

RIIO-3 Regulatory Instructions and Guidance (RIGs) for Network Asset Risk Metric (NARM) Tables – for Electricity Transmission, Gas Transmission, and Gas Distribution (Version 1)

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This document provides instructions and guidance to the electricity transmission,¹ gas transmission,² and gas distribution network licensees.³ Its purpose is to enable them to complete the Network Asset Risk Measure (NARM) Regulatory Reporting Pack (RRP), for the RIIO-3 price controls. The guidance does not apply to electricity distribution licensees whose price control cycle is on a two-year lag and is due to commence on 1 April 2028.

This document provides general and specific guidance for populating the NARM RRP. It explains the scope of the NARM RRP data templates, what to consider when completing them, and where to find more information.

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¹ RIIO-ET3 – relates to the three electricity transmission owners (ETO): National Grid Electricity Transmission plc (NGET), SP Transmission plc (SPT), Scottish Hydro Electric Transmission plc (SHET)

² RIIO-GT3 – relates to the gas transmission owner (GTO): National Gas Transmission (NGT)

³ RIIO-GD3 – relates to the eight gas distribution network operators (GDN): Cadent – East of England (EoE), Cadent – London (Lon), Cadent – North West (NW), Cadent – West Midlands (WM), Northern Gas Networks (NGN), SGN - Scotland Gas Networks (Sc), SGN - Southern Gas Networks (So), Wales and West Utilities (WWU)

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1. Introduction

Background

- 1.1. The RIIO-3 price controls represent the next phase of Ofgem’s framework for regulating electricity transmission, gas transmission and gas distribution networks.
- 1.2. The Network Asset Risk Metric (NARM) is a core component of this framework. It provides a consistent and structured approach for measuring and reporting asset-related risk across network companies. NARM enables the assessment of how asset condition, deterioration and intervention programmes affect the overall level of risk on the network and, ultimately, the service provided to consumers.
- 1.3. Under RIIO-3, NARM continues to support the monitoring of asset health and risk, while also providing a stronger foundation for:
 - consistent and comparable reporting across licensees and sectors;
 - improved understanding of the drivers of risk and performance; and
 - evidence-based regulatory decision making.
- 1.4. The NARM Regulatory Reporting Pack (RRP) is the primary mechanism through which Ofgem collects data on network risk, intervention delivery and associated outputs. It forms part of the broader suite of regulatory reporting tools used to monitor performance, assess delivery against baseline outputs, and inform regulatory decisions throughout the price control period.
- 1.5. This document sets out the Regulatory Instructions and Guidance (RIGs) for completing the RIIO-3 NARM RRP. It provides licensees with clear instructions on data requirements, definitions, reporting expectations and submission processes. The guidance supports consistent, accurate and transparent reporting across all relevant licensees.

Annual reporting purpose

- 1.6. Each licensee is required to submit annual NARM reporting as part of its regulatory obligations under RIIO-3. This includes both quantitative data through the RRP and a supporting qualitative commentary.
- 1.7. The purposes of annual NARM reporting under RIIO-3 are to:
 - **Monitor delivery against baseline expectations** - to assess whether licensees are delivering their planned network risk outputs and intervention programmes, and to understand the drivers of any variances;

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- **Provide an evidence base for performance and funding assessment** - to support Ofgem’s assessment of performance against outputs, including how risk, investment and delivery interact over time;
 - **Identify emerging issues and risks** - to highlight material changes in asset condition, delivery capability, data quality or methodology that may affect future performance or require regulatory engagement;
 - **Support transparency and comparability** - to enable consistent analysis across companies and sectors, supporting benchmarking, challenge and improved understanding of relative performance;
 - **Inform future regulatory development** - to provide a robust dataset that can be used to refine NARM methodologies, improve reporting frameworks, and inform future price control design and business planning.
- 1.8. Annual reporting should reflect each licensee’s best available view of both outturn and forward-looking positions. Licensees are expected to ensure that their submissions are internally consistent, aligned with other regulatory reporting (including Cost and Volumes RRP), and supported by clear, proportionate commentary explaining material movements and assumptions.

Form of submission and submission deadlines

- 1.9. Licensees are required to submit their NARM regulatory data by completing the NARM RRP template.
- 1.10. The deadline for licensees to whom these Regulatory Instructions and Guidance (RIGs) relate to submit RRP(s) and supporting commentary is 16 October following the end of each regulatory year.
- 1.11. The submission must be accompanied by a letter signed by a director on behalf of the licensee confirming that the data is accurate and has been provided in accordance with the RIGs.
- 1.12. This RIGs document relates to the NARM RRP versions listed below and to any subsequent version of the NARM RRP unless superseded by a subsequent version of the RIGs:
- RIIO3_NARM_RRP_v1.1

Commentary

- 1.13. Alongside the RRP, each licensee must submit a supporting commentary document. The purpose of the supporting commentary is to provide an understanding of the data contained in the RRP, as well as an explanation and/or updates on any previously identified or emerging issues related to NARM and/or the licensee’s delivery of its Baseline Network Risk Outputs (BNRO). Please see Chapter 8 for further explanation of the commentary requirements.

General instructions and guidance

1.14. The key points to note in completing the RRP templates are listed below. These apply unless otherwise stated on a specific table or in the guidance below:

1. The licensee must take all reasonable steps to ensure the quality of its data. Quality data must in all material respects be accurate, complete, and fairly presented.
2. Where a table contains multiple years of data (historical and/or forecast) that was reported in a previous RRP template, the licensee should report, unless otherwise stated in the specific table guidance, data for all years that is to the best of its knowledge up to date and accurate. Licensees are required to explain any material data revisions of previously-submitted data in the accompanying narrative.
3. The licensee must, as soon as is reasonably practicable, notify Ofgem of the likelihood of any significant revisions to improve data quality.
4. The NARM RRP tables are colour coded to reflect the action required. The colour key is as below:

Colour Key	
Non-editable cell	abc
Ofgem input cell	
Company input cell	12.3
Calculation cell (sub-total)	12.3
Calculation cell (total)	12.3
Link from other sheet in workbook	12.3
Link from other workbook	12.3
Input not relevant	

5. Licensees must enter or amend data only in 'Company input cells' and must not insert, delete, merge, or otherwise amend rows, columns or cells unless otherwise indicated as permitted on a specific table or in the guidance below, or unless otherwise agreed with Ofgem.
6. Workload units and outputs should be reported commensurate with the purpose for which such data is intended, taking into consideration the appropriate allocations that are necessary to complete the tables. Workload and outputs should be entered in the unit of measurement set out in this guidance or in the template.
7. Unless otherwise indicated in this guidance or templates, financial values should be input as positive values.
8. Where a reportable value is zero or is not applicable to a licensee, then a zero character must be input rather than the cell being left blank.
9. Unless a licensee has an explicit agreement to the contrary with Ofgem, risk values are to be derived in accordance with the licensee's most recently approved NARM Methodology. Where such an explicit agreement

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exists then the licensee should provide an explanation of the agreed methodology in its associated narrative document.

10. Monetised Risk values should be entered in millions (R£m) and shown to three decimal places.
 11. Probabilities should be entered to a minimum of three significant figures (e.g. 0.00000123 or 0.123).
 12. Workload and asset population volumes should be entered to one decimal place.
- 1.15. Data reported through the NARM RRP must be aligned with and be demonstrably reconcilable with the data reported through the Cost and Volumes RRP for the equivalent reporting year.
 - 1.16. While every effort has been made to ensure that this guidance is as comprehensive as possible, where a network company is unsure how to interpret aspects of it, it should seek clarification from Ofgem.

Provision of Monetised Risk data

- 1.17. All Monetised Risk values and consequences of failure should be reported in 2023/24 prices.
- 1.18. Forecasts of Monetised Risk and asset and intervention volumes should represent the licensee's best views. The licensee should use its best endeavours to take account of all relevant internal and external factors when forming these views.
- 1.19. Unless it is stated that lifetime or longer term risk values to be reported, then all risks to be reported are single year snapshot values and should be derived in accordance with the licensee's NARM Methodology. Long term risks should be reported in accordance with the licensee's NARM Methodology or, if the NARM Methodology does not yet cover long term risk, then in accordance with the methodology agreed with Ofgem for RIIO-3 Business Plans. The licensee's accompanying narrative document should state the basis on which long term monetised risk values have been derived.

Publication

- 1.20. Ofgem is bound by the requirements of section 105 of the Utilities Act 2000 relating to the disclosure of information.
- 1.21. Ofgem recognises the value of improving transparency of information in regulating natural monopolies and we intend to continue to review to what extent to publish further disaggregated data and analysis alongside the RRP.

2. Overview of workbook structure

- 2.1. The RIIO-3 NARM template is structured around four types of sheet: administrative and supporting sheets, company input sheets, calculation sheets, and output sheets.
- 2.2. Companies should use the workbook in the order implied by this structure. They should complete the administrative inputs first, confirm the relevant lists and intervention types, populate the input sheets, then review the dashboards and summary outputs for consistency before submission.

Sheet	Type	Purpose	Company input required
CoverSheet	Administrative	Administrative cover sheet identifying the template and submission.	No input expected. The sheet draws from Contents.
Contents	Administrative / input	Lists worksheets and records submission details.	Yes. Companies should populate the submission details table only.
Lists	Supporting / input	Contains lookup lists used in dropdowns and validation. Includes the intervention listing.	Yes, limited to the intervention listing. Other list structures should not be edited.
I_Risk	Input	Records asset risk distribution and risk or volume movements over time.	Yes. This is a main company input sheet.
I_Interventions	Input	Records outturn and forecast intervention-level data.	Yes. This is a main company input sheet.
I_Projects	Input	Records project-level baseline, outturn, forecast, expenditure and funding assessment data.	Yes. This is a main company input sheet.
Risk_Dashboard	Calculation / dashboard	Summarises risk distribution and movements over time.	No. Review only.
Performance_Dashboard	Calculation / dashboard	Summarises delivery against baseline or target.	No. Review only.
Funding_Dashboard	Calculation / dashboard	Supports funding assessment calculations and review.	No. Review only.
Summary	Output	Presents headline results and key summary outputs.	No. Review only.

3. Guidance for administrative and supporting sheets

CoverSheet

- 3.1. The CoverSheet provides the administrative cover page for the workbook. It identifies the RIIO-3 NARM Regulatory Reporting Pack, the template version, the company, the reporting period, the submission date and the submission version.
- 3.2. The CoverSheet is used by Ofgem for submission identification, version control and file handling. It should align with the submission details recorded on the Contents sheet.
- 3.3. Companies are not expected to input data directly into the CoverSheet. The relevant fields are linked to the submission details recorded elsewhere in the workbook. Companies should review the CoverSheet before submission to confirm that the displayed information is correct.

Contents

- 3.4. The Contents sheet lists the worksheets included in the workbook and provides a short description of each sheet. It also identifies whether each sheet is general, input, calculation or output in nature.
- 3.5. The Contents sheet includes the submission details table. Companies should complete the required company input fields in this table, including company name, reporting period, submission date, submission version, contact name and contact details.
- 3.6. The Contents sheet also provides the workbook colour key. Companies should use this key to distinguish company input cells from Ofgem input cells, calculation cells, links and cells where input is not relevant.
- 3.7. Companies should not amend the list of worksheets, sheet descriptions, links, colour key or calculation cells on the Contents sheet unless Ofgem instructs them to do so.

Lists

- 3.8. The Lists sheet contains the lookup lists used throughout the workbook. These lists support dropdown menus, validation, aggregation and consistency of reporting across companies and sectors.
- 3.9. The Lists sheet includes the Intervention Listing table. This table performs the same function as the RIIO-2 N1.2 Intervention Listing worksheet, but has been incorporated into the Lists sheet to streamline the RIIO-3 template. It provides the company-specific intervention types used in the input sheets and supports

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consistent reporting of intervention-level and risk-movement data across the workbook.

- 3.10. Companies are required to provide details of all intervention types that could potentially affect monetised risk or risk benefit values reported in the template. Each intervention type should be recorded as a separate line item. Companies should ensure that intervention types are defined at a level of detail that is sufficient to support reporting in I_Interventions and I_Risk, while avoiding unnecessary duplication or inconsistent terminology.
- 3.11. Companies should populate the Intervention Listing table using the relevant company input cells. This may include the following fields, where included in the template:
 - a. Intervention Type ID: a unique identifier for each intervention type line item. Companies should maintain sequential numbering and use the identifier consistently across the workbook.
 - b. NARM Asset Category: the relevant asset category to which the intervention type relates. Companies should select the asset category from the dropdown list where provided.
 - c. Item / sub-component: the specific asset component or sub-component affected by the intervention, where this is needed to distinguish the intervention type. For example, a transformer refurbishment may relate to a tap changer, bushing, ancillary plant or other sub-component.
 - d. Intervention Category: the broad category of intervention, selected from the dropdown list where provided. This should distinguish, for example, replacement, refurbishment and other intervention types where these categories are used in the template.
 - e. Distinguisher: an additional descriptor used to distinguish between intervention types with the same asset category, intervention category and item or sub-component.
 - f. Expected Life of Intervention: the average expected life of the intervention, in years, or a range of years where appropriate. This should reflect the period before a subsequent intervention is expected to be required to address the same failure mode or risk driver.
 - g. Description: a concise description of the intervention and its expected general effect on monetised risk. This should explain the nature of the work and the way in which it is expected to affect probability of failure, consequence of failure, asset health or risk benefit.

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- 3.12. The Intervention Type may be generated by the template from the fields entered in the Intervention Listing table. Companies should ensure that each generated Intervention Type is unique. Where two intervention types would otherwise produce the same descriptor, companies should use the Distinguisher field to make the intervention type clearly identifiable.
- 3.13. Companies should use consistent terminology and syntax across the Intervention Listing table and the wider workbook. Intervention types used in I_Interventions and I_Risk should be traceable to the Intervention Listing table.
- 3.14. Companies should not amend other lookup lists, validation lists, sector asset category lists, risk sub-category mappings or reporting period lists unless Ofgem has agreed the change. Where a company considers that a list is incomplete or inappropriate, it should raise the issue with Ofgem and explain the issue in its commentary if it affects the submission.

4. Guidance for I_Risk

Purpose and use by Ofgem

- 4.1. I_Risk is a main company input sheet. It captures asset-level risk distribution and risk or volume movements over time.
- 4.2. The sheet supports the risk bridge logic used in the Risk_Dashboard. It is designed to show how risk and asset volumes move from the RIIO-3 start position, through deterioration and other movements, to the relevant end position.
- 4.3. Ofgem will use I_Risk to understand the company's reported risk distribution, the drivers of movements in risk and volume, and the relationship between baseline expectations and outturn or forecast performance.

Structure of I_Risk

- 4.4. Companies should populate I_Risk using the dimensions provided in the sheet. The current template includes the following core fields:
 - a. Asset Category: identifies the NARM asset category to which the reported risk or volume data relates. Companies should select the relevant asset category from the dropdown list and ensure this is used consistently across the template.
 - b. Year: identifies the regulatory year to which the reported risk position or movement relates. For annual movements, companies should report values in the year in which the movement occurs or is expected to occur.
 - c. Risk Position: identifies the position in the risk bridge to which the row relates, for example the RIIO-3 start position, the without-intervention position, the baseline with-intervention position, or the outturn with-intervention position. This field is used to structure the movement from the start of period risk position to the relevant end of period position.
 - d. Intervention Type: identifies the high-level category of risk or volume movement. This includes categories such as baseline deterioration, non-intervention risk changes, NARM baseline interventions, NARM outturn interventions, and non-NARM interventions. This field is used by the template to aggregate movements in the risk dashboard.
 - e. Intervention Detail: provides a more detailed description of the movement or intervention being reported. For example, this may identify whether the movement relates to A1 replacement, A1 refurbishment, data cleansing,

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methodology change, changes in probability of failure, changes in consequence of failure, asset additions or asset disposals.

- f. Metric: identifies the type of value being reported. This may include asset volumes, single year risk, or long-term risk benefit. Single year risk is used to show the movement in risk distribution over time. Long-term risk benefit is used for performance assessment and should not be treated as a start or end risk position in the same way as single year risk.
 - g. Units: identifies the unit of measurement for the reported value, for example asset volumes, or monetised risk values in R£m. Companies should report their asset risk distribution both in terms of volumes and risk.
 - h. Risk Type: identifies whether the reported value relates to total risk or to a component of risk, such as system risk, safety risk, environmental risk or financial risk, where applicable. Component risk values should be reported consistently with the company's NARM methodology and should reconcile to total risk where required.
- 4.5. The sheet also includes risk band columns R1 to R10, probability of failure or health indicator band columns P1 to P10, total columns and a check column. Companies should use these columns to report the relevant risk distribution in the format required by the template.
- 4.6. Risk band and probability of failure or health indicator band values should be applied consistently with the company's NARM methodology and any Ofgem-agreed banding approach. Where the company uses a health indicator as a proxy for probability of failure, it should explain the basis in the supporting commentary.

Risk positions and movements

- 4.7. I_Risk is intended to support an ED-style risk bridge. Companies should report the start position and the relevant movements needed to explain the change in risk distribution over the RIIO-3 period.
- 4.8. The start position should represent the company's RIIO-3 starting view for the relevant asset category, metric and risk type. It should be consistent with the baseline assumptions used for the company's RIIO-3 business plan, subject to any data cleansing or methodology changes that are separately identified.
- 4.9. Movements during the period may include baseline deterioration, non-intervention risk changes, NARM intervention baseline movements, NARM intervention outturn movements and non-NARM interventions. Companies should report these movements using the categories and dropdown values in the template.

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- 4.10. Where the template calculates end-of-year or end-of-period positions, companies should not overwrite those calculated positions. Companies should instead correct the underlying input rows and review the dashboard outputs.

Metrics

- 4.11. Companies should report the metrics specified in the template. The current template includes Single year risk, Long term risk benefit and Volume.
- 4.12. Single year risk is used for the start-to-end risk distribution bridge. It should represent a snapshot risk value for the relevant asset category, year, risk position, risk type and distribution band, unless the template or Ofgem guidance specifies another basis.
- 4.13. Long term risk benefit is not a start or end risk position in the same way as single year risk. It should be reported as a benefit measure for relevant interventions and used for performance assessment against baseline or target.
- 4.14. Volume should be reported in the units specified for the relevant asset category. The volume distribution should be consistent with the risk distribution and should reconcile to intervention and project-level reporting where relevant.

Risk type and risk components

- 4.15. Companies should use the Risk Type field to identify the reported risk measure. The template may include Total risk and, where applicable, risk components such as safety, environmental, system or financial risk.
- 4.16. Where risk component reporting is required, component values should reconcile to the total risk values to the extent required by the template and the company's NARM methodology. Any material non-reconciliation should be explained.

Movement and intervention categories

- 4.17. The template distinguishes high-level intervention or movement categories from more detailed explanations. Companies should use the Intervention Type and Intervention Detail fields to identify both the broad movement and the more specific driver.
- 4.18. Companies should use the dropdown lists provided in the template. They should not alter the list structure unless agreed with Ofgem.
- 4.19. Intervention Detail may include the following, where relevant and available in the template:
- RIIO-3 start position.
 - Baseline deterioration.
 - Non-intervention risk change.
 - NARM intervention baseline.
 - NARM intervention outturn.

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- Non-NARM intervention.
 - A1 replacement, A1 refurbishment and A1 other.
 - Data cleansing.
 - Methodology change.
 - Consequence of failure changes.
 - Probability of failure or expected asset life changes.
 - Asset additions and disposals.
 - Maintenance programme changes.
- 4.20. Where a movement category is not available in the template, companies should not create a new category without Ofgem agreement. The company should use the closest applicable category and provide supporting commentary, or raise the issue with Ofgem before submission.

Data cleansing, methodology changes and non-intervention risk changes

- 4.21. Companies should separately identify material data cleansing, methodology changes and non-intervention risk changes. These should not be netted into intervention delivery unless the template or Ofgem guidance expressly requires that treatment.
- 4.22. A data cleansing adjustment should capture the effect of correcting data errors, improving source data quality or updating asset records where the change does not reflect a physical change to the network.
- 4.23. A methodology change should capture the effect of changes to the method used to calculate probability of failure, consequence of failure, monetised risk, long term risk benefit, asset lives, deterioration curves or other NARM calculation assumptions.
- 4.24. A non-intervention risk change should capture material changes in reported risk that are not caused by NARM intervention delivery. This may include changes in network configuration, changes to consequence assumptions, non-NARM interventions, additions, disposals or maintenance programme changes.

Checks before submission

- 4.25. Before submission, companies should review I_Risk and the Risk_Dashboard to confirm that total values reconcile with the distribution bands and that check columns do not flag unresolved issues.
- 4.26. Companies should also check that the reported start position, deterioration, intervention movements and end positions are coherent across years and asset categories. Material step changes should be supported by commentary.
- 4.27. Companies should confirm that I_Risk reconciles, where relevant, to I_Interventions and I_Projects. Where a reconciliation cannot be achieved

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because of methodology, timing or scope differences, the company should explain the reason in the supporting commentary.

5. Guidance for I_Interventions

Purpose and use by Ofgem

- 5.1. I_Interventions is a main company input sheet for outturn and forecast intervention-level data. It captures the interventions delivered or expected to be delivered during the relevant period.
- 5.2. The sheet provides the detailed intervention data that supports project-level summaries, performance assessment and reconciliation to risk movements. It replaces or simplifies the role of the more detailed RIIO-2 project delivery reporting in the previous NARM RRP.
- 5.3. Ofgem will use I_Interventions to understand the interventions underlying reported risk benefits, volumes and delivery profiles. It will also use the data to test consistency with project-level information and funding assessment outputs.

Information to be reported

- 5.4. Companies should report intervention-level data using the fields provided in the template. The current template includes project and intervention details, volume fields, risk benefit fields and supporting fields for risk sub-category mapping.
- 5.5. Companies should populate the following core fields where they are company input fields or where the template requires company confirmation:
 - Scheme or Asset Category Reference.
 - Intervention Type.
 - Delivery Year.
 - Replacement addition volume, replacement disposal volume, or refurbishment and other volume, as relevant.
 - Pre Intervention Risk and Post Intervention Risk, where required.
 - Single Year Benefit and Long Term Benefit, where required.
 - Any applicable funding category or risk sub-category fields, where these are not calculated by the template.
- 5.6. The template uses Intervention Type ID, Intervention Category and NARM Asset Category fields to link intervention data to the Lists sheet. Companies should ensure that the Intervention Type selected in I_Interventions is present in the Lists sheet and has been defined consistently.

Delivery year and intervention volumes

- 5.7. Companies should report the delivery year for each intervention using the format required by the template. Where an intervention programme spans more than one year, companies should report the relevant volumes and risk benefits against the appropriate delivery years.

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- 5.8. For replacement interventions, companies should use the replacement addition and replacement disposal fields consistently. Where the template calculates total intervention volume from addition and disposal volumes, companies should not overwrite the calculated value.
- 5.9. For refurbishment and other interventions, companies should use the Refurb and other field unless the template provides a more specific field. Companies should ensure that the reported intervention category is consistent with the treatment of volumes and risk benefit.

Risk benefit

- 5.10. Companies should report pre-intervention and post-intervention risk where required by the template. These values should be calculated in accordance with the company's NARM methodology and should use the price base and units specified in the workbook.
- 5.11. Single Year Benefit should represent the single year risk reduction associated with the intervention, where applicable. It should be capable of reconciling to the single year risk movement reported in I_Risk, subject to timing, aggregation and scope differences.
- 5.12. Long Term Benefit should represent the long term risk benefit associated with the intervention, where applicable. Companies should use the methodology specified in their NARM methodology or agreed with Ofgem. They should explain any assumptions used to derive the value.
- 5.13. The template includes a Selected Benefit field. Companies should not overwrite this field as it is formula-driven. The selected benefit should be reviewed to confirm that the template is applying the expected benefit measure for the company's sector and reporting purpose.

Reconciliation with I_Projects and I_Risk

- 5.14. Each intervention should link to a project or scheme reference reported in I_Projects, unless the template or Ofgem guidance permits a different treatment. Companies should use stable references that can be tracked across submissions.
- 5.15. Intervention-level volumes and risk benefits should aggregate to the corresponding project-level outturn or forecast values in I_Projects. Differences should be explained where they arise from scope, timing, allocation or methodology differences.
- 5.16. Intervention-level risk benefits should also be consistent with the relevant intervention movements reported in I_Risk. The reconciliation may not be one-to-one where I_Risk reports asset-category distribution movements and I_Interventions reports intervention-level delivery. Companies should explain any material difference.

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Checks before submission

- 5.17. Before submission, companies should confirm that each intervention has a valid scheme or asset category reference, intervention type, delivery year, volume treatment and risk benefit treatment.
- 5.18. Companies should review calculated fields for missing references, unmatched intervention types, unmatched project references, unexpected blank funding categories or risk sub-categories and anomalous risk benefit values.
- 5.19. Companies should provide commentary for material changes in intervention delivery, risk benefit, delivery year or scope compared with baseline expectations.

6. Guidance for I_Projects

Purpose and use by Ofgem

- 6.1. I_Projects is a main company input sheet for project-level baseline and outturn information. It captures the project or scheme data needed to assess NARM performance and support funding assessment calculations.
- 6.2. The sheet provides the link between detailed intervention-level reporting and project-level assessment. It also supplies data to the Performance_Dashboard and Funding_Dashboard.
- 6.3. Ofgem will use I_Projects to understand baseline project expectations, outturn or forecast delivery, expenditure, project status and any company view on clearly identifiable over-delivery or under-delivery.

Information to be reported

- 6.4. Companies should report each relevant project, scheme or generic work programme using the fields provided in the template. The current template groups the fields into project or asset category detail, baseline project details and outturn or forecast project details.
- 6.5. The current template includes the following project or asset category detail fields: Sector, Network, Scheme or Asset Category Reference and Scheme or Asset Category Description. Companies should use clear, stable and unique references.
- 6.6. The baseline project detail fields include Baseline Project, Funding Category, Risk Sub-Category, Network Risk Output and Baseline Funding. These should reflect the company's RIIO-3 baseline or business plan position, unless Ofgem has instructed otherwise.
- 6.7. The outturn and forecast fields include Project Status, Funding Category, Risk Sub-Category, Outturn Network Risk Output, Outturn Expenditure and any company-proposed clearly identifiable over-delivery or under-delivery field.

Project references and descriptions

- 6.8. Project references should be stable across submissions and consistent with references used in I_Interventions, business plan material and cost and volume submissions. If a project is split, combined or renamed, the company should explain the mapping in the supporting commentary.
- 6.9. Project descriptions should be sufficiently meaningful for Ofgem to understand the scope of the project. They should identify the relevant asset category, location or programme type where this information is needed to distinguish projects.

Project status

- 6.10. Companies should select the project status from the values provided in the template. The current template includes Delivered, Commenced, Deferred, Cancelled and Forecast.
- 6.11. Companies should continue to report projects that have been deferred or cancelled where they are relevant to baseline or outturn performance. The supporting commentary should explain the reason for deferral or cancellation, the effect on risk benefit and expenditure, and any replacement or alternative delivery.
- 6.12. Where a project has partially delivered, companies should use the status that best reflects its current position and should explain the delivery profile where this affects performance assessment.

Baseline and outturn values

- 6.13. Baseline Network Risk Output and Baseline Funding should reflect the baseline position used for the RIIO-3 assessment. Companies should not change baseline values unless Ofgem has instructed them to do so or unless the template provides a specific mechanism for recording an agreed change.
- 6.14. Outturn or forecast Network Risk Output is calculated from I_Interventions and should not be overwritten.
- 6.15. Outturn Expenditure should reflect the expenditure associated with the project, using the price base and units specified in the template. The company should ensure that expenditure values reconcile with relevant cost and volume submissions, subject to any stated differences in scope or allocation.

Funding assessment fields

- 6.16. The template includes fields to support funding assessment, including funding category, risk sub-category, baseline funding, outturn expenditure, risk benefit and any clearly identifiable over-delivery or under-delivery indicators.
- 6.17. Companies should populate funding category and risk sub-category fields consistently with the template and any applicable Ofgem decision. The current template includes A1, A2, A3 and B funding categories in the Lists sheet. Companies should not create additional categories without Ofgem agreement.
- 6.18. Where the company identifies a project as a potential Clearly Identifiable Over-Delivery (CIOD) or Clearly Identifiable Under-Delivery (CIUD), it should select the appropriate value in the template and provide supporting commentary. The commentary should set out the basis for the classification and quantify the effect on risk benefit and expenditure.

Checks before submission

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- 6.19. Before submission, companies should confirm that every project reference used in I_Interventions exists in I_Projects. They should also confirm that every material baseline project has an outturn or forecast status and that deferred or cancelled projects remain visible.
- 6.20. Companies should review project-level totals, risk sub-category aggregations, expenditure values, unit cost ratios and funding dashboard outputs for reasonableness.
- 6.21. Companies should explain any material difference between baseline and outturn or forecast values. This includes changes in project scope, expenditure, timing, risk benefit, funding category, risk sub-category or delivery route.

7. Guidance for dashboard and output sheets

Risk_Dashboard

- 7.1. The Risk_Dashboard is a calculation and dashboard sheet. It summarises risk distribution and risk movements over time using inputs from I_Risk.
- 7.2. The dashboard shows the risk bridge from the RIIO-3 start position, through deterioration and other movement categories, to the relevant end position. It includes selection fields for metric, distribution type and risk type.
- 7.3. Companies should use the Risk_Dashboard to review whether the reported risk distribution and movements appear reasonable. They should check that risk band and probability of failure or health indicator band totals reconcile and that any material movement is supported by commentary.
- 7.4. Companies should not manually edit calculated cells, charts or dashboard outputs on the Risk_Dashboard.

Performance_Dashboard

- 7.5. The Performance_Dashboard is a calculation and dashboard sheet. It summarises performance against baseline or target using data from the input sheets.
- 7.6. The dashboard is intended to show baseline and outturn or forecast delivery. This may include intervention volumes, single year risk benefit, long term risk benefit and other relevant performance measures.
- 7.7. Companies should review the Performance_Dashboard before submission to confirm that the reported delivery profile is consistent with I_Interventions, I_Projects and I_Risk. Any unexpected gaps, step changes or variances should be investigated and explained where material.
- 7.8. Companies should not manually edit calculated cells, charts or dashboard outputs on the Performance_Dashboard.

Funding_Dashboard

- 7.9. The Funding_Dashboard is a calculation and dashboard sheet supporting the funding assessment. It draws from project-level and intervention-level inputs to calculate or summarise funding-related metrics.
- 7.10. The sheet includes outputs relevant to baseline and outturn comparisons, clearly identifiable calculations, automatic funding calculations and checks or other supporting fields. These outputs are for information, validation and Ofgem assessment.

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- 7.11. Companies should review the Funding_Dashboard to identify potential issues with project mapping, funding category allocation, risk sub-category allocation, risk benefit, expenditure and unit cost ratio calculations.
- 7.12. Companies should not manually edit calculated cells or funding assessment outputs. If a company considers that a calculated output is not appropriate, it should correct the underlying inputs where relevant and explain the issue in the supporting commentary.

Summary

- 7.13. The Summary sheet is an output sheet. It presents headline results, key charts and summary messages from the workbook.
- 7.14. The Summary sheet is intended to provide a concise overview of the company's NARM position, performance and funding assessment outputs. It draws from the dashboards and input sheets.
- 7.15. Companies should review the Summary sheet before submission to confirm that the headline outputs are consistent with the submitted data. Companies should not manually edit the sheet unless Ofgem provides specific commentary input cells or written instructions.

8. Commentary requirements

Purpose and Scope

- 8.1. Alongside the NARM RRP, each licensee must submit a supporting commentary document.
- 8.2. The purpose of the supporting commentary is to:
 - provide an understanding of the data contained in the RRP;
 - explain the drivers of reported risk positions, movements, intervention delivery and performance; and
 - highlight any material issues, uncertainties, or emerging risks relating to NARM and the licensee’s delivery of its Baseline Network Risk Outputs (BNRO).
- 8.3. The commentary should focus on material explanations and insights and should not duplicate information already contained in the RRP.

General requirements

- 8.4. Companies should ensure that the commentary:
 - is consistent with and directly supported by the data submitted in the RRP;
 - includes clear cross-references to relevant tables, sheets or data items where material values are discussed;
 - focuses on material changes relative to:
 - baseline expectations,
 - previous submissions, and
 - prior reporting periods;
 - clearly distinguishes between:
 - intervention-driven changes, and
 - non-intervention changes (including methodology changes and data updates);
 - explains both risk and volume impacts, and the relationship between them; and
 - highlights any limitations, assumptions or uncertainties that materially affect the reported data.
- 8.5. Where numerical values are referenced in the commentary, these must be traceable to the RRP, and companies should provide supporting analysis where appropriate.

Structure of the commentary

- 8.6. Companies are not required to follow a prescribed template. However, the commentary should include, as a minimum, the sections set out below.

Executive summary

8.7. Companies should provide a concise summary of:

- the overall risk position and key trends;
- progress against BNRO and baseline expectations;
- any material over-delivery or under-delivery;
- key changes since the previous submission; and
- any emerging risks or issues.

Data, methodology and assumptions

8.8. Companies should explain any material aspects of data or methodology that affect the submission, including:

- changes to, or deviations from, the NARM methodology;
- data cleansing activities or improvements in data quality;
- material assumptions used in deriving risk or benefit values;
- use of proxies or alternative measures (e.g. health indicators in place of probability of failure), where applicable; and
- any limitations or uncertainties in data or modelling.

8.9. This section should focus on material changes and should not restate the full NARM methodology unless necessary.

Risk position and movements

8.10. Companies should provide a narrative explaining the risk positions and movements reported in I_Risk and the Risk_Dashboard, including:

- the starting risk position and any material updates;
- the key drivers of risk movements, including:
 - deterioration,
 - intervention delivery, and
 - non-intervention changes;
- explanation of any material changes in risk distribution, including movements across risk or probability bands;
- commentary on risk components (where applicable); and
- explanation of any significant or unexpected movements.

8.11. Companies should explain how the reported movements align with the overall risk bridge and provide justification for any material differences relative to baseline assumptions or previous submissions.

Intervention delivery and risk benefit

8.12. Companies should explain the intervention delivery reported in I_Interventions, including:

- performance against baseline intervention volumes and delivery profiles;
- material changes in:
 - intervention volumes,
 - timing (delivery years), and
 - mix of intervention types;
- explanation of variance between baseline and outturn or forecast delivery; and
- commentary on risk benefit, including:
 - pre- and post-intervention risk assumptions; and
 - differences between single year risk and long-term risk benefit where material.

8.13. Companies should explain any significant changes in assumptions or methodology affecting reported risk benefits.

Project delivery and performance

8.14. Companies should provide a project-level view of performance using I_Projects and the Performance_Dashboard, including:

- progress against baseline project expectations;
- explanation of changes in project status (e.g. delivered, commenced, deferred, cancelled or forecast);
- detailed explanation of deferred or cancelled projects, including:
 - reasons for change,
 - impact on risk outputs and expenditure, and
 - any reallocation or replacement of delivery; and
- explanation of any material changes in scope, timing or delivery profile.

8.15. Companies should explain how project-level delivery translates into reported risk and performance outcomes.

Reconciliation and consistency

8.16. Companies should explain how the different elements of the RRP align, including:

- consistency between I_Risk, I_Interventions and I_Projects;
- reconciliation with the Cost and Volumes RRP, where relevant; and

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- explanation of any material differences, including those arising from:
 - timing,
 - aggregation, or
 - methodology.

Non-intervention risk changes

8.17. Companies should provide a clear explanation of non-intervention risk changes reported in the RRP, including:

- data cleansing;
- methodology changes;
- changes in asset data or modelling assumptions;
- changes to probability or consequence of failure; and
- wider network or operational changes.

8.18. For each material non-intervention change, companies should:

- explain the methodology used;
- justify the approach and assumptions; and
- quantify the impact where practicable.

8.19. Companies should ensure that such changes are separately identified and not included within intervention delivery, unless otherwise specified.

Performance against BNRO and outlook

8.20. Companies should provide an overall assessment of performance, including:

- delivery to date against BNRO and baseline expectations;
- the company's expected end-of-period position;
- explanation of any over-delivery or under-delivery;
- discussion of any trade-offs in delivery; and
- identification of any risks to future delivery.

8.21. Where relevant, companies should identify and justify any clearly identifiable over-delivery or under-delivery positions.

Funding and expenditure context

8.22. Where relevant, companies should explain:

- differences between baseline funding and outturn expenditure;
- drivers of over- or under-spend;
- the relationship between expenditure and risk outputs; and

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- any key issues arising from the Funding_Dashboard.

Supporting information

8.23. Companies may provide supporting tables, figures or analysis to aid understanding.

8.24. Where such materials are provided:

- they should be consistent with the RRP, and
- relevant data should be included in supporting sheets where appropriate.

Materiality

8.25. Companies should apply a proportionate approach to materiality, focusing on:

- material changes in risk, volumes or benefits;
- significant deviations from baseline or expectations; and
- issues that may affect Ofgem’s assessment of performance or funding.

8.26. Immaterial detail should be avoided.

Appendix 1. Glossary and definitions

A

Addition

The addition of an asset to the network of load related work, not including additions carried out as part of a replacement or refurbishment activity.

(NARM) Asset Category

See NARM Handbook. The NARM Asset Categories for each sector are set out in NARM RRP worksheet N0.7_Lookup_References.

Asset Family

A subdivision of an Asset Category where differentiation within an Asset Category is required due to differences in deterioration characteristics, expected asset life, or methodological approach to deriving Monetised Risk.

B

Baseline Network Risk Outputs (BNRO)

See NARM Handbook

C

Costs and Volumes (CV) RRP

The RIIO-2 ET, GT or GD specific cost and volume regulatory reporting pack (RRP). The cost and volume RRP is how we collect data to enable us to administer the Conditions of the Licence (the conditions which relate to the price control) which include monitoring the performance of Licensees against our final proposals/determinations, monitor compliance with price control obligations and to allow analysis between price controls and at the subsequent price control review.

D

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Disposal

See removal

I

Indirect Intervention

Any intervention on a network asset, or other infrastructure asset, that modifies the probability of failure, or consequence of failure of another network asset.

This is an indirect intervention from Asset B's perspective, and it is designed for the specific purpose of reducing risk on specific assets, and indirect intervention can include, for example:

- a. installation or removal of physical infrastructure designed to prevent damage to adjacent assets in the event of an asset failure (e.g. installation of a blast wall).
 - in such a case the risk reduction impact on the protected adjacent assets should be entered as 'Indirect Intervention' risk
- 1.
- b. addition or disposal that increases or decreases the resilience of a local or regional network and hence modifies the consequence of failure of other asset(s) in the locality or region.
 - the risk impact on the other network assets should be entered as 'Indirect Intervention' risk. The risk impact of the additions and disposals themselves are not included in this category.

L

Long-term Monetised Risk

See NARM Handbook

Long Term (Risk) Benefit

The benefit delivered by an asset intervention as measured by the Long-term Monetised Risk reduction.

M

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Maintenance & Repair

Any activity required or assumed to be necessary to achieve the expected life of an asset. Therefore, Maintenance & Repair activities, if carried out as assumed to be necessary, do not impact the Monetised Risk of an asset. Failure to carry out Maintenance & Repair may, however, increase the Monetised Risk of an asset due to the increased likelihood of it failing to achieve its expected asset life.

Monetised Risk

See NARM Handbook

Monetised Risk Output

The risk benefit delivered or expected to be delivered by an asset intervention. The difference between without intervention and with intervention Monetised Risk. Can be measured over one year or over a longer period of time.

N

NARM Assets

See NARM Handbook

NARM Methodology

See NARM Handbook

O

Outturn Network Risk Outputs (ONRO)

See NARM Handbook

R

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Refurbishment

A one-off activity undertaken on an asset that is deemed to be close to end of life or is otherwise requiring intervention that extends the life of that asset or restores its functionality. This activity does not result in the recording of a new or disposed asset in the Asset Register, but may improve the health indicator (or probability of failure) of the asset. Refurbishment can include the replacement or reconditioning of components of an asset.

Removal

The permanent removal of an asset from the network, not including removals carried out as part of a replacement or refurbishment activity.

Replacement

Asset replacement is an activity undertaken by a network company to remove an existing asset(s) and install a new asset. The asset replacement activity includes:

- the installation of replacement assets
- the dismantlement of existing assets where the dismantlement is undertaken as part of the asset replacement works.

S

Single Year Risk/Single-Year Monetised Risk

See NARM Handbook

Appendix 2. Summary of company input areas

A2.1. This appendix summarises the company input areas identified in this guidance. It is provided as a practical checklist and does not replace the detailed guidance above.

Sheet	Company action
CoverSheet	Review only. Confirm that linked submission details display correctly.
Contents	Complete the submission details table. Do not amend worksheet descriptions, links, colour key or calculations.
Lists	Populate or review the Intervention Listing table where required. Do not amend other lookup list structures unless agreed with Ofgem.
I_Risk	Populate asset risk distribution by risk benefit and volume, risk positions, intervention type and detail, metrics, risk types and related values. Review check columns.
I_Interventions	Populate intervention-level delivery, volume, risk benefit and project reference information. Review calculated mapping fields.
I_Projects	Populate or review project-level baseline, outturn, forecast, expenditure, project status and funding assessment fields.
Risk_Dashboard	Review calculated outputs and investigate anomalies. Do not edit calculated cells.
Performance_Dashboard	Review calculated performance outputs. Do not edit calculated cells.
Funding_Dashboard	Review funding assessment outputs and checks. Do not edit calculated cells.
Summary	Review headline outputs. Do not edit unless Ofgem provides specific input cells or instructions.