



Board Assurance Statement

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RIIO-GT3 NGT_A14

December 2024 v1
Official – Sensitive

Contents

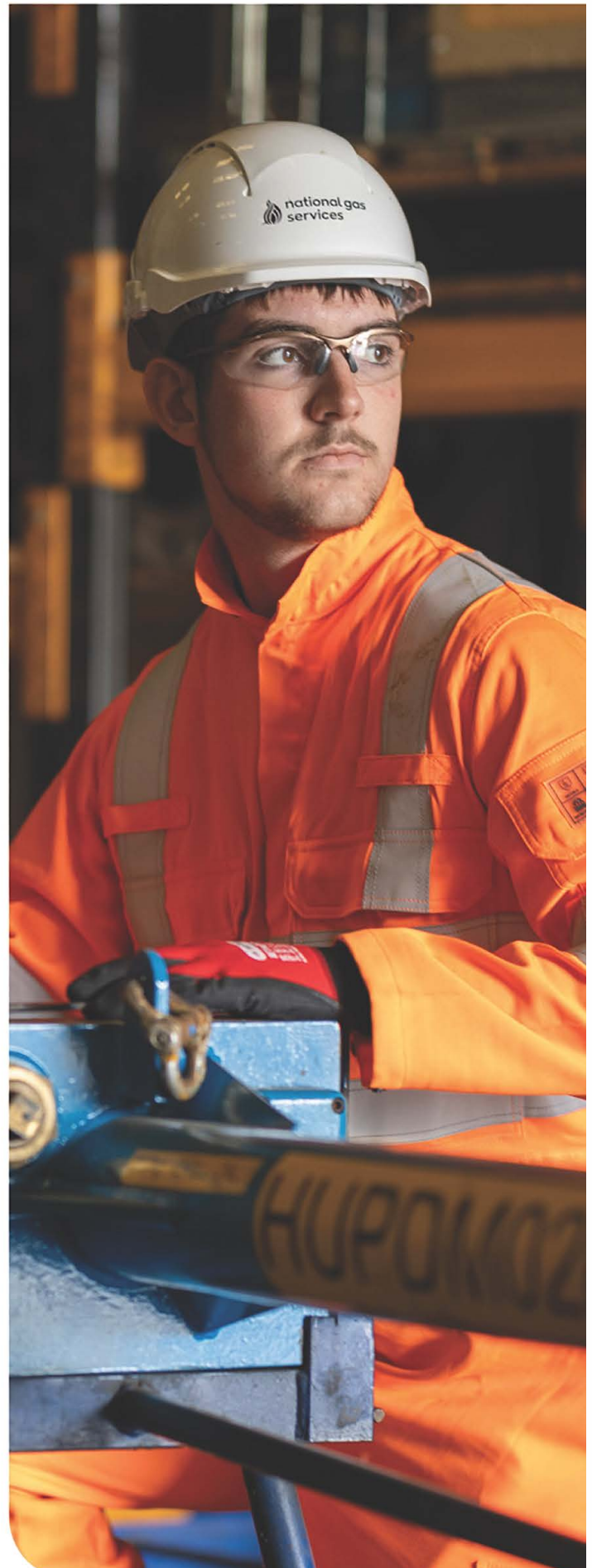


Securing Britain's Energy, unlocking a net zero future

Board Assurance Statement

Contents

1. Board endorsement	3
2. Board members	4
3. Governance framework	7
Independent Stakeholder Group (ISG)	8
4. Assurance framework	10
Ofgem's assurance requirements	10
Principal risks	10
Overview of the approach to the assurance framework	11
Performing DAG risk assessments	12
'Three lines of defence' assurance model	12
5. Commitments at the heart of our plan	13
Our Commitments	13
6. Board sign-off statements	14
7. Board signatures	18
Appendix	19



1. Board endorsement

As a Board we fully support the submission of our RIIO-GT3 business plan. My fellow Board members and I are confident that the plan is accurate, ambitious, efficient and affordable and in the customer interest. We believe it will deliver value to our customers, consumers and stakeholders whilst ensuring continued security of gas supply. Our network is the backbone of the nation's energy supply and our plan ensures that it will continue to serve the UK's needs for the foreseeable future whilst enabling the transition to a net zero energy system.

Phil Nolan,
Chair and Suff
Independently



We are satisfied that the business plan submission complies with Ofgem's requirements and it has gone through rigorous governance and stakeholder scrutiny. This has ensured that it is of high quality and is supported by robust and verified data. The RIIO-GT3 assurance framework, established to support the development of the plan, has been thorough and has gone beyond Ofgem's submission guidance.

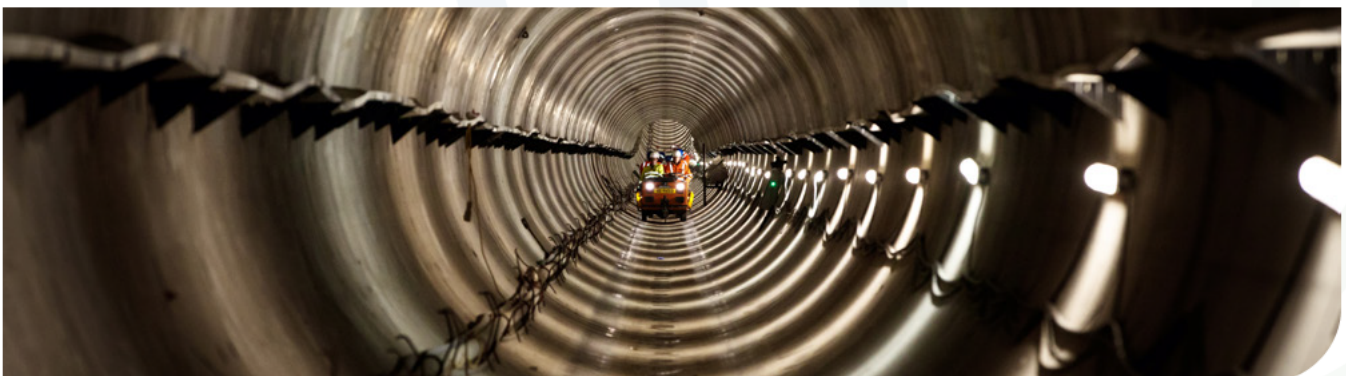
We adopted a 'three lines of defence' assurance model to ensure appropriate input and oversight over our submission. This included implementing risk assessment processes that comply with Ofgem's Data Assurance Guidance (DAG) to ensure that the assurance activities were suitably targeted and assured.

Through Board and Board Committee meetings we actively engaged in the development and delivery of our plan. We are satisfied that we have appropriately challenged the content and integrity of the plan. In addition to formal Board and Board Committee meetings, a number of supporting informal sessions with Directors were held and there has also been extensive engagement between management and Directors outside the boardroom. Throughout the process we provided regular feedback and challenge to management.

Collectively we have worked hard to ensure that our plan is of the highest integrity, is financeable and deliverable.

We acknowledge and thank the management and their teams for their extensive work in developing the plan. In particular, this included comprehensive consumer engagement that has taken place to ensure that the plan reflects the views and priorities of our customers and other stakeholders. We value the input and engagement by the Independent Stakeholder Group (ISG) and we received assurance from the chair of the ISG who attended our board meeting that their feedback and challenge were addressed. We are confident that our views and insights and those of the ISG the independent consultants and our wider stakeholder community have been listened to and, where appropriate, reflected in our plan.

This document sets out how we, as a Board, have satisfied ourselves that the plan and associated proposed costs and financial package have been appropriately challenged for accuracy, ambition, efficiency and customer interest both internally and where appropriate by industry experts. On this basis the Board fully endorse the submission of the National Gas Transmission plc RIIO-GT3 business plan.



2. Board members

As the National Gas Board, we are responsible for the long-term strategy of National Gas and the strategic direction of our RII0-GT3 Business Plan. Collectively we have a wide range of experience and skills, and throughout the plan process, our engagement has been robust and balanced. We have constructively debated and challenged the plan where appropriate and assisted by providing our insights and critical thinking.



Dr Phil Nolan
Chair and Sufficiently
Independent Director

Phil joined the Board in January 2023.

Phil has served on the board of many public and private companies, both in an executive and non-executive capacity. He has industry experience and was an Executive Director of BG Group plc and Chief Executive of Transco. As Transco Chief Executive from 1998, he led the demerger of Transco from BG Group in 2000. Previous roles include Chair of Associated British Ports, John Laing, Ulster Bank Limited, Sepura plc and Affinity Water. He was a Non-Executive Director of Encyclis PLC between 2007-2010. He was the chair of Infinis, a then privately-held, leading renewable energy generator. He was also the Chief Executive of Eircom, Ireland's national telecommunications supplier from 2002 to 2006. Phil is currently a non-executive director of KKR Infrastructure Conglomerate LLC.



Jon Butterworth
Chief Executive Officer

Jon has over 45 years' experience in the gas and electricity industry and a strong track record of building successful businesses in regulated and competitive energy markets across the UK, Europe and US. He was previously the Chief Executive of National Grid Ventures leading, amongst other things, the construction of the electricity interconnector fleet across the North Sea connecting enough carbon free energy from Europe to power 7.8 million homes in the UK. Jon was awarded an MBE in 2009 for services to Britain's gas industry. He is a Fellow of the Institute of Directors, a Companion of the Institute of Gas Engineers and Managers (IGEM) as well as being the current President of the Pipeline Industries Guild. He is a non-executive director of Pennon Group and chairs the Pennon Health & Safety Committee.



Nick Hooper
Chief Financial Officer

Nick Hooper has been Chief Financial Officer (CFO) at National Gas since 31 January 2023.

Nick joined National Grid in 2014. He was the Chief Financial Officer for National Grid Ventures before taking on the role of Chief Finance Officer for the National Grid Gas and Metering business in August 2021. Nick became ACA qualified with Ernst & Young. Throughout his career, he has held a number of senior finance roles, including eight years in finance director roles at Capita plc.



Cathryn Ross
Sufficiently
Independent Director

Cathryn joined the Board in June 2019.

Cathryn is the Strategy and External Affairs Director at Thames Water. She is an experienced regulatory and competition economist, having worked in both the public and private sectors including at BT Group plc, Ofwat, the Office of Rail Regulation (now the Office of Rail and Road) and the Competition Commission (now the Competition and Markets Authority). She has a proven background in advising on economic, regulatory and competition issues across a number of sectors. She was a non-executive director of the Institute of Customer Service between 2020 and 2022, and was the inaugural chair of the Regulatory Horizons Council, an independent committee established by BEIS.



Mark Russell
Sufficiently
Independent Director

Mark joined the Board in July 2024.

Mark has an extensive background in corporate finance. He was a partner in the corporate finance departments of KPMG London and KPMG Frankfurt and worked at PwC Corporate Finance and Robert Fleming & Co., Lazard Brothers and A.T. Kearney. Previous non-executive director roles include that of the Submarine Delivery Agency, Eurostar International Limited, DP World and LCR.

He is the chair of Defence Equipment and Support, the procurement organisation of the Ministry of Defence, and Angel Trains.



Will Price
Shareholder
Nominated Director

Will joined the Board in January 2023.

Will joined Macquarie in 2007 and is the head of European Utilities for Macquarie Asset Management. He has more than 10 years of experience in infrastructure investment and management, primarily in the utilities and energy sector across the UK and Europe.

He has extensive experience in key asset management initiatives, including regulatory resets and re-financings and he has been involved in several utilities acquisitions, including Wales & West Utilities, Thyssengas, Czech Grid Holding, EP Infrastructure, Viesgo, CEZ Romania and Southern Water.



Mark Mathleson
Shareholder
Nominated Director

Mark joined the Board in January 2023.

Since October 2018, Mark has been the Managing Director for Macquarie Asset Management. He has more than 30 years of executive and non-executive experience in the energy utility sector at both executive and non-executive director level at the Smart DCC and chair of the Energy Networks Association and EA Technology. He spent 26 years at SSE, including 10 years as the Managing Director for its electricity network businesses, and subsequent to that he was Chief Executive at Green Highlands Renewables, the UK's leading developer of run-of-river hydro-electric schemes. He sits on several company boards within the Macquarie Asset Management's investment portfolio.



Howard Higgins
Shareholder
Nominated Director

Howard joined the Board in January 2023.

Howard is a Senior Advisor at Macquarie Infrastructure and Real Assets and has played a key role in global energy and utility transactions and transitions undertaken by Macquarie Asset Management since he joined in 2003. He also provides specialist support on the acquisition, transition and management of energy and utility businesses. He sits on several company boards within Macquarie Asset Management's investment portfolio and previous roles include CEO of BG Storage, Operations Director of Transco and Director of Cadent Gas Networks.

2. Board members



Jerry Divoky
Shareholder
Nominated Director

Jerry joined the Board in January 2023.

Jerry is the Vice President of British Columbia Investment Management Corporation's (BCI) Global Infrastructure & Renewable Resources group with investments globally across all major infrastructure sectors. He joined BCI in 2004 and is responsible for sourcing, executing and managing private and listed investments in infrastructure with a focus on utilities, transportation and energy. He has experience in acquisitions, including 10 years in energy and banking. Prior board appointments include Transelec, Dalrymple Bay Coal Terminal, Isagen, NTS, Arteris, Endeavour Energy and GCT Global Container Terminals Inc. He holds different board positions for companies within BCI's investment portfolio, including Pacific National and GasNet.



David Farkas
Shareholder
Nominated Director

David joined the Board in October 2024.

David joined British Columbia Investment Management Corporation (BCI) in June 2024 as a Director in the Infrastructure & Renewable Resources programme in the London office.

Prior to joining BCI, he was a Director at Deloitte in the UK, supporting institutional investors in mergers and acquisitions transactions, including turnarounds, operational due diligence, carve-out support and joint venture governance advice. He is a director on a number of UK BCI entities.



3. Governance framework

Our business plan sets out what we will deliver over the price control period and beyond. As a Board we have been closely engaged in its development to ensure that the needs of our stakeholders, customers and consumers are recognised and addressed as well as ensuring the plan is accurate, ambitious and efficient.

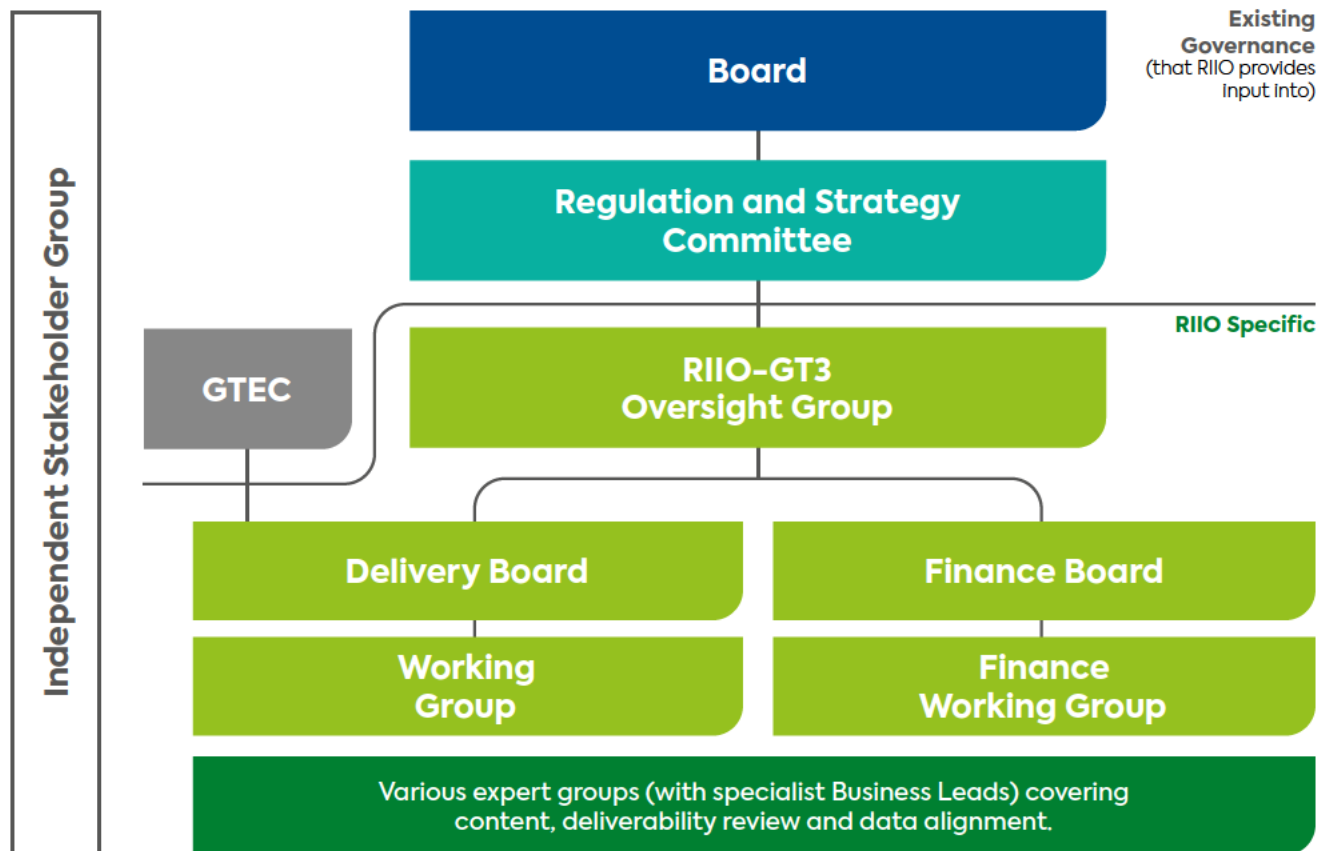
As part of our work, the Board and the Regulation and Strategy Committee of the Board have also overseen the governance arrangements for developing the plan, including the assurance framework, and we are confident that the approach taken and the level of rigour adopted has ensured that our submission is accurate and compliant with regulatory requirements.

Our engagement activities throughout the plan development and assurance process included:

- Ensuring that suitable arrangements and resources were in place to develop our plan.
- Agreeing and monitoring progress against key milestones.
- Ensuring that there was an appropriate assurance framework and plan in place.
- Challenging draft versions and individual sections of our plan, its output commitments and how key risks were being managed.
- Seeking assurance that the business plan met all the necessary requirements to enable the Board to make the Board Assurance Statement.

The RIIO specific governance is illustrated in the diagram below and remained in place until our final business plan submission.

Figure 1: RIIO-GT3 Governance framework



Our Board engagement processes have ensured we had the opportunity to provide robust challenge to our plan and to steer its strategic direction. We have overseen a strong customer engagement programme and assured ourselves that it has influenced our plan. In addition to the extensive work that the ISG has undertaken we have engaged a number of external consultants throughout the process, their input and challenge has supported our assessment that our business plan is robust, ambitious and efficient.

3. Governance framework

The Regulation Director has overall strategic responsibility for the delivery of our submission and has been supported by the Head of RIIO-GT3 Price Control and the Head of RIIO-GT3 Finance who, through contributions from a wide range of business areas have ensured delivery of key elements of the plan and facilitated input from the Executives as and when required.

The Delivery Board has included executive representation from across the business to provide strategic direction and oversight of the business plan development. This was supported by the Working Group, which comprised of highly experienced senior leaders across all business areas and provided day-to-day oversight of the development and delivery of the plan.

The Finance Board has also been an executive level group, responsible for the development of the key finance and financeability matters and is supported by the Finance Working Group which comprised of business wide finance experts.

Several expert groups supported the development of the business plan, these included:

- **Content Oversight Justification Assurance Group (COJAG)** – focused on assurance processes to deliver a compliant and robustly justified business plan submission.
- **Business Plan Incentive Advisory Group (BPIAG)** – provided input and challenge to the development of key main business plan commitments.
- **RIIO-GT3 Management Performance Excellence Hub (PEX)** – weekly management information hubs were run across each of the business plan areas to support the central programme team to manage overall delivery and coordination of the business plan submission.

Independent Stakeholder Group (ISG)

The ISG forms an integral part of the submission through their review and challenge role and has proactively been engaged in the development of our business plan. Their role, which is mandated by Ofgem, is to scrutinise the content and delivery of our plan as well as reviewing our approach to stakeholder engagement at every stage; this ensures our plan addresses the priorities of diverse stakeholders, including those of local and regional consumers and network users. They will also monitor the delivery of our business plan commitments over the price control period.

In reviewing our plan, the ISG have also considered National Gas' role in ensuring the gas transmission network continues to provide energy security today while also helping the UK achieve its net zero ambitions. The ISG played a vital role in adding value to the development of our business plans by:

- Maintaining independence and transparency
- Providing constructive challenge and targeted feedback
- Bringing a diversity of views
- Focusing on outcomes
- Constantly seeking to improve the way we do things.



The members of the ISG have been selected on their knowledge and expertise in the industry and collectively represent a wide range of experience and backgrounds.

Name	Previous experience and background
Mike Foster (Chair)	Chief Executive of Energy and Utilities Alliance
Anna Musat	Executive Director for Policy & Engagement at Renewable UK
Thibaut Chéret	Wind & Renewables Manager at Offshore Energies UK
Paul Dennif	Senior Advisor at SGN
Lauren Jauss	Market Development Manager at RWE Supply & Trading GmbH
Nilah Shah	Professor of Process Systems Engineering at Imperial College
Simon Culkin	Managing Director at Grain LNG
Kate Martin Brintjues	Freelance sustainable business advisor and a Non-Executive Director of Resource Futures and member of the SP Energy Networks Independent Net Zero Advisory Council
Denise Massey	Managing Director of the Energy Innovation Centre
William Mezzullo	Head of Hydrogen at Centrica Energy Markets & Trading
Angus Paxton	Head of Gas and Whole Energy Network Development at NESO



4. Assurance framework

Ofgem's assurance requirements

Ofgem's Business Plan Guidance requires us to provide a Board Assurance Statement along with the submission of our business plan. This should include a statement from the Sufficiently Independent Directors of the Board confirming that they are satisfied that the full submission and the associated proposed costs and financial package have been appropriately challenged for accuracy, ambition, efficiency and customer interest.

Principal risks

The principal risks that have been considered when developing the business plan submission are summarised in the table below, with an explanation of the corresponding control we put in place to mitigate each risk to an acceptable level:

Risk	Control
Deliverability and Outage Planning factored in	Deliverability Assessment Working Group
Mobilising the Supply Chain	Deliverability Assessment Working Group
Volumes justification	Scope, Volume and Cost (SVC) Framework
Consumer Advocacy/Interests reflected	Independent Stakeholder Group & Stakeholder Strategy Engagement Log
Maintaining T2 Network Risk Levels	NARM process & ICS Copperleaf Review
Unit Costs assurance/bespoke costs /benchmarking	SVC Framework, Benchmarking reports
Strategic Workforce Planning	Internal Audit Review
Financeability	Finance Working Group



Overview of the approach to the assurance framework

The assurance framework was designed, implemented and operated to support the Board Assurance Statement. The activities involved in development of the framework, which is underpinned by the 'three lines of defence assurance model', involved:



4. Assurance framework

Performing DAG risk assessments

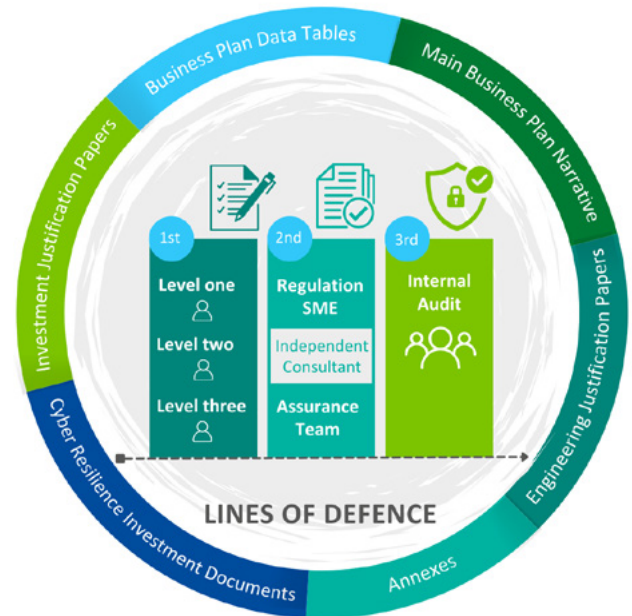
Risk assessments were performed in line with the DAG methodology, which classifies risk into 4 categories being critical, high, medium, low and requires the level of assurance activity to be proportionate to the level of risk. The outcome of the risk assessments was used to determine the level of assurance required over the different parts of the submission and as the Board we confirm that this approach to assuring the business plan submission was appropriately executed.

'Three lines of defence' assurance model

A 'three lines of defence' assurance model was adopted to ensure appropriate input and oversight over our submission:

- **First Line** – all Business roles
- **Second Line** – all roles within the Regulation directorate supported by an independent consultant as expert reviewer
- **Third Line** – Internal Audit supported by PwC

This has ensured that appropriate level of challenge and review was carried out across the business plan at each stage of our submission and complies with Ofgem's DAG requirements.



First line: Business roles

- **Level 1** – considered to be an expert in the area being assured and capable of attesting to the accuracy of information provided.
- **Level 2** – overall responsibility for the area being assured and able to attest to the accuracy, completeness and consistency of information provided.
- **Level 3** – business director who had overall responsibility for the accuracy and quality of information contributed from their area into the business plan.

Second line: Regulation roles

- **Regulation Subject Matter Experts** – considered to be a specialist in the area being assured and capable of challenging and reviewing business information against Ofgem requirements.
- **Assurance Team** – performed independent checks to ensure the assurance framework has been operated as expected, identify material issues for Level 3 consideration where appropriate, and track closure of material actions raised during the review process.
- **Regulation Director** – was responsible for receiving the appropriate assurance from business directors prior to presenting the plan for consideration by Board members.

Second line: Independent consultant roles*

Independent consultants were appointed to undertake various roles:

- provide an expert view on a particular process that the business plan submission relied on;
- perform independent expert reviews of specific areas of the business plan;
- undertake a 'critical friend role' to support senior leadership; and
- undertake other roles as requested by management or the Board.

Third line: Internal Audit

- The Internal Audit team were supported by PwC in carrying out two reviews of the assurance framework and as the Board we monitored the implementation of the recommendations from these two reviews.

* Appendix 1 provides a summary of where independent consultants have been engaged to support our BP submission, the scope of their respective work and which part of the submission their work has been referenced.

¹ As defined by the Chartered Institute of Internal Auditors

5. Commitments at the heart of our plan

1. Board endorsement

2. Board members

3. Governance framework

4. Assurance framework

5. Commitments at the heart of our plan

6. Board sign-off statements

7. Board signatures

Our Commitments

We are proud of the twelve ambitious commitments we have outlined in our plan. These commitments build on the activities we set out in our RIIO-T2 business plan. Where commitments have been carried forward, we have applied more stretching targets to reflect the lessons we have learned throughout RIIO-T2 and our ambition to deliver more. We are also seeking to deliver new commitments for RIIO-GT3 in targeted instances where we have clearly identified we can deliver additional consumer value. We have aligned each commitment to one of the regulatory outcomes identified by Ofgem to demonstrate where our commitment will add value, noting the fourth – System efficiency and long-term value for money, will be considered through our efficiency costs.

We are proud to endorse a business plan that commits to investing £5.3 billion from April 2026 to 2031 to deliver across the following critical themes:

Resilience

We will continue to deliver world class levels of network reliability, safeguarding Britain’s energy security. We have worked hard to ensure we are only proposing investments that we are certain are needed now, and that the costs to deliver those investments are efficient.

Safety

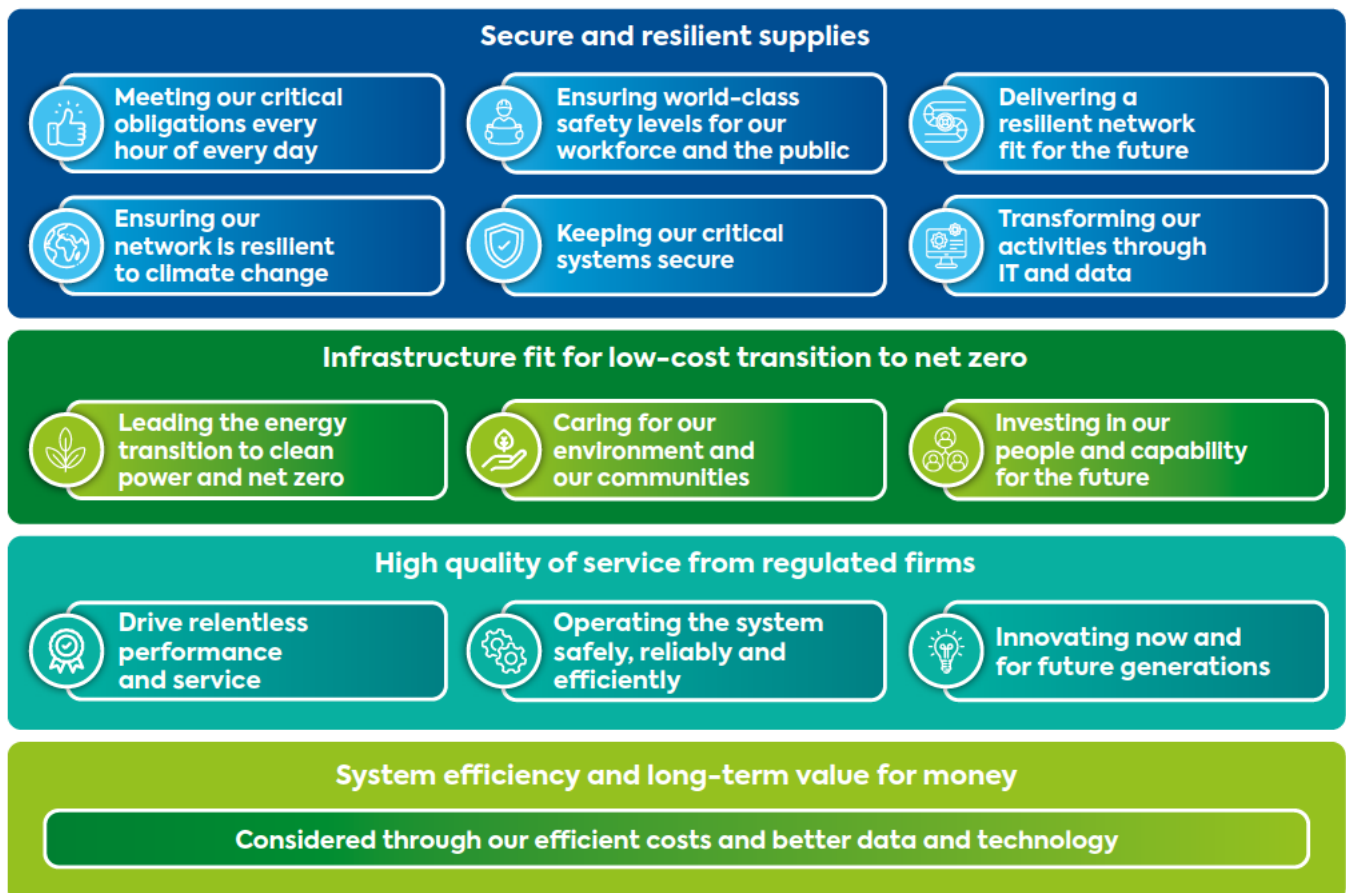
We will continue to deliver world class standards of safety that, underpinned by a strong “safe every day” culture that strives to ensure our employees, supply chain and members of the public remain free from harm.

Security

We will ensure our IT systems and infrastructure remain resilient to the emerging threats facing them, and the future demands placed upon them. As an Operator of Essential Services and Britain’s primary energy system, our proposed investments will enable us to build on the strong foundations established in RIIO-T2, unlocking the pace at which we can achieve Cyber Assessment Framework enhanced status.

Affordability

We will achieve all of this while keeping our portion of the average domestic customer bill to an absolute minimum, around the current average level of 3 pence per day.



6. Board sign-off statements

As the National Gas Board we provide the following statements in support of our business plan submission.

We own the overall strategy and direction of NGT's business plan

As a Board, we agreed the strategic principles that have been applied to our business plan to ensure that our submission is ambitious, with challenging targets and outcomes.

We agreed that the plan would reflect our important role in Britain's energy security and include stretching targets and bold outcomes that accentuate our investment requirements to enable us to continue to deliver secure, reliable and safe energy. To ensure continued availability and reliability of our network we agreed that the plan should also include activities to make sure we are resilient to emerging impact of areas, such as climate change and global threats to national infrastructures. We have closely overseen the development of the resilience programme that supports our role in ensuring national energy security is protected in the most challenging of scenarios. This included ensuring the required network access and supply chain partners would be available to support the full delivery of the proposed investments.

The Board agreed that we should review and challenge areas of the plan that underpin asset lives, capitalisation rates, equity injection and expenditure reduction to ensure the plan is financeable. We would also ensure that the plan provided a high degree of transparency as to how the scopes, volumes and costs for our activities have been assured and developed. We would look at potential opportunities to identify value and efficiency programmes to drive lower costs for consumers and improved returns for investors, and we are pleased that the experience gained from delivering the current regulatory framework, has enabled us to embed £261 million efficiency savings into the plan.

We concluded on the company's response to the Sector Specific Methodology Consultation (SSMC) and agreed that if our view on the financial package is different from that of Ofgem, our submission would follow Ofgem's Business Plan Guidance but we would also put forward alternate proposals with supporting justifications.

We are of the opinion that the agreed strategic principles have been reflected in the business plan through high levels of transparency, collaboration and engagement by the Board with management, a wide variety of stakeholders and by the contributions of a number of independent consultants.



We have challenged and satisfied ourselves that the business plan is ambitious

We have challenged and are satisfied that our business plan is very ambitious and is based on challenging but achievable targets. Our plan includes commitments and investments required to ensure our network remains able to deliver the energy needs of Britain securely, reliably, and safely today and in the future, whilst also preparing ourselves to lead in our area of the energy transition.

We have aligned our commitments so that they achieve the four regulatory outcomes identified by Ofgem as key priorities for customers and stakeholders, and where we have brought forward commitments from RIIO-T2 we have made the targets more stretching to reinforce our ambition to deliver more.

Throughout the process we considered a number of deep dives into key aspects of the submission, including deliverability, cost of equity and debt, the asset management plan and IT. Based on evidenced gathered and presented to us, we reviewed and challenged definitions and measures of aspects of our plan, including financeability assessments.

We are proud of our commitment to deliver a capital investment programme that is a 55 percent increase to that of RIIO-T2. We have also committed to return the network to RIIO-T2 levels of risk by 2032. Our Environmental Action Plan demonstrates our commitment to reduce our impact on the environment by improving our environmental performance and ensure compliance with future requirements.

Our plan is the most ambitious to date, and through our extensive engagement with stakeholders, we have identified bold, well justified proposals that provide value for our customers and stakeholders and will serve our nation today and into the future.

The business plan has been developed through high levels of transparency and engagement with stakeholders

The Board acknowledge and welcome the extensive stakeholder consultation process that has taken place resulting in the co-creation of a high-quality plan. We have benefitted from maintaining our Independent Stakeholder Group (ISG) throughout the current price control period and the constructive challenge and feedback from them has supported our understanding as a Board of what is important to our stakeholders and what their priorities are when it comes to energy.

Throughout the development of our plan, we engaged with a wide range of independent consultancy experts to further scrutinise various aspects of our plan. Updates on key outputs of these assurance activities were provided to the Board and we are satisfied with the breadth of these activities and the recommendations and perspectives have been addressed in the plan.

As part of the development of the financial package extensive input was also obtained from independent consultants as well as consumer and business surveys, forums and interactions with rating agencies. We have also worked closely with Ofgem throughout the development of the plan and site visits and presentations have strengthened our engagement with the relevant teams.



6. Board sign-off statements

We are satisfied that expenditure forecasts in the business plan are efficient and provide value for money for existing and future consumers

The Board has challenged and satisfied itself that the expenditure forecasts included in the business plan are robust and efficient. We have used a transparent documented process to ensure consistency and we have held multiple deep dives into the total expenditure and asset management plans, giving us opportunities to review the way in which we have assured cost confidence. We have undertaken optioneering and cost benefit analyses on asset health investments and challenged ourselves to improve the efficiency of the scope and costs, and the experience we have gained from the delivery of the current regulatory framework has enabled us to embed £261 million efficiency savings into our submission.

As a Board, we reviewed the approach to developing the expenditure plans and are satisfied that the costs are efficient and will have minimum impact on the customer bills by maintaining the current average level of 3 pence per day. The benchmarking approach and assessment of unit costs were assured by independent external consultants giving us additional confidence in our assessment. Throughout the development of the plan, we considered the consequences of our investment plan, the overall financial package, and impact on consumer bills, and in the opinion of the Board the business plan represents good value for money for existing and future consumers whilst recognising the need to invest in our ageing network.

The business plan is accurate and based on high-quality data

The Board recognise that the business plan submission must be accurate, well justified and compliant with business plan requirements. We endorsed the business plan assurance framework used to underpin the submission and have taken comfort that this framework has ensured that each part of the business plan has been subject to internal and external rigorous scrutiny and challenge resulting in a plan of high quality and accuracy.

The input, scrutiny and challenge from external experts and consultants into areas such as engineering justification, cost, assets and finance has provided substantial depth of coverage. We reviewed the work of these experts and consultants at a number of different meetings and welcomed the opportunity to consult and challenge them. This gave us additional confidence that key elements of the plan have been comprehensively examined to support the accuracy of the content of the plan.

We considered cost confidence at a number of our meetings, and a deep dive into the new asset management system assured us that the standard and consistency applied to data collection and evaluation has resulted in accurate and high-quality data.

As a Board we are confident that the assurance programme has been executed to a very high standard and the range and depth of assurances and independent specialist expertise deployed throughout the process has enabled us to deliver a business plan of high quality and accuracy.



The business plan is financeable on both a notional and actual capital structure based on Ofgem's financial framework, and the assumptions made in the business plan prior to final determinations

Together with management, we have evaluated the way financeability is measured by Ofgem and defined targets against those measures. We have discussed in detail the strategy for assessing the evidence for each input to the financial package across numerous formal meetings and working sessions.

As part of our review of the proposed financial package throughout the process of compiling National Gas' responses to Ofgem consultations and the business plan submission, we have considered the outcomes from a wide range of independent consultants, some of which attended meetings to give their perspective on the relevant evidence and Ofgem's proposals. These supplemented full briefings provided by management on the progress of the assessment of relevant evidence and the latest discussions with Ofgem and other key stakeholders. It therefore remains important to consider the evidence presented to properly conclude on the investability of the RIIO-GT3 package, particularly the Cost of Equity given the outcome of cross checks.

This culminated in a final assessment by the Board of the overall financeability of our business plan, on both a notional and actual basis. This assessment is based on Ofgem's base case, the financial parameters defined by Ofgem's Business Plan Guidance and the alternative financial package we propose. The latter is based on a rigorous assessment of the framework and available evidence by National Gas and its advisors. We fully support the alternative package as a Board.

The Sector Specific Methodology Decision (SSMD) outcome and the base scenario included in Ofgem's guidance meet financeability targets. However, this outcome is influenced by decisions Ofgem has taken on the treatment of inflation, by granting a nominal rate of return for fixed rate debt, and to accelerate the recovery of RAV by shortening regulatory asset lives.

However, National Gas and the wider energy sector need to deliver significant investment in the RIIO-GT3 period and therefore ensuring that the financial package is sufficient to retain and attract investment is more essential than ever, particularly in a higher interest environment than was the case at RIIO-T2.

We have provided further detail in our Finance Annex that supports our business plan but key to assessing whether Ofgem's proposals meet its own new concept of "investability" and are sufficient to facilitate such investment is the use of market evidence to cross check proposals. This ensures that the package reflects the reality of the financial markets that networks operate in and demonstrates that action is necessary, notably a higher point estimate for Total Market Return and allowances that better reflect the cost of borrowing gas networks incur.

We have also presented evidence compiled from organisations such as the National Infrastructure Commission and NESO which demonstrates that there is a clear, enduring use for the network to ensure energy security and to facilitate a lower cost and more practical transition to clean power generation by 2030 and net zero by 2050.

Therefore, while we acknowledge the importance of addressing the risk of stranded assets via the RIIO framework, a premature acceleration of asset lives risks increasing consumers bills unnecessarily and as such, our alternative financial package includes the retention of the existing 45-year regulatory life.

The Board is satisfied that our business plan is financeable on both a notional and actual capital structure.

7. Board signatures

Signed by the Board of National Gas



Dr Phil Nolan
Chair and Sufficiently
Independent Director



Will Price
Shareholder Nominated Director



Jon Butterworth
Chief Executive Officer



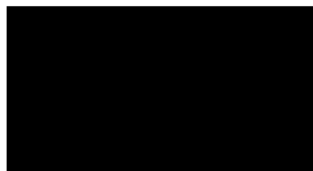
Mark Mathleson
Shareholder Nominated Director



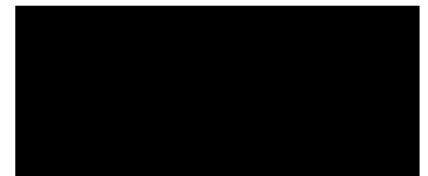
Nick Hooper
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Cathryn Ross
Sufficiently Independent Director



Jerry Divoky
Shareholder Nominated Director



Mark Russell
Sufficiently Independent Director



David Farkas
Shareholder Nominated Director

Appendix

Table of Independent Consultants engaged to support our BP submission

The table below provides a summary of where independent consultants have been engaged to support our business plan (BP) submission, the scope of their respective work and to which part of the BP submission their work has been referenced.

	Independent Consultant	Scope of engagement	BP section
1	Gartner	Review of IT Costs and Benchmarking of comparable costs	IT IJPs
2	Gartner	Cyber Financial Assurance – Phase 1 – CNI Security	CRIDs
3	Gartner	Cyber Financial Assurance – Phase 1 – IT Security	CRIDs
4	Arcadis	Review of NGT's Unit Cost Estimation process	EJPs
5	Xodus	Engineering Justification Paper review	EJPs and CBAs
6	WSP	Engineering Justification Paper review	EJPs and CBAs
7	ARUP	Review of Asset Management strategy	Main Plan, Chapter 4
8	ICS	Validation of NGT's Asset Risk Model	Main Plan, Chapter 4
9	Accenture	Benchmarking Business Support Services costs	Main Plan, Chapter 3
10	Frontier	Critical Friend across whole plan	Main Plan, Chapter 1
11	Frontier	Updated Cost of Equity Cross-Check Evidence	Main Plan, Chapter 5
12	Explain	End Consumer Acceptability Research	Main Plan, Chapter 2
13	Explain	End Consumer Engagement Focus Groups	Main Plan, Chapter 2
14	KPMG	Potential Improvements to RPE framework at RIIO-GT3	Main Plan, Chapter 3
15	NERA	Additional Cost of Borrowing for the RIIO-GT3 Price Control	Main Plan, Chapter 5
16	Economic Insight	NGT Efficient cost of debt for gas transmission	Main Plan, Chapter 5
17	Economic Insight	Ongoing Efficiency for Gas Networks at RIIO-GT3	Main Plan, Chapter 3
18	Economic Insight	Further Evidence on Ongoing Efficiency for Gas Networks at RIIO-GT3	Main Plan, Chapter 3
19	Economic insight	Index-linked Debt for the Notional Company	Main Plan, Chapter 5
20	Oxera	RIIO-GT3 Cost of Equity – CAPM Parameters	Main Plan, Chapter 5
21	Oxera	Review of the regulatory regimes and business mixes for relevant European comparators to strengthen the use of European beta data	Main Plan, Chapter 5



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