

Ofgem
10 South Colonnade
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6th February 2025

Re: Letter of Support for RIIO-3 Gas Transmission and Gas Distribution Business Plans

To whom it may concern,

The Institution of Gas Engineers & Managers (IGEM) welcome the opportunity to submit this letter in support of the RIIO-3 business plans for gas transmission and gas distribution. These business plans mark a pivotal moment in addressing the challenges of maintaining energy resilience and achieving the UK's net zero targets, while delivering for consumers.

As the professional engineering institution representing the gas sector across the UK, IGEM champion innovation, safety and sustainability in the delivery of gas. We represent thousands of engineers, technicians, managers and other non-engineering roles across the UK and overseas, as well as hundreds of businesses that are a significant part of the emerging hydrogen supply chain.

We extend our full support for the RIIO-3 business plans submitted by National Gas Transmission and the Gas Distribution Networks (GDNs) – Cadent, Northern Gas Networks (NGN), SGN, and Wales & West Utilities (WWU). Their plans reflect comprehensive and innovative approaches to ensuring the continued safe, reliable and affordable supply of gas, while advancing vital decarbonisation objectives. Their plans also address the importance of energy resilience and the need for economic growth, benefitting both consumers and local communities.

Substantial investment is required in the technical and engineering elements of the gas networks, including infrastructure assets, digitalisation and automation. These business plans propose significant enhancements, such as the replacement of ageing metallic mains with modern polyethylene pipelines. Further, the integration of real-time network monitoring systems will enable predictive maintenance, reducing the risk of failures and enhancing overall efficiency. Investments in hydrogen blending technologies and biomethane injection facilities will future-proof the networks, allowing for a more seamless transition to a low-carbon energy system.

National Gas Transmission's RIIO-GT3 business plan

National Gas Transmission's plan embodies its commitment to maintaining and upgrading its infrastructure to meet evolving consumer needs. We applaud its emphasis on the importance of innovation and the essential role of gas in ensuring energy resilience and balancing intermittent renewable generation. The proposed investments align with the UK's



Clean Power and net zero ambitions by strengthening energy system resilience and enabling the transportation and storage of sustainable gases.

We commend National Gas's focus on:

- **Resilience and security** – Essential investments in Critical National Infrastructure will safeguard the network's reliability amidst challenges like demand volatility, climate hazards and cyber threats.
- **Facilitating decarbonisation** – Investments in hydrogen-ready infrastructure and low-regrets activities will prepare the network for the transition to alternative fuels.
- **Innovation and workforce development** – Enhancing skills, creating local jobs, and fostering innovation will ensure the network's readiness for future energy demands.

Gas Distribution Network RIIO-GD3 business plans

IGEM fully support the RIIO-GD3 business plans proposed by the GDNs and commend them for their leadership in delivering innovative solutions that align with the UK's long-term energy and decarbonisation goals. These plans collectively demonstrate a commitment to delivering safe, secure and resilient gas networks while enabling a cost-effective transition to net zero.

Through targeted investments, such as advanced leakage detection, hydrogen-ready infrastructure and biomethane integration, these companies are playing a crucial role in reducing carbon emissions and modernising the gas system – with safety standards at their core.

We approve of the GDN's commitment to affordability, customer satisfaction and support for vulnerable consumers, which will ensure that energy remains as accessible and equitable as possible. Additionally, their strategic focus on digitalisation, cyber resilience and workforce development reflects a proactive approach to future-proofing the gas network and delivering wider socio-economic benefits.

Alignment with national goals

The gas networks' business plans offer detailed, robust and evidence-based proposals that collectively, align with the UK's broader objectives of achieving net zero by 2050 in a safe, secure and reliable way.

These investments will:

- **Enhance energy system resilience** – offering unparalleled energy storage capacity and ensuring continued reliability for consumers.
- **Facilitate decarbonisation** – of heat, power, industry and transport by supporting hydrogen and biomethane infrastructure.
- **Drive economic growth** – by creating skilled jobs and fostering local community development.



Consumer focus and economic impact

The RIIO-3 business plans exemplify the industry's commitment to affordability, innovation and customer satisfaction. By prioritising vulnerable consumers and delivering efficient investments, these plans ensure value for money while addressing future energy needs. Moreover, the proposed infrastructure upgrades will stimulate economic growth, create jobs and enhance the UK's global competitiveness in the energy transition.

Call to action

IGEM wish to emphasise the critical importance of maintaining resilience in the gas system, and its role in underpinning the security of the electricity system. This role has become increasingly vital given the reliance on distributed gas-fired power generation and Combined Heat and Power (CHP) systems.

January 2025 saw some of the lowest recorded temperatures seen in the UK for 15 years. The gas networks play a crucial role in maintaining electricity output during these periods (in some cases supplying up to 63% of electricity demand) to keep the lights on, keep customers warm, fuel industry and maintain the overall resilience of the system.

The gas networks' business plans can ensure that the UK continues to deliver against this need, but without adequate investment in our world-class gas networks, the security of electricity supply becomes increasingly challenging.

The gas network's proposals also reflect the expansive need for a gas supply from their 67,000 industrial consumers. Appended to this letter of support is the outcome of IGEM research into the scale of industrial and commercial connections to the gas grid across the country. These visual representations highlight the extent to which industry is reliant on the gas networks to fuel their high temperature manufacturing and production processes, and further emphasises the important role the gas networks play in maintaining our energy resilience.

We urge Ofgem and relevant stakeholders to support the approval and implementation of these RIIO-3 business plans, in order to maintain the resilience of the *whole* energy system, enable energy decarbonisation and deliver long-term benefits for consumers and the environment.

We look forward to continuing our collaboration with the gas transmission and distribution networks, and the vast workforce in their supply chains, to engineer a sustainable gas future and support the UK's energy transition to net zero.

Yours sincerely,



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