

To:
National Grid Gas Transmission Plc
Cadent Gas Limited
Northern Gas Networks Limited
Scotland Gas Networks plc
Southern Gas Networks plc
Wales & West Utilities Limited

Direction to approve modifications to the Network Asset Risk Metric (NARM) Methodology under Special Condition (SpC) 9.2 of the Gas Transporter Licence held by each of the above licensees

1. Each of the licensees to whom this document is addressed (the 'Licensee') is the holder of a gas transporter licence ('the Licence') granted or treated as granted under section 7 of the Gas Act 1986 ('the Act').
2. The Licensee has in place a NARM Methodology in accordance with Special Condition 9.2 of its Gas Transporter Licence.
3. Between March and September 2024, the Licensee published proposed modifications for consultation with other Network Licensees¹ and with any other interested parties. The consultation closed following a period of 28 days in compliance with SpC 9.2.8(a).
4. The Licensee submitted its proposed modified NARM Methodology to the Authority for approval along with other documentation required under SpC 9.2.8(b) to 9.2.8(i).
5. The Authority reviewed the Licensee's submissions, and on 20th February 2026 published a consultation on its minded-to decision to approve the Licensee's modified NARM Methodology, providing reasons for its minded-to decision in Chapter 3 of the consultation document
6. The Authority received five responses during the 28-day consultation period, which ended on 20th March 2026. The Authority has taken those responses, which do not affect its minded-to position into consideration in reaching its decision on the Licensee's proposed amendments to its NARM Methodology. A summary of the non-confidential responses and of the Authority's views will be made available on the Authority's website.

Now Therefore-

7. Pursuant to Part C of Special Condition 9.2 of the Licence, the Authority hereby approves the modified NARM Methodology for the reasons set out in Chapter 3 of its February 2026 consultation and in its Decision Letter issued alongside this Direction:
 - a. Version 6 for each of the Gas Distribution Networks; and

¹ Network licensee means the holder of a licence granted section 6 (1)(b) or (c) of the Electricity Act 1989. Paragraph 9.2.8(b) of SpC 9.2 requires the licensee to "consult with other Network Licensees to which a condition of equivalent effect to this condition applies and with any other interested parties, allowing them a period of at least 28 days within which to make any representations on the proposed modification".

- b. Version 5 for National Grid Gas Transmission Plc.
- 8. The modified NARM Methodologies will be published on the Authority’s website alongside this Direction and Decision Letter.
- 9. The Decision Letter of 26th March 2026 constitutes notice of the Authority’s reasons for the Direction as required by section 38A of the Act.
- 10. The modified NARM methodology will come into effect from the 27th March 2026.

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Pete Wightman, Deputy Director, Network Price Controls

**Duly authorised on behalf of the
Gas and Electricity Markets Authority**

26th March 2026