Opex | 6.8 | (5.7) | 1.1 | 0.0 | 1.1 | 0 | 1.1 |
| **PCD Related** | **46.8** | **(16.3)** | **30.5** | **29.8** | **0.7** | **0.7** | **(0.0)** |
| Capex | 11.2 | 0 | 11.2 | 9.7 | 1.5 | 0 | 1.5 |
| Opex | 31.6 | 0 | 31.6 | 30.7 | 0.9 | 0 | 0.9 |
| **Non-PCD** | **42.8** | **0.0** | **42.8** | **40.4** | **2.4** | **0.0** | **2.4** |
| **Physical Security** | **89.6** | **(16.3)** | **73.3** | **70.2** | **3.1** | **0.7** | **2.4** |

**Table 23: Physical Security Overview**

We are returning £8.1m allowance relating to outputs no longer required or partial delivery. £4.9m relating to temporary camera rental at 71 CNI sites, £1.6m for Block valve replacements at [redacted] where the HSE directed these no longer required, £0.8m on security cage pilots, £0.6m temporary fencing installations at sites and £0.2m on penetration testing. There is an £8.2m adjustment relating to work expected to be completed in RIIO-GT3 relating to four NPSA standard sites as construction has been delayed until summer 2027. This allowance will be moved to RIIO-GT3 as part of our crossover application. More details can be found in our PCD report.

[redacted]





# Customer Funded Diversions

In 2025/26, we spent £8.8m million on customer funded diversions, £8m lower than in previous years due to project completions and pre-mobilisation works on several upcoming diversions ahead of mobilisation in 2026. An increase in work is anticipated during 2026/27 as two large diversions start.

NGT has an obligation to protect the NTS from third party construction activities. These third-party activities can be road improvement schemes or new housing developments requiring us to divert our pipelines and assets to avoid conflicts with proposed construction activities.

In 2025/26, we successfully completed the A66 National Highway diversion, diverting Feeder 11 and Feeder 15 to support the carriageway upgrade. These works started in 2024 and were successfully completed in November 2025.

Building on this and following two competitive tender processes completed in late 2025, a MWC was appointed in 2026 to deliver two further high-profile diversion schemes: [redacted]

At [redacted] the diversion of Feeder 2 and Feeder 4 will enable the construction of Norfolk County Council's 1.5-mile highway access road, serving a new residential development of approximately 4,000 new homes. Each diversion will involve around 200 meters of new pipeline, constructed using open-cut methodology, with a stopple isolation on Feeder 4. Mobilisation occurred in May 2026, with completion scheduled for May 2027.

[redacted] is 14.5 miles of new road connecting [redacted] (including a 2.6 mile long tunnel underneath the [redacted]) providing an alternative to the Dartford Crossing. The scheme is expected to generate up to £40 billion to the UK economy and reduce traffic congestion by up to 20%. To facilitate this, NGT must divert Feeder 5 and Feeder 18 over a combined length of approximately 4.5 kilometres.

The [redacted] diversion is comprised of open cut construction, two micro tunnels installed to depths of 15 meters, alongside numerous crossings. Diversion mobilisation is planned for August 2026, with target construction completion in December 2028.

Across all diversion projects, NGT has sought to minimise environmental impact through design, efficient construction techniques, and responsible land and resource management. NGT's environmental advisors are engaged early in project development and play an active role in the [redacted] tendering process. Where feasible, construction methodologies such as micro tunnelling have been used to reduce surface disruption and environmental impact, supporting NGT's longer-term environmental objectives.

We have captured lessons learned from previous projects into RIIO-GT3 delivery. For example, insights from the A66 lessons learned register highlighted the need to position site cabins closer to ground level and protect them from vermin. This approach will be applied at the [redacted] diversion site, with cabins installed at low level or fully enclosed to reduce ingress risk.

In addition, we have adopted the early engagement of groundwater specialists to identify risks, develop mitigation measures, and secure any necessary regulatory licenses.







**Image 45 & 46: [redacted], (National Highways Project)**



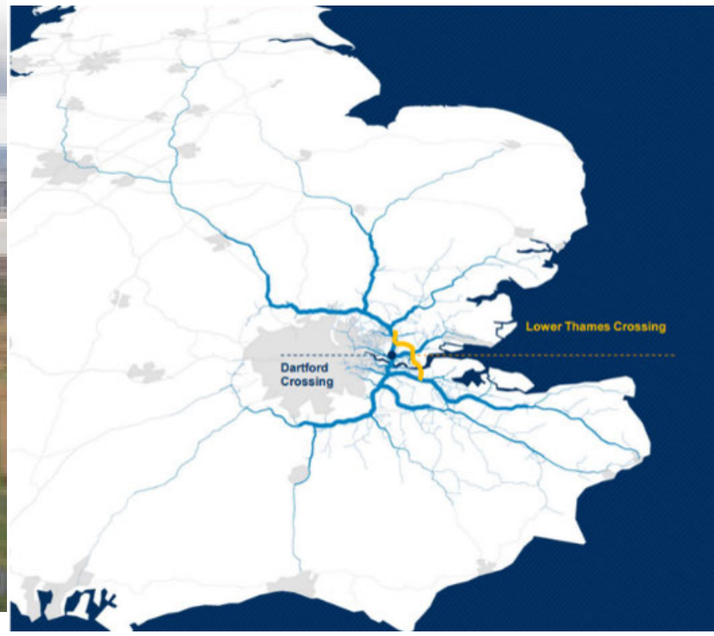



**Image 47 & 48: [redacted] (National Highways Project)**

# TO Network Operating Costs (Direct Opex)

TO Direct Opex . . . . . 90

# TO Direct Opex

Across RIIO-T2 Direct Opex costs were £171m, £7.8m below allowances of £178.8m. Planned Maintenance related to £90.9m of cumulative spend, £38.5m below allowances and Unplanned Maintenance was £38.6m, £13.8m above allowances. Operational Property costs were cumulatively £41.6m, £16.8m above allowances.

Note: **PSUP Opex** is being covered in the **Other costs** chapter..

Reduced Planned Maintenance costs were driven by a broad mix of factors including the following:

- Increased capitalisation of labour costs due to greater involvement from the internal operational team in delivery of the capital and cyber programmes, particularly in 2025/26 due to significant increase in levels of capital delivery. Support activities to the capital programme encompass permitry, non-routine operations, surveys, isolations, site preparation, contractor onboarding, safety induction, investment governance commitments and hands on delivery/support (small civils and tactical interventions). This has been delivered without compromising delivery of maintenance obligations.
- Capitalisation of costs associated with Marker Post replacements
- Continued labour cost savings through reduction in agency staff costs across operations, plus control and governance around both overtime usage and operating within headcount mandates
- Procurement efficiencies year on year, improved cross-team working, insourcing where possible and a focus on productivity (through increased work order completion and utilisation on project work) have also contributed to savings
- Improved cost visibility (via focused reporting on key cost lines) has also contributed to Opex savings, providing actionable insights over third party cost allocations and timesheet compliance
- Costs associated with planned maintenance will also be influenced by the grade or level of the technicians the activity was conducted by, and how intrusive the required maintenance was (e.g. visual vs functional inspection). These metrics are currently not quantifiable but will drive year to year variability in the level of cost impacting both planned and unplanned maintenance, as well as the volume of work orders completed.

Savings on Planned Maintenance were offset by increased Fault Maintenance costs:

- The higher fault costs were primarily driven by an increase in DSEAR defects and higher than expected levels of unplanned Line-walking.
- Higher levels of unplanned linewalking have been driven by addressing higher number of defects/faults, third party sightings/additional asset protection activity caused by asset encroachment, winter preparation/response to adverse weather conditions and marker post replacements.
- To safe-guard assets against winter resilience risks and network criticality requirements, additional expenditure was incurred for critical spares and non-routine maintenance to mitigate breakdown risks. This is part of extensive focus on winter resilience and preparation.
- From a year-on-year perspective, Fault Maintenance costs are up by £1.3m, due to variation in the degree (and severity) of individual faults and reactive maintenance requirements versus the prior year. Key activity drivers included DSEAR defects in the electrical category, higher levels of faults/defects identified through linewalking and pipework corrosion defects.

Operational Property costs were £3.9m above allowances this year, primarily driven by higher costs associated with Own Use Electricity:

- The increases in unit costs have been significantly above the average rate of inflation
- Compared to 2021/22 unit rates (where there was greater price stability), the 2025/26 rates for the full year were +119% higher on average.
- Electricity usage has not increased substantially versus prior years, with the increase in cost against allowances attributable to the high energy prices experienced since 2022/23.

# SO Direct Opex

Total SO direct controllable Opex costs for 2025/26 were £20.4m, which is £8.2m lower than the RIIO-T2 allowance of £28.6m. Total spend across RIIO-T2 was £111.6m compared to allowances of £146.1m.

The £34.5m underspend is driven by high attrition and a challenging recruitment environment, especially due to the launch of the National Energy System Operator (NESO) in FY25, with competitive roles to NGT's System Operator. The need to increase headcount continues and is reflected in the System Operator's RIIO-GT3 plan.

Going forwards into RIIO-GT3, further recruitment is expected in the SO to support NESO, National Control Centre Capabilities, Safety, Risk and Compliance and Market Modelling.

# Indirect Opex


Indirect Opex . . . . . 92
Quarry and Loss . . . . . 92
NGT TO Business Support Costs . . . . . 92
NGT SO Business Support Costs . . . . . 92
NGT TO Closely Associated Indirect Costs . . . . . 92
NGT SO Closely Associated Indirect Costs . . . . . 92




# Indirect Opex

In 2025/26, total Indirect Opex Costs (across TO and SO for Business Support, Closely Associated and Pensions) were £98.8m, compared to a total allowance of £81.3m. Cumulatively total Indirect Opex Costs were £465.4m, £25.3m higher than allowances of £440.1m.

The majority of this increase is related to IT spend driven by the implementation of SaaS and cloud-based solutions as part of our RIIO-T2 investments, which cannot be capitalised.

# NGT TO Business Support Costs

TO Business Support costs were £193.3m for RIIO-T2 compared to allowances of £151.1m. This largely relates to increases in IT costs, reflecting increased project spend relating to SaaS and cloud-based solutions which cannot be capitalised.

When compared to the previous year costs are £8.9m higher: largely relating to Finance (£3.1m) and CEO costs (£4.4m). For more details, please see table narrative for 5.1, 5.5 and 5.9.

# NGT SO Business Support Costs

SO Business Support costs for RIIO-T2 were £90.4m compared to allowances of £105.8m, largely relating to a decrease in IT spend reflecting newly negotiated contracts post separation from National Grid.

When compared to 2024/25 costs were £16.1m lower largely relating to IT costs (£14.6m), partly due to Projects costs completing as we reach the end of RIIO-T2. For more details, please see table narratives for 5.2, 5.5 and 5.9.

# NGT TO Closely Associated Indirect Costs

TO Closely Associated costs were £28.5m for 2025/26, which is £9.1m higher than allowances. The RIIO-T2 period spend is £131.7m, £11.1m higher than allowances (£120.6m). Year-on-year costs are largely in line. More details can be found on the table narratives for 5.1 and 5.5.

# NGT SO Closely Associated Indirect Costs

SO Closely Associated costs in 2025/26 were £8.6m, which is lower than allowances of £9.2m. Cumulatively spend is £36.5m compared to allowances of £45m. This is largely due to lower Critical National Infrastructure (CNI) spend. When compared to 2025/26 spend was £1.8m higher largely due to IT costs. For more details, please see table narrative for 5.2 and 5.5.

# Quarry and Loss

Quarry and Loss costs were £3.8m in 2025/26 which is £1.9m higher than revised allowances. This is largely due to the continued high level of drainage claims. Year-on-year costs of drainage claims have increased by £1.0m.

Across the five-year period we have spent £15.2m against a directed RIIO-T2 allowance of £6.5m. We included a further £6.8m allowance in our November 2025 PCFM to cover the additional spend at that point. However, we have incurred a further £1.9m above this. The allowances in the RRP have been updated so that they align to our total spend incurred.

Our Close Out report will provide more detail relating to our claim for additional allowances to cover our efficiently incurred spend during RIIO-T2 as directed by Ofgem in the RIIO-T2 Final Determinations.

# Appendix: Table Narratives

All costs are in 2018/19 price base unless stated otherwise.

## 3.1 TO Totex

Table 3.1 is entirely auto-populated and shows a summary of TO Totex pulling through from other tables, including baseline and uncertainty mechanisms.

Total baseline spend to date totals £1,831.3m and UM spend is £303.7m (18/19 prices).

Spend on Western Gas Funded Incremental Capacity has been removed from uncertainty mechanism totex. Following special condition 6.2 we are repurposing assets for the RIIO-GT3 West Import Resilience Project Price Control Deliverable ($WIRP_t$) £5.6m spend added to 2023/24 totex.

## 3.2 SO Totex

Table 3.2 is entirely auto-populated and shows a summary of SO Totex, including baseline and uncertainty.

Total baseline totex to date totals £335.8 (18/19 prices). UM spend to date is £32.1m (18/19 prices).

## 3.3 Allowance

Allowances have been checked to the May 26 Legacy T2 PCFM. The total baseline and uncertainty mechanism allowances sum to £2,593.5m.

It should also be noted that the Opex escalator impact on certain allowances, such as Compressor Emissions is not included in Table 3.3, but our performance reporting totals on Table 3.4 rows 31/32 do. The impact was calculated using table 4.9 Opex Escalator.

It should be noted that the RPEs are based on the May 2026 published PCFM and not based on the latest allowances as there is no mechanism in the RRP for this to be updated. The updated RPEs will be reflected in the September RRP submission with the PCFM.

## 4.3 TO PCDs

Allowances have been adjusted to reflect final delivery of PCD outputs across tables 4.3-4.6. This is a combination of Non-delivery of Outputs, Partial Delivery or Delivery with an Alternative specification. More detail can be found in the relevant PCD reports.

CEPRAt - Compressor emissions Price Control Deliverable £7.9m adjustment relating to underspend at Kings Lynn. We expect further spend during GT3 and have submitted a re-opener in April 2026. The re-opener requested is net of the £7.9m allowance already given in RIIO-T2 but we need to include this allowance in our GT3 reporting so that we can report spend against it.

NLARt - Asset health – non lead assets Price Control Deliverable. We have made a £6.5m adjustment to Non lead Asset Health (NLARt) relating to partial delivery 3 Relifing outputs (£5.9m), and partial delivery on 2 Site lighting outputs (£0.6m).

RARt - Redundant Assets Price Control Deliverable £18.5m total adjustment. A £12.4m allowance adjustment where we have returned £2.7m relating to sites no longer required, £3.9m relating to Feeder 9 Humber Crossing and £2.1m where we've had to deliver an alternative specification. £3.7m was returned in 2023/24 relating to 9 sites. There is also a £6.1m allowance adjustment largely relating to [redacted] (£2.6m) and Feeder 1 (£3.5m) where we are expecting long delays.

## 4.5 TO Re-openers

CROTROt – Cyber resilience OT non-baseline £30.5m adjustment relating to Non Delivery and Partial delivery of outputs. All Cyber OT TO allowance adjustments have been made to non-baseline even though some outputs might span both baseline and non-baseline allowances. We have also phased the adjustment proportionally. The UIOLI adjustment has been applied to FY26 only, partly netting off the adjustment for continued spend expected in FY27 to complete some outputs. We expect the finer points of these adjustment principles to be discussed and agreed during Close Out.

CRITROt - Cyber Resilience IT non-baseline. A £0.8m adjustment relating to partial delivery of 3 outputs.

PSUPROt - Physical Security Re-opener £16.3m adjustment. £8.1m return relating to £4.9m temporary cameras, £1.6m block valves not required at 2 sites (confirmed by HSE), £0.8m Security Cage pilot, £0.6m Temporary fencing, & £0.2m PenTesting. £8.2m due to long delays at one output relating 4 NPSA sites.

NZPt - Net Zero Pre-construction Work and Small Net Zero Projects Re-opener. The Allowance has been updated slightly as it was not reflecting the exact directed allowance.

[redacted] redevelopment Re-opener. We have adjusted our draft UM allowances by £7.5m (£9.3m including opex escalator impact), so that they align with our latest spend and recent updated submissions. The majority of spend will now be incurred in RIIO-GT3 inline with our recent resubmissions.

CEPROt - Compressor emissions Re-opener. We have increased our draft UM allowances, so that they align with our latest spend and recent updated submissions. These include [redacted] the net impact in RIIO-T2 is +£2.5m (+£4.3m including opex escalator impact). We're expecting decisions on recent resubmissions during 2026/27.

NLAHRt - Asset health – non lead assets Re-opener. We have adjusted our allowances by £0.7m, £0.6m relating to non-delivery of 1 (out of 5) output on cab ventilation replacement and £0.1 relating to partial delivery of 1 output on [redacted] filters.

QLt and PDt - Uncertain Costs Re-opener. £8.8m additional allowance has been added for Crop and Quarry in anticipation of a true up of efficiently incurred spend in RIIO-T2.

## 4.6 SO Re-openers

CROTROt - Cyber Resilience OT non-baseline £6.6m UIOLI adjustment relating to non-delivery and Partial delivery of outputs.

CRITROt - Cyber Resilience IT non-baseline. A £0.1m adjustment relating to the SO element of an £0.8m return for partial delivery on 3 outputs.

## 4.7 TO Pass Through

Pension deficit allowance values have been entered directly into Table 4.7 in line with the Reasonableness Review Directions published in November 2020 and November 2023, with pensions allowances now set for the remaining years of RIIO-T2. Net zero pass-through costs have been directly entered into table 4.7. The costs comprise funding

that is payable to other gas networks, as well as funding allowances granted to NGT for the Project Union feasibility study. The Project Union feasibility study allowances have been updated to align with the spend profile and not as per the funding decision, to ensure the allowance is collected in line with spend, the return of unused funding has also been included as per the close down report. All other values on this table feed in from other tables.

## 4.8 SO Pass Through

As with the TO, pension deficit allowance values have been entered directly into Table 4.8 in line with the Reasonableness Review Directions published in November 2020 and November 2023 with pensions allowances set for the remaining years of RIIO-T2. Gas Network Planning Activities (ARGSPt) allowances have been entered as directed by NESO for £28.4m in FY26.

## 4.9 TO Opex Esc

The re-openers for [redacted], Compressor emissions and Asset Health are included in the opex escalator calculation in table 4.9. The direct costs for these projects are recorded in table 4.5 TO Re-openers

## 4.10 TO Output Delivery Incentives

There are two ODIs for TO: Customer Satisfaction Survey (CSAT) and the Environmental Scorecard. The CSPt score has increased by 0.1 since the prior year, which means NGT continue to exceed the incentive target of 7.8 and the incentive cap of 8.5 and has therefore continued to achieve the maximum incentive revenue of £3.6m. The Environmental Scorecard includes seven sub-categories (more detail can be found against table 8.3).

## 4.11 TO Other Revenue Allowances

This table includes values for the revenue we can collect to cover the Strategic Innovation Fund funding costs. These values are directed by Ofgem, or forecast by Innovate UK (a part of UK Research and Innovation whom Ofgem have partnered with to administrate the SIF funding process). The 2025/26 SIF value has been updated from £10.3m in RRP 25 to £9.56m in RRP 26 (both 2018/19 prices). This is mainly due to the latest figures provided by Innovate UK (received in May 2026)

## 4.12 SO Other Revenue Allowances

This table reports SO Other Revenue Allowances. This is an auto-populated summary, and the narrative relating to individual costs and incentives will be included alongside the relevant data input tables.

## 4.13/4 TO/SO Tax Pools

Ofgem mandate that the tax pool allocation rates cannot be retrospectively updated for a year where the ADJR value has been published and charges set. As this is now the case for the year to March 2026 (which is the last year for which we are required to submit updated tax pool allocations in tables 4.13 and 4.14 of the RRP), no updates can be made to any of the tax pool allocation rates and they will remain as per the 2024 RRP submission.

## 4.15 DRS (revenue element)

Revenue for Directly Remunerated Services is £9.3m mainly relating to diversion works under obligation. This is a £7.4m decrease compared to prior year driven by a decrease in spend on the diversion of feeders 1 & 11 due to works on the A66.

De Minimis Revenue totals £2.1m and mainly relates to land rental income.

Consented Revenue totals £23.1m of which £16.7m relates to Services for IDNs and other 3rd parties. GSA Revenue (consented) totals £5.4m, in line with the charge for FY25.

## 4.16 TO Recovered Revenue (Bad Debt) & 4.17 SO Recovered Revenue (Bad Debt)

The tables aim to provide details on the projected recovered revenue in 2025/26. The recovered revenue for TO and SO are performed on a cost basis e.g., what has been invoiced relating to 2025/26. Invoices are raised a month in arrears and therefore, dates from 01 May 2025 to 30 April 2026.

The table compilation has not changed since the prior year. We have not made any assumptions within the table; we have used actual invoiced data from P2-P13 of the following financial year.

There has been an increase in TO revenue in the financial year 2025/26. The increase was £235.5m (£918.2m to £1,153.7m). The increase in TO revenue is predominantly driven by a capacity price increase.

SO revenue has decreased from £399.1m in 2024/25 to £248.9m in 2025/26, which is a £150.2m decrease. The decrease in SO revenue is predominantly driven by a commodity price decrease.

## 5.1 TO Indirects

The purpose of this table is to provide a breakdown of cash controllable costs into activities within business support and closely associated indirect costs

**TO Business Support Costs**

see Table 5.9 narrative

**TO Closely Associated Indirects**

Year on year costs have decreased by £0.8m explained by;

Stores & Logistics costs decreased by £2.8m due to a write-off of aged stock items in the prior year (£3.0m) partially offset by costs for additional storage capacity for long lead items for RIIO-GT3.

Operational Training costs are £1.0m higher than prior year driven by additional intakes of graduates and apprentices. There was also a higher level of training costs including training not delivered in prior year (£0.3m) and increased demand due to new starters and competencies that required refreshing for existing staff.

Engineering Management & Clerical costs are £1.2m higher than prior year. This is due to Building for Growth implementation costs of £1.9m partially offset by lower costs in Commercial and Operations. Operations costs have decreased following re-alignment of a small number of employees to planned/fault work cost centres and increased support of the capex programme.

Health Safety & Environment costs decreased by £0.1m compared to prior year. This was driven by increased support provided to the capex programme and time sheeting to the methane emissions reduction campaign.

Operational IT costs were in line with prior year. A review of our contractual network spend with [redacted] resulted in £0.5m attributed to Operational IT with a corresponding offset in Non-Operational IT. This was offset by Operational project spend related to the Operational Technology Transformation programme which was a programme of work that spanned FY25 and FY26. Spend relating to the investment line for Work Management Technical Health involved a SaaS related product and was therefore treated as opex. As the programme drew to a close in FY26, spend reduced by £0.4m year-on-year. Other minor decreases of £0.1m

The difference between the Gross Costs and Net Costs (capitalisation rate) for Closely Associated Indirects has increased year on year by £2.0m from £43.5m to £45.4m. This is to support a higher level of projects in the FY26 capital programme.

**TO Pass Through Costs**

*Pass Through narrative is based on nominal prices*

Pass Through costs totalled £158.6m for 2025/26 which was an increase of £28.2m compared to prior year

This was driven by increases in the licence fee of £8.7m (one-off credit in FY25 £1.8m), increased prescribed rates of £3.8m, increased security costs of £10.0m and PARCA termination costs of £9.6m. This was partially offset by net zero (£3.3m in FY25) and network innovation (£0.5m in FY25) programme costs which incurred no costs in the current year. Bulk price differential costs were £0.1m lower in FY26

## 5.2 SO Indirects

The purpose of this table is to provide a breakdown of cash controllable costs into activities within business support and closely associated indirect costs

**SO Business Support Costs**

*see Table 5.9 narrative*

**SO CAI Costs**

SO Closely Associated Indirect costs were £8.6m, which is £0.6m lower than allowances

Operational IT costs were £1.8m higher compared to prior year driven by:

i. A one-off reduction in FY25 relating to the release of a provision for historic datacentre costs of £0.9m

ii. Improved visibility of resource time spent across the IT RTB portfolio post TSA, with efforts by internal teams captured by activity whereas previously aggregated under TO non-operational under the TSA charging agreement. This resulted in £0.8m more time being allocated to SO Operational activities, with an equal and opposite offset in TO Non-Operational activities

[redacted]

Safety costs are in line with prior year

**SO Pass Through Costs**

Gas Network Planning Activities (ARGSPt) is a new term in the RRP – the allowances have been entered as directed by NESO for £28.4m (nominal) in FY26.

## 5.3 TO Direct Opex

The purpose of this table is to understand the amount of cash controllable operating costs and associated activity volumes on fault repairs and planned inspections and maintenance, including the costs of operational property management

In 2025/26 there was £32.1m of Direct Opex cost versus allowances of £33.7m, driving a £1.6m variance

Planned maintenance represents £15.4m of the total cost, which was £8.8m below allowances. Unplanned Maintenance (faults) were £8.0m, £3.3m above allowances of £4.7m Therefore, the net maintenance costs were £23.4m, £5.5m below allowances. Operational Property Management costs were £8.8m, £3.9m above allowances.

Year on year there was a £1.5m increase in costs.

Direct costs excluding Operational Property Management were £0.5m higher than prior year.

Operational Property Management costs have increased by £1.2m. Site utility costs increased by £1.0m mainly driven by higher running hours of compressor gas turbines with the ancillary assets consuming more power. Remediation works at [redacted] were carried out totalling £0.6m. [redacted] site costs have reduced by £0.4m

**Workload Data**

Year on increase in planned maintenance workload is mainly due to improve data capture in Maximo which is largely driven by:

- The migration of security work orders into Maximo (previously managed within ARC), resulting in higher reported activity within Security, Fencing, Access and Buildings, and
- The systemisation of SIL (Safety Integrity Level) maintenance, particularly within Unit Control Systems, which were not previously fully captured in the system.
- The year-on-year increase in fault maintenance workload was primarily driven by DSEAR rectifications within the electrical category, line-walking–related rectifications under pipeline maintenance and Pipework corrosion under Plant and Equipment Category.
- Each Operations region had project teams dedicated to addressing DSEAR defects during the final years of T2, and this concentrated effort contributed to the rise in electrical rectification costs.
- For pipeline rectification, line-walking operates on a four-year rotational programme. The number of resulting faults depends on the kilometres scheduled for inspection each year. Faults identified through this activity can vary significantly—from simple tasks such as replacing stickers on aerial marker posts to more substantial issues like low depth-of-cover readings along the pipeline.
- For Planned Maintenance the value of 'other' subcategory – is 5.9% of the total planned maintenance costs and therefore we have not provided further details (details are required if 10% or greater).
- For Faults, the value of 'other' subcategory is 5.8% of the total faults costs and therefore we have not provided further details (details are required if 10% or greater)

## 5.4 SO Direct Opex

The purpose of this table is to report the operating costs incurred by NGT in operating the gas network system

Total SO direct controllable opex costs for 2025/26 were £20.4m, compared to an allowance of £28.6m. The underspend is driven by high attrition and a challenging recruitment environment, especially due to the launch of the National Energy System Operator (NESO) in FY25, with competitive roles to NGT's System Operator. The need to increase headcount continues and is reflected in the System Operator's FY27 internal budget and the RIIO-GT3 plan. Overall costs are £1.0m lower than the prior year explained as follows:

- Lower [redacted] costs driven by a £0.4m decrease in [redacted] system costs and £0.2m decrease in Capital Contributions as assets reached the end of their life
- National Control Centre costs are £0.5m lower [redacted]
- Other minor increases £0.1m

## 5.6 TO Quarry Loss

The purpose of the table is to collect details of cash payments and provision movements relating to quarry and other loss of development claims

Costs have increased YOY by £1.2m driven by higher drainage claims

The value of the Quarry/Crop/Drainage provision closing balance is [redacted] (as shown on table 5.8 Provisions)

1 claim for Loss of Development settled during FY26 and 0 Sterilised Minerals claims settled during FY26

Please note that the line titled **Amount charged to income statement** is not the same as the **Income Statement Charge / Release** figure on the Balance Sheet and that is reported in Table 5.8. The value in Table 5.6 is the value reported in the P&L before cash adjustments

Please note that the line titled **cash utilisation** is not the same as the cash utilisation figure on the Balance Sheet and that is reported in Table 5.8. The value in Table 5.6 is the value of cash expensed [the formula in cell AI30 is the sum of the Costs section]

## 5.7 TO Physical Security Opex

The purpose of this table is to report the opex spent on physical security in relation to BEIS's enhanced physical security upgrade programme (PSUP).

Costs have increased by £0.6m compared to FY25 due to additional sites that have now been upgraded

[redacted]

[redacted]

## 5.8 Provisions

The purpose of the provisions RRP table 5.8 is to provide a breakdown of the opening, additions, utilisations and other movements in the provisions balances as reported in the ARA.

The reported table within the RRP pack is in 2018/19 price base as per the RIGs requirements. As our Statutory Accounts are reported in nominal price base, the opening and closing balance will not be in line with table 5.8 due to price base differences.

**Emission provision**

We have recognised an Emission provision for £7.9m (nominal) in FY26. The UK ETS scheme is derived from the UK government and is designed to reduce the amount of greenhouse gases emitted from energy intensive industries. Any emissions over the free allowance must be purchased on the open market. The provision value relating to 2025 is £7.1m (nominal) as the tickets will be surrendered in April-26, the value is held as a current provision. The provision value relating to 2026 is £2.5m, as the allowances will not be surrendered until April-27 the value is held as non-current. This will be reclassed in April-27

**Environmental provision movement**

The Environment provision has not changed compared to 2025. This is due to £3.2m decrease in provision due to inflationary impacts, offset by £1.3m utilisation and £1.9m discount unwind/cashflow phasing. The discount rate applied in year was 1.37%

**Crop & Quarry**

This provision arises because of the terms of Deed of Easement or Deed of Servitude, whereby we receive claims from landowners for losses suffered due to pipeline developments and the on-going presence of our pipelines, these can be categorised into the loss of minerals, loss of development, loss of crop or drainage issues.

Of the existing claims a view has been taken of the realistic level of claim that is expected to result from negotiated settlements and a provision has been made to reflect this. In 2025/26 the provision decreased by £1.4 million due to utilisation in-year £5,7m (nominal), partly offset by £4.3m (nominal) increase.

## 5.9 Business Support Allocations

**TO Business Support Costs**

TO Business Support costs were £52.1m for 2025/26 which is £23.7m higher than the allowances

Costs increased £8.9m compared to prior year

IT costs were £0.8m higher driven by: **IT costs for TO increased by £9.8m following an update to the allocation driver workings, with a corresponding decrease seen in SO.** Post separation a significant update to IT opex drivers was concluded as we moved from being invoiced c90% of costs from National Grid under an opaque Transitional Service Agreement (allocated based on old National Grid service delivery driver, 55% SO/45% TO) to having standalone contracts for 100% of our IT services and licences. The analysis undertaken was conducted at the contract level, with c200 third party contracts assessed to categorise into: 100% GSO contracts, 100% GTO contracts, Corporate systems, Finance Systems, End User and Helpdesk, Hosting, and Networks (Enterprise and CNI). Each category was then assigned a bespoke driver based on contractual spend, and analysis of shared contracts based on MI (e.g. hosting costs by environment)

**IT Non-Operational project spend decreased by £6.0m YOY**. In FY25 we completed delivery of a large proportion of our Enterprise asset refresh investment lines (e.g. ERP (ProjectOne), Infrastructure for CNI, Digital IT Operations, WAN and LAN Infrastructure, Modern Workplace – End User Compute) as the opportunity was taken to refresh and renew systems and hardware as we separated from National Grid by January 2025. As a result, project spend reduced significantly in FY26. As noted in prior years, a significant value of investment spend across T2 has been re-classified as opex to comply with the latest SaaS accounting rules. Unless commercial terms explicitly differ, SaaS products are not directly owned or controlled by NGT and therefore cannot be capitalised. Through our separation from National Grid, we have migrated to a greater proportion of SaaS based solutions to drive lower capital intensity and legacy risk, accelerated delivery, and deliver modern digital, data and AI capabilities

**IT run the business costs were £3.0m lower than with prior year driven by:**

i. Cessation of contracts with Human [redacted]

ii. Improved visibility of resource time spent across the IT RTB portfolio post TSA, with efforts by internal teams captured by activity whereas previously aggregated under TO non-operational under the TSA charging agreement. This resulted in £0.8m less time being allocated to TO Non-Operational activities, with an equal and opposite offset in SO Operational activities

iii. A review of our contractual network spend with [redacted] resulted in £0.5m reduction attributed to Non-Operational IT with a corresponding offset in Operational IT

iv. The remaining decreases were driven by a reduction in Application Hosting costs compared to the TSA agreement. This was a result of efforts by our Engineering and Architecture team to shutdown services out of hours, restriction of capacity to minimum, identification and removal of data >2 years old and a longer-term commitment to services

Property costs were £0.3m higher due to a one-off refund received in the prior year for the [redacted] site. Costs for the [redacted] office were higher due a one-off refund received in the prior year, higher lease payments in the current year and an increased share of costs (8%) following the annual update to the allocation driver based on occupancy at the site

HR costs increased by £0.4m relating to staff costs following completion of separation from National Grid and fully established enduring team structures

Finance Audit & Regulation costs were £3.1m higher. Finance staff costs increased by £1.2m following completion of separation from National Grid and fully established enduring team structures. Regulation costs have increased by £0.6m due to one-off CMA costs incurred in the year. Finance allocation drivers were reviewed and updated to the Corporate four point measure, which has resulted in an increased allocation of £1.3m to TO with a corresponding offset in SO. Other minor variances totalled £0.1m

Insurance costs were £0.1m lower than prior year following re-negotiation of the premiums.

Procurement costs were £0.1m lower than prior year.

CEO costs were £4.4m higher than prior year, driven by control account write-offs.

**SO Business Support Costs**

SO Business Support costs were £7.1m for 2025/26 which is £13.8m lower than allowances.

Costs decreased £16.1m compared to prior year

IT costs were £14.6m lower driven by:

IT costs for SO decreased by £9.8m following an update to the allocation driver workings, with a corresponding increase seen in TO. Post separation a significant update to IT opex drivers was concluded as we moved from being invoiced c90% of costs from National Grid under an opaque Transitional Service Agreement (allocated based on old National Grid service delivery driver, 55% SO/45% TO) to having standalone contracts for 100% of our IT services and licences. The analysis undertaken was conducted at the contract level, with c200 third party contracts assessed to categorise into: 100% GSO contracts, 100% GTO contracts, Corporate systems, Finance Systems, End User and Helpdesk, Hosting, and Networks (Enterprise and CNI). Each category was then assigned a bespoke driver based on contractual spend, and analysis of shared contracts based on MI (e.g. hosting costs by environment)

IT Non-Operational project spend decreased by £4.9m YOY. In FY25 we completed delivery of a large proportion of our Enterprise asset refresh investment lines (e.g. ERP (ProjectOne), Infrastructure for CNI, Digital IT Operations, WAN and LAN Infrastructure, Modern Workplace – End User Compute) as the opportunity was taken to refresh and renew systems and hardware as we separated from National Grid by January 2025. As a result, project spend reduced significantly in FY26. As noted in prior years, a significant value of investment spend across T2 has been re-classified as opex to comply with the latest SaaS accounting rules. Unless commercial terms explicitly differ, SaaS products are not directly owned or controlled by NGT and therefore cannot be capitalised. Through our separation from National Grid, we have migrated to a greater proportion of SaaS based solutions to drive lower capital intensity and legacy risk, accelerated delivery, and deliver modern digital, data and AI capabilities

IT run the business costs were £0.2m higher than prior year

Property costs were £0.5m lower due to reduced service and utility costs at the Control Room backup site. SO received a lower share of costs (8%) [redacted] following the annual update to the allocation driver based on occupancy at the site

HR costs were in line with prior year

Finance Audit & Regulation costs were £1.1m lower. Finance staff costs increased by £0.1m following completion of separation from National Grid and fully established enduring team structures. Regulation costs have increased by £0.1m due to one-off CMA costs incurred in the year. Finance allocation drivers were reviewed and updated to the Corporate four point measure, which has resulted in a reduced allocation of £1.3m to SO with a corresponding offset in TO

Insurance costs were in line with prior year

Procurement costs were in line with prior year

CEO costs increased by £0.1m driven by control account write-offs

## 5.10 FTE

- Since RRP24 at the request of Ofgem and latest RIGs we have prepared this table on a TO only basis. (FY24 submission restated the FTE numbers in years FY22 and FY23 to exclude the SO FTE data)
- Where FTEs support both the TO and SO businesses, we have assumed similar proportions to that used in the categories covered in table 5.9 Business support tables for costs.
- The values in FY26 are produced as an average from monthly headcount reports.
- % Assumption associated with capitalisation has been applied to FY26 based on FY26 average.
- TO FTEs for FY26 is 2157 vs 1821 in FY25, an increase of 336 FTEs. A similar increase occurred in the previous year with FY25 having a 311 FTE increase compared to 1510 in FY24. This shows the continuous growth trend to support the stand-alone organisation as well as support our RIIO-T2 commitments for delivering our Capex programme and the ramp up for RIIO-GT3 activities / increased workload.
- The increase is additionally driven by higher IT FTEs due to our IT separation plan. A higher number of FTE's are required so that IT infrastructure can be developed for new systems coupled with the set-up of a standalone Security function post TSA and a drive to achieve compliance with the Cyber Assessment Framework (CAF) enhanced profile (EP) by Dec-25 (currently compliant with the basic profile (BP)). This has involved the stand-up of our own security team, due to extra CAF EP roles and loss of economies of scale post separation.It is worth noting that the costs of separation are excluded from IT Costs for RRP purposes
- Consistent with FY25, the assumption used to calculate FTE for Operations NGS (previously Operations PMC); the split between licensed and unlicensed FTE for Operations NGS is not known as workers can fall under both. Therefore, the split has been inferred (assumption) based on the revenue % split between licensed and unlicensed revenue and applied to the FTEs to determine regulated FTE for RRP (for Operations NGS).

## 6.1 Capex Summary

This table is a summary of all load and non-load Capex expenditure. The majority of actual data for this table feeds directly from the other Capex tables (6.2-6.9) and those tables are described in more detail in the subsequent table narratives.

**RIIO-T1 Headwinds**

- Where there are investments that formed part of the RIIO-T1 GT capex allowances and for which there is no associated RIIO-T2 allowances additional rows are included to capture these costs for transparency. These costs will not feature in the corresponding capex table, for example PSUP 'T1 Headwinds' costs won't be reported in RRP Table 6.6 PSUP, but within the 'PSUP T1 carry over' row in the 6.1 Capex Summary table.

**Direct / Indirect Split**

- Direct/Indirect cost breakdown is required for both RIIO-T1 and RIIO-T2 Funded work. This breakdown will only be for ACTUAL Project to Date costs for all categories, except Specific Projects. This breakdown has followed the direction set out in RIGS on a best endeavours approach.
- It is our interpretation of the RIGS that Project Managers who may spend much of their time working on and charging their time to a specific asset would be considered as a 'Direct Cost'. For example, they could be on site for periods of time, which could be interpreted as 'physical contact with system asset'.
- We have interpreted our overheads allocation as being Indirect Costs. This is a fixed % of Business Support/Closely Associated Indirect costs that get capitalised.
- Cost Capture at an Investment level in SAP S4 using the new WBS Structure mapped to Direct/Indirect categories supports the reporting of Direct/Indirect costs in RIIO-T2.
- Cost capture of RIIO-T1 Headwinds and pre RIIO-T2 (<2021/22) costs did not support the direct/indirect cost breakdown required for Table 6.1 reporting. These cost breakdowns have been produced using a best endeavours approach.

[redacted]

**Load Related Offtakes**

- Offtakes are Customer Funded so no RIIO-T2 allowances are applicable. Costs in the Offtakes section are offset by a corresponding Credit in the Customer Contribution section.
- LR Offtakes spend in 2025/26 was (£6.2m) rising from (£3.9m) in the prior year.

[redacted]

**RIIO-T1 carry over**

[redacted]

**Please note** values quoted in this narrative are rounded to 1dp – these rounded values may not reconcile exactly with table values as they are not the whole number.

## 6.3 Asset Health by intervention type

- This table reports costs and workloads for its Asset Health programme against the intervention types it is funded to deliver as part of the RIIO-T2 settlement. Costs are split between Baseline and Uncertainty Mechanism.
- To note, the data in this table cannot be used to derive unit cost information as we anticipated there are additional claims of T2 Asset Health post the cut-off point of output claims on 31 May 2026. The PCD close-out report for Asset Health will provide the data in the level of granularity that can support further unit cost analysis.
- During RIIO-T2 period, our cost capture is not at UID (Unique Identifier for an Intervention) level in the core systems, so a cost allocation methodology is required. This methodology was presented to Ofgem and was agreed at the period of the price control.
- This methodology has now been updated reflecting the latest methodology in how the spend was allocated and trued up for T2 Asset Health spend, and is detailed in the supporting document "Cost Allocation Methodology".
- Spend in 2025/26 is £121.8m (18/19 prices), which reflects a reduction of £19.9m year on year. This is made up of £46.1m against baseline funding (year on year reduction of £45.3m) and £75.7m against uncertainty mechanism funding (year on year increase of £25.3).

[redacted]

For further detail regarding our Asset Health performance for the year please see the **Non Load Related Capex chapter** and the PCD submission related to Asset Health.

## 6.4 Asset Health Projects

- This table captures the RIIO-T2 Asset Health projects with the spend and volumes delivered during the T2 period.

- The actual costs reported in this table will be the cost base for allocation across UIDs in RRP Table 6.3. Please refer to the supporting document "Tables 6.3_6.4 Hybrid Cost Allocation Methodology_July2026" for further information.
- Some investments have scope across multiple funding streams, therefore only the Asset Health proportion of costs have been reported in this table. Non Asset Health spend is captured within the the other table 6s based on the funding categories per the T2 Final Determination.
- Output volumes were completed once commissioned and available to be used. The RRP data captures the volumes substantially completed as of 31st may and completed by June. Additional volumes completed beyond May that not captured within the RRP will be reported as part of the PCD close-out report.
- As part of RRP 2026 process, all PACs were reviewed and several projects have since been re-allocated from other capex tables to the asset tables 6.3 and 6.4, and vice versa. This is due to clarity provided to NGT recently in terms of T3 AH funding and [redacted] FOS (as part of development of this re-opener).
- The list of PACs removed from the 6.3 / 6.4 Asset Health tables are as below. Please see the PY Restatement log provided separately for further details. Note no volumes have been reported for these PACs in prior year RRPs.

| PAC | PAC Definition | Correct Mapping | Table |
|---|---|---|---|
| PAC1066693 | T3_ CP_AGIs Batch 2 | T3 AH accelerator | 6.1 |
| PAC1064790 | T2_Cabs Survey Costs for T3 Work | T3 AH accelerator | 6.1 |
| PAC1065069 | T2_Bacton AH - CP system | Bacton FOS | 6.2 |
| PAC1203246 | T2_PPD Construction | T3 AH accelerator | 6.1 |
| PAC1066882 | RIIO3 Surveys and Feeds Development | T3 AH accelerator | 6.1 |
| PAC1064859 | T3_St Fergus_Valves Lot 1 | T3 AH accelerator | 6.1 |

| PAC | PAC Definition | Previous Mapping | Moved from Table |
|---|---|---|---|
| PAC1203987 | St Fergus Plant 2 Aftercoolers Replacement | T3 AH accelerator | 6.1 |
| PAC1061102 | T2_2022_North Sea Terminals DSEAR Minor Remediation Works | DSEAR | 6.1 |
| PAC1063600 | T2_NTS sites DSEAR Minor Remediation | DSEAR | 6.1 |
| PAC1203863 | Single Point of Failure | Opex | 5.1 |

- Excluding DSEAR, a total intervention workload of 7,468.2 were delivered in 2025/26, which has increased by 3,734.3 from 3,733.9 in 2024/25. Increases in workload is mainly due to a time lag from the delivery of projects during 2023/24 and 2024/25, and the completion of output claims as projects move to closure at the end of the RIIO-T2 period.
- DSEAR projects were reported in table 6.1 in prior year RRPs and is now reported within the Asset Health tables this year, hence the number of defects completed between 2022/23 and 2024/25 have now been retrospectively added within the Asset Health tables.

## 6.5 Redundant Assets

- There are 85 Redundant Asset PCDs, of which can be delivered by more than 1 project (PAC) across the delivery period. When this happens, the Project Ref column will include all relevant PACs and the Project Name will be updated with the latest sanctioned Project Name reference.
- Total spend has increased by £3.8m to £15.1m (18/19 prices) in FY26 compared with FY25. A number of outputs were at delivery stage during FY26, hence reflecting an increase in spend within the reporting period.
- In prior years, the costs reported for the Redundant Asset outputs were allocated using cost estimates data for each output from the Unit Cost Schedule (UCS), or the funding data within the Output table if the UCS was not available at the time of the RRP table population. This process does not take account of phasing of spend across financial years on individual outputs within the same project.
- During RIIO-T2, a lot of outputs under Redundant Assets were bundled into several projects, these outputs have different scope, delivery timeframe and were located across different parts of the country. In many cases, cost attribution of the individual outputs could only be fully understood once the works had been completed.
- As a result, the RRP reported data within this table do not reflect the true picture of the phasing of spend for each output. To mitigate this, the 2025/26 data was trued up and reflects the latest view of the spend to date for each output. The updated position of the spend profile for the Redundant Assets outputs across the RIIO-T2 period will be provided as part of the PCD report separately.
- Please note, there are some outputs that were delivered during RIIO-T2, but the overall project will reach full closure (T6) in 2026/27. As a result, only the outputs of the projects that have reached full closure have end dates populated within the table.
- Several outputs have forecast spend in 2026/27 to cover closure costs. For more details please see the PCD report. These costs will be reported as RIIO-T2 Carry over spend in RIIO-GT3 with the RRP.
- End dates of the Redundant Asset outputs were determined where all the closure activities are completed for the specific PAC and there is no further cost expected in 2026/27. For details of the progression of the Redundant Assets outputs, please refer to the PCD report.

## 6.6 PSUP Capex

The RRP Table is broken down into various areas, each of which have their own funding streams.

This table covers

- nine 'New Sites' where physical security has been upgraded,
- IT and Technical Asset refresh carried out as part of the PSUP programme
- spend at two Major Projects sites on Technical Asset Refresh.
- Volumes for IT and technical asset refresh works only captured in this table
- Two new PACs added to the uncertainty mechanism section which form Lot One and Lot Two from Phase Four which have been added under the Uncertainty mechanism section.
- One UM output captured on a mixed scope project

- Other UM OPEX outputs

**New Sites – Uncertainty Mechanism**

- PAC1203155 T2 PSUP Re-opener (Design and build 4 sites to NPSA standards) is now sanctioned at F3. There are four codes set up, one for each site which will form Phase four Lot one.
- Start date is the F3 actual date. End date is the current F5 closure forecast date.
- PAC1205736 Phase IV Lot Two has now been sanctioned at F3. There are four GTX codes set up, one for each site.

**UM output – mixed scope**

- PAC1055998 – UM output mapped to an Asset Health investment but to an ISS UID to deliver a block valve removal at Chignall St. James
- The volume for this output is not included in this table as it is not asset refresh.
- Start date used F2 actual and End date forecast F5 date of the investment.

**UM Opex outputs**

- Seven UM Opex outputs have been identified and the relating OPEX costs on PAC1206840 have been provided to be included in this table.
- These costs are excluded from the OPEX table.
- Any volumes related to these outputs are not captured in this table.

**Major Projects (Site 118/Site 174)**

- The PAC number changed from PAC1055885 as reported in 2021/22 submission to PAC1064175. A separate PAC Investment was created in 2022/23 to separate the Major Projects work from the IT/Technical Asset Refresh work.
- Spend in FY26 against PAC1064175 is then aligned to UID. Costs associated with UIDs B.2.1.10.31 and B.2.1.10.4 are allocated to the Major Projects Technical Asset Refresh by Site. Any costs relating to UIDs B.2.1.9.6 and B.2.1.9.48 are allocated to the IT Asset Refresh and included with costs from PAC1055885.
- No claims have been processed on PAC1064175 this year. When they are completed these should be included in the IT Asset Refresh or Technical Asset refresh workload section combined with those from PAC1055885.

Start date it the F1 sanctioned date, end date is the current F5 forecast from P6.

**IT Asset Refresh, Technical Asset Refresh**

PAC1055885 ISS Asset Refresh. This PAC now has four funding streams following OFGEMs decision to split the funding, as below.

- Asset Refresh – ISS UIDs
- Cyber – Cyber UIDs
- Fence – Cyber UIDs
- ADACs – Cyber UIDs

The Asset Refresh stream is the only one which is ISS funded and should be captured in table 6.6. The others are captured in table 6.9 Resilience.

The split between these funding streams was provided by the Quantity Surveyor.

Costs associated with ISS Asset Refresh are allocated to Assets based on the output table allowances i.e. a % split methodology based on funding allowances against the ISS asset refresh UIDs.

There are workload volumes recorded for this year. The table shows claims made up to 31 May 2026. This table only captures completed volumes of ISS Asset Refresh funded outputs. There is one volume completed for ADACS but as there is no asset category in the table for this so this is captured this under CMC (Computer Multi Control) as this is the closest category.

There are other volumes completed on this PAC but they are Cyber funded so not captured in this table.

- Safety & Controls volume completed – 47
- Electrified fencing Cyber funded completed – 491

Start date is the first sanctioned date for this investment, end date is the current F5 forecast provided by the SPM.

## 6.7 TO Non Op Capex

In 2025/26 our Non-Operational Capex TO Totex allowance was (£20.2m), this was made up of IT Capex Baseline (£11.4m); IT Capex UM (£1.3m) and Non-IT Capex (£7.4m).

The 2025/26 spend of (£20.8m) was made up of (£9.0m) IT Capex Baseline, (£1.3m) IT Capex UM and (£10.5m) Non-IT Capex.

Our 2025/26 spend of (£20.8m) was (£0.6m) greater than our allowances.

The difference was made up of an underspend of (£2.5m) IT Capex Baseline and overspends on (£3.1m) Non-IT Capex.

Baseline spend has reduced with all of our RIIO-T2 outputs completing during year 5. This was partly offset by spend on our accelerated start to the RIIO-GT3 programme increasing by (£6.4m) as this programme of work continued to gather momentum in year 5 having been sanctioned part way through year 4.

The IT Capex UM spend was fairly flat year-on-year, at (£1.3m) in year 5 vs (£1.6m) in year 4, with this PCD being fully delivered by the end of year 5.

Non-IT spend decreased in 2025/26, mainly driven by lower STEPM: Strategic Spares (2025/26 spend £1.7m) and lower Non-Operational Property: Building Refurbishment (2025/26 spend £3.8m).

RIIO-GT3 Accelerator spend was £8.9m in 2025/26, a separate row is included in the RRP table to capture this amount. .

[redacted]

All other 2025/26 projects are aligned with prior years table methodology.

There is a prior year adjustment in 2024/25 due to the following:

- a correction of FY25 RIIO-GT3 Accelerator spend whereby there has been a reallocation of spend between table 6.7 TO Non-Op Capex and 6.8 SO Non-Op Capex. This has resulted in additional spend of (£1.5m) on 6.7 TO Non-Op Capex and a deduction of (£1.5m) in table 6.8 SO Non-Op Capex. The resulting correction has no impact on TOTEX.

**Please note** values quoted in this narrative are rounded to 1dp – these rounded values may not reconcile with table values as they are not the whole number.

## 6.8 SO Non Op Capex

In 2025/26 our Non-Operational Capex (SO Totex) Allowance was (£19.8m), this was made up of IT Capex Baseline (£15.5m); IT Capex UM (£4.1m) and Non-IT Capex (£0.3m).

In 2025/26, our spend of (£19.9m) was made up of (£11.2m) IT Capex Baseline (£8.1m) IT Capex UM and (£0.6m) Non-IT Capex.

Our 2025/26 spend of (£19.9m) was (£0.1m) higher than our allowances. There was an underspend of (£4.3m) IT Capex Baseline and an overspend of (£4m) IT Capex UM and (£0.4m) Non-IT Capex.

Baseline spend has reduced year-on-year with all of our T2 (RIIO-T2) outputs completing during year 5. The two largest drivers of this reduction were:

- Savings realised on the Gemini programme, with spend reducing year-on-year. The Gemini programme and portfolio delivered strong outperformance against allowances by tightly controlling expenditure during Regulatory Change and the Sustain Plus deliveries [redacted]
- Lower spend on Shared investments, with spend reducing year-on-year. This was a result of the majority of the outputs from these Shared investment lines being delivered in full in year 4 as part of our separation from National Grid, with our shared systems being refreshed and updated through this activity.

The IT Capex UM spend of (£8.1m) was above allowances of (£4.1m).

[redacted]

Spend decreased year on year FY26 (£19.9m) vs FY25 (£27.1m) by (£7.2m).

[redacted]

RIIO-GT3 Accelerator Spend (£3.9m); a separate row was added to the RRP table to capture this amount.

[redacted]

All other 2025/26 projects were aligned with prior year table methodology.

There are prior year adjustments in 2024/25 and 2023/24 due to the following:

- FY24 Restatement: Relates to a correction of FY24 spend in table 6.8 whereby a reallocation of spend occurred between different rows under category 'Project Name'. [redacted] The resulting correction has no impact on TOTEX.
- FY25 Restatement: Relates to a correction of FY25 spend in table 6.8 whereby a reallocation of spend occurred between different rows under category 'Project Name'. The spend (£0.4m) was deducted from Gemini Sustain (Replatforming) & GSO Regulatory and Market Driven Changes - Non-Gemini and added to Regulatory Driven Gemini System Enhancements (GB&EU). The resulting correction has no impact on TOTEX.
- FY25 Restatement: Relates to a correction of FY25 RIIO-GT3 Accelerator spend whereby there has been a reallocation of spend between table 6.7 TO Non-Op Capex and 6.8 SO Non-Op Capex. This resulted in additional spend of (£1.5m) 6.7 TO Non-Op Capex and a deduction of (£1.5m) in table 6.8 SO Non-Op Capex. The resulting correction has no impact on TOTEX.

[redacted]

## 6.10 Vehicles

- Vehicles Population – Purchases: Total purchases (inc. Charger) in 2026 equal 104 broken down into 74 LGVs [redacted] 3 EV chargers. 93 purchases are Non-Zero Emissions Vehicles and 8 are Zero-Emission Vehicles.
- Vehicles Population – Total: Commercial vehicle fleet size as of P12 2025/26 is 344. There are a total of 24 EV charge points installed as of 31st March 2026. Some vehicles will have been retained or defleeted throughout the year, which explains the discrepancy between purchased vehicles and total vehicles. The assumption has been made that the number of charger points are the units themselves (charging stands) and not the number of charging ports – each charging unit has 2 charge ports (2x vehicles can be charged at any one time by one charging unit). Across the Fleet 15 vehicles are Zero Emission Vehicles.
- Costs – Capex: This is the amount spent on the 101 new vehicles (chassis & conversion) up to P12 2025/26 that have been receipted, and the installation costs for the EV charge points – this includes Civils and staff costs for the EV charger project.
- Costs – Opex: All running costs associated with the commercial vehicle fleet including service, maintenance & repair, road fund licencing (tax), breakdowns, accident management, commercial hire vehicles, fleet management fees, fuel costs (including EV charging) and vehicle related accessories/consumables using the fuel cards (e.g. adblue, engine oil). The EV charge point costs will be for the repair and maintenance of the chargers themselves, not the installation.

## 7.1 Pipeline Data

There are some differences in reporting between the PCD report and Table 7.1, this is primarily driven by differences in reporting metrics, i.e. PCD reports on CIPS kms walked and digs vs P1/P2 defects closed. There is some variance between CIPS digs and P1/P2 defects closed primarily due to a lag between rectification works and a defect closure survey being produced (a lot of CIPS remediation works were towards the back end of the final year of RIIO2). There is also a minor discrepancy in ILI runs carried out, this is likely due to the numbers in Table 7.1 being in calendar year and the numbers in the PCD being in financial year. The numbers in this Table 7.1 have been formally cross checked with the System Operator to ensure accuracy and feedback has been provided to the PCD Close out report builder. The business does not formally track these discrepancies and there is an opportunity for process improvement going forward which has been added to the Risk Register.

This submission relies on core system data as the primary evidence base and there is acknowledgement of the limitations of this data set and the time lag between works completed and final sign off of those works.

The use of the agreed 2.56 multiplier for predicting ILI digs from planned runs has been discussed in detail, it has been agreed that going forward this shall be validated based on a rolling historical average to ensure this number is still effective.

**In Line Inspection (ILI) runs**

In line inspection is planned as calendar year, as opposed to financial year

**ILI Planned 2025**

- There were 11 ILI runs proposed/scheduled in 2025 using the Intervals 2 tool

- One ILI run was removed from 2025 due to being an OLI4
- Four ILI runs were added to the 2025 schedule due to operational requirements
- Two ILI runs were completed in 2025 following deferrals in 2024
- 16 ILI runs were scheduled in total for 2025.

**ILI Planned 2026**

- 22 ILI runs are planned for 2026
- This includes 21 proposed/scheduled using the Intervals 2 tool, one of the planned 2025 ILI runs rolled over to 2026 and two inspections added for operational requirements. One has been removed as it is now unpiggable.

**ILI Completed 2025**

- Of the 16 planned ILI runs for 2025, one was deferred until 2026 due to Operational requirements
- 15 ILI runs were completed in 2025

**Depth Of Cover surveys (ILI) planned and completed**

- All programmed PSSR ILI runs are scheduled to include the depth of cover service

**ILI digs 2025**

- There were 51 ILI digs predicted by the planning tool - ILI Digs predicted for 2025 were based upon the volume of ILI runs performed in 2023 multiplied by a historical intervention run rate .
- Overall, 50 ILI digs were programmed for delivery in 2025. 60 ILI digs were triggered for 2025 by the ILI runs performed in 2023. 11 of these 60 ILI digs were completed in 2024. One ILI dig was deferred in 2024 and completed in 2025.
- 50 out of the 50 scheduled ILI digs were completed in 2025.
- Of the 50 ILI digs completed, 50 required a repair.

**ILI digs 2026**

- ILI digs predicted by planning tool - ILI Digs planned for 2026 are based upon the volume of ILI runs performed in 2024 multiplied by a historical intervention run rate.
- Based upon the review of the 2024 ILI results, there are currently 47 ILI digs planned for 2026.

**Incident reporting**

**Note:** Incidents may be reported in one or more categories depending on the nature of the event. For example, a loss of containment event may also be reported in the environmental category due to the volume of gas vented to atmosphere.

- Workforce safety incidents - There was one workforce safety incident in 2025/26
- Pipeline / process safety incidents - There was one process safety incident in 2025/26.
- Environmental incidents - There was one environmental incident recorded in 2025/26

**Pipework (CIPs)**

. 247 P1 and 447 P2 CIPs defects associated with pipework (AGIs) at the start of the 2025 reporting year.

- . 20 new P1 and 33 new P2 defects were identified from new surveys
- . Zero CIPs defects previously categorised as P2's have progressed to be P1's.
- . Zero P1 and Zero P2 defects associated with AGI pipework have been resolved.

**Pipeline (CIPs)**

- . 97 P1 and 538 P2 CIPs defects associated with pipelines at the start of the 2025 reporting year.
- . Zero new P1 and 7 new P2 defects were identified from new surveys.
- . Zero CIPs defects previously categorised as P2's have progressed to be P1's.
- . Zero P1 and zero P2 defects associated with pipelines have been resolved.
- The length of P1 defects has remained the same at 6.4km at the close of 2025/26.
- The length of P2 defects has increased from 148.6km at the close of 2024/25 to a length of 152.7km at the close of 2025/26.

For the 2024/25 reporting year, NGT has moved from a position of CIPs reporting using offline tools to CIPs reporting using core system (Maximo). This position has been maintained for 2025/26. At present, core system allows us to report on volumes of open and closed defects. Lengths of CIPs defects are based upon the new volume of defects multiplied by the average length/km of the defect type.

**Unplanned Interventions**

- Annual predicted anomaly interventions - this will always be zero.
- . Actual annual anomaly interventions required - Zero
- . Annual anomaly interventions analysed, mitigation identified, and implemented - Zero Incident reporting

## 7.4 Demand Performance

On the 26th January 2026 there was an issue with a heat exchanger at [redacted] on one of the streams of gas flow, unfortunately the second stream was unable to flow gas due to planned maintenance. Gas flow was re-established on the 29th January 2026 by replacing the faulty heat exchanger.

## 7.5a Compressor Perf & Utilisation (actual hours), 7.5c (Consumed hours), 7.5d (Unavailability)

- 7.5c - Significant decrease in [redacted] running hours in FY26, reduced St Fergus imports compared to FY25
- Increase in [redacted] run hours in FY26 compared to FY25, due to [redacted] increasing in Nov/Dec 2025.
- Significant decrease in [redacted] running hours in FY26, reduced [redacted] imports compared to FY25.
- Significant decrease in [redacted] running hours in FY26, reduced [redacted] imports compared to FY25.
- Decreased usage likely due to [redacted] testing being priority.
- Significant increase in [redacted] running hours compared to last year due to higher [redacted] exports.
- Significant decrease in [redacted] running hours in FY26, reduced [redacted] imports compared to FY25.
- Significant decrease in [redacted] running hours in FY26, reduced [redacted] imports compared to FY25.
- Running hours at [redacted] have moved from [redacted] over the last year.
- Reduced [redacted] running hours in FY26 due to reduced [redacted] imports compared to FY25.
- Increase in [redacted] run hours in FY26 compared to FY25, due to [redacted] LNG imports increasing in Nov/Dec 2025.

**7.5d - April – Sept**

The pattern of planned unavailability shown in the table is indicative of what we would expect with planned outages targeting, April to September which is maintenance / project season

**Key Planned Outages:**

- Inhibited Stations / Units

- [redacted] A and B cabs refurbishment.
- [redacted] – long term summer outage
- [redacted]n – long term summer outage
- [redacted] – routine maintenance and control system prep
- [redacted] – routine maintenance and electrical works on the station, integrated fule valve replacements on Unit C.
- [redacted] – control system replacement preparation and intrusive surveys.
- [redacted] – planned outage for completion of cabs upgrades.
- [redacted] – cabs refurbishment
- [redacted] – final decommissioning of [redacted]
- [redacted] replacement of manifolds for resilience improvements
- [redacted] – asset health works
- [redacted] – aftercooler decommissioning.
- [redacted] – long term planned outage while decisions are being made as to future.

**Unplanned Outages:**

**Key Outage extensions:**

- Aylesbury A and B – 5 months extension to cabs refurbishment project.
- Churchover D and E – approximately 8 weeks extension while rectifying corrosion on the tee.
- Huntingdon C – approximately 8 weeks extension to cabs refurbishment project.
- Kings Lynn B – approximately 12 weeks extension to cabs refurbishment project.
- Key Unplanned Outages:
- Aberdeen C – long term unplanned outage while awaiting control system replacement.
- Cambridge A – control system reliability issues.

## 7.8 Asset Data

- Pipeline Length remains the same as last year
- One additional Entry Point site constructed and reported this year: [redacted]
- One additional Multijunction site constructed and reported this year: [redacted]

## 7.9 Forecast Scenarios

The purpose of this table is to collect information to exhibit the gas supply peak projections for each entry point for all forecast scenarios. The peak forecast for entry points is used as a guide which help to inform network reinforcement investment decisions.

The data for RRP Table 7.9 – Forecast Scenarios submission comes from the latest 2024 GTYS Chartbook and data tables. Available to download at **Gas Ten Year Statement (GTYS) | National Gas**
The numbers taken from 2025 GTYS Chartbook for use in the RRP submission are the Peak Supply by [redacted] Split numbers.

The "Onshore" value representing data for Biogas, Green Gas and Shale within the GTYS Chartbook – can be found in the "Peak Supply by terminal with [redacted] Split" worksheet.

Storage values are taken from Table A3.1 in GTYS Chartbook and data tables. Storage values are constant through all forecast scenarios and years.

The data and associated changes have been cross checked with previous submissions and provided by and in collaboration with NESO. A summary of the

key differences are:

- [redacted] sees a 5-7% increase in flows by 2031 for HE and FB due to higher expected flows from re-mapping exercises and increased flows from Norway CS.
- [redacted] has seen a 5% decrease (in all scenarios) due to lower expected flows based on the last 5 years of historic flows.
- [redacted] has decreased by 6% for HE, HT and EE due to lower expected flows from upstream fields, but sees a 10% increase in FB in 2031.
- [redacted] has seen a 15-16% increase across all scenarios by 2028/29 because there are higher expected flows to balance out the reduction in [redacted]
- [redacted] sees a decrease between 3-8% across all scenarios, with lower expected flows from upstream fields.
- [redacted] sees a decrease of 5% for HE, and between 50% to 51% decrease for HT and EE due to lower expected flows from upsteam fields (but sees a 7% increase in 2031 FB).
- [redacted] sees a significant increase in forecast due to there being no forecast data in GTYS 2024 and increases in flows expected through the terminal.
- [redacted] has seen a 27% decrease in all scenarios, this is due to updated reporting from the site and forecasts based on lower historic injection flows. However, we are not aware of any physical changes to the site.
- [redacted] has seen a 7% increase in all scenarios, based on the latest reporting from the storage site and higher operational confidence.
- [redacted] sees a decrease of 23% for HE and 37% for EE, whereas [redacted] show a significant increase in expected flows, this is primarily driven by the need to meet emission targets in 2050. The biomethane forecast is adjusted based on the FES scenario and to ensure emissions targets are met.
- All other changes are less than 5% and not deemed significant.

## 8.1 Customer Satisfaction

Table 8.1 below depicts the Customer Satisfaction Score (CSAT) and the Stakeholder Satisfaction Score (SSAT) for FY26 compared to FY25. The table compilation process remains the same as last year. There are no underlying assumptions when presenting this data.

**CSAT Commentary:**

- The overall CSAT score increased by 0.11 from 8.89 in FY25 to 9.00 in FY26. This score is above our performance target of 7.8 in RIIO-T2.
- This year we received a total of 71 CSAT responses from a total of 179 submissions to customers from across our business, equating to a response rate of 40%. This represents a decline of nine percentage points from FY25. However, the response rate continues to be considered good relative to industry benchmarks for survey-based research (For example, SurveyMonkey and Kantar).
- Total responses fell from FY25 by three responses. This decrease seems to be a result of the reduction in response rates since last year, given we have submitted 28 more surveys in FY26.
- Although our response rate is considered good, increasing our volumes of significant interactions surveyed and response rates still remains important for us. We will continue with all our successful initiatives from RIIO-GT2 into the next regulation period and build on them where possible. For example, we will continue highlighting to customers and stakeholders our £10 charity donation made for each response.

**SSAT Commentary:**

- Our SSAT score has risen from 7.93 in FY25 to 8.12 in FY26, above our performance target of 7.4 for RIIO-T2, and a year on year improvement of 0.19. Similar to last year, procurement services contributed significantly to SSAT volumes, and as a result scores. Additionally, this year, we have increased the frequency of the procurement services survey to twice a year, compared to once in FY25.
- This has contributed to the significant increase in SSAT responses, rising from 100 in FY25 to 238 in FY26 (This includes 2 "unsure" responses for procurement services).

## 8.2 BCF

Table 8.2 collates emissions in tCO2e of relevant "Scope 1, 2 and 3" emissions included within the businesses Greenhouse Gas (GHG) inventory. This is aligned to the GHG Protocol under the operational control approach that we take for our carbon accounting.

Compilation processes utilised for the various data sources remains the same as the previous year apart from some minor improvements to methodology.

Electricity usage for [redacted] is unavailable for this year, an estimate has been made based on compressor run time Source data is available if required.

Within this submission with data covering April 2025 – March 2026, it can be seen that individual categories are consistent with the previous year. EV emissions are up in part due to an increased amount of electric company cars and increased milage.

As a small change from previous years we have included electricity usage emissions for one of our sites that has a REGO in place.

Due to changes in reporting from ClarityBT, we are unable to exclude Metering from our Rail and Air reporting. However, based on comparisons with previous years, Metering represents approximately 0.02% of the total.

All methodologies are detailed within our internal SOP.

- There are some assumptions within the carbon accounting process for our data sources, which are expected to have limited influence on accuracy and are required for successful conversion of activity data to tCO2e. Assumptions remain where it has not been practicable to obtain the level of data required for resolving such assumptions. For some emission categories we apply assumptions to our data to enable an emission to be calculated, typically this is to facilitate the attribution of an emission factor. Below includes a summary of the assumptions we are currently applying to our data:
- Vehicles categorised as "Electric - 1400cc or less" in our data are assumed to be average battery electric vehicle. Due to the limited charging facilities on site, it is assumed that public charging facilities are utilised during business trips. In the case that vehicles were charged using company charging facilities, the potential double counted consumption is assumed to be minimal at this time. Fleet EV's are assumed to be Class I Van Battery Electric Vehicles in order to apply a conversion factor.
- Vented methane is converted to CO2 only for UKETS reporting. For consistency, this figure is utilised for this table. The CO2 content of the Natural Gas is not included as this is deemed immaterial based on the following: In 2023/24, we reported 2,066 tonnes of methane equivalent to 51,646 tonnes CO2e. CO2 percentage varies but the highest was 2.5% or 52 tonnes. This equates to 0.1% of the venting. This is a worst-case position of annual compressor venting emissions.
- Standard reference gas conditions are used to calculate any venting quantities.
- Complete combustion of fuel for compressor fuel combustion and diesel utilised for combustion plant. This aligns to UK ETS verified calculations. In 2023/24, the calculated incomplete combustion emissions on the compressor fleet was assessed and deemed deminimis and an assumption of complete combustion reduces resource/complication to the methodology. During 2024/25 the CO2e emission and combustion levels have not significantly changed and so the assumption has been made that these emissions are still Deminimis.
- For all conversions of methane to tCO2e, the 25 GWP is used to align to other avenues of reporting. The most recently published DESNZ and BEIS conversion factors are used for all other categories aside from Scope 3 hire cars, where the data providers vehicle specific conversion factors are deemed to be more accurate.
- Conversions of waste for Scope 3 reporting is using the most applicable DESNZ conversion factor. The rows for this category (row 63 & 64) were previously titled "Spare" - these have been updated to "operational waste" and "office waste". . Business Travel "Spare" Row 72 has been updated to title of "Hire Cars".

## 8.3 Environmental Scorecard

The Environmental Scorecard table includes environmental data relating to the scorecard ODI, with comparison to a baseline.

**Assumptions/Considerations**

- The Business Mileage category includes mileage undertaken in personal, hire and company cars. Due to the requirement of the table to input an activity data and a limited number of rows, some data is assumed to be a certain vehicle type. For example, all hire cars and unspecified cars in expense claims are assumed to be Petrol 1601 to 2000cc vehicles due to being the worst case scenario. This allows a conversion factor to be applied. (This is consistent with PY).
- From 2022/23, we include the water use of an additional office site for which data became available.
- We receive data from our expensing system for medium sized vehicles as Hybrid Petrol & Petrol Vehicles as 1401cc to 2000cc, Hybrid Diesel & Diesel Vehicles as 1601cc to 2000cc. Please note that the lower limit of engine size for the medium diesel vehicle conversion factor is 1700cc. As our vehicle classification doesn't directly align to this, vehicles between 1600cc-1700cc will have the medium vehicle conversion factor applied. This is expected to have minimal impact on representativity of figures
- This year we have split our Hybrid cars into three size categories to improve accuracy. To maintain comparability, last year's total has been apportioned based on this year's percentage distributions, providing an indicative historical breakdown in line with OFGEM requirements.
- Emissions resulting from Operational Fleet have increased slightly compared with the previous year. Business mileage emissions have increased by approximately 20% due to increased overall mileage.
- Total tonnage of operational waste has increased and recycling rates have improved to 67%

Please refer to the Environmental Incentive strategic narrative for information on performance against the benefit and penalty threshold in comparison to 2019/20 baselines.

## 8.6 NIA (Network Innovation Allowance Expenditure)

The table captures the financial spend and forecast for Network Innovation Allowance funded projects in RIIO-T2. There have been no changes to table compilation since 2022/23.

- Total spend for Year 5 is £9.9m over 69 projects.
- Actual spend for Year 5 is £1.4m less than forecast primarily due to 11 projects being carried over to FY27 CNIA
- NIA Future Project Spend (Placeholder) line has been removed as there is no CNIA 26/27 column to illustrate forecast utilisation of the allowance. The expected CNIA value is £1.4m
- For 2021/22 the internal expenditure was in-excess of the licence condition 5.2.6 (internal expenditure Max 25% of total NIA expenditure). This was due to a number of factors including establishing a new team to govern the NIA funding ahead of project sanctioning, delays in supplier contracting and upfront Year 1 costs for the RIIO-T2 period. This has levelled out in Year 2, Year 3, Year 4 and Year 5

- For RIIO-T2 Year 5 the internal expenditure has been managed to ensure compliance with licence condition 5.2.6.

## 8.9 SIF (Strategic Innovation Fund)

The table captures the financial spend and forecast for Strategic Innovation Fund (SIF) projects in RIIO-T2. There have been no changes to table compilation since 2023/24.

- Actual for Year 5 is £5.8m less than previously forecast, this is primarily due to the fact that the SIF process is a competition, and it is unknown exactly how many projects will be progressed to the next stage, how many projects we were asked to support from the other networks and how many projects are successful through the competitive process. It also accounted for assumptions made for two Beta projects, Compression & Deblending, with Compression being halted and final costs undetermined at FY25 RRP submission and Deblending being paused resulting in less 2025/26 spend but has had its forecast remapped into RIIO-GT3
- NGT led Beta projects Deblending and FutureGrid Carbon are continuing into RIIO-GT3 but there is no 2026/27 and beyond column to input these forecasts.

## 8.10 Re-opener Pipeline log

This template still largely reflects RIIO-T2 Licence Terms where all of the Uncertainty Mechanisms (UMs) have been submitted and largely utilised.

Therefore, in this transition year, the table has been populated only with UMs which span T2/T3 and which are about to or have been submitted in the first financial year of RIIO-GT3.

These relate to Compressors and our ENCC property site.

We will be submitting a 'CVR (Cost & Volume Reporting) lite' in September 2026 which will include a fully updated Table 8.10 pipeline log which will include all relevant RIIO-GT3 Licence Terms and latest estimation of phased spend. The majority of which have already been cited via direct bilateral engagement with Ofgem over recent months.

## 8.11 Net Zero

The table captures the financial spend and forecast for Use It Or Lose It (UIOLI) funded projects in RIIO-T2. There have been no changes to table compilation since FY22-23. Total spend for Year 5 is £2.4m over 16 projects

There are no carried over costs to FY27 expected.

## 8.12 DRS (cost element)

The purpose of the table is to report the costs related to the Directly Remunerated Services which remain in the licensed business. Revenue is reported in table 4.15. As per the RIGS there is not a requirement to report the costs for De Minimis and Consented activities

Total costs for Directly Renumerated Services are £8.8m which mainly relates to diversionary works under an obligation. This is a £8.0m decrease compared to prior year driven by a decrease in spend on the diversion of feeders 1 & 11 due to works on the A66

## 9.1 Operating Margins

**Operating Margins (OM)**

We are required to procure Operating Margin (OM) service requirements on an annual basis in accordance with TPD Section K of the Network Code, the obligations set out in our transporter licence, and the obligations detailed in our Safety case.

The OM service may be used in the intermediate period following operational stresses to allow market actions to take effect and during the potential run-down of the system in the event of a Network Gas Supply Emergency. There was no OM service utilisation during the 2025/26 incentive year. The OM service was last used during March 2018.

All costs incurred for the procurement and utilisation of the OM service are cost pass through in accordance with our Licence obligations. Under the RIIO-T2 regime, we have a reputational incentive to promote market competition through the procurement of OM services for our customers. We aim to meet the OM requirement in the most economic and efficient manner.

During February 2025, the OM requirement for May 2025 – April 2026 was determined as 893 GWh, compared with 982 GWh the previous year.

[redacted] OM service procurement costs have decreased from [redacted] for the 2024/25 financial year to [redacted] for the 2025/26 financial year, primarily driven by the lower volume procured and a lower proportion of the requirement being allocated to LNG providers.

We continue to focus on stimulating a competitive market response, through industry engagement to identify and secure new OM service providers.

For the OM year 2025/26, 46% of our requirement was secured by demand reduction, 41% from storage and 13% from LNG facilities.

We continue to engage with current and potential market participants with the aim of maximising competition. Whilst tender volumes and number of sites offered remains high, we still see some potential for further competition.

## 9.6 Residual Balancing Incentive (exc Net Neutrality)

The residual balancing scheme incentivises us to balance supply and demand on the gas day and to minimise the impact we have on the market when we deem it necessary to trade gas to balance the network.

The Linepack performance measure represents the physical quantity of gas in the system and is measured at specific times of the gas day. The linepack performance measure (LPM) incentivises us to minimise differences in the linepack volumes between the start and end of the gas day. This is to ensure that any imbalances within the day are resolved and the cost of resolving these system imbalances are levied to those system users responsible for the imbalance.

The Price performance measure (PPM) evaluates the impact we have on the market in its residual balancing role by measuring the price range of its trading actions compared to the System Average Price (SAP). This incentivises the Gas System Operator to minimise the impact it has on market prices.

2024/25 residual balance incentive performance was £1.06m compared to the 2025/26 residual balance incentive performance which is £0.99m.

In 2024/25 the system Average Price (SAP) on average was 3.27 p/kWh compared to 2.91 p/kWh in 2025/26

In 2024/25 the Average LPM was 1.63 mcm compared to 1.62 mcm in 2025/26

In 2024/25 the Average PPM was 0.51% compared to 0.71% in 2025/26

## 9.10 GHG incentive revenue

This advice note relates specifically to the RRP Table structure, rather than the main strategic submission.

A known data issue has been identified within Ofgem Table 9.11 in relation to [redacted] vents. The Alert source (master) dataset records vents from two separate ALERT systems, whereas Table 9.11 captures these as a single entry.

To ensure consistency between source data and reported outputs, a manual adjustment has been applied, combining the two vents into a single total where appropriate. Ofgem has been notified of this issue, with a recommendation that the RIIO-GT3 tables be amended to properly reflect multiple site entries.

## 9.11 GHG Venting data

Cell C:34 amended to show [redacted] – Site 1

New row to be added at [redacted] – Site 2

## 9.12 Maintenance IR

The tables outlining the different maintenance activities carried out on the network during 2025/26 are reflective of the work undertaken during the reporting year. A sense-check has been done for consistency; any discrepancy was found to be due to this table reporting for the calendar year which was expected. The values that are provided in the bottom tables are a breakdown of what has been reported in the incentive (top) tables by outage type to give more context to non-RVO work. This shows that the majority of maintenance plan days were for asset replacement works (174 days) followed by in-line inspection (60 days). This year saw 12 maintenance days used for asset replacement work that extended beyond an exit customer outage. A further seven days were used for in-line inspections where alignment with multiple customers was not possible. Six maintenance days were used for routine valve operations which could not be aligned with customer outages due to the requirement for a flow cessation.

This year also saw four change days; three of these were due to a replanned in-line inspection resulting from birds nesting, while the remaining one was for a replanned RVO due to resource constraints. It has been decided that "Completed with amendments" covers jobs where dates have been extended once the job has commenced. "Replanned" is where a job has been moved within the reporting year, and "Cancelled" covers jobs that have been removed completely from the year's plan.