

Introduction to our plan

Who we are

What we're doing

Highlights of our plan

Who's involved

Downloads

Protecting our customers and the planet is at the heart of our plan for a sustainable transition to net zero.

And while it's important that we continue to explore all possible low carbon technologies to decarbonise our energy systems, the reality is that gas networks are an important part of this mix and essential to our every-day lives – providing heat to millions of homes and businesses and keeping our vital industry powered up.

Northern Gas Networks (NGN) is one of the highest performing gas distribution networks in Great Britain and has been the most efficient since 2005. We believe it's up to us to show that it's possible to work towards a sustainable future without unfairly disadvantaging the millions of people who rely on gas to stay warm or power their business.

Our business plan for 2026-2031 sets out how we're going to do that.

Our Plans for 2026-2031

As an energy network, we must submit a business plan to Ofgem, the energy regulator. This plan becomes a contract with Ofgem. And it sets how much money we can receive for the essential services that we provide.

Our plan will see over £1.8 billion invested in our world leading gas network over the next five years. This investment will ensure that we can continue to deliver exceptional customer service and network safety, reliability and resilience while stimulating growth for the region's economy through new jobs and skills creation.

Our priority will always be to make your bill as fair as possible without disadvantaging customers in the future or compromising our high standards of service.

We'll build on our efficiency track record to continue to deliver industry leading value for money, making every penny that we spend count while driving up performance sector wide.



We will maintain our industry leading performance when responding to gas emergencies and completing repairs to reduce the time people are without gas and reduce our environmental impact. We'll keep improving and show other networks what's possible.



We will keep gas flowing while getting our network ready for a fair and equitable transition to other forms of energy.



We will invest £1.8 billion in our network to make sure gas is always there when you need it and continue to keep customers safe, warm and connected. We will always ensure our investments are providing value.



We will focus on the priorities of our customers who told us they want bills to be as low as possible without compromising safety, reliability and environmental sustainability.

Strong collaboration is a recurring theme throughout our plan, tackling the challenges and opportunities faced in our region together by continuing to work closely with industry, energy stakeholders and our region's electricity distribution and water companies, for the benefit of everyone in our Northern communities.



What is RIIO-GD3?

In our plans, you might come across the phrase RIIO-GD3. That's the name for Ofgem's price control period for 2026-2031. It's the process by which we secure a revenue stream and it will determine what work we can do, the return we can provide our shareholders and how we run our business. In short, it makes sure we're investing in the right places and that you're paying a fair price for the service you get.

The contract requires us to meet ambitious performance targets relating to safety, reliability, customer service, environment and social impact, with financial incentives for good performance and penalties for falling short.

- RIIO stands for Revenue = Incentives + Innovation + Outputs
- GD stands for Gas Distribution
- 3 means it's the third price control period after RIIO-GD2 (2021-2026) and RIIO-GD1 (2013-2021)

How our plan will make a difference by 2031

We'll maintain our high levels of customer service

We're consistently benchmarked as one of the best gas networks for customer service. We'll continue to drive up performance sector wide and target an overall average customer satisfaction score of above 9.2 out of 10.

More customers in difficult situations will get life-changing support

Through our work with trusted partners, 331,000 customers in vulnerable situations will benefit from energy advice, financial help or additional support.

We will make sure more customers join the [Priority Services Register](#) to get help when they need it. And we will always keep our vulnerable customers in mind as our energy system transitions to more renewable sources.

Our network will be safer and more reliable

We'll be replacing 2,900km of old gas pipes with modern plastic ones. That will reduce leaks, meaning our customers experience less disruption and we continue to reduce our carbon emissions.

Our typical response to emergencies and gas leaks is faster than any other gas network – we get to over 99% within two hours. As well as our usual compensation payment if customers have no gas for 24 hours, we'll continue to provide an extra payment if customers experience a disruption of between 4 and 24 hours. This will help over 2,600 homes each year.

NGN will play a key role in the transition to net zero

We're working to make sure our network is ready for a fair and equitable move to low carbon energy.

Future energy policy is still uncertain. But we're continuing to deliver more renewable gas through our pipes today while exploring opportunities for hydrogen to decarbonise industry and power generation and looking at how we can repurpose our gas network to deliver low carbon forms of energy, while continuing to keep the gas flowing to keep homes and businesses safe and warm and industry powered up. We're also making sure our customers understand their options when it comes to low-carbon heating.

Our environmental impact will be its lowest ever level

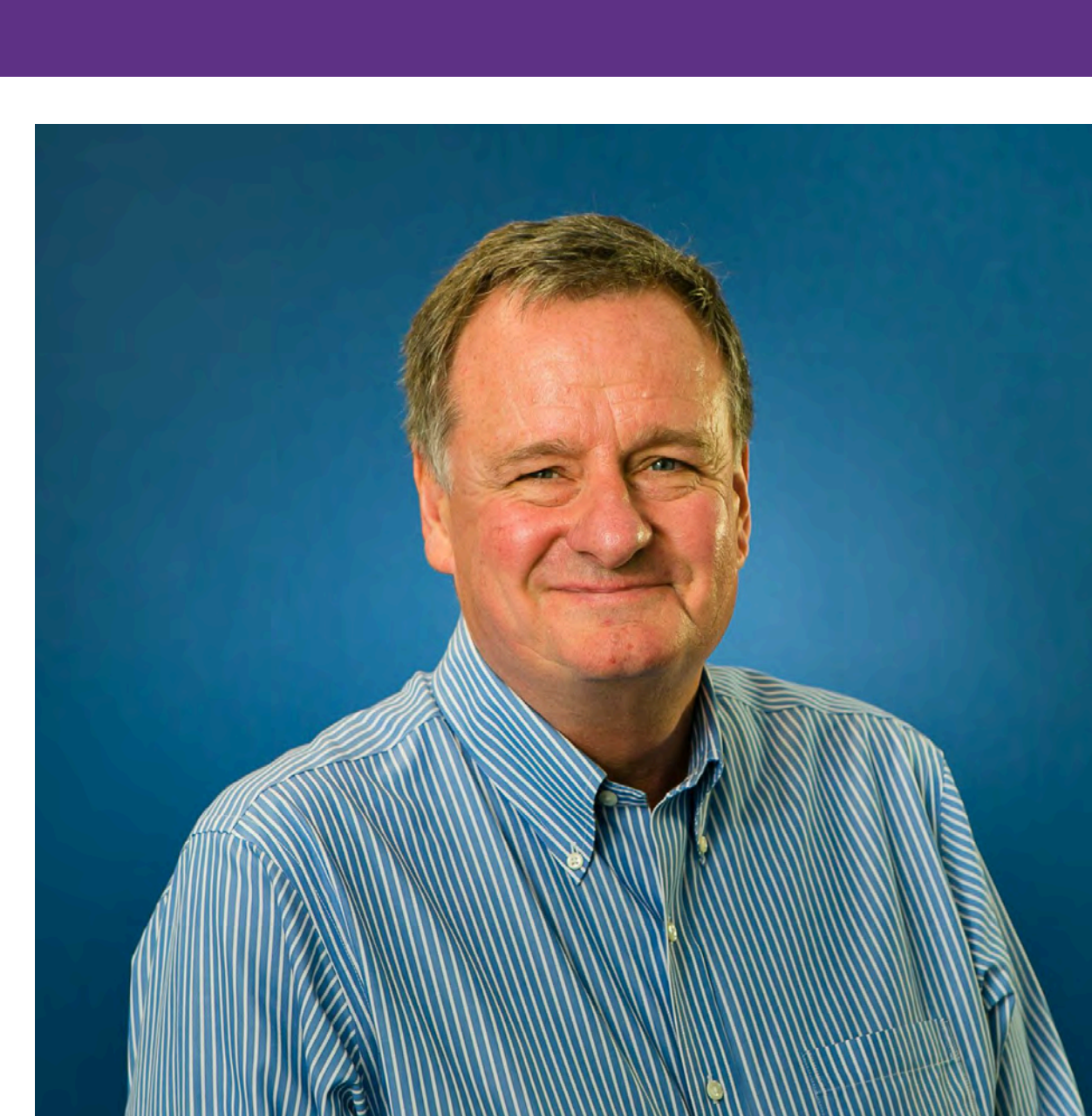
By strategically investing in our network, we will cut 432,000 tonnes of CO₂, the equivalent of taking 431,995 petrol cars off the road and reduce gas leakage by a further 24%.

We're also investing in other areas such as removing waste going to landfill and planting hedgerow saplings across our sites.

Our data will help with a safe, secure and fair transition to net zero and drive improvements sector wide.

As well as using our data to inform better decision making, improve customer experience and drive efficiencies, we're making sure that our data is available for anyone to use while upholding our responsibilities around data security and integrity.

By sharing our data across the energy sector, other gas networks will understand how we're pushing the boundaries of efficiency and driving improvements for customers. And they'll be able to copy our successes so we can move forward together.



"As one of the largest employers in the region, we have the power to deliver significant societal and economic benefits by carefully planning our investments in people and infrastructure. Our actions today will lay the foundations for an equitable transition to net zero, for the benefit of everyone in our Northern communities."

Mark Horsley

CEO

What this means for your bills

Today, NGN's customers pay an average of £170 a year for the services they receive. This money goes toward making sure our pipes are safe and reliable, delivering our 24/7 emergency response service and preparing our network for the future to continue to keep homes and businesses warm and industry powered up.

We believe that gas in one form or another will continue to play a vital role in the energy system for decades to come. However, with government policy focused on the electrification of heat, Ofgem are considering policy decisions relating to the way it calculates how customers pay back costs associated with the billion-pound gas network, which include repaying the asset value over a shorter period of time. If implemented the changes will increase costs for bill payers.

We've heard loud and clear that our customers' number one priority is for bills to stay as low as possible and we're determined to do what we can to protect people from any unnecessary cost increases without compromising our high standards of service. That's why we've sought to ensure that every pound we spend delivers improvements that match with our customers priorities at the lowest cost.

Our approach will see customers pay an additional £5 on the average annual gas bill for the investment that we deliver to maintain our network, on the part of the bill that we control. Our plan also sets out an alternative mechanism for managing the repayment of network costs, to keep any bill increases as low as possible.



Thank you

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[Introduction to our plan](#)

[Who we are](#)

[What we're doing](#)

[Highlights of our plan](#)

[Who's involved](#)

[Downloads](#)

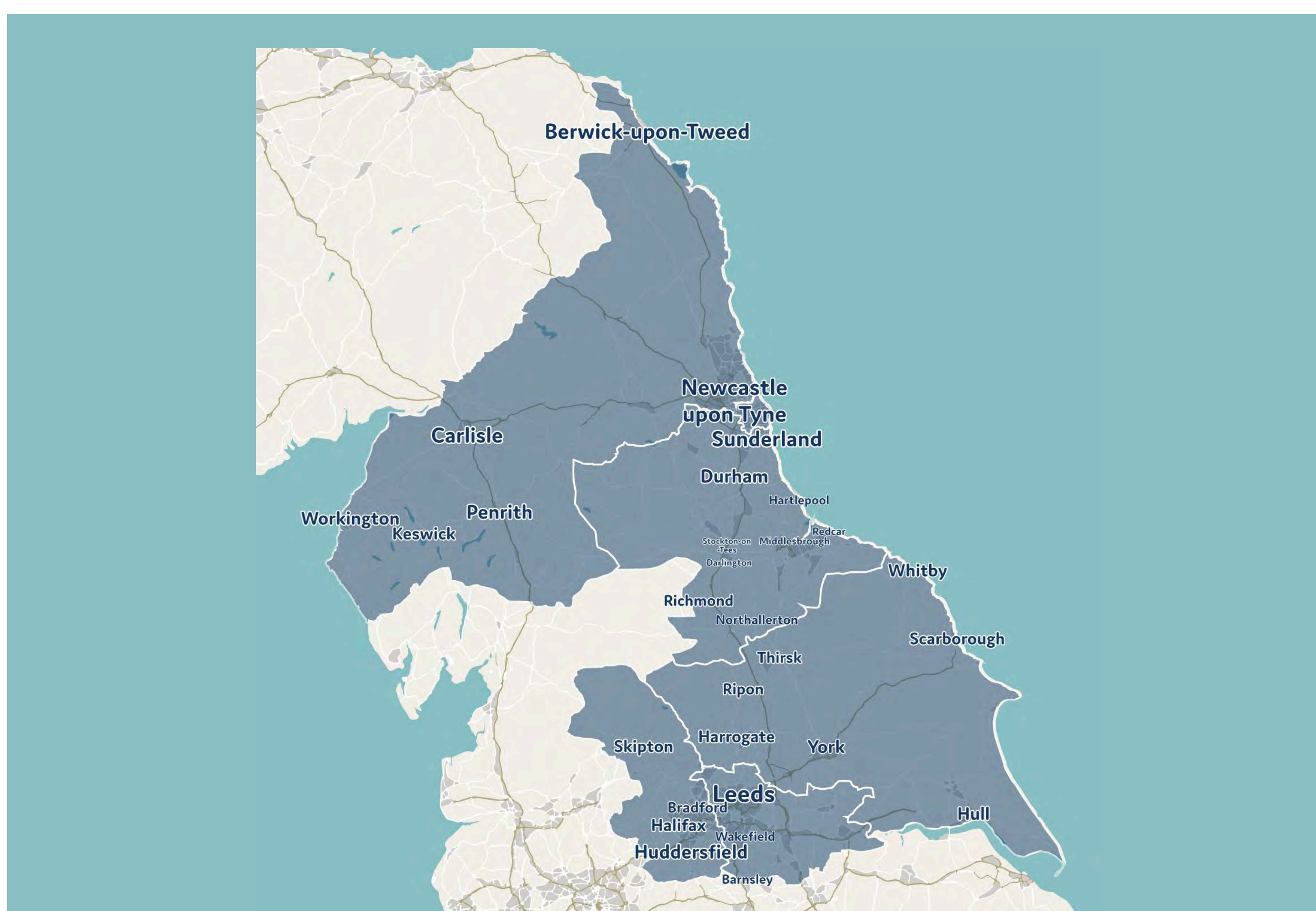


NGN: the gas distributor for the North of England

We deliver gas to 2.9 million homes and businesses. We provide an essential service for those communities, working to improve our network for our customers today and supporting cleaner energy for the customers of tomorrow.

We've spent the last decade transforming our business into something very different from a traditional utility company. We will keep pushing the boundaries of efficiency as we work towards a cleaner energy future.

Where we work



Our vision is for a fairer, greener future for the North of England

A business you can rely on in an uncertain energy future

Safety. Reliability. Customer service. Sustainability. Cost efficiency. We have an exemplary track record – all shown in the regular performance reports we submit to Ofgem. We can only do this because of the transformative journey that we've been on to evolve our business into a modern utility business underpinned by:



An agile, progressive and innovative workforce



An efficient and low-cost supply chain



A modern IT system powering our processes



An open and collaborative working culture

Since the start of the RIIO price controls in 2013 we've:

No.1 for efficiency

Set the standard for efficiency, maintaining our position as the most efficient gas network in Great Britain year in, year out – a standard we've held since 2005

80% plastic network

Replaced 80% of our network that supplies homes and businesses with modern plastic pipes to ensure the continued safe and reliable supply of gas to customers

£1,649 million

Invested £1,649 million in modernising our network to improve safety, resilience and reliability of supply through local businesses and our supply chain

Fast emergency response

Responded to over 99% of gas emergencies within our agreed 1- and 2-hour timeframes

99.999% reliability

Delivered 99.999% network reliability – on average our customers experience an unplanned interruption to their gas supply once in every 240 years

9.26 out of 10

Continually improved customer satisfaction, achieving an overall average customer satisfaction score of 9.26 out of 10 in 2023/24

1,145,500 tonnes of CO2 saved

Reduced our environmental impact by cutting gas leakage by 39%, saving 1,145,500 tonnes of CO2

£55 million

Provided £55 million of social benefits through our work with trusted partners to support customers in vulnerable situations

£15 million

Reported £15 million of customer benefits through investing in innovation such as developing a robot to assist in locating gas leaks, reducing repair time, disruption and air pollution



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Who we are

What we're doing

Highlights of our plan

Who's involved

Downloads

How we'll deliver our plan



Work collaboratively to develop new ideas, embrace feedback and resolve challenges.



Be transparent about our decisions and accountable for our actions, staying true to our commitments and who we are as a network.



Treat people fairly and equitably to minimise the negative impacts of our actions and make sure no one is left on the journey to net zero.



Innovate and enhance sustainability for our communities and the environment.



Harness data and technology to modernise our operations, improve customer experience, and measure what works, and understand what does not.



Strive for value in everything we do, maximising efficiency to improve our service while keeping costs as low as possible for our customers.



"Efficiency is important to us, but we think of it as a means of delivering better results for the people that rely on us – especially the most vulnerable members of society. Because, ultimately, NGN isn't about processes, but people: our customers, colleagues and stakeholders."

Mark Horsley

CEO

Our commitments to you

You told us you want a high-quality service that supports vulnerable customers and delivers social value

- We will push ourselves to deliver exceptional service at the lowest cost to you.
- We will work with trusted partners to offer support for those who need help to stay safe, warm and in control of their heating options and finances

You told us that you want a safe and reliable network that you can depend on

- We will keep investing in our network to keep it safe and reliable, with less chance of leaks and fast response times when these do happen.
- We will make sure our network can cope with events like extreme weather and that we can respond swiftly to get the gas back on.

You told us to do the right thing for the environment, society and future generations

- We will reduce our environmental impact, cutting our carbon emissions and other impacts to the lowest ever levels.
- We will help our region transition to other forms of energy, driving opportunities for the North so that no one is left behind.

You told us to think smart, work smart and make sure you get value for money

- We will make more of our data to improve customer experience, operate more efficiently and strengthen our security.
- We will use our innovation allowance to develop new energy solutions and support communities and customers in vulnerable situations.



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A high-quality service

79% of people said our commitments for high-quality service are acceptable.

How we're improving our high-quality service:

- Target an overall average customer satisfaction score of above 9.2 out of 10
- Continue to be transparent and publish complaint data on our Open Data Portal
- Improve our digital customer experience
- Give 50,000 new customers access to services through the Priority Services Register – that's an extra 10,000 each year
- Provide 100,000 customers with carbon monoxide safety information – an increase of 20,000 each year
- Work with our partners to give impartial energy advice to 6,000 customers each year, to help 30,000 customers save energy and money
- Help over 38,000 of our highest risk households with their specific needs such as debt and energy advice or appliance repairs
- Support over 113,000 households who are in need with advice and let them know about other organisations that can support them
- Increase shareholder funding to provide £1.3 million for customer support programmes
- Reallocate any money recovered through theft of gas funds into our shareholder funded Customer Support Fund

How we're innovating to improve our high-quality service:

- Introduce a new survey to measure how satisfied customers are with our disconnections service
- Formalise a mutual incident support framework with the electricity network operators in our region so that we can support customers when they lose power unexpectedly
- Measure complaints from customers on the Priority Services Register, to make sure that they are receiving the highest level of service
- Report on how many social media complaints we received as a percentage of the overall number of complaints
- Work together with Northern Powergrid, the electricity distribution network operator in our region, to raise awareness of the Priority Services Register and coordinate our investments to support customers in vulnerable situations to optimise their value
- Help all our customers move towards cleaner energy sources by working with electricity partners to develop and ensure timely, relevant, good quality advice and guidance
- Bring more support in house to improve efficiencies and ensure less disruption for customers

Safe, reliable and resilience

86% of people said our commitments to ensure secure and resilient supplies are acceptable.

How we're improving our safety, reliability and resilience

- Invest £850 million to replace a further 2,900km of ageing gas pipes and smaller service pipes, with plastic equivalents by 2031
- Continue to respond to over 97% of gas escapes within 1-2 hours, although we aim 100%
- Stay under the 10-hour average gas supply interruption limit and aim to keep our 5-hour average
- Continue to make timely compensation payments should we fail to meet our high standards (£70 if a customer is without gas for more than 24 hours)
- Continue to provide an extra £30 to households that experience gas supply interruptions lasting between 4 and 24 hours, helping over 2,600 homes each year
- Continue to provide face-to-face safety advice on the dangers of carbon monoxide through our engineers and providers
- Maintain the network and workforce to handle extreme weather, by training our staff and investing in high-risk areas
- Add more back-up power at major sites to ensure supply to more customers
- Work with climate resilience groups to set agreed metrics and targets to monitor our performance
- Invest over £19.8m to improve cyber security monitoring
- Recruit around 60 engineering apprentices every year and support them into full time employment at NGN
- Increase diversity and have 40% female representation at a senior level
- 60% of our contracted work will be with small and medium sized businesses to support and grow regional economies
- Reach 60,000 young people through our educational programmes

How we're innovating for safety, reliability and resilience

- Use our track record to propose a new UK-wide performance target of completing 89% of repairs in 7 days and 98% of repairs in 28 days
- Report more about our performance for attending gas escapes
- Suggest a common target of 10 hours or less for average interruption time for all gas network operators
- Create agreements with other energy network operators for quick power restoration during emergencies
- Raise electrical equipment at critical sites in flood zones alongside regular investments
- Develop an Inclusion and Belonging Strategy and roadmap to achieve our inclusion commitments
- Set up a Green Academy to train staff and industry to support the net zero transition
- Build a talent development programme that includes work experience, industry placements and a wider range of apprenticeships and graduate opportunities

Protecting the planet

75% of people said our net zero commitments are acceptable.

How we're improving our environmental performance and protecting the planet

- Reduce office and depot waste by 50% between 2018 and 2031
- Send 0% of recyclable or recoverable waste to landfill
- Use 99% recycled materials for refilling roadworks
- Ensure all key suppliers follow our Supplier Code of Conduct
- Encourage more biodiversity by planting 20,000 saplings on our land
- Continue monitoring natural capital and land contamination and manage land for environmental benefits
- Continue to report on our performance in our Annual Environmental Report
- A further 24% reduction in annual gas leakage between 2026 and 2031 through our pipe replacement programme and effective pressure management
- Continue to aim for net zero by 2031 for our operational activity (by improving energy efficiency in our buildings, buying green energy and using ultra-low emission or hybrid vehicles)
- Continue to improve our service to biomethane customers by making the connections process more straightforward
- Continue our research to understand customer needs, behaviour and journeys across different future energy pathways
- Draw on our existing expertise and resources to form a dedicated team to coordinate with national, regional and local actors on net zero strategy and policy
- Progress our hydrogen projects (East Coast Hydrogen and hydrogen blending) to help decarbonise power, industry and commercial sectors

How we're innovating our environmental performance and protecting the planet

- Introduce new repair performance targets for completing repairs within 7 and 28 days and propose these are adopted industry wide
- Have our carbon reports checked by independent experts
- Develop a strategy on how we sectorise and isolate our network efficiently and safely for hydrogen repurposing
- Identify how to safely disconnect or decommission parts of the network while keeping the gas flowing for others, as consumers begin to adopt other low carbon energy alternatives

Value for money

We deliver value for money by operating more efficiently. This isn't about cutting corners, but working smartly to deliver more for less.

How we're improving value for money

- Invest more in data and digital technology to operate more efficiently
- Use our data portal to make it easier to access data about gas distribution and usage
- Automate routine tasks so our employees can focus on more important work
- Use artificial intelligence to support reporting and analytics, allowing users to explore and access management information using voice and text
- Invest in NGN systems to share industry data across the energy sector and beyond

How we're innovating to ensure value for money

- Work with customers to understand their needs as we work towards renewable energy solutions from 2031 and beyond
- Uncover what customers understand about energy options, and identify any concerns about heating systems, controls, and fabric improvements
- Understand the digital divide and how to bridge it through research and development or engagement activities with customers, communities and third-sector organisations
- Develop innovative ways of using portable digital monitoring equipment to support our network operations now and during the energy transition
- Investigate future opportunities to repurpose our assets
- Explore the use of AI and machine learning in energy management systems, particularly for forecasting and low-pressure management



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Introduction to our plan

Who we are

What we're doing

Highlights of our plan

Who's involved

Download our plan

A plan informed by our customers

13,286

13,286 people consulted while we developed our business plan

7,940

7,940 underreached customers involved in the process

815

815 local stakeholders joined meetings and workshops

96%

96% of people who went to our 2024 Stakeholder Conference felt they had the opportunity to contribute to our business plan

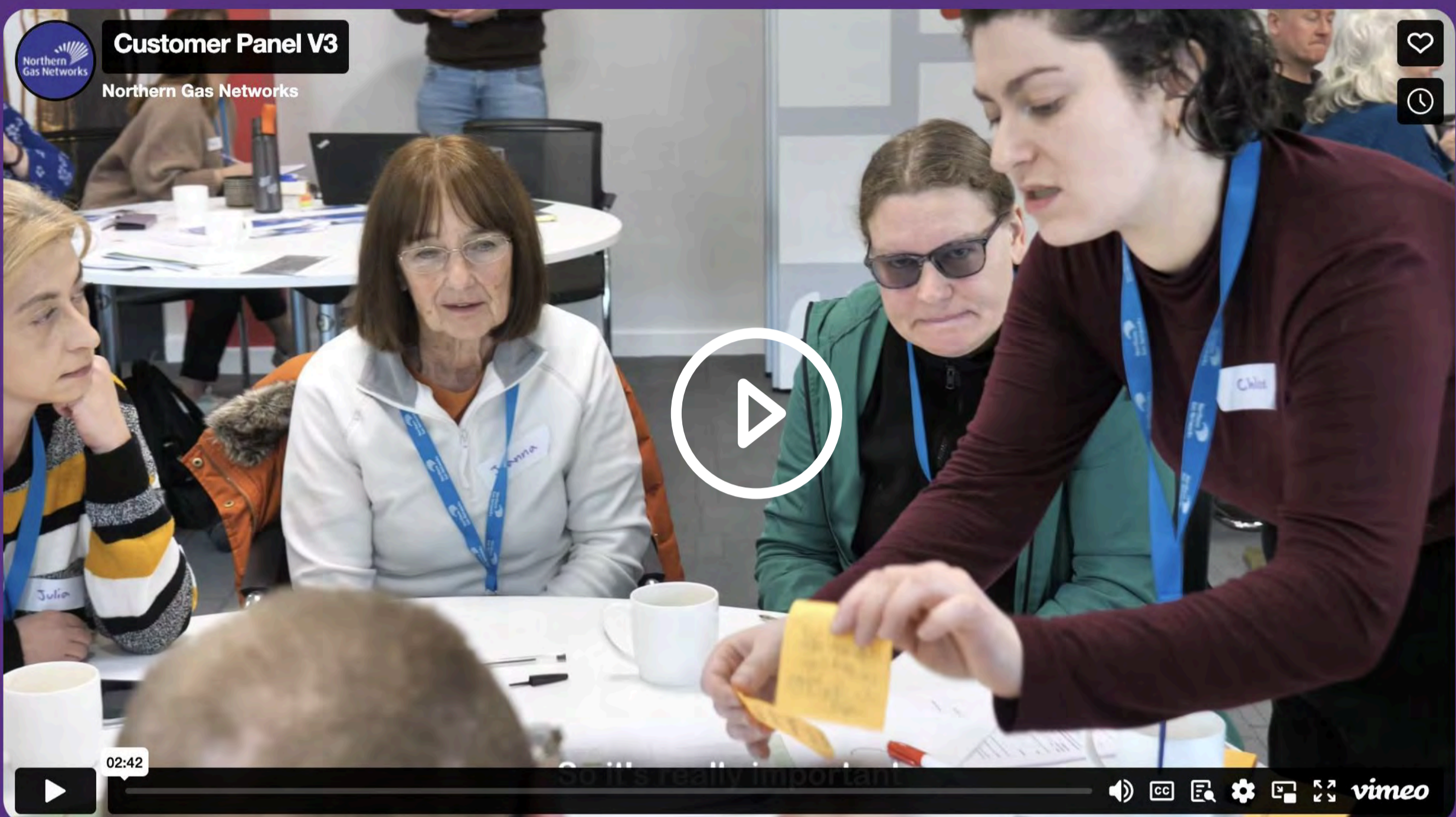
79%

79% of informed customers and stakeholders found our plan acceptable

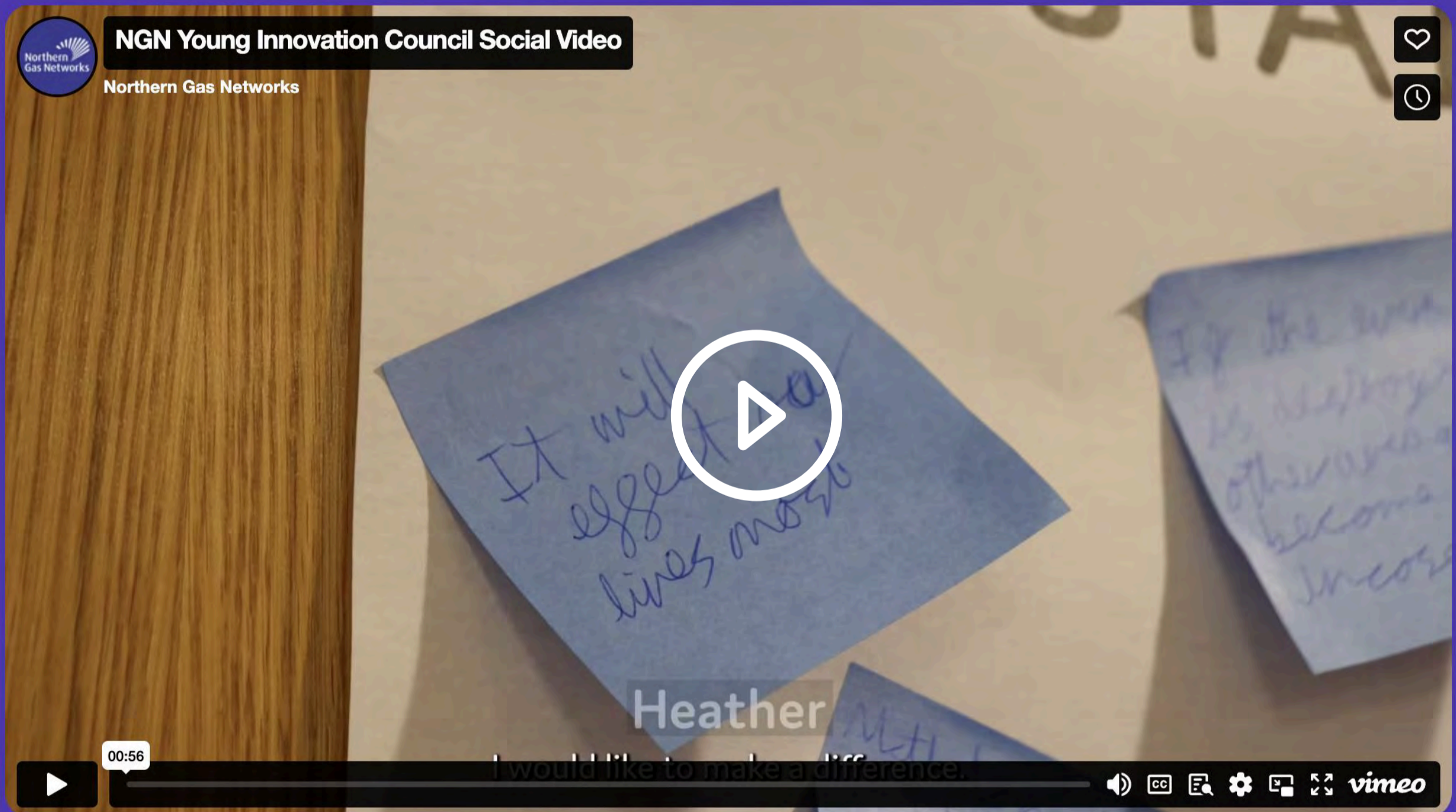
80%

80% of people involved in our engagement said our plan delivers value for money

A plan shaped by our customers



Meet our Citizens Panel, a group customers representative of the people that we serve across our network.



Meet members of our Young Innovators Council, a powerful group of young people aged 14 – 18 who share valuable insights to ensure we keep future bill payers in mind with every investment decision we make.



A plan developed under the forensic eye of our Independent Stakeholder Group

Our Independent Stakeholder Group (ISG) has provided challenge and scrutiny throughout the development of our plan. They are experts in finance, gas distribution, social inclusion, innovation and sustainability challenge us and hold us to account for our promises.

All gas networks had an independent challenge group in the last Ofgem planning period. But we're the only network that kept ours going at the same level since then – because we believe their robust challenge is essential to ensure our plan meets our customers' priorities while crucially delivering value for money. Find out more about our ISG: <https://ngnceg.co.uk/>



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2026-2031 business plan

[Introduction to
our plan](#)

[Who we are](#)

[What we're doing](#)

[Highlights of
our plan](#)

[Who's involved](#)

[Download our
plans](#)

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Full Plan

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