

**To:
Electricity Transmission,
Gas Transmission,
Gas Distribution licensees and
other interested stakeholders**

email:AssetRiskResilience@ofgem.gov.uk

Date: 30 June 2026

Dear stakeholders,

Consultation on Network Asset Risk Metric (NARM) Regulatory Instructions and Guidance (RIGs) and NARM Regulatory Reporting Pack (RRP) to apply during RIIO-ET3, RIIO-GT3 and RIIO-GD3.

The purpose of this consultation is to seek views on the proposed Network Asset Risk Metric (NARM) Regulatory Instructions and Guidance (RIGs) and NARM Regulatory Reporting Pack (RRP) data template for the RIIO-3 price controls.¹ The draft RIIO-3 NARM RIGs draft NARM RRP (Version 1.1) are published alongside this letter.

The RIGs and RRP are for electricity transmission, gas transmission and gas distribution network companies to use when submitting NARM-specific annual reporting information during the RIIO-3 price control period, from 1 April 2026 to 31 March 2031. These reporting requirements are intended to support Ofgem's monitoring of companies' delivery against their Baseline Network Risk Outputs (BNROs), associated funding, and wider asset risk performance. They do not apply to electricity distribution licensees.²

The NARM RIGs provide general and specific guidance for completing the NARM RRP. They explain the scope of the RRP data templates, the basis on which companies should report asset risk, intervention, project and funding-related information, and the commentary required to support Ofgem's assessment of reported performance.

Introduction

NARM has been developed to quantify the consumer benefit of network companies' asset management activities. It supports Ofgem's assessment of whether companies are maintaining, replacing or refurbishing their assets in a way that keeps network risk within reasonable bounds and delivers value for consumers.

In RIIO-3, NARM will continue to play an important role in holding network companies to account for delivery of funded asset risk outputs. As set out in our RIIO-3 Final Determinations, the NARM framework is intended to ensure that companies remain safe, secure and reliable, and that asset resilience investment is supported by transparent reporting and proportionate regulatory controls.

¹ The RIGs and NARM RRP data templates are issued and amended by Ofgem in accordance with Electricity Transmission Standard Licence Condition B15 and Gas Transporter Standard Special Condition A40.

² Electricity distribution will be considered separately as part of the RIIO-ED3 timetable.

The RIGs are the principal means by which we collect information required to monitor performance against price control objectives. For NARM, this includes information on asset risk positions, movements in risk, intervention delivery, project-level performance, expenditure, funding categories, and supporting commentary. This information enables us to assess companies' performance against their BNROs and to support the operation of the RIIO-3 NARM funding adjustment and penalty arrangements.

The draft RIIO-3 NARM RRP has been developed to reflect the RIIO-3 framework, our Final Determinations, and lessons from RIIO-2 reporting. It is structured around:

- administrative and supporting sheets, including the CoverSheet, Contents and Lists sheets;
- company input sheets, including I_Risk, I_Interventions and I_Projects;
- calculation and dashboard sheets, including the Risk_Dashboard, Performance_Dashboard and Funding_Dashboard; and
- an output Summary sheet.

We have sought to improve the alignment between the NARM RRP and sectoral Cost and Volume RRP by designing the RIIO-3 NARM RRP around clearer data linkages between asset risk outputs, intervention delivery, project-level reporting, expenditure and funding assessment information. The I_Risk, I_Interventions and I_Projects sheets are intended to provide clearer traceability between reported risk movements, intervention volumes, project delivery and expenditure. Companies are expected to ensure that data reported through the NARM RRP is aligned with, and demonstrably reconcilable to, data reported through the relevant Cost and Volume RRP for the equivalent reporting year. Where differences arise due to timing, scope, allocation or methodology, companies should clearly explain these in their supporting commentary.

The RIIO-3 NARM RRP also includes dashboard and summary outputs to assist companies and Ofgem in reviewing the coherence of submissions before and after submission. These outputs are intended to support review, validation and consistency checking, and help identify issues such as unmatched project references. We are consulting on the draft RIGs and RRP data template, which we consider provide a proportionate and practical basis for annual NARM reporting during RIIO-3.

We welcome stakeholder comments on the form, content, clarity and usability of the proposed RIGs and RRP, and on whether the proposed reporting requirements are sufficient to support effective monitoring of NARM performance during the RIIO-3 period.

Future development

The RIIO-3 NARM RIGs and RRP form part of a wider programme of work to improve the NARM framework during RIIO-3. In our Final Determinations, we confirmed our intention to develop the NARM framework further through greater standardisation, improved data quality and stronger assurance of reported outputs.

The proposed assurance approach is expected to cover, among other things:

- accuracy – how consistently subjective elements of asset condition are measured;
- completeness – whether the licensee is submitting all data required by the NARM framework; and
- timeliness – whether activities (e.g. information gathering and inspections) are taking place in a timely manner so that reported data is sufficiently reflective of actual asset condition.

We consider that these developments will strengthen confidence in NARM data and outputs, support more robust monitoring of delivery, and help ensure that funding adjustments remain closely linked to consumer value. The draft RIIO-3 NARM RIGs and RRP should therefore be viewed as part of an evolving reporting and assurance framework, rather than as a static template.

We will continue to work with network companies and stakeholders during RIIO-3 to refine the reporting requirements, improve the consistency and quality of submitted data, and ensure that the NARM framework remains proportionate, transparent and effective.

Timeline

If we implement these changes, they will take effect immediately. For the avoidance of doubt, this means that the data submitted on 16 October 2027 would use the RIGs as modified.

We welcome comments on the proposed RIIO-3 NARM RIGs and NARM RRP by 25 August 2026. The details on how to respond to this consultation may be found on our website.

Responses should be sent to AssetRiskResilience@ofgem.gov.uk. Unless clearly marked as confidential, responses may be published on our website. Respondents should clearly identify any information they consider to be confidential and explain why.

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Mark Hogan, Head of Asset Risk and Resilience, Network Price Controls
Duly authorised on behalf of the
Gas and Electricity Markets Authority **30th June 2026**