SGN Independent Stakeholder Group

Annual Report 24/25

October 2025

SGN Independent Stakeholder Group (ISG) – Annual Report 24/25

Summary

Over the past year SGN's Independent Stakeholder Group (ISG) has played a substantial role in providing challenge to SGN as it developed its GD3 Business Plan. We provided a full response to Ofgem's Call for Evidence on the Business Plans at the start of 2025 where we commended SGN's approach to customer engagement and endorsed a number of elements of the Plan where SGN had responded effectively to consumer and stakeholder priorities[1].

While the GD3 process has taken most of our time in 24/5, we are happy that we have been able to keep some focus on current performance as well, recognising that this is the base on which SGN will be building in GD3. This report focuses predominantly on that aspect of our role given we have separately commented on the GD3 process.

We welcome SGN's openness in all the discussions we have with them and the time that staff give to our work. We had been pleased with the positive relationship that we had developed with Mark Wild (CEO until November 2024) who regularly joined our meetings and was ready to engage in open discussion. We are beginning to develop a similarly constructive relationship with Simon Kilonback, his successor. We have also maintained a strong relationship with the board through key members of the Stakeholder and ESG Committee.

More broadly we have seen, and welcome, steps to further strengthen the senior team including the creation of a new COO role, to enhance SGN's delivery capability. We also welcome the focus on modernising and digitalising SGN's systems to make the organisation more efficient and effective.

Vulnerability and customer service

As in previous years we remain strongly supportive of the excellent work that SGN do in support of vulnerable customers and the network of partners they have established, which enabled them to respond quickly and make good use of the additional VCMA funding that Ofgem made available. We see a genuine desire to ensure that engineers never have to walk away from a customer in need and this strong customer service focus is reflected in the high satisfaction scores that SGN has delivered again this year with Scotland the leading GDN licensee – and the South moving up the rankings.

Operational delivery

We have been kept updated on SGN's performance on repex delivery in the South which they had struggled with in the previous three years (in large part because of contractor availability) but where we are pleased now to see positive progress. In 24/25 SGN hit its stretch target and converted 1013km of pipe to PE. This is an important safety issue and also a crucial contributor to SGN reducing its own greenhouse gas emissions.

Linked to this, we were pleased with the continuing efforts to bring in more apprentices and build a more diverse workforce – a challenge that we had raised in our scrutiny of the GD2 plan. This is now bearing fruit.

This has allowed SGN to deliver against almost all of its operational targets this year. We note that again SGN incurred a penalty under the unplanned interruptions target in the South because of the time required to resolve more complex problems in, for example, multi-occupancy buildings. We have argued for a more proactive strategy to deal with these sites in GD3, including looking at

[1] We also subsequently submitted a full response to Ofgem's Draft Determination - here

options for removing gas from the buildings. We note that SGN's customer satisfaction scores for unplanned interruptions are extremely high supporting the view that it is only in exceptional cases that the delays are an issue.

Environment

A big disappointment this year has been the increase in methane emissions as a result of two major gas escapes. We only found out about these at the end of the year when SGN shared with us its draft environmental report. We were subsequently provided with more of the background to these escapes (within the limitations of ongoing legal investigations) which we appreciated – and noted that they were well handled. However, we will be discussing with SGN how best to ensure that the ISG is kept updated on major operational issues like this.

More generally we note that SGN's performance against its Environmental Action Plan has fallen short in a number of areas (on EVs, building efficiency, waste). In most cases there are reasonable explanations and SGN continues to use its expert advisory panel to help in identifying opportunities for improvement. However, these are areas that needs a cross-organisation focus.

On a more positive note, we strongly support the work that SGN are doing to increase biomethane injection into their network as an effective way to reduce carbon emissions. We have also congratulated them on the awards they have received for their biodiversity projects in Oban.

Customer and Stakeholder engagement

In terms of customer and stakeholder engagement we have seen SGN continuing to make very effective use of grass roots engagement to help with building and maintaining consumer support for their H100 Fife hydrogen project which is now close to going live. As the only domestic hydrogen for heat project left running we remain supportive of this opportunity for learning – including on engagement which we see as critical whatever heat technology is ultimately adopted.

For GD3 we were very pleased that SGN responded to our call for a more deliberative approach to engagement. SGN have gained real insights from this process and we are delighted that they are continuing with a "Supergroup" of informed consumers that they can use to explore the complex challenges they face going forward.

Through the year we continued to press SGN to engage more widely with local authorities and DNOs and have taken a strong interest in how the introduction of RESPs will affect SGN's role. We also remain keen for SGN to build a better understanding of its I&C customers who account for around 40% of the gas consumed - and have seen the beginnings of some good work in this space.

As we await Ofgem's Final Determination on GD3 we will continue to challenge SGN on its delivery of its commitments in the final year of GD2 and its preparations to enable it to hit the ground running at the start of GD3.

We are also planning a formal self-evaluation to help us in thinking about how best to work with SGN in our ongoing scrutiny role as we move into GD3.

Introducing the ISG

In November 2021 Ofgem wrote to the companies and CEG[2] chairs setting out its expectations that the companies would have an enduring CEG which would, among other things provide

"Independent periodic reporting to the company on the price control commitments the CEG or UG has been scrutinising. That reporting should be made public so that best practice can be shared and used by CEGs and UGs to drive improvements in performance across the sector".

This report is intended to meet that expectation.

Following the review of membership in 2022/23, our membership has been stable. The current members of the ISG – which are evenly divided between Scotland and the South - are:

• Maxine Frerk (Chair) • Syed Ahmed • Matt Copeland (NEA) • Martin Silcock	• Lucy McTernan (Deputy Chair) • Eddie Lafferty • Rosie McGlynn • Simon Gill

The group has a wide experience across different areas of consumer and stakeholder interests. Biographies are available on the ISG section of the SGN website[3].

Our engagement in 2024/25

During 24 / 25 we held thirteen meetings – including one full day face-to-face - covering a wide range of topics agreed between SGN and the ISG chair. This was a significant step up in the frequency compared to 23 / 4 (which in turn was a step up from 22 / 3). This reflects the amount of scrutiny and challenge required across a range of areas in the Business Plan process.

The main topics covered in 24 / 25 are listed overleaf. Almost every meeting also included a policy and regulation update together with a session on stakeholder engagement and consumer research, as part of GD3 planning. Each meeting also included some ISG only time, reflecting the importance of us maintaining our independence.

As well as the formal ISG meetings we have had an increasing number of other engagements through the "buddying" arrangements put in place at the start of 2024 and have provided comments in writing on successive drafts of the Plan. In addition, we have had debriefs with the research agency, participated in stakeholder engagement events and observed customer research sessions. These wider engagements have helped give us a direct view of stakeholder and customer perspectives as well as direct access to the key players in SGN on particular topics. Again, we are grateful to SGN for the time they have given and their openness to having us involved.

We have also participated in the meetings that the ISG chairs have had with Ofgem and the NESO which are helpful in giving a broader industry perspective.

In the past year we are pleased to have been able to maintain our links with the Stakeholder and ESG Committee at Board level and the ISG chair has had roughly quarterly discussions with the relevant non exec directors (which now includes the board chair). She also had a meeting with the full board in October to share the ISG views on the draft Business Plan. It is clear that the board

[2] Consumer Engagement Group – the predecessor to the ISG

[3] https://www.sgn.co.uk/about-us/our-stakeholders/SGN-independent-stakeholder-group

value our input which has highlighted areas for them to explore with the exec team and points that Ofgem may challenge.

Mark Wild as CEO gave generously of his time – regularly joining the ISG meetings for an update and broad ranging Q&A. We are continuing that engagement with his successor, Simon Kilonback.

Key agenda items discussed in 24/5

11 April 2024 (half day Teams) • Review of ISG Terms of Reference • Forecasting and scenarios • Vulnerability strategy • Disconnection process	7 May 2024 (half day Teams) • Review of early challenge log • Business Plan Assurance • Forward planning
11 June 2024 (full day Teams) • Update from Mark Wild (CEO) • Environmental action plan • Repex and asset maintenance position • SIU update • Outline of Business Plan	10 July 2024 (full day Teams) • Skills and workforce • Climate change adaptation • Future of Energy & innovation (innovation strategy, biomethane, SIU update) • Challenge log update (I&C, DNO & LA engagement)
13 August 2024 (half day Teams) • RRP review (23/4) • Implications of SSMD • Business Plan Strategic narrative	9 September 2024 (full day Gatwick) • Update from Mark Wild (CEO) and Darren Elsom (COO) • Review of draft Business Plan (inc overall ISG reflections and link to engagement) • Chapter by chapter comments • Review of commitments
17 September 2024 (ISG only Teams) • Agree note summarising reflections on Plan for sharing with Board	18 October 2024 (Half day Teams) • Chapter by chapter review of latest draft Business Plan
11 November 2024 (Full day Teams) • ISG Chair's statement for the Plan • 23/24 ISG annual report review • MOB's strategy review (repex, innovation, unplanned interruptions) • Totex and bill impacts • Revised GD3 commitments • Workforce strategy review	2 December 2024 (Half day Teams) • Intro to Simon Kilonback (CEO) • How ISG feedback has been taken into account in the Plan 16 December 2024 (Short call Teams) • ISG only – planning ISG response
9 January 2024 (Half day Teams) • Brief view of other GDN plans • ISG only: ISG Response to Call for Evidence	3 February 2025 (Half day Teams) • Accelerated depreciation (consumer engagement) • Overview of other GDN Plans • ISG Response to Call for Evidence

Our reflections: SGN's approach to engagement

Expert advisory groups – a GD2 Commitment

We are pleased that SGN are continuing to make good use of the Vulnerability and Carbon Monoxide Steering Group established in July 2020 and the Environmental Advisory Panel established in January 2021. These groups allow SGN to draw on in-depth expert advice in these two crucial areas. There is a member of the ISG on each group which helps in both monitoring performance and preparing for GD3. These groups reviewed and provided views on the SGN Vulnerability and Carbon Monoxide Report and the Annual Environment Report respectively.

Wider Business Engagement

With the focus shifting to GD3 we have had less time to explore SGN's "BAU" engagement which we have previously seen as one of its strengths including engagement around planned works and with local resilience fora.

On future energy issues, two members of the ISG who live near Fife have been able to observe a number of the engagement events for H100 Fife. They have been impressed by the quality of the engagement noting that there is a spirit of openness with the community and a very strong trusted relationship developed through schools, local grass roots organisations and the council. The ISG has encouraged SGN to capture the lessons learned from this engagement to help inform future activity on heat decarbonisation, whatever the solution.

Through the year we continued to press SGN to engage more widely with local authorities and DNOs to support local area energy planning. We have taken a strong interest in how the introduction of RESPs will affect SGN's role and see this as demanding more engagement and data from SGN. We also remain keen for SGN to build a better understanding of its I&C customers who account for around 40% of the gas consumed in SGN's areas. We had seen the beginnings of some good work in this space and were disappointed that Ofgem rejected funding for this in GD3.

Preparing for GD3

We were pleased that SGN was proactively thinking about the engagement needed for GD3 back in 2022 well ahead of Ofgem confirming its RIIO approach. Since then, and throughout 24/25 we have been regularly updated on their research, with the ISG leads meeting weekly with the SGN team through much of the year to provide detailed scrutiny and challenge – and to ensure we fully understood the results and how these were helping shape the Business Plan. We were very pleased with the way that SGN took our feedback on board. We have seen SGN gain real insights from the deliberative research that we encouraged them to undertake and are delighted that they will be continuing with a "Supergroup" of informed consumers that they can use to explore the complex challenges they face going forward.

Our reflections: SGN's business performance

While there has been substantial time given to GD3 preparation in 24/25 we have also had more frequent meetings and so have been able to maintain an interest in SGN's GD2 performance, acknowledging our enduring role - but also as important context for GD3.

In preparing this report we have looked at the 2025 Annual Report and Accounts and the Stakeholder Report published alongside the RRP regulatory datasheets submitted to Ofgem. We have also seen the Annual Innovation Summary, the Vulnerability and Carbon Monoxide Report and the Annual Environmental Report.

While our Terms of Reference refer to holding SGN to account for delivery on commitments not covered by the Ofgem RIGs[4] we hope it is helpful (to SGN, Ofgem and wider stakeholders) to share our reflections on their performance on areas that Ofgem will also be scrutinising but where we have taken a particular interest because of their importance to customers and stakeholders.

Over the past year, as well as the appointment of Simon Kilonback as CEO, we have seen, and welcome, steps to further strengthen the senior team including the creation of a new COO role, to enhance SGN's delivery capability. We have been introduced to Darren Elsom as COO but hope that over the coming year there will be opportunities to meet with other members of the senior team.

Operational delivery

Emergency service – Getting to gas leaks within the statutory timeframe is clearly a priority and historically SGN has performed well on this metric. While SGN failed these metrics in 22/23 we have seen a committed focus to learning the lessons and in 24/25 the 97% targets were comfortably met – with figures for uncontrolled escapes in Scotland of 99.5%, South 98% (and higher figures for controlled escapes).

Repex – Over the first three years of GD3 SGN underperformed significantly against its targets for the length of iron mains replacement (repex) delivered, heavily linked to contractor resourcing problems in the South. SGN have been very open with us about these problems and the actions they have taken to rebuild delivery capacity – and the costs that has entailed. We see this as an important area both in terms of safety and the environmental impact

We were therefore very pleased with the progress made this year – delivering 188km more than in 23/24 (and representing a 42% increase in the South). Although SGN still expect to fall short of their overall target for GD2, this should be recovered in the early years of GD3.

Unplanned interruptions – In 23/24 incurred a penalty for their performance on unplanned interruptions in the South which was positioned as being the result of deterioration in tier 2 and 3 mains that were no longer part of the IMRRP[5], leading to a higher number of repairs which were also more complex, meaning customers were off supply for longer. In 24/25 SGN again incurred a penalty with the problems being attributed to long-lasting interruptions in multi-occupancy buildings (MOBs), combined with the impact of several major incidents during the year.

We are keen to understand more about the underlying issues and have highlighted the need for a more proactive approach to MOBs (covering repex and de-carbonisation) as part of our comments on the Business Plan.

[4] Regulatory reporting instructions

[5] Iron Mains Risk Reduction Programme (mandated by the HSE)

Despite the disappointing performance on this metric we would note that in 24/25, SGN's customer satisfaction score for unplanned interruptions was 9.8 in Scotland and 9.7 in Southern (ie 1st and 2nd across all GDNs). This shows the commitment of the operational teams to looking after customers and keeping any disruption to a minimum,albeit that in some exceptional cases there can be long delays for reasons outside SGN's control.

Cyber and data – Cyber risks have been noted as a growing concern and priority for Ofgem, alongside an increased focus on open data. We have seen that they are also recognised now as a more immediate concern by customers following incidents involving high street retailers. We welcome a growing focus from SGN on the use of data to "modernise" its internal processes and systems and in making data available to stakeholders through a new data sharing portal.

Safety – Safety has again been given a particular focus this year with the aspiration for SGN to be a "zero harm" organisation (for both the community and staff). We welcome this continued focus – and improving performance - which reflects the priority that customers and stakeholders always place on safety. In 2024/25, SGN recorded 276 "safe days" without lost time to colleagues or contractors, road traffic collisions, cable strikes, or injuries to members of the public which is a major step up from the 142 safe days recorded in 2023/24.

Diversity / recruitment – This has been a focus area for the ISG and we are pleased with the continuing progress that SGN are making. Given the resourcing challenges SGN face there is an ongoing need to look at how to attract a wider pool of potential recruits.

On recruitment, SGN have now made CV-less hiring standard practice for all entry-level operational roles, and for more senior roles. They have also expanded the reach and impact of their employee networks. Over 1,000 colleagues now take part in their six networks, and in 2024, they launched their newest employee network – Parents and Carers. Going forward, data on retention would be of interest to the ISG.

The early cohort of their new apprenticeship programme is now supporting their frontline operations, and SGN continue to recruit more apprentices to ensure a pipeline of future talent. They became a member of the 5% Club, which means that over 5% of their workforce is in an earn-and-learn position. They are also setting up a new national training centre, currently under construction outside Glasgow and have a collaboration with Fife College providing training on hydrogen installations.

We hope that this strong focus and wide range of initiatives will set up them up well for delivery in GD3.

Innovation

By the end of the fourth year of RIIO-GD2, SGN had 66 live NIA projects, 43 led by SGN and 23 in partnership with different networks. Over 30 of these projects were completed within the year. From the Annual Innovation Summary, most of these appear to be directed at learning around hydrogen. We commend the level of technical evidence the team produces but we would be keen to understand more about their wider innovation projects and how they can be translated into benefits for consumers. We encourage SGN to build a stronger overarching framework and situate its projects within that.

Customers and vulnerability

***Customer Satisfaction (*CSAT)** - We were pleased to see that in Scotland SGN again had the highest CSAT scores across all GDN licensees (scoring 9.45) and that in the South they had met their commitment to achieve 9/10, as well as improving their performance year-on-year, ending the year at an impressive 9.28.

With ever rising customer expectations this is a positive result, reflecting SGN's commitment to understanding what matters to customers.

Vulnerability UIOLI - The Vulnerability and Carbon Monoxide Steering Group (VSG) continues to be valuable in helping SGN think through how best to make use of the UIOLI (use it or lose it) funding pot that Ofgem has made available for supporting vulnerable customers and raising awareness of carbon monoxide risks. SGN's focus has been on maximising the impact of every pound spent through co-creation with partners already working on the ground with communities and families and using data and evidence to identify the areas of greatest need.

The continuing energy and cost of living crisis has had a catastrophic impact on many vulnerable households. SGN have helped support these customers through the partnerships they have formed with over 130 charities and community organisations (up from 110 last year), using the three-tier funding model, co-created with stakeholders as part of the GD2 Business Plan, to allocate their resources where it will have most impact.

With an emphasis on energy affordability and looking to maximise household income for the long term, in 24/25 SGN has invested more in new and existing partnerships that help households with debt management, income benefits checks and applying for energy support schemes.

We are pleased that this focus has enabled SGN in 24/25 to help 363k vulnerable households keep a safe and warm home, bringing the total number of households helped through the VCMA programme to 767k. We see this as a really significant achievement, noting the depth of support provided.

We also welcome the wider leadership role that SGN has played in this area. Of the 43 collaborative Gas Distribution Network (GDN) projects, SGN is involved in 38 and leads 18, including major partnerships with Marie Curie, Scope, Fuel Bank Foundation and Citizens Advice.

In March 2025, SGN brought together 149 vulnerability specialist representatives from more than 130 Safe & Warm partner organisations in a hybrid event to explore how to make homes across the UK safer, warmer and healthier. We welcomed this initiative as going beyond the individual partnerships to help build a wider network of support and opportunities for these organisations.

While most of our discussions with SGN have focussed on vulnerability we also strongly welcome the important role they play in alerting people to the dangers of carbon monoxide. In 24/25, they delivered more than 160k CO awareness conversations and provided over 60k CO alarms, with resources available in 15 languages. Following research that showed that young people were the least aware they have started doing work in schools alongside their existing partnership with the fire brigade.

Environment

Environmental Action Plan – Drawing on the expertise of its Environmental Advisory Panel, SGN has explored the issues around quantifying its Scope 3 emissions, its progress on waste management (which remains challenging), and also on biodiversity.

Biodiversity - On biodiversity SGN had completed all the baseline surveys in 23 / 24 and in 24/ 25 carried out around 20 biodiversity improvement projects with more than a dozen still in progress. Each project is designed to strengthen local ecosystems and contribute to their biodiversity goals (of a 10% biodiversity net gain). One of the projects in Oban (at the LPG storage facility) won two biodiversity awards, which we have congratulated the team for.

EV Fleet - The commercial fleet EV PCD remains at red status. SGN have been unable to secure vehicles that meet the requirements of their operational duties in terms of payload capacity, on-board power etc. We are however, aware that Cadent seem to have made more progress in this space and have encouraged SGN to look at what they can learn from their experience.

Leakage – Leakage has been a significant area of focus for us as an ISG. In developing the GD2 Plan – and again for GD3 - we had heard a clear message from consumers and wider stakeholders that they see this as a priority because of the cost, health and climate impacts, noting that it accounts for over 95% of SGN's Business Carbon Footprint (ie its total Scope 1 and 2 emissions).

This year saw an increase of 3.15% in SGN's emissions associated with shrinkage due to two significant gas escapes in their Southern network (which we mention above). If these gas escapes had not occurred, they would have seen a 3.8% reduction, reflecting the environmental benefit of the repex programme.

We also note that in terms of performance against the GD2 leakage incentive SGN have earned a small financial reward. This highlights the narrow scope of the current incentive which just considers the effects of pressure management and gas conditioning, where SGN have performed well (but which have a relatively small impact).

We have also welcomed other initiatives like the roll out of drawdown compressors (to capture methane that needs to be purged from pipes as part of major repex or repair projects and which would otherwise have been vented to the atmosphere). At present these emissions are not reflected in the shrinkage model (and hence not incentivised or included in the headline statistics) but we continue to strongly support SGN undertaking these projects which have a clear real-world impact.

Over the course of the year (and previously) we have welcomed SGN's work on the scope for real time methane detection which would ensure that the most leaky pipes can be identified earlier and prioritised. However, more recently, through the Business Plan process it has become clear that SGN is being less ambitious than other GDNs – including in their approach to above ground installations where other GDNs are using fixed sensors. We have highlighted these concerns in our comments to Ofgem on Draft Determination and will continue to explore with SGN the scope for them to do more in this area.

Given the global commitments on methane reduction – and the potential benefits in avoiding dangerous tipping points - we continue to see this as a priority.

Energy Futures

Biomethane – Another area that we have been consistently supportive of is biomethane injection, as a route to heat decarbonisation that could deliver benefits in the short to medium term – and now increasingly also seen as supporting security of supply.

With three new connections progressing in 24/25 and a number of other significant projects under development, SGN should come close to meeting its GD2 ambition of having the capacity to serve the equivalent of 450k homes with biomethane[6]. At the moment, the capacity is enough to supply 354k homes and they aim to reach 432k homes by the end of RIIO-GD2.

In addition to the number of connections we had encouraged SGN to look at what more it could do to avoid biomethane injection being constrained off at certain times of year. On that basis we are pleased that the PCD on biomethane improved access[7] (which we had strongly supported) is on track. Specifically, SGN are delivering projects to reduce the use of propane in the network at eight locations, and these are all on track to be completed by March 2026 (which will reduce costs for producers and reduce emissions). They are also progressing two smart pressure control projects in their Southern network to help reduce constraints on biomethane injection during the summer.

We have also been closely following SGN's work on a proposal for new biomethane sites in Invergordon, where a proportion of the gas produced could be compressed and transported by road tanker to Wick and Thurso SIUs, reducing the cost associated with the logistics chain currently needed to ship gas from the Isle of Grain. The biomethane production at Invergordon is from distillery waste so is a circular economy approach. As an ISG we have been very supportive of this project and are pleased that Ofgem has supported it in its Draft Determination.

Hydrogen - Another area of interest for the ISG has been around hydrogen and the major projects that SGN is undertaking to help inform government policy on domestic heat decarbonisation and to support the development of hydrogen in line with the net zero strategy.

While it is now looking unlikely that hydrogen will be supported by government as a domestic heat solution, we still see the learning as of real value. Although there have been some delays on the H100 Fife project (installing a 100% hydrogen network to serve c 300 homes), we are happy with the progress being made and the level of support for / interest in the project, reflecting the strong engagement noted above.

We have also seen effective engagement on the LTS Futures project to test the use of hydrogen in an existing decommissioned LTS pipe where again local communities needed to be informed and reassured about what was proposed.

Future heat policy

Overall there is significant policy uncertainty around the future of gas and we fully support the work that SGN (and the other GDNs) are doing to provide evidence to inform future policy decisions. We are pleased that SGN now seems to be taking a more mature and realistic stance around the future role of hydrogen in domestic heat – with more emphasis on biomethane. Linked to this, we remain

[6] During the year we have pressed SGN to be clearer about the definition of this metric which refers to the capacity available and not the volume of biomethane injected – and have picked them up when the way the metric is presented is misleading

[7] This targets biomethane sites where there is a potential to intervene to increase injection rates through eg reverse compression, reduced propane injection, and pressure management to optimise a site's ability to flow.

keen to see more work at a geographically granular level on likely heat pathways (including district heating) which should help with longer term planning of the network and feed into the RESPs.

We have also welcomed a growing focus on understanding the future needs of industrial and commercial customers which has been a long-standing challenge from the group, and where we are disappointed that Ofgem has not provided funding in its Draft Determination.

Preparing for GD3

Through 24/25 we have had wide ranging discussions with SGN about the broad direction of the various strands of its GD3 Business Plan as illustrated by the agendas presented at the start of this report.

A huge amount of work has been done through 24/25 on the consumer engagement and we welcome the transparency of the SGN team and their readiness to take on board our feedback.

We have been concerned about the compressed timetable for GD3 and would note that, as a result, unlike in the equivalent period in GD2 we did not see any draft sections of the plan or specific commitments until late summer 2024, although we had frequent, open discussions on the issues.

We set out in some detail our observations on the way SGN engaged and on the resulting Business Plan in our response to Ofgem's Call for Evidence (in January 2025) and have subsequently responded to Ofgem's Draft Determination[8].

Conclusion

2024/25 felt like a year in which SGN turned the corner in terms of resource and supply chain challenges but with continuing issues in some areas including on unplanned interruptions which points to the need for a more strategic approach to the management of MOBs.

Alongside the focus on these immediate issues, we welcome SGN's commitment to helping tackle the global challenge of climate change by continuing to provide the evidence to government on hydrogen for heat but also through a growing recognition that there will need to be a mix of solutions including an important role for biomethane which can deliver near term carbon savings without any need for customer action.

We have welcomed a strong commitment, including at board level, to reducing emissions through leakage but are disappointed in this year's dip in performance and would like a stronger focus on advanced methane detection.

It was also another difficult year for many customers with SGN facing increasing demands for support to its most vulnerable customers who are struggling to afford to heat their homes. We see SGN as playing a sector leading role in the deployment of VCMA funding and are proud of the continuing top scores that they earn in the CSAT.

[8] Both documents are on the ISG website page - https://www.sgn.co.uk/about-us/our-stakeholders/SGN-independent-stakeholder-group

Looking back over the fourth year of GD2 we are pleased that as an ISG we have a growing influence and believe strongly that having been on this journey with SGN has meant we were well placed to provide constructive challenge to them as they finalised their Plan for GD3.

We are now planning a formal self-evaluation, including seeking feedback from SGN, to help us in thinking about how best to work with them in our ongoing scrutiny role for GD3.