

To:
Scottish Hydro Electric Transmission
Scottish Power Transmission
National Grid Electricity Transmission

Direction under Part A of Standard Condition B15 (Regulatory Instructions and Guidance) ("SC B15") of the Electricity Transmission Licence (the "Licence") granted to the Licensees under section 6(1)(b) of the Electricity Act 1989 (the "Act").

1. Each of the companies to whom this Direction is addressed (each a 'Licensee' and together the "Licensees") is the holder of an Electricity Transmission license (the "licence") granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 (the "Act")
2. The NARM Regulatory Instructions and Guidance (the "RIGs") are the primary means by which the Gas and Electricity Markets Authority (the "Authority")¹ directs the Licensees to collect and provide information to to enable it to administer the conditions of the licences, monitor delivery against the RIIO-2 Final Determinations, and support the RIIO-2 NARM closeout process.
3. On 22 May 2026, the Authority published a notice consulting on its proposals to modify the NARM RIGs version 2². The proposals included a NARM Regulatory Reporting Pack (the "NARM RRP") data template that specified the required format of the Licensees' annual NARM data submissions. The consultation requested that any representations on the proposed modifications be made on or before 24 June 2026.
4. The Authority received eight responses to the consultation. A summary of the responses and our views thereon is in Appendix 1.
5. The Authority has made a number of changes to the NARM RIGs and NARM RRP as a result of the consultation responses. The version number of the RIGs and associated documents has been updated to reflect the version with the modifications made (v2). The modifications to the NARM RRP template are noted in the "N0.4 Template Version History" tab of the RRP and changes to the NARM RIGs are shown in a tracked changed version of the document, which has been published alongside this Direction.
6. The reason for this Direction is to update the reporting requirements set out in the NARM RIGs which will enable the Authority to monitor the Licensees' delivery of their RIIO-2 NARM outputs, help identify emerging issues related to NARM, inform future development of NARM methodologies, and inform future price controls

¹ The "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports the Authority in its day-to-day work

² <https://www.ofgem.gov.uk/consultation/proposed-closeout-methodology-network-asset-risk-metric-and-rigs-riio2>

Now therefore -

7. Pursuant to Part A of Standard Condition B15 of the Electricity Transmission licence, the Authority hereby modifies the NARM RIGs and RRP data tables in the manner specified in the attached Schedule.
8. The following documents come into effect on 11 September 2026 and apply to information required for the regulatory reporting year 1 April 2025 to 31 March 2026:
 - the RIIO-2 – NARM Regulatory Instructions and Guidance: Version 2
 - the RIIO-2 – NARM Reporting Template: Version 2
9. This document constitutes notice of the Authority's reasons for the Direction as required by section 49A of the Act.

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Thomas Mackenzie, Deputy Director, Network Price Controls
Duly authorised on behalf of the
Gas and Electricity Markets Authority

11 September 2026

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 under Part A of Standard Special Condition A40 (Regulatory Instructions and Guidance) ("SSC A40") of the Gas Transporter Licence (the "Licence") granted to the Licensees under section 7 of the Gas Act 1986 (the "Act").

10. Each of the companies to whom this Direction is addressed (each a 'Licensee' and together the "Licensees") is the holder of a Gas Transporter license (the "licence"), and together, the "Gas Transporter Licensees")
11. The NARM Regulatory Instructions and Guidance (the "RIGs") are the primary means by which the Gas and Electricity Markets Authority (the "Authority")³ directs the Licensees to collect and provide information to the Authority to enable it to administer the conditions of the licence, monitor delivery against the RIIO-2 Final Determinations, and support the RIIO-2 NARM closeout process.
12. On 22 May 2026, the Authority published a notice consulting on its proposals to modify the NARM RIGs version 2.⁴ The proposals included a NARM Regulatory Reporting Pack (the "NARM RRP") data template that specified the required format of the Licensees' annual NARM data submissions. The consultation requested that any representations on the proposed modifications be made on or before 24 June 2026.
13. The Authority received eight responses to the consultation. A summary of the responses and our views thereon is in Appendix 1.
14. The Authority has made a number of changes to the NARM RIGs and NARM RRP as a result of the consultation responses. The version number of the RIGs and associated documents has been updated to reflect the version with the modifications made (v2). The modifications to the NARM RRP template are noted in the "N0.4 Template Version History" tab of the RRP and changes to the NARM RIGs are shown in a tracked changed version of the document, which has been published alongside this Direction.
15. The reason for this Direction is to update the reporting requirements set out in the NARM RIGs which will enable the Authority to monitor the Licensees' delivery of their RIIO-2 NARM outputs, help identify emerging issues related to NARM, inform future development of NARM methodologies, and inform future price controls

³ The "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports the Authority in its day-to-day work

⁴ <https://www.ofgem.gov.uk/consultation/proposed-closeout-methodology-network-asset-risk-metric-and-rigs-riio2>

Now therefore -

16. Pursuant to Part A of Standard Condition A40 of the Gas Transporter licence, the Authority hereby modifies the NARM RIGs and RRP data tables in the manner specified in the attached Schedule.
17. The following documents come into effect on 11 September 2026 and apply to information required for the regulatory reporting year 1 April 2025 to 31 March 2026:
 - the RIIO-2 – NARM Regulatory Instructions and Guidance: Version 2
 - the RIIO-2 – NARM Reporting Template: Version 2
18. This document constitutes notice of the Authority's reasons for the Direction as required by section 38A of the Act.

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Thomas Mackenzie, Deputy Director, Network Price Controls
Duly authorised on behalf of the
Gas and Electricity Markets Authority

11 September 2026

Schedule to the Authority's Direction dated 11 September 2026

The RIIO-2 NARM Regulatory Instructions and Guidance: Version 2 and the RIIO-2 NARM Regulatory Reporting Pack Template: Version 2 are available on the Authority's website.⁵

⁵ <https://www.ofgem.gov.uk/>

Appendix 1

Summary of consultation responses to the RIIO-2 NARM RIGs and NARM RRP updates, and the Authorities Views

On 22 May 2026, we published a consultation on the proposed updates to the RIIO-2 NARM RIGs and NARM RRP. This consultation set out the proposed reporting templates and accompanying guidance. We highlighted that these templates were an iteration of the data submission provided earlier in the price control, and which we used to inform the setting of allowances and outputs for the RIIO-2 price control period.

We received eight responses to this consultation which raised a number of points relating to the reporting requirements. We address the main points below. The respondents also highlighted a number of technical issues contained within the template and guidance. These included the correction of formulaic errors, updates to data categorisation, references, clarifications and proposed changes and additions to data input within the RRP. We have addressed these detailed technical and functional matters and they are reflected in the final published versions of the documents.

Year 5 NARM RRP submission

Respondents asked whether the Year 5 NARM RRP narrative must be submitted separately where relevant information is also included in the GD2 Closeout Report. We have decided that the Year 5 narrative may be provided as a clearly identified annex to the Closeout Report, with appropriate cross-references used to minimise duplication. The narrative continues to perform an important role and should provide the information necessary to understand Year 5 performance, including delivery during the year and any material matters required to explain the accompanying NARM RRP workbook.

The Year 5 NARM RRP, any supplementary information document provided under the alternative Year 5 reporting arrangement, set out below, and the supporting commentary or clearly identified closeout report annex must be submitted by 31 October 2026. Each document forms part of the information provided by the licensee for Year 5 NARM reporting and is subject to the applicable assurance requirements.

Year 5 NARM RRP template

Respondents raised concerns about the proposed changes to the structure of the Year 5 NARM RRP template. In particular, respondents explained that licensees have developed reporting, validation and assurance processes using different versions of the NARM RRP made available during RIIO-2, and that implementing the revised structure shortly before the submission deadline could create additional delivery and data-quality risks.

The final NARM RIGs and NARM RRP published with this Direction set out the reporting requirements and standard reporting format for the regulatory year 1 April 2025 to 31 March 2026. We recognise, however, that licensees have previously reported using different versions of the NARM RRP and that the time available to implement the revised Year 5 structure is limited.

Having considered the consultation responses, we consider that requiring all licensees to implement the revised template structure shortly before the submission deadline could create disproportionate implementation and data-quality risks. The alternative Year 5 reporting arrangement allows licensees to preserve established reporting and assurance

processes where necessary, while ensuring that the Authority receives the information required to support its assessment. We consider this approach is proportionate. Under the alternative Year 5 reporting arrangement, Ofgem will accept a submission made using the same NARM RRP template version used by the licensee for its Year 4 submission, provided that the licensee:

- identifies the template and version used;
- explains why it has not used the final Year 5 template;
- provides all information required under the final NARM RIGs;
- provides, in a clearly identified supplementary information document, any information required by the final NARM RIGs that is not accommodated by the earlier template;
- explains and reconciles any material differences between the earlier and final template structures or calculations; and
- confirms through its director assurance statement that the submission is complete, accurate and consistent with the final NARM RIGs.

Any supplementary information document provided under the alternative Year 5 reporting arrangement forms part of the licensee's Year 5 NARM RRP submission and is subject to the same accuracy, completeness, reconciliation and director assurance requirements. The supplementary information document should identify the relevant requirement in the final NARM RIGs, provide the required information or identify where it is located within the submission, and explain any material difference in reporting treatment.

The alternative Year 5 reporting arrangement concerns the format of the submission only. It does not permit a licensee to omit information required by the final NARM RIGs, depart from its approved NARM Methodology, or apply different definitions or reporting boundaries without the relevant agreement or approval.

The Authority will have regard to the final NARM RIGs and the applicable close-out methodology when assessing all Year 5 submissions, taking account of the template version used and any explanations, reconciliations or supplementary information provided by the licensee. Where use of an earlier template results in a material difference in calculation or presentation compared with the final Year 5 template, the licensee must identify and explain that difference and provide sufficient underlying information to enable the Authority to understand the reporting treatment applied. The Authority may seek further information or clarification where necessary to support its assessment.

Where an earlier template is used, the licensee must identify one principal reporting workbook and must not combine elements of different template versions unless specifically agreed with Ofgem. For this purpose, the licensee must identify the filename, version number and other available version information for the template used for its Year 4 submission. The alternative Year 5 reporting arrangement applies only to the Year 5 submission and does not establish a precedent for future regulatory reporting.

Technical corrections and clarifications

Respondents identified technical issues and areas requiring clarification in the draft NARM RRP and RIGs. These included formula and calculation issues within the N3 worksheets and consequential outputs, inconsistencies between the RIGs and the draft reporting template, and reported issues relating to data validation and automatic population.

In particular, we corrected formulas where our review confirmed that the consultation version did not operate as intended and made related updates, where appropriate, to improve consistency between the final NARM RRP and the final NARM RIGs.

The changes include corrections intended to ensure that the template operates as intended, together with clarifications to the calculation and reporting treatment. Details of changes that may affect calculated outputs are recorded in the N0.4 Template Version History worksheet.

Licensees using the final Year 5 NARM RRP should use the corrected formulas contained in that template. A licensee using the alternative Year 5 reporting arrangement should identify and explain any material difference between the calculation or presentation produced by its Year 4 template and the final Year 5 template, in accordance with the requirements set out above.