RIIO-GD2

Stakeholder Report 2025/26

Contents

1.1 Introduction from Simon Kilonback, CEO

The results of the final year of RIIO-GD2 reflect a year of strong delivery, combining excellent operational performance with increased network investment, all backed by a strong financial position. We are seeing the results of a strategy I devised and launched midway through RIIO-GD2 to transform SGN built around investment, safety, operational excellence, customer service, and our belief in the enduring role of gas in the UK's energy future. That strategy is now delivering, and I am proud of what this organisation has achieved.

Operational delivery and resilience

In the past 12 months we delivered our strongest operating performance of the five-year regulatory period. Our fundamental responsibility is to keep the public safe and warm and respond quickly when customers report a smell of gas. Despite experiencing some of our busiest days in January, we delivered strongly against Ofgem's standards of service, demonstrating that we always put safety first.

Our networks are number one and two in the national customer satisfaction league table with Scotland retaining the top spot for the tenth year in a row. On mains replacement – one of the UK's most significant national infrastructure programmes – we outperformed our agreed HSE-approved programme.

Alongside operational excellence, we provided record levels of capital investment in our networks while ensuring a stable financial base. At a time

> At a time when energy security and system resilience have rarely been more critical, we continued to play a critical national role – keeping gas flowing safely, securely and increasingly sustainably

when energy security and system resilience have rarely been more critical, we continued to play a critical national role – keeping gas flowing safely, securely and increasingly sustainably. Our operational teams delivered network reliability of 99.99%, ensuring dependable supply when it mattered most. On the coldest winter days, Britain's gas network carries up to five times more energy than the electricity system, underlining the essential role we play in the UK's energy system.

We are enhancing our cyber resilience too, investing to protect our network and our customers' data. All this is evidence of our crucial role in the energy system today and the enduring role we will play for decades to come.

We play an important role in the transition to a lower-carbon future. Our biomethane connections have the capacity to supply the equivalent of over 360,000 homes, with a clear ambition to reach one million by the early 2030s. We are making it easier for producers to connect to our network and are playing a leading role in the Green Gas Taskforce which is successfully highlighting the many benefits of biomethane to policymakers and the public.

We also successfully completed our world-first LTS Futures live trial, demonstrating that our network is capable of safely transporting and distributing 100% hydrogen. We are also continuing to make significant progress on the H100Fife project, a pioneering end-to-end hydrogen production, storage and distribution-to-homes project. Construction is now complete and commissioning is getting under way.

Entering RIIO-GD3 with momentum

I would like to thank all our people for their continued dedication and commitment – they remain our greatest asset. Drawing from the communities we serve, they bring deep local insight and a shared commitment to delivering for our customers. We are committed to fostering an inclusive culture in which everyone can thrive, supported by strong employee networks across the business. At the same time, we continue to invest in our future workforce, broadening access to our early careers and apprenticeship programmes and actively encouraging applications from individuals of diverse backgrounds.

As a result, today we are a stronger, more focused and higher-performing business than ever before. SGN's transformation will continue into RIIO-GD3, which we enter with considerable momentum and optimism.

Simon Kilonback
Chief Executive Officer

£695.2m
invested in our network in 2025/26

We have successfully tested and demonstrated the compatibility of the Local Transmission System (LTS) for transporting hydrogen in place of natural gas

We've engaged over
1,600
colleagues across our six networks

We've built a network of
140 Safe & Warm Community Partners

Our H100 project opened Scotland's first hydrogen demonstration homes, while also upskilling more than
97 Gas Safe-registered engineers at our dedicated hydrogen training centre

We secured the **top two spots** for customer satisfaction

Our Scotland network has retained the **number one** position for the **tenth consecutive year**

600,000+ Vulnerable customers supported in 25/26

2
Biodiversity awards for improvements project in Oban

£1.381m
turnover in 2025/26

1,415
new gas connections made during 2025/26

We responded to 172,704 gas escapes in 2025/26, recording above 97% attendance within Standards of Service response times.

	Scotland
99.5%	within **one** hour
99.8%	within **two** hours

	Southern
98.7%	within **one** hour
99.5%	within **two** hours

We have sufficiently connected biomethane capacity to decarbonise more than
360,422
homes

8
External Awards 2025/26

Zero
very serious incidents

Replaced **1,054km** of mains pipe in 2025/26

Regulatory Asset Value

2025/26

Opening Value	£7.7bn
Closing Value	£8.1bn

Total Group Turnover

2025/26
Revenue £1.4m

Delivery of Outputs

- Reliability
- Customer service
- Social obligations
- Environmental
- Price control deliverables
- Cyber security
- Vulnerable customer

% RoRe [1]

RIIO-GD2 Forecast
4.2%

Total Expenditure

RIIO-GD2 Forecast Expenditure (18/19 prices)

Adjusted Allowances	£2.8bn
Actual Costs	£3.1bn
Efficiency	-7.9%

Workload Adjustments

- Connections
- Fuel poor connection
- Tier 2a

Incentives

Earned in 2025/26 – benefit 18/19 prices

Potential Reward

Customer satisfaction Survey ODI	£4.5m
Shrinkage ODI	£0.2m
Collaborative Streetworks ODI	£1.5m
Unplanned interruptions penalty	£0m
Total ODI	£6.2m

Financial Incentives

Potential Reward:
- Shrinkage management
- Customer satisfaction
- Collaborative Streetworks

Penalty only:
- Complaints metric
- Unplanned interruption

Innovation

Spend in 2025/26 – 18/19 prices

Network Innovation Competition (NIC)	£33.7m*
Network Innovation Allowance (NIA)	£9.6m
Net Zero and reopener use it or lose it fund (NZARD)	£4.4m
Strategic Innovation Fund (SIF)	£2.6m
Net Zero and Small Projects reopener (NZASP)	£0.0m

* funding awarded in previous price control period

[1] Return on Regulatory Equity - Operational Performance (Notional basis)

2 Customer bill impact

We present two graphs showing the impact on customer bills.

Figure 1 shows the underlying bill changes excluding inflation, while Figure 2 shows the average bill in nominal prices, including inflation.

The data shows that customer bills, adjusted to 18/19 prices, have decreased by nearly 15% from the first year of RIIO-GD1 to the final year of RIIO-GD2. The average bill during RIIO-GD1 was £148, compared with a forecasted average bill of £125 in GD2 – a drop of 15% between the two periods.

As Figure 1 shows, bills remain stable over the GD2 period, changing slightly from £125 in 2021/22 to £124 in 2025/26. The exception is 2024/25, which reflects a significant reduction due to over-recovery of revenue from 2022/23 and 2023/24, linked to lower shrinkage costs, National Transmission System (NTS) costs and adjustments from the government's super tax deduction scheme.

Figure 2 shows how inflation heavily affects the average bill impact in nominal terms.

Figure 1 – Average bill (real prices 18/19)

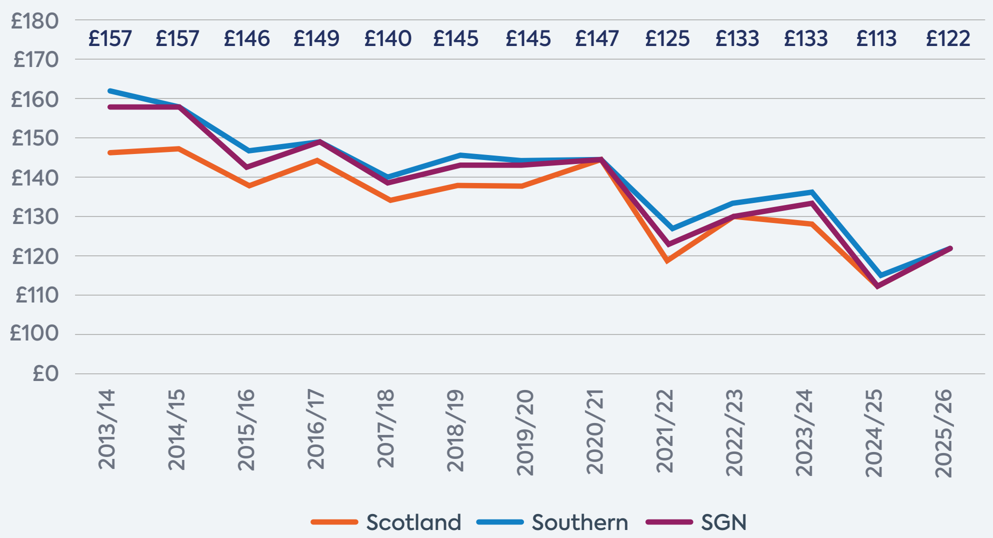


Figure 2– Average bill (nominal prices)

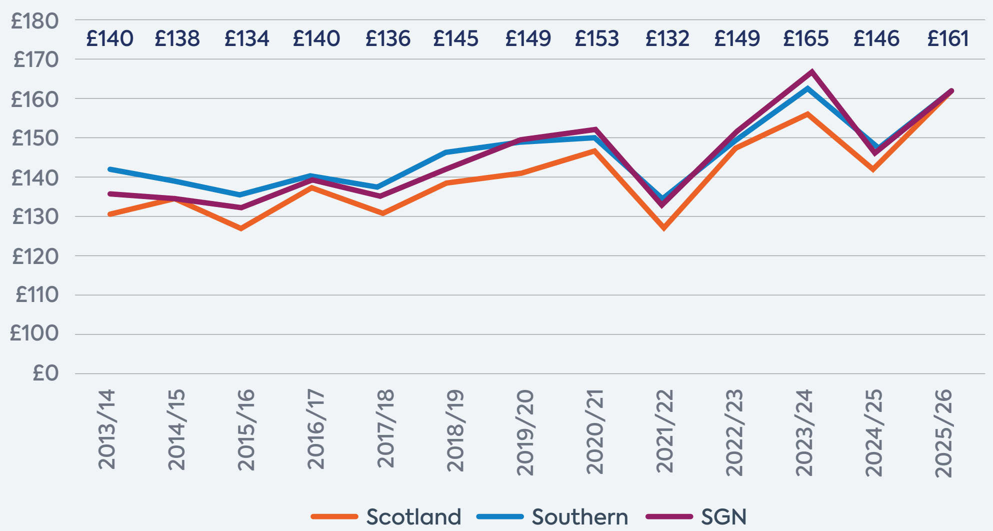
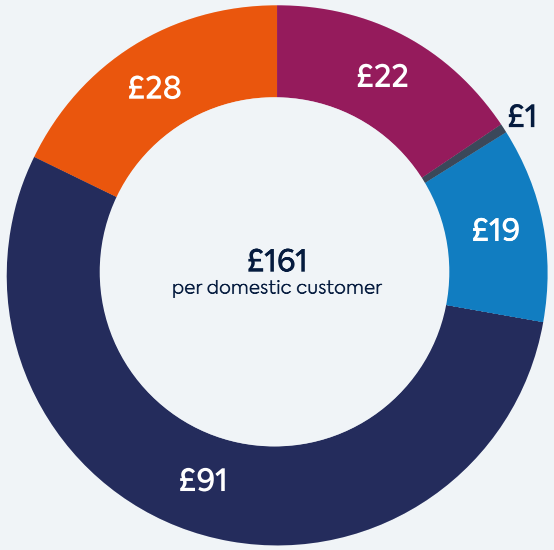


Figure 3 – Customer bill breakdown

- Providing a 24-hour emergency and repair service
- Performance improvement incentives
- Operating and maintaining the network
- Network investment
- Taxes, licence and other fees



3 Delivering Totex – fifth year of RIIO-GD2

In year five of RIIO-GD2, we exceeded our allowances by 33%, with the overspend primarily driven by Repex and Capex Timing within both regions, together with higher Opex in our Southern region.

As outlined in previous years' Stakeholder Report, expenditure during the early years of the RIIO-GD2 price control period was lower than anticipated due to a combination of external factors, including Covid-19, Brexit and supply chain challenges, which delayed the mobilisation of key projects. We also worked hard to operate within a challenging allowance set at the RIIO-GD2 final determination.

During 2023/24, it became increasingly clear that it was not possible to operate in the Southern region within the allowances while continuing to achieve the required outputs. As a result, we refocused on the contractor and skills supply chain strategy to rebuild the delivery capacity, increasing both operational resources and the contractor capability to deliver the Repex programme. At the same time, we reprofiled our Repex programme to achieve the equivalent risk reduction, recognising that this approach would result in significant over-expenditure.

Similar to the previous year, the cost pressures of the labour market for our remaining workloads have continued into 2025/26, although the overall increase was slightly lower than forecast in last year's report (previous forecast of £756m vs an outturn of £753m).

Table 1 - 2025-26 Totex performance[1]

£m 18/19 prices inc RPEs	Scotland			Southern			SGN		
	Actual	Allowance	Variance	Actual	Allowance	Variance	Actual	Allowance	Variance
Opex	76	79	4%	173	138	-26%	250	217	-15%
Repex	68	65	-5%	274	168	-63%	343	233	-47%
Capex	70	47	-47%	91	70	-30%	161	118	-37%
Totex	214	191	-12%	539	377	-43%	753	568	-33%

[1] All prices are stated as £18/19 values and should be increased by approximately 25% to bring to current-day values.

4 Summary of the RIIO-GD2 period

As set out in our prior year's commentary, our objective for the final year of the RIIO-GD2 period was to maintain focus on operational delivery while establishing the foundations required for a successful transition into RIIO-GD3. We have focused on stabilising our contractor base in our Southern region to ensure recovery of our Tier 1 workload, as well as putting in place the correct support for our frontline colleagues. By the end of year five, we have made significant progress against these objectives, as seen in our recent output performance.

Table 2 shows the contrasting performance between the Southern and Scotland networks. This difference reflects the varying cost pressures experienced across the two regions and has arisen despite common management structure, consistent processes and procedures, and a shared procurement approach. The contrast demonstrates the specific challenges of delivering required outputs in the Southern region, and indicates that actual operating conditions have differed significantly from the assumptions underpinning the RIIO-GD2 final determination allowances.

In Scotland, we completed our planned workloads and core outputs while outperforming our allowances by 5% or £53m (2018/19). In our 2024/25 strategic commentary, we forecast an outperformance of 4%.

In Southern, our 2024/25 commentary forecast a Totex underperformance of 14%, equivalent to overspend of £259m (2018/19). By the end of year five, this underperformance increased to 15% with total overspend reaching £278m (2018/19). As outlined in the previous section, this increase in expenditure was primarily driven by higher labour and contractor costs, affecting both Opex and Repex, together with increased workload delivery. During the year, an additional 64km of Repex Tier 1 mains were delivered compared with the 2024/25 report.

This outcome demonstrates the continued operational and financial challenges associated with delivering our commitment within the Southern Licence area.

Table 2 – Totex performance by year

£m 18/19 prices inc RPEs	Scotland							
	2021/22	2022/23	2023/24	2024/25	2025/26	RIIO-GD2 Total	RIIO-GD2 Allowance	Variance
Opex	61	66	78	80	76	361	372	3%
Repex	50	58	62	65	68	303	322	6%
Capex	37	42	58	56	70	262	286	8%
Totex	148	166	197	201	214	926	980	5%

£m 18/19 prices inc RPEs	Southern							
	2021/22	2022/23	2023/24	2024/25	2025/26	RIIO-GD2 Total	RIIO-GD2 Allowance	Variance
Opex	113	132	169	180	173	767	649	-18%
Repex	149	148	182	266	274	1,019	842	-21%
Capex	47	67	71	75	91	350	368	5%
Totex	309	347	422	521	539	2,137	1,859	-15%

£m 18/19 prices inc RPEs	SGN							
	2021/22	2022/23	2023/24	2024/25	2025/26	RIIO-GD2 Total	RIIO-GD2 Allowance	Variance
Opex	174	199	247	259	250	1,128	1,021	-10%
Repex	199	206	244	331	343	1,322	1,164	-14%
Capex	83	108	129	131	161	613	654	6%
Totex	457	513	619	721	753	3,063	2,839	-8%

NB: RIIO-GD2 Allowance takes into account the awarded reopeners as a reforecast of connections volumes. RPEs are based on latest indices available as of June 2026. All figures exclude sales proceeds.

5 RIIO-GD2 Delivery Priorities

As a regulated business at the heart of Britain's energy system, we are committed to keeping our communities safe and warm while playing our part in a fair and affordable energy transition.

The expectations placed upon us – by customers, our regulator and society – are evolving, and so must we. As we enter RIIO-GD3, we are transforming how we operate: renewing our business, securing the resilience of Britain's energy system and leading the way on decarbonisation. This strategy is designed to create long-term, sustainable value for all our stakeholders.

Supporting vulnerable customers

As we close the final year of RIIO-GD2, we are incredibly proud of how our frontline teams have stepped up to support vulnerable customers through a period of unprecedented challenge. Communities across our network have faced overlapping pressures, rising energy costs, a deepening cost-of-living crisis and, most recently, record levels of energy debt. Despite this, our people have continued to deliver not only essential services but life-changing support to those who need it most.

Throughout the fifth year of our five-year vulnerability strategy, the socioeconomic pressures facing our communities have continued to grow rapidly. With around 12.1 million UK households struggling to meet basic household energy costs, our teams see first-hand the reality of hardship in the homes they enter every day. We've invested significantly in the training and empowerment of our frontline colleagues, meaning they can identify when someone needs help, and have the confidence to offer tailored support.

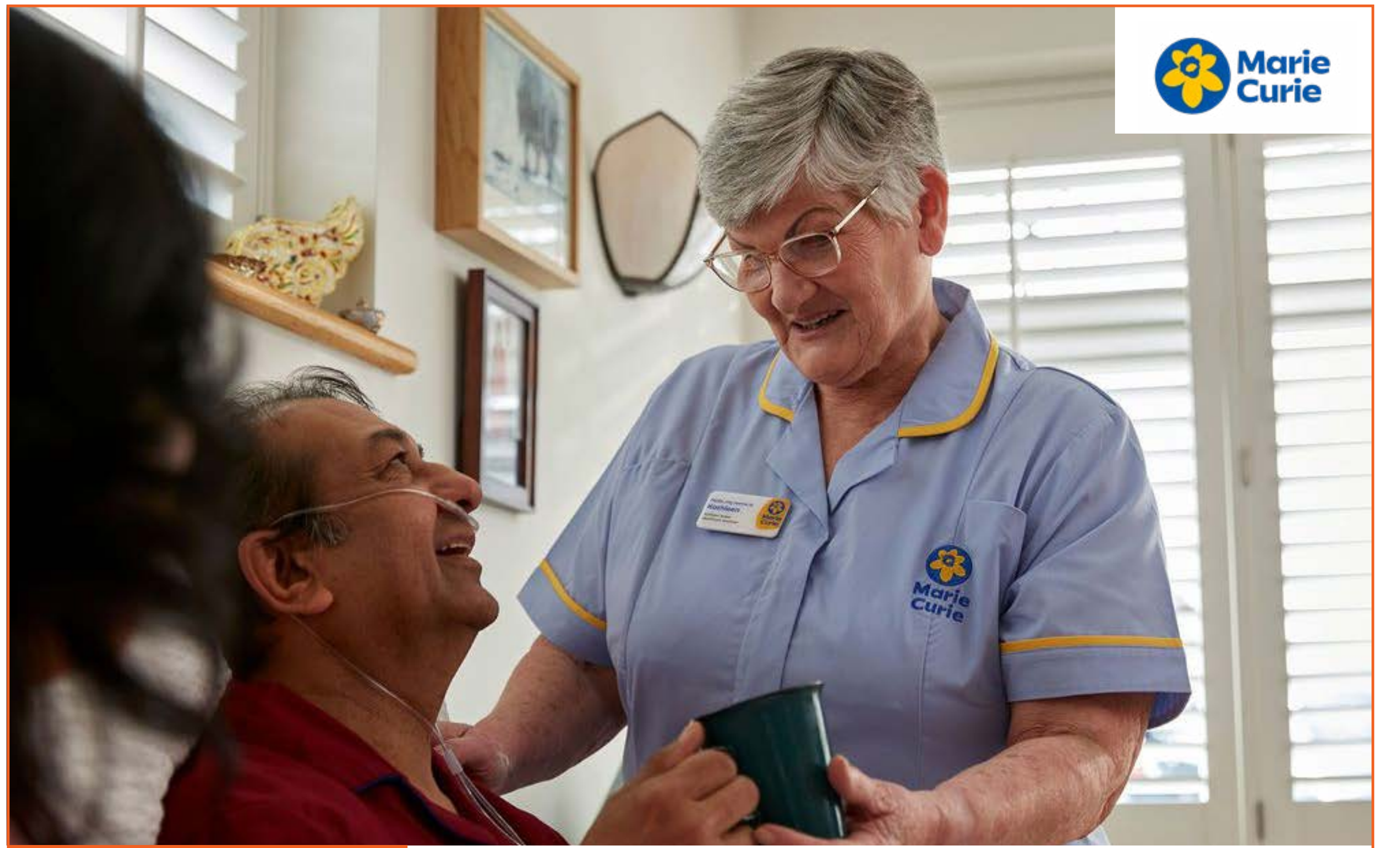
This year, we rolled out a new vulnerability training programme, developed with frontline teams and some of our strategic community partners (including Age Scotland, Scope and Marie Curie). This collaborative approach ensured the training reflected real-world challenges and practical solutions. The programme has strengthened our ability to recognise vulnerability, respond appropriately and provide consistent, high-quality support across all areas of our operation.

This investment has translated into industry-leading performance. Our customer priority services register customer satisfaction (PSR CSat) scores continue to set the benchmark, reflecting the care, professionalism and dedication of our people. This year our PSR CSat scores have shown incremental improvementk, with Scotland achieving 9.63 and Southern 9.54, which with all surveys combined resulted in an overall SGN score of 9.59.

Crucially, our frontline teams have also played a central role in codesigning our expanding range of Additional Services, ensuring these customer offers genuinely meet the needs of vulnerable households and evolve in line with the challenges our communities face. Over the past year, our frontline teams identified and offered a helping hand to 18,887 vulnerable households, resulting in 28,659 unique tailored support services, from funded gas appliance repairs to emergency fuel vouchers and access to specialist debt and income support. By focusing on long-term affordability and strengthening partnerships, we have helped customers not only through immediate crises but towards greater financial resilience. Incredibly, over RIIO-GD2, our teams supported 50,557 vulnerable households through our Additional Services scheme, providing access to a total of 80,108 unique services.

A key development during RIIO-GD2 has been the growth of our Safe & Warm community team. Working alongside our frontline colleagues and our Safe & Warm community partnership network, this team focuses on supporting households who are not currently receiving the help they need. By providing access to energy safeguarding services, tailored energy advice and practical support, the Safe & Warm community team help bridge the gap between vulnerable customers and the wider ecosystem of local assistance. Their work includes building trusted pathways into community organisations, and ensuring customers are connected to long-term support, whether that's maximising income, debt management, home energy improvements or wider wellbeing services.

Our frontline teams and our Safe & Warm partnership network remain at the heart of our commitment, keeping customers and communities safe, warm and supported when they need us most.



SGN investment:
£557,722

Joint GDN investment:
£2,060,120

Net Present Value (NPV):
£24,446,513

Social Return on Investment (SROI):
£12.22

April 2024 to March 2026

National joint GDN

Tier 2 initiative T2

Exceeded outcomes

Safeguarding and tackling poverty for terminally ill people

Partnership ambition

A terminally ill person's energy bill can increase by as much as 75% after they are diagnosed, leaving many people struggling to afford to heat their homes sufficiently. We worked with Marie Curie to train their frontline community teams on energy safeguarding and provide a dedicated energy advice team.

Partnership achievement

We've trained 1,916 frontline Marie Curie workers to support patients at risk of fuel poverty since 2022, including 262 this year. We've provided personalised energy advice to 9,206 households in our network areas during our partnership, supporting 2,501 this year. Nationally, we've identified more than £6.4m in unclaimed benefits for people living with a terminal illness.

Learning and legacy

We've seen an evolution in how people want to access support during our programme, with more people choosing to engage over the phone and via web chat than browsing the website. We adapted to ensure we helped as many terminally ill people as possible in the way they wanted, and this learning will shape future programmes.

Find out more

PROTECT
ZERO HARM DONE.
ZERO EXCEPTIONS.

Safety

Safety is SGN's key strategic priority, with a commitment to ensuring zero harm to our people and to our communities. Last year, our engineers attended more than 170,000 gas escapes as the National Gas Emergency Service provider for Scotland and southern England, providing essential 24/7 support to keep communities safe.

2025/26 saw the launch of our Zero Harm ambition, a new programme to provide a platform for improvement in safety performance in the years ahead. Based on three principles, We Care, We Own, and We Learn, this ambition sets out our roadmap to achieve Level 4 on the Hudson Safety Culture Maturity scale.

Our target for the 2025/26 financial year was to progress within Level 3 on the Hudson Safety Culture Maturity Scale. A safety culture survey completed in March 2026 by an independent expert third party has confirmed that we have successfully achieved that target.

2025/26 also saw SGN focus on Phase 1 of our Safety Culture Roadmap. This involved launching Zero Harm into the business, refreshing existing safety culture initiatives, and establishing enhanced safety investigation training. This work was completed taking a human-centric approach to make sure that the voice of our people is at the centre of the culture we create. To deliver this:

- **Ten Zero Harm briefs** have been distributed during 2025/26, with focus on enhancing quality. This has been achieved through the integration of a mini soap series and video material putting a spotlight on safety across the organisation. On average, 85% of frontline colleagues consume this brief face to face.
- **660 Leadership Conversation visits** have taken place by a group of 96 members of the leadership community, improving visible leadership across our networks. Records or conversations have been maintained, and monthly analysis is shared to promote continual improvement.
- **The Zero Harm Champion community** has been enhanced, providing a developmental pathway for Champions to actively support safety initiatives and constructively intervene when things don't look right.
- **In-house safety investigation training** has been launched, with Just Culture and Human Factors principles at its core. This training makes use of virtual reality technology to provide delegates with a high-fidelity, immersive experience of a safety investigation.
- Our **PSI (Predictive Safety Interventions)** project is transforming how we manage risk, using AI to predict and prevent incidents in real time. Delivered with safety platform FYLD and funded through regulator Ofgem and the UK Research and Innovation (UKRI) fund, PSI shifts safety from reactive processes to continuous, proactive intervention. By analysing live operational and behavioural data, the system identifies high-risk conditions and delivers targeted prompts directly to field teams. Predictive models reached 69% accuracy during live trials, with interventions deployed on 68% of high-risk jobs. PSI is embedding smarter, safer decision-making into everyday operations.
- We also introduced internally owned and developed **safety investigation training** to enhance our root cause analysis capabilities, so we learn from incidents. This training uses virtual reality technology to bring the training process to life, creating an immersive experience for attendees. It's the first time this technology has been used at SGN to promote this topic and it has received significant praise.

Phase 2 of the Safety Culture Roadmap will be covered during 2026/27. This will include:

- **'We Own' training** for all colleagues, with a focus on dialling up personal ownership of health and safety behaviours
- Further integration of **Just Culture principles** into SGN processes
- Continuous improvement and further integration of safety culture initiatives, including monthly face-to-face Zero Harm briefings, Leadership Conversation Visits, and Zero Harm Champions.

Innovation
Our innovation activity in 2025/26 continues to be guided by the energy networks' innovation strategy, developed in collaboration with the Energy Networks Association (ENA), Future Energy Networks (FEN) and network operators across Great Britain. This shared approach ensures that innovation is coordinated at a national level, focused on creating genuine value for customers while supporting the transition to net zero.

The strategy sets out a clear framework for addressing the key challenges facing energy networks – including decarbonisation of heat, enabling a flexible and resilient energy system, and supporting consumers in vulnerable situations. Designed to be both ambitious and adaptable, it encourages meaningful innovation without placing undue constraints on how that innovation is achieved. At its centre are three Network Innovation Objectives, each aligned to the consumer-oriented outcomes established by Ofgem. This includes delivering an environmentally sustainable network, safe and resilient network, and meeting the needs of consumers and network users.

Collaboration remains central to this approach. We continue to work closely with other gas and electricity networks, as well as industry partners, academia and supply chains, to share learning and accelerate progress. This has enabled us to build a diverse portfolio of projects ranging from early-stage research through to large-scale demonstrators – all aligned to the themes and principles that underpin this strategy.

As we approach the end of the RIIO-GD2 price control period, our focus has increasingly shifted towards delivering impact – scaling successful projects, embedding innovation into business-as-usual activities, and ensuring that the benefits of innovation are realised for customers and communities across Scotland and southern England.

Environment
As we conclude the final year of RIIO-GD2, we're providing a recap of the targets we set ourselves and the progress we have made.

- **Business Carbon Footprint** – At the beginning of RIIO-GD2, we set a target to reduce Business Carbon Footprint (scope 1 & 2 emissions excluding shrinkage) by 25% over the five-year price control period, compared with baseline 2019.

  Our emissions at the end of RIIO-GD2 show we have achieved a 21% reduction, reporting 18,404 tCO2e for 2025/26. These reductions were achieved through the decommissioning of the Turbo Expander in St Mary Cray/ Orpington depot, the installation of energy efficiency technologies and renewables across our property portfolio, and the transition of some of our internal combustion engine/diesel vehicles to 100% battery electric vehicles.

  Our delivery through RIIO-GD2 has been slower than anticipated, which has meant our position at the end of RIIO-GD2 is slightly under our overall target. The biggest reason for this is the slower than anticipated change of diesel vehicles to electric vehicles in our commercial fleet. Challenges throughout the five-year period with the availability of larger vans suitable for our operations and charging infrastructure are issues which we will continue to work on into RIIO-GD3.

- **Waste** – We set an extremely ambitious target to achieve zero waste to landfill across both our networks, for all our waste streams, by the end of RIIO-GD2. While we haven't reached our goal, we've made significant progress toward it. We are currently performing at 94% of office and depot waste and 97% of our spoil waste diverted from landfill, equivalent to circa 280,000 tonnes of spoil in 2025/26. Achieving our zero waste to landfill target was hindered by the lack of recycling options for some waste streams, and contaminated waste streams, both of which we continue to find ways to improve.

  We have seen a big improvement in reducing our use of virgin material and increasing the use of recycled materials in reinstatement work. In Scotland, we have exceeded our target of 20%, so that now 7% of all reinstatement material is virgin material. In Southern we were able to reach approximately 2% usage of virgin material against a stretching target of less than 0.1%.

- **Protect and enhance biodiversity** – As reported in our 2024/25 strategic commentary, we have completed all biodiversity baseline surveys across all 128 sites identified within our estate. These surveys have provided a robust understanding of existing habitats and helped inform where enhancement activities can deliver the greatest environmental benefit. Building on this, we have delivered 64 biodiversity improvement projects across our networks, with 37 of these carried out in FY 2025/26. This sets a fantastic starting point for capturing and reporting on biodiversity net gain over years to come.

- **Engagement with supply chain** – Our target was to develop and publish a Sustainable Procurement Code, and to have 80% of our supply chain meeting this by the end of RIIO-GD2. We have delivered on this target.

People
Our people are at the heart of our success. We are dedicated to creating an inclusive and supportive environment where everyone can thrive, feel valued and contribute their best. By embracing diversity, investing in development and promoting wellbeing, we empower our workforce to demonstrate their talents and reach their potential. This not only strengthens our organisation but also ensures we continue to deliver for our stakeholders with skill, care and professionalism.

During RIIO-GD2, we established seven employee networks, growing membership to over 1,600 colleagues and strengthening inclusive, supportive spaces across the business.

This year, we hosted a National Inclusion Week event at Brighton's Amex Stadium with all four UK GDNs. Led by the SGN Race Equality Network, the event promoted inclusion, allyship and shared learning, and resulted in a jointly agreed ED&I pledge adopted across the GDNs.

All networks have progressed inclusion. Ability@ SGN has improved understanding of workplace adjustments, supported by engagement with the Business Disability Forum, an independent review and new learning materials, including neurodiversity content.

Ability@SGN's progress has been recognised by the Employee Network Awards 2026, with shortlistings for Outstanding Ability Network and Outstanding Network Lead.

The Military network supported armed forces leavers through Career Transition Partnership events, hosted a virtual Act of Remembrance, and refreshed its aims and plans under a new executive sponsor.

Women@SGN expanded external collaboration, improved access to appropriate PPE including pregnancy PPE and hijabs, and established a successful menopause support subgroup.

In recruitment, we continued to use CV-less hiring across all entry-level operational roles and as part of selection for more senior roles. Our new national training centre in Glasgow has been purpose-built to empower our frontline workforce with the skills, confidence and capability needed for a changing energy landscape. The facility strengthens hands-on learning and technical development, ensuring our colleagues remain among the best trained in the sector. Since opening, 823 colleagues have received training at the facility.

Preparing for RIIO-GD3

RIIO-GD3 has now commenced as of April 2026, and we have made a positive start to this five-year price control period.

Our priority for RIIO-GD3 is to keep our network safe, reliable and resilient while supporting a fair and affordable transition to net zero for our customers with an investment programme of £4.5bn. To do this effectively, in the context of Great Britain's transition to net zero, working towards affordable clean energy, we have made 15 commitments that we will deliver for our customers in RIIO-GD3.

In order to achieve these commitments, our proposed investment sets out various programmes of work. The largest share of this investment will go into safety-critical asset health and replacement activity with a £1.8bn investment to replace nearly 5,000km of metallic mains with plastic pipes that are safer, reduce emissions and are ready to transport green gas. There is also substantial funding for operational response and resilience, targeted support for vulnerable customers and customer service, and a £23m investment in green gas connections which will save at least 1,100KtCO2e per year.

We continue to build on low-carbon network readiness and the systems and technology needed to run the network efficiently. Our plan reflects the priorities customers and stakeholders have told us matter most: safety, resilience, value for money and excellent service, while keeping our share of the average annual household energy bill at around 9%.

Our commitment to keeping our customers safe and warm is underpinned by our purpose, vision, mission and values

Our purpose
Delivering the energy our customers need today and tomorrow

Our vision
We are a highly skilled engineering organisation that designs, builds, operates and maintains the energy systems of today and tomorrow

Our mission
We keep the gas flowing safely, securely and increasingly sustainably

Our values
Safety, Respect, Reliability, Openness, Innovation

Table 3 - SGN RIIO-GD3 outcomes and commitments

SGN RIIO-GD3 outcomes	SGN RIIO-GD3 commitments
High-quality service from regulated firms	
Our customers receive industry-leading service	We will provide high-quality service so both networks are in the industry top three for customer satisfaction by the end of RIIO-GD3. We will provide high-quality service so both networks are in the industry top three for fewest complaints per 10,000 customers every year in RIIO-GD3.
More vulnerable customers will receive high-quality, targeted support	We will help at least 650,000 households in the most vulnerable circumstances in RIIO-GD3. We will provide training to all frontline employees to help them identify and support vulnerable customers in RIIO-GD3.
Our investment creates more social value for customers and communities	We will maximise the Social Return on Investment for every £1 invested through the VCMA programme, while always prioritising the needs of vulnerable customers.
Secure and resilient supplies	
Our network transports gas safely and reliably to meet the demands of our customers in all scenarios	We will maintain our network, so there is no deterioration in its performance or reliability. We will continue to look after the health and safety of our employees by targeting a maximum working day of 12 hours by the end of RIIO-GD3.
Our network is ready to transport clean energy to our customers	We will establish processes that allow us to safely and reliably blend more green gas into our network. We will implement a framework to assess alternatives to natural gas when refurbishing or replacing supplies to high-rise multiple occupancy buildings.
We are resilient to a range of external shocks and stresses	We will introduce a measure for climate resilience and establish a standard baseline from which we will monitor our progress. We will meet or exceed the Enhanced Cyber Assessment Framework.
Infrastructure fit for a low-cost transition to net zero	
We adopt a whole-systems approach to delivering net zero	We will contribute to the development of the Regional Energy Strategic Plans (RESPs) and relevant local authority energy plans in Scotland and the south of England.
More people will have access to biomethane	We will work collaboratively to maximise biomethane injection and reduce connection times for producers to provide the capacity to transport it to the equivalent of one million homes.
Harnessing green gas will help remote Scottish communities contribute to net zero	We will transport locally produced biomethane to Wick and Thurso SIUs to replace liquefied natural gas supplies.
We will be ready to accept blended hydrogen onto our network to supply customers	We will complete the evidence for hydrogen blending in the first two years of RIIO-GD3.
We will reduce the impact our operations have on the environment	We will reduce our operational carbon footprint by 46% compared with our 2019 baseline with a focus on reducing methane emissions.
System efficiency and long-term value for money	
We will deliver value to customers through efficient investment and delivery	We will be ranked in the top three for efficiency for both our networks in a well-calibrated cost assessment that reflects the efficient costs of working in our network areas.
Innovation will deliver improvements and efficiencies that benefit customers	We will deliver more than £89m of operational savings through core innovation across RIIO-GD3.
Digitalisation and the effective use of data will enhance network performance and support the transition to net zero	We will open our data to facilitate collaborative planning and the development of whole-system solutions.
We will build a more resilient workforce that works efficiently to deliver more value to our customers	We will increasingly reflect the communities that we serve. We will recruit and train more than 50 apprentices each year.

6 Output summary

Performance in year five of RIIO-GD2 has improved: we delivered a green RAG status on all outputs that focus on meeting the needs of consumers and network users, including our unplanned interruptions, which has previously been a challenge due to factors we have engaged with Ofgem on throughout the price control period. However, despite our continued efforts, there are a few areas under the environmental and network resilience brackets that remain below our expectations.

Repex – Tier 1 Mains and Services: Our Tier 1 mains and service Price Control Deliverable (PCD) in our Southern network has made great progress in year five. However, it has fallen short of the overall RIIO-GD2 target. We are confident in delivering the remaining length alongside our new set target in the early years of RIIO-GD3.

Shrinkage and Environmental emissions: Shrinkage environmental emissions are close to forecast volumes. Southern Repex outperformed iron mains abandonment targets, while Scotland achieved all planned replacement. Shrinkage delivery across RIIO-GD2 is still facing a shortfall from that forecast in 2019, due to impacts of reduced replacement lengths during Covid.

Commercial Fleet EV Price Control Deliverables: On commercial fleet EV PCD, we are finishing on a red status, as we have been unable to secure the vehicles that meet the criteria of our working requirements. Currently, there are no EVs that have a suitable payload or on-board power among other challenges to enable us to carry out our duty to keep customers safe through emergency and repair operations.

Business Carbon Footprint (BCF) reporting: The final reduction was 21% across RIIO-GD2. This is linked to us not electrifying our commercial fleet at the pace we anticipated at the beginning of the price control period. For this reason we have remained at an amber status.

Table 4 - Output deliverables

Output Summary		Scotland	Southern
Meeting the needs of consumers and network users	Consumer vulnerability minimum standards	●	●
	Guaranteed Standards of Performance (GSOPs)	●	●
	Emergency response time (Uncontrolled)	●	●
	Emergency response time (Controlled)	●	●
	Digitalisation Strategy and Action Plan	●	●
	Annual Environment Report	●	●
	Holder demolition	●	●
	Customer satisfaction survey	●	●
	Complaints metric	●	●
	Unplanned interruptions	●	●
	Network Asset Risk Metric	●	●
	Deliver an environmentally sustainable network	●	●
	Shrinkage and environmental emissions	●	●
	Collaborative Streetworks	●	●
	Consumer vulnerability reputational incentive	●	●
	Fuel Poor Network Extension Scheme	●	●
Deliver an environmentally sustainable network	Shrinkage and environmental emissions	●	●
	Business Carbon Footprint (BCF) reporting	●	●
	Commercial Fleet EV PCD	●	●
	Gas escape reduction	●	●
	Biomethane improved access rollout	●	●
	Intermediate pressure reconfigurations	●	N/A
	Remote pressure management	N/A	●
Maintain a safe and resilient network	Repex - Tier 1 mains replacement	●	●
	Repex - Tier 1 services	●	●
	Capital projects	●	●
	NARMs	●	●
	Cyber resilience Operational Technology (OT)	●	●
	Cyber resilience IT	●	●

• Red:
Not delivering a licence obligation, significant under-delivery on reputational commitments or significant penalty on financial incentive (amber is not applied to licence obligations).

• Amber:
Marginal under-delivery on reputational commitments or marginal penalty on financial incentive (amber is not applied to licence obligations).

• Green:
Delivered licence obligation, reputational commitments, or positive outcome on financial incentive.

7 Financial performance

Return on Regulatory Equity (RoRE) is calculated for each network at the end of each year and is an estimate of the average annual return that shareholders could expect over the five-year price control period.

Table 5 – Financial Performance

Network	Scotland	Southern	SGN
Return Adjustment (£m 18/19 prices)	**5-year average**	**5-year average**	**5-year average**
Totex Performance	12.2	(54.0)	(41.8)
Incentive Income	1.1	2.2	3.3
Other (eg innovation contributions)	(0.7)	(1.8)	(2.5)
Less sharing	(6.2)	27.0	20.8
Average Income Adjustment	6.4	(26.6)	(20.2)
Additional Return on Equity			
Average extra returns	6	(27)	(20)
Equity (based on notional gearing)	707	1,554	2,261
Operational Return Adjustment	0.90%	(1.71%)	(0.90%)
Base cost of equity	5.09%	5.08%	5.08%
Total Notional Operational RoRE	5.98%	3.37%	4.19%

NB: RoRE is provisional prior to Regulatory Financial Performance Report sign-off in Sept 2026.

8 Positive impact

We are proud to say that for the fifth year of RIIO-GD2 and for the tenth year in a row, our Scotland network retained the number one position for customer satisfaction. Our Southern network has also seen huge progression, moving up from sixth position to second for the final year, making us the leading GDN for customer satisfaction.

Table 6 – Customer Satisfaction Score

Customer satisfaction	Scotland					Base Target (*)
Scores out of 10	2021/22	2022/23	2023/24	2024/25	2025/26	
Emergency work	9.54	9.62	9.67	9.81	9.83	9.37
Planned work	9.20	9.09	9.07	9.20	9.32	8.51
Connections work	9.11	9.18	9.26	9.35	9.52	8.38
Average	9.28	9.30	9.33	9.45	9.56	8.75

Customer satisfaction	Southern					Base Target (*)
Scores out of 10	2021/22	2022/23	2023/24	2024/25	2025/26	
Emergency work	9.33	9.43	9.59	9.72	9.78	9.37
Planned work	9.08	8.88	8.99	8.95	9.19	8.51
Connections work	8.67	8.74	9.00	9.18	9.49	8.38
Average	9.03	9.02	9.19	9.28	9.49	8.75

(*) The base targets reflected here were updated for RIIO-GD2 where they were updated from targets from the 2020/21 values.

Customer satisfaction

As we close GD2 and for the tenth year in a row, we've held the number one position for customer satisfaction among Britain's gas networks. Our Scotland network holds the top spot with an impressive average score of 9.56 out of 10 and our Southern England network achieved second place with 9.49. Overall, Year five performance exceeded our original GD2 expectations. While we anticipated high performance, the consistency and delivery of results, particularly in Scotland and the steady year-by-year improvement in the Southern network, demonstrate continuous improvement and an embedded, high-performing customer culture.

Our performance across GD2 has been underpinned by a structured and deliberate transformation approach, centred on five levers of change:

1. **Process** – We simplified and improved customer journeys, making it easier for them to interact with us and ensuring we increasingly get things right first time.
2. **People** – We embedded a customer-first culture, where continuous improvement is owned at all levels. Initiatives have strengthened alignment between customer needs and colleague behaviours.
3. **Technology** – We introduced and scaled solutions that improved both experience and efficiency, including:
   - New contact channels (Live Chat, WhatsApp)
   - Enhanced communication (SMS updates, broadcasts)
   - Video notes for real-time feedback

   These innovations improved ease of contact, transparency, and responsiveness, particularly during unplanned works.
4. **Insight and Analysis** – We significantly strengthened our use of real-time feedback, sentiment analysis, and customer insight, allowing us to:
   - Identify issues faster
   - Prioritise what matters most to customers
   - Continuously refine service delivery
5. **Ways of Working** – We adopted more agile, responsive ways of working.

Everything we do is about making things easier for our customers and our people, improving our service, and giving extra care where it's needed most.

Vulnerability and Carbon Monoxide Allowance (VCMA)

As we reach the end of RIIO-GD2, we are proud to reflect on how far we have come and how much more we have delivered than many thought possible through the VCMA. When we developed our business plan for Ofgem's 2021–2026 price control, extensive engagement with customers and stakeholders made clear the vital role gas networks can play in supporting communities well beyond our core licence obligations.

In response, we committed to making a meaningful, measurable contribution to society by supporting vulnerable households and delivering consistently excellent service. We created a five-year vulnerability and carbon monoxide strategy designed to make a real difference where it matters most.

Ofgem's introduction of the VCMA – a Use It or Lose It mechanism – enabled us to invest in projects that support vulnerable customers and raise awareness of carbon monoxide, with at least 25% dedicated to joint initiatives with other gas networks.

In 2023, following further engagement, Ofgem repurposed 70% of the FPNES into the VCMA to provide more targeted support for households struggling to stay safe and warm. This increased our original £16.3m allowance to £46.45m, an uplift of £9.3m for Scotland and £20.9m for our Southern network.

Throughout this period, strong stakeholder engagement and insights from our extensive partnerships have enabled us to stay agile, respond to emerging societal challenges and maximise the value of customer funds. Together, we have provided support to those who need it most and exceeded expectations of what the VCMA could achieve.

Over RIIO-GD2, we utilised £46.3m of our VCMA allowance (in 18/19 prices; £59.5m in 25/26 prices), with a final underspend of £0.16m. In our final year, as with previous years, we worked closely with our partners to ensure we were able to achieve target and, where there was a risk to under-delivery, we agreed with our partners to repurpose VCMA funds to other projects to make the most of every pound for our customers. Together with our Safe & Warm community partners, we've helped 605,944 vulnerable households maintain a safe and warm home in the past 12 months.

That takes us to a total of 1,372,894 households supported with 3,238,015 energy safeguarding services, delivering a minimum of £210,452,732 in social value over RIIO-GD2 – not including the legacy of skills and resources still being used today.

By the end of March 2026, we had closed 144 approved energy safeguarding and carbon monoxide awareness initiatives across Scotland and southern England. Of the many collaborative GDN projects, we participate in 41 and lead 18, including those with Bonanza Creative, Fuel Bank Foundation, Money Ready, Marie Curie, Scope and the Scouts.

By utilising the VCMA, we've evidenced that we're identifying and supporting those most in need – making a significant impact on those least able to maintain a safe and warm home.

Further information on collaborative VCMA projects can be found here and the SGN VCMA annual report is available here

Below we have set out a few case studies of the many VCMA projects presented.

SGN investment:
£420,711

Joint GDN investment:
£1,650,000

Net Present Value (NPV):
£2,813,306

Social Return on Investment (SROI):
£2.88

January 2022 to March 2026

National joint GDN

Tier 2 initiative T2

Achieved outcomes

Fuel crisis support

Partnership ambition

The cost-of-living crisis disproportionately impacted households on pre-payment meters, who were often forced to ration energy or go without when the credit ran out. Working with Fuel Bank Foundation, we aimed to support households in energy crisis with emergency fuel vouchers. We also worked to increase long-term financial resilience to avoid dependency on emergency funds.

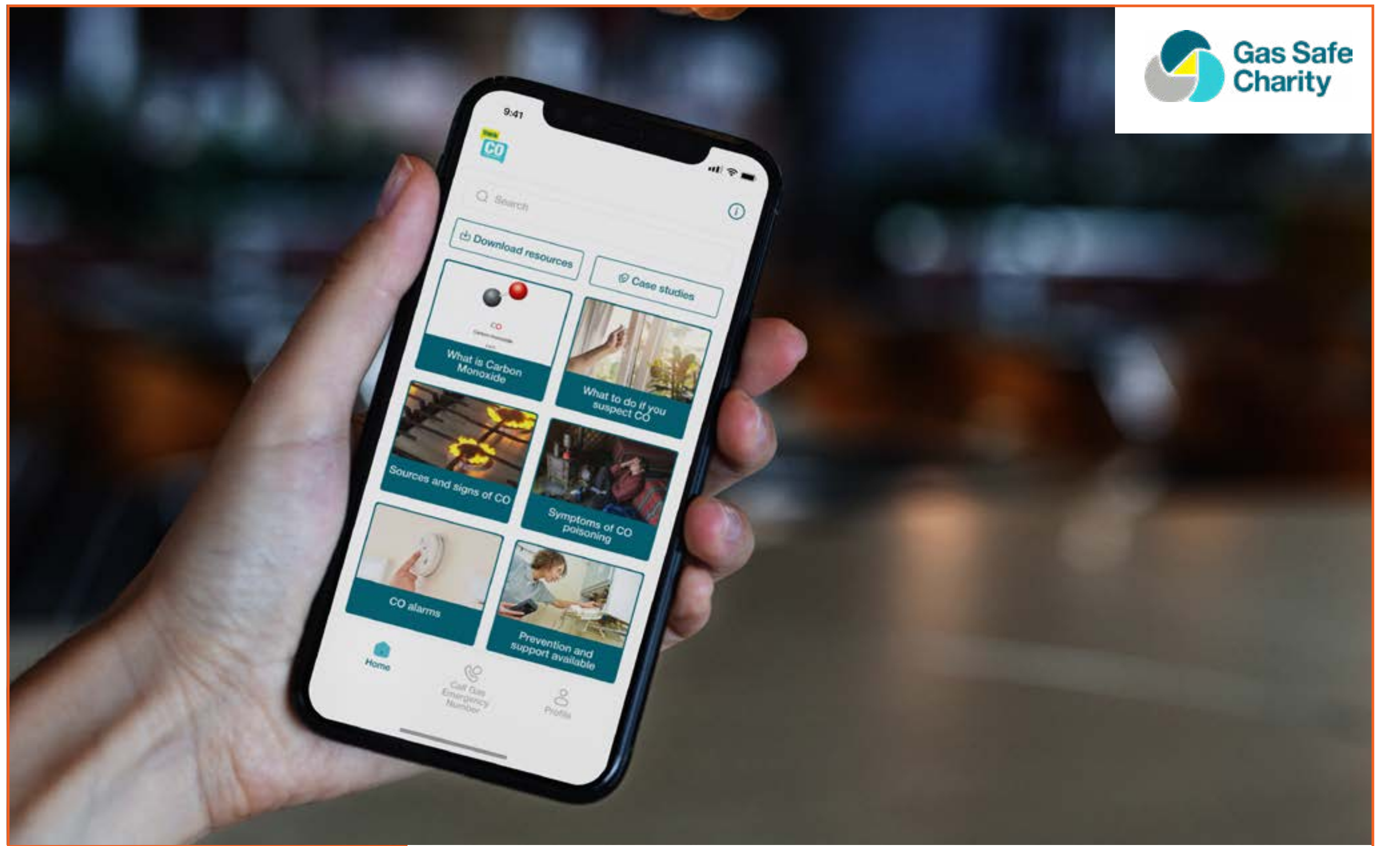
Partnership achievement

By coming together as gas networks, we increased the charity's capacity to support people in fuel crisis through both existing centres and new centres in areas of greatest need. We issued 5,422 crisis vouchers alongside advice this year, adding to a total of 22,736 since 2022. Within our two regions, we helped 2,562 households in crisis this year.

Learning and legacy

Our programme identified younger people were most likely to experience perpetual fuel crisis. As the age group most likely to have children at home, their outgoings often far exceeded income. Many were new to prepayment meters and struggling to manage energy use. This insight led to two regional Fuel Bank Foundation programmes targeted at this group.

Find out more



SGN investment: **£11,593**

Joint GDN investment: **£42,825**

Net Present Value (NPV): **£21,437**

Social Return on Investment (SROI): **£1.10**

March 2023 to March 2026

National joint GDN

Tier 3 initiative T3

Variable outcomes

Think CO app development

Partnership ambition

Frontline third-sector volunteers and workers often lack the CO safety skills and knowledge they need during home visits. Together with Gas Safe Charity, we developed the Think CO smartphone app as a quick and easy resource for frontline teams that details the sources, signs and symptoms of carbon monoxide.

Partnership achievement

All app development and testing is complete, and it's now available for Android users via the Play Store. The app gives frontline teams access to real-time information on their smartphone, even if they don't have a signal during a home visit. So far, 188 frontline workers have downloaded our free app.

Learning and legacy

Although our programme has ended, the app continues to be available for frontline teams to download and use for free. This resource will be available for Android users indefinitely, and Gas Safe Charity is working to have the app added to the App Store for Apple users as soon as possible.

Find out more

Customer Complaints

In Year five of RIIO-GD2 we have continued to build on our strong performance in complaints handling across both our Scotland and Southern networks. Both networks have achieved their highest performance to date, with Scotland achieving a metric score of 0.04 and Southern achieving 1.20.

Our RIIO-GD2 aim was to maintain Scotland's leading complaint-handling performance and improve Southern's position. We focused on resolving complaints within one day or the 31-day threshold, while delivering a right-first-time service to reduce complaint volumes.

As Southern moved from five to nine regions, we strengthened local support to help our teams resolve complaints more quickly.

Our latest Q3 GDN results show Scotland remains in first place and Southern has improved from seventh to third, reflecting the commitment of our people. For the first time across RIIO-GD1 and RIIO-GD2, no complaints exceeded 31 days, showing customers are satisfied with the actions we have taken.

Table 7 - Customer Complaints Metric

	GD1-Y7	GD1 -Y8	GD2-Y1	GD2-Y2	GD2-Y3	GD2-Y4	GD2-Y5
Volume of complaints	2019/20	2020/21*	2021/22	2022/23	2023/24	2024/25	2025/26
Scotland	340	214	246	369	315	273	273
Southern	1,299	793	1,052	1,556	1,565	1,711	1,573
SGN	1,639	1,007	1,298	1,925	1,880	1,984	1,846

	GD1-Y7	GD1 -Y8	GD2-Y1	GD2-Y2	GD2-Y3	GD2-Y4	GD2-Y5
Complaints metric	2019/20	2020/21*	2021/22	2022/23	2023/24	2024/25	2025/26
Scotland	1.71	1.50	1.50	1.71	1.62	0.51	0.04
Southern	2.83	3.06	3.06	4.74	3.61	1.86	1.20

Complaints per 10,000 customers	2019/20	2020/21*	2021/22	2022/23	2023/24	2024/25	2025/26
Scotland	1.85	1.16	1.33	2.00	1.70	1.47	1.47
Southern	3.15	1.92	2.54	3.75	3.77	4.12	3.79

*Due to the impact of Covid-19, we do not consider 2020/21 to be an accurate representation of a normal working year and so it is not a relevant point of reference.

Guaranteed Standards of Performance (GSOP)

Connections

Our target for Guaranteed Standards of Performance (GSOPs) is 90%. In the fifth year of RIIO-GD2, we have exceeded this target across all standards. We remain committed to delivering the highest level of service for our customers.

Customers and interruptions

Interruptions, whether planned or unplanned, represent critical moments in the customer journey and are never ideal. Our strategic focus is therefore centred on minimising both the duration of supply interruptions and the associated impact on our customers, with particular emphasis on protecting those in vulnerable circumstances through targeted operational response.

Over RIIO-GD2, we have seen a sustained improvement in customer satisfaction for unplanned interruptions, with scores increasing from 9.5 in Scotland and 9.3 in Southern to 9.8 for both networks in 2025/26. This upward trajectory shows our operational teams are committed to delivering responsive, customer-centric service and minimising the perceived impact of these events. Notably, both networks ranked first and second across all GDNs, demonstrating sector-leading performance.

For planned interruptions where customers are proactively notified of any disruption to their supply as part of a mains replacement project, capital project, or routine maintenance works, we have maintained consistently high satisfaction levels, with scores achieving 9.25 out of 10 combined for both networks by the end of RIIO-GD2. This highlights the effectiveness of our advanced communication strategies and customer engagement approach in managing expectations and maintaining trust.

We have continued to make guaranteed standards of performance (GSOP) payments automatically throughout RIIO-GD2, while delivering sustained year-on-year improvements in performance, leading to a reduction in overall payments.

9 Shared future

Strategic Innovation Fund (SIF)

The Strategic Innovation Fund (SIF) is a funding mechanism within the RIIO-GD2 network price control for the Electricity System Operator, Electricity Transmission, Gas Transmission and Gas Distribution sectors, with the aim to decarbonise the gas and electric energy distribution and transmission networks, providing benefit to consumers. SIF is a competitive funding mechanism which consists of three phases:

- **Phase 1** – Discovery: Feasibility studies
- **Phase 2** – Alpha: Experimental development
- **Phase 3** – Beta: Build, operation, or demonstration

Our three flagship Beta projects continue to make good progress. Our Predictive Safety Interventions – Beta project has now successfully reached completion, receiving positive feedback from both internal and external stakeholders. The project is now in the process of sharing its final outputs with other networks and exploring deployment opportunities within the business.

Our remaining two Beta projects, Intelligent Gas Grid – Beta and Velocity Design with Hydrogen – Beta, are both progressing well in line with their respective project plans, with good engagement and support from internal and external stakeholders throughout.

- **Intelligent Gas Grid** – Beta: Using Utonomy's remote control pressure system as the enabling technology, this project collects and uses network data alongside external data such as weather to develop machine learning and AI applications that optimise network pressures and provide insights on network performance-supporting emissions reduction.
- **Velocity Design with Hydrogen** – Beta: Gas network designers are being challenged to safely repurpose networks to low-carbon heating gas with minimum costs while maintaining energy delivery. The energy delivered by hydrogen is one third of that delivered by natural gas per unit volume, so under many likely demand scenarios the flow rate of gas in repurposed networks will need to increase. This project supports gas networks in understanding the safe design velocity limits to minimise any need to increase pipe sizes.

Round 3

- **HyScale** – Building on previous project phases, this work will progress towards demonstrating a liquid organic hydrogen carrier (LOHC) storage system combined with hydrogen production and a suitable offtake.

  Site assessments will be carried out for the demonstration phase, with final interfaces and ancillary systems defined, and planning and consenting requirements identified to ensure delivery within the SIF Beta phase timeline.

Network Innovation Allowance (NIA)

The NIA has been a cornerstone of network innovation since RIIO-GD1 and continues to play a key role in RIIO-GD2. It supports a broad portfolio of projects, from early-stage research through to smaller-scale trials, enabling us to explore new ideas and address key challenges such as supporting vulnerable customers and progressing decarbonisation.

NIA projects are particularly important in identifying and addressing knowledge gaps, generating the evidence needed to inform future network development. This funding mechanism allows us to test innovative solutions and will continue to be a valuable enabler as we transition into RIIO-GD3.

Below are examples of NIA projects that have progressed this year, demonstrating the level of innovation activity carried out throughout the year:

- **Real-Time Settlement Methodology (RTSM) – Phase 1:** methodology development. The RTSM programme is addressing the challenge of varying energy content across green gases and the impact this could have on future customer billing. The programme aims to deliver a fair, accurate and enduring settlement methodology that supports the transition to low-carbon gases while maintaining confidence for consumers and market participants.
- **Biomethane Islands** – The Biomethane Islands project assessed the feasibility of isolating distinct areas of our Scotland network and supplying them wholly with biomethane in an end-to-end, sustainable system. The project explored key factors required for the successful deployment of the concept, highlighting areas of opportunity to ensure that the maximum potential of biomethane as an enduring decarbonisation solution can be realised.
- **Hazardous Areas Impact Mitigations (HAIM)** – The IGEM/SR/25 hydrogen supplement revealed significant differences in the dispersion distances between natural gas and hydrogen, potentially extending hazardous areas beyond current site perimeters. Phase 1 of the project undertook workshop experiments but did not allow for the effect of wind on the releases and only explored ideal vent types. To enable a fair and wider comparison, the releases would need to incorporate wind and explore additional vent types.

Biomethane Islands

Innovation Registration Number: NIA2_SGN0072
Funding category: NIA

Background

The Biomethane Islands project assessed the feasibility of isolating distinct areas of our Scotland network and supplying them wholly with biomethane in an end-to-end, sustainable system. The project explored key factors required for the successful deployment of the concept, highlighting areas of opportunity to ensure that the maximum potential of biomethane as an enduring decarbonisation solution can be realised.

The problem we are trying to solve

By the early 2030s we have ambitions to power up to one million households and businesses with biomethane. However, complex technical and regulatory barriers are in place that limit biomethane's full potential, and the current Green Gas Support Scheme (GGSS) won't fund new biomethane plants commissioned after 2030. To help achieve our goal, innovative ways to increase biomethane production volumes and embed supply are required. Biomethane Islands sought to tackle this challenge by testing the island concept – three networks of differing size and configuration were selected across our Scottish network as case studies. Working with a diverse consortium of industry experts, we undertook an in-depth analysis of all aspects key to the success of the concept including availability suitable feedstocks, land requirements, production optimisation, gas storage, waste management, market frameworks and financeability.

Our solution

This project has delivered a comprehensive business case for the development of Biomethane Islands across Scotland. The outputs highlight that for the three Scottish regions explored, there is an attractive business case for Biomethane Islands provided that certain technical and regulatory pre-conditions can be met. Our findings have highlighted areas of opportunity and required change and the project has output recommendations of next steps to realise Biomethane Islands across the region. We will continue to develop this research and aim to develop a blueprint to enable Biomethane Islands to be replicated nationwide.

Our partners on this activity

Green Giraffe Advisory
University of Surrey
Axis P.E.D
Alder Bioinsights

Biomethane

During the 2025/26 regulatory year, we continued to strengthen our strategic and operational commitment to biomethane connections across both the Southern Gas Networks and Scotland Gas Networks footprints. The year has marked a progressive shift towards a more proactive, collaborative and delivery-focused approach, with increasing emphasis on enabling timely, economic and efficient connections that support wider decarbonisation objectives and growth in renewable gas injection.

A significant milestone during the reporting year was the successful connection of a site near Bournemouth into our Intermediate Pressure (IP) network. The connection represents an important example of how we work closely with developers to facilitate renewable gas entry onto the network while maintaining system integrity and operational flexibility. Alongside this, three additional biomethane projects are expected to connect during 2026/27, one of which is particularly notable, as it will enable the injection of biomethane transported from remote production facilities, supporting wider market participation and improving access to renewable gas injection opportunities where direct pipeline connections may not be viable.

Across all three projects, we have worked proactively with developers and stakeholders throughout the reporting period to progress feasibility assessments, network studies, commercial arrangements and detailed engineering design.

Considerable effort has also been directed towards reducing connection complexity and improving delivery certainty for customers through greater standardisation and simplification of the biomethane connections process.

A major focus throughout 2025/26 has been the continued delivery of biomethane propane blending. Significant progress has been made towards the implementation of propane blending facilities at eight biomethane sites – three in Scotland and five in Southern. These projects utilise innovative blending technology designed to reduce the fossil fuel content associated with propane enrichment while simultaneously reducing operating costs for biomethane producers. This work is the first of its kind in the UK and therefore represents a significant step forward in improving the environmental performance and long-term sustainability of biomethane injection arrangements.

Data and digitalisation

Our journey through the RIIO-GD2 price control period has moved decisively from laying foundations to scaling enterprise capabilities that now underpin our RIIO-GD3 ambitions. Our achievements through RIIO-GD2 include:

Establishing an Enterprise Data Management (EDM) team and embedding a governance framework to protect and steward our most critical data assets. Early progress included the launch of our Open Data Portal, initial publication of open datasets, and investment in metadata cataloguing and Q-FAIR tooling. In parallel, we convened with GDN peers to shape common approaches to data interoperability.

Consolidating a strategy to bring under governance three enterprise data domains and initiated our DataOps programme to industrialise data delivery. We piloted AI applications through the Intelligent Gas Grid Strategic Innovation Fund project, while also achieving the ISO 22458 Kitemark, reinforcing our commitment to inclusive, accessible services. These milestones created the conditions for safe, reliable, and reusable data at scale, signalling a maturing capability.

The publication of 104 datasets in shapefile format, aligning with common geospatial practices. In collaboration across the industry, we implemented the Gas Network Data Interoperability Technical Standard, establishing a common approach to sharing network data.

As we move into RIIO-GD3, we continue to build on this progress. The work of RIIO-GD2 has moved us from experimentation and enablement to scaled, governed and interoperable capabilities. Our strategy for RIIO-GD3 elevates artificial intelligence (AI) to a governed capability. We have formalised a nine-principle AI framework and extended our data governance to encompass AI systems. This reflects both the opportunities AI presents for network optimisation, safety, and efficiency, and the imperative to deploy it responsibly and securely within a regulated critical national infrastructure.

RIIO-GD2 Stakeholder Report 2025/26

Closing a strong chapter – and opening the next

As we conclude RIIO-GD2 and reflect on our performance in 2025/26, we are proud of what we've achieved for customers, communities and stakeholders across both our Scotland and Southern networks. Throughout a period marked by changing customer needs, economic pressures and the evolving energy sector, we have remained focused on delivering safe, reliable and affordable gas networks while supporting those most in need and preparing for the future.

Our final year of GD2 demonstrated strong operational performance, industry-leading customer service, significant investment in network resilience, and continued progress towards a lower-carbon energy system.

Scotland retained its position as the highest-performing gas network for customer satisfaction for the tenth consecutive year, while Southern achieved its highest-ever ranking, reflecting our focus on customers in everything we do. We have also delivered meaningful social value through our vulnerability programmes, supported more than 600,000 households, and advanced innovation projects that will help shape the future energy system.

While some challenges remain, particularly in areas such as fleet decarbonisation, the lessons learned throughout GD2 have strengthened our organisation and informed our plans for the next regulatory period. The investment decisions, operational improvements and partnerships developed over the last five years provide a strong foundation for future success.

As we enter RIIO-GD3, we do so with confidence and a clear sense of purpose. Our focus remains on maintaining a safe and resilient network, delivering excellent value for customers, supporting vulnerable households, enabling the growth of green gases, and contributing to the UK's net zero ambitions. Through continued innovation, collaboration and investment, we will keep delivering for our customers – and remain a trusted steward of critical national infrastructure for many years to come.

SGN

Contact us

If you'd like to be part of the conversation to ensure your views count, or if you have any questions on our stakeholder engagement activities, please get in touch.

Customer service
0800 912 1700

Email
lets.chat@sgn.co.uk

Write to us
Joss Clarke,
Head of External Affairs and Stakeholder Relations
SGN, St Lawrence House, Station Approach,
Horley, Surrey RH6 9HJ

Find us on
Facebook.com

Follow us
@SGNgas

Read more
sgn.co.uk