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Response author: SGN

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Networks Price Control – Asset Risk and Resilience

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20<sup>th</sup> March 2026

### Response to RIIO-2 Network Asset Risk Metric methodologies audit

Thank you for the opportunity to respond to the above consultation.<sup>1</sup> as a continuation of Ofgem’s Call for Input in September 2025.

The provision of detailed methodologies by networks to Ofgem is immensely valuable, as it enables a transparent and consistent approach to assessing asset risk across the sector. By sharing robust and well-documented processes, networks help ensure regulatory decisions are grounded in reliable evidence and best practice. This collaborative exchange supports Ofgem’s ability to benchmark performance, promote continual improvement, and ultimately enhance resilience and safety for customers.

SGN remain aligned with Ofgem’s approach of keeping the NARM methodology under continuous improvement as per Special Condition (SpC) 9.2.6. To this end, through GD2 as part of the methodology audit, significant changes have been made to the GDN NARM methodology to improve the clarity and assurance of the document.

#### In response to the questions posed in the consultation:

Q1: We agree with Ofgem’s assessment of the Gas Distribution changes and appreciate that Ofgem have reviewed and outlined our changes in preparation for GD3. These changes took a significant amount of time and effort from all GDNs as well as the support of our LTRB consultant (ICS).

Q2: We agree with Ofgem’s proposal to approve the changes submitted by licensees. It is clear that all sectors have taken significant steps forward in improving their methodologies in line with NARM objectives under SpC 9.2.

We are keen to maintain constructive engagement with Ofgem as this area develops. Should you have any questions regarding our response, or wish to discuss further, please do not hesitate to contact me at [Alexandria.graham@sgn.co.uk](mailto:Alexandria.graham@sgn.co.uk).

Kind Regards,

Alexandria Warren,

**Regulatory Reporting Manager,  
SGN**

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<sup>1</sup> [RIIO-2 Network Asset Risk Metric methodologies audit | Ofgem](#)