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Ofgem  
Networks Price Control - Asset Risk and Resilience  
10, South Colonnade  
Canary Wharf  
London, E14 4PU  
Email: [AssetRiskResilience@ofgem.gov.uk](mailto:AssetRiskResilience@ofgem.gov.uk)

20<sup>th</sup> March 2026

To Asset Risk and Resilience Team,

**Re: Modifications to RIIO-2 Network Asset Risk Metric (NARM) Methodologies consultation**

We welcome the opportunity to respond to Ofgem's consultation on the proposed modifications to the Network Asset Risk Metric (NARM) Methodologies across the gas and electricity sectors. We are committed to ensuring the safety, reliability and long-term resilience of the gas distribution network, and we support the continued development of a transparent, consistent and robust risk-based framework.

Following review, Northern Gas Networks agree with Ofgem's assessment of the proposed GD NARM methodology document updates. We consider the updated NARM Methodology to be well-aligned with the core objectives set out in Special Condition 9.2. Nonetheless, we continue to have reservations regarding the introduction of an additional requirement for RIIO-3: the maintenance of a licensee-specific methodology for implementing the NARM Methodology as outlined in Special Condition 9.2.2 (b). Our concerns primarily relate to the possibility of overlap with other documentation, including the current NARM Methodology, new Information Gathering Plan (IGP) requirements, and internal regulatory procedural documents, leading to inefficiencies. We referenced this in our recent Licence Drafting Consultation response and proposed an option to streamline the requirement by investigating the option of expanding the scope of the IGP instead of creating a brand new document.

The modifications in the Gas Distribution NARM methodology—particularly clarifications on long-term risk, improvements to asset risk modelling, and enhanced data assurance expectations—appropriately address previously identified limitations and support more robust forecasting.

Overall, the methodologies are clear and readable. Some sections remain inherently technical due to the nature of the modelling, but the revisions introduced—particularly the improved diagrams, clearer parameter definitions and consistent terminology—improves usability for both stakeholders and technical practitioners. We agree that the changes improve clarity, comparability and robustness, as well as support adherence to regulatory reporting requirements. We therefore agree that Ofgem should approve the modifications as proposed.

We welcome Ofgem's continued engagement with industry and support ongoing evolution of NARM for RIIO-3. We support the emphasis on data assurance and recognise the importance of consistent asset data, event tree structures, and deterioration models for sector-wide comparability. We encourage Ofgem to continue exploring opportunities for further alignment between Transmission and Distribution, where beneficial, while retaining the necessary flexibility to account for network-specific characteristics.

I hope these comments will be of assistance and please contact me on details provided below should you require any further information on this response.

Yours sincerely,



Dean Pearson (via email)  
Head of Regulation, Northern Gas Networks Ltd  
Mobile: 07580 215743






we are  
the network

Northern Gas Networks Limited is registered in England and Wales, no. 5167070.  
Registered office: 1100 Century Way, Thorpe Park Business Park, Colton, Leeds LS15 8TU



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 +44 (0) 113 397 0034  
 1100 Century Way, Thorpe Park Business Park, Colton, Leeds LS15 8TU

**Appendix 1 – NGN consultation questions and responses.**

**Q1. Do you agree with our assessment of the proposed NARM Methodology modifications across Gas Distribution, Electricity Transmission, and Gas Transmission? Please provide evidence to support your views.**

Overall, we confirm our agreement with the proposed changes to the Gas Distribution NARM methodology, recognising their benefit to clarity and sector-wide comparability in relation to Long Term Risk Benefit. Furthermore, we have no objections to the updated methodologies applicable to Gas and Electricity Transmission, as these modifications support consistent and robust regulatory reporting across all networks.

**Q32. Do you agree with our minded-to positions regarding the approval of the proposed modifications?**

We are supportive of Ofgem’s position to approve the proposed modifications.