2025 Long Term Development Statement Summary

October 2025

WALES&WEST UTILITIES

Foreword

Neil Henson
Director of Finance

Welcome to our Long-Term Development Statement Summary for 2025, which indicates the present and future usage of our pipeline system and likely developments. If you are part of a company that is contemplating connecting to our system or entering gas transportation arrangements – this document is intended to help you identify and evaluate opportunities. It also captures recent progress towards Net Zero readiness and our plans for a transition to hydrogen and other renewable gases.

We have set out our 2025 planning process and our analysis of supply and demand on our network, with forecasts for the next ten years. Also included, is the latest information on transportation volumes, plus our whole energy system impacts, developments and investments.

Over the past twelve months we have responded to ongoing volatility and change, as we continue to deliver an ambitious RIIO-GD2 price control programme, against an ever-changing and more complex geopolitical and economic backdrop. Wholesale energy prices in the UK have generally decreased over the past year, though they remain higher than pre-pandemic levels and have shown some recent volatility. The impact is still being seen with a comparatively lower gas demand in the last three years.

On 2 December 2024 our RIIO-GD3 Business Plan[1] was approved by the Board and we submitted this to Ofgem by their deadline on 11 December 2024. On 1 July 2025, Ofgem published their Draft Determinations[2], in which they make some overarching statements on the gas sector, as follows:

- "While there remains significant uncertainty as to the pace and scale of the transition away from natural gas to meet the statutory net zero targets, we do not anticipate large-scale, systematic changes to the natural gas networks during the RIIO-3 price control period."
- "…(Ofgem)…recognises the enduring importance of gas networks as a vital source of heat for homes, for powering businesses and industry, and as a key pillar for energy security."
- "Natural gas continues to play a major role in the day-to-day heating of households, the functioning of industrial processes and the generation of electricity. Protecting the safe and secure delivery of gas to these homes and businesses, whilst strengthening the resilience of the infrastructure to threats from climate change and cyber-attacks, remains a key priority for the RIIO-GD3 price control arrangements."
- "…proposed funding (by Ofgem) maintains a strong focus on safety, asset health and customer focused outputs."

Following the launch of the National Energy System Operator (NESO) on 1 October 2024, we have actively contributed to the development of new frameworks for Strategic Energy Planning. Methodologies for the Centralised Strategic Network Plan and Strategic Spatial Energy Plan are now published, and documentation for transitional Regional Energy System Planning (tRESP) along with proposed modifications to the gas transporters licences in relation to it are currently out for

[1] https://www.wwutilities.co.uk/about-us/business-plan/
[2] https://www.ofgem.gov.uk/sites/default/files/2025-06/Draft-Determinations-Gas-Distribution.pdf

consultation. As part of our commitment to supporting Strategic Energy Planning; we are reviewing our internal processes, systems, and organisational structures to be fully prepared to meet our responsibilities in this evolving area.

NESO's Future Energy Scenarios for 2025 feature the use of biomethane prominently, with up to 64TWh projected in 2050 across Great Britain. This equates to 38% of NESO's forecast gas supply. In the UK Government's July 2025 Clean Flexibility Roadmap[3], a role for biomethane in supporting dispatchable gas-fired power generation is proposed.

We continue to see growth of biomethane on our network and are implementing new system operability solutions to improve capacity for customers, particularly during periods of low demand. This year this has included Smart Pressure Control and Reverse Compression. We continue to investigation new and innovative ways to use these and other solutions, to ease rollout and to share learning with others.

In our Sustainability Strategy, we set out our vision for a Net Zero energy system. Published in 2023, our strategy was supported by stakeholder engagement. We describe that for the UK to reach Net Zero carbon emissions; society needs to make considerable changes to the way energy is generated and used. Our network infrastructure can play a critical role in enabling this transition. We set out our plans for supporting Net Zero in our RIIO-GD3 Business Plan and continue to engage with Ofgem and our stakeholders on these plans before the new price control starts in April 2026.

Our dedication to putting customers and colleagues first has again brought significant success again in 2025. Here are some of our key achievements across the last 12 months:

- Continued development and use of the **Pathfinder 2050** whole energy system model[4] that enables low carbon alternatives to be evaluated. Until the last two years this tool had been used to assess UK-wide scenarios, but emphasis has shifted to support of Local Area Energy Plans (LAEPs) across the network our network, as well as at individual property level. The tool has been used to support development of, and we are exploring other uses for the model, including a return to nationwide energy assessments, and an increased focus on sustainability metrics.
- In early 2025 we supported the launch of the **North East Wales Industrial Decarbonisation (NEWID)**[5] cluster. Partners included Net Zero Industry Wales, SP Energy Networks, energy producers and industrial users in the region. The plan sets out the requirement for hydrogen infrastructure to decarbonise industry under all scenarios. In August 2025 we published the feasibility study for **Hyline Gogledd**[6], demonstrating the potential for a hydrogen pipeline for the cluster.
- Our 2024-25 **Delivering Innovation**[7] report, summarises the research we are leading and collaborating on to support the energy system.
- Ongoing development of the **Hyline Cymru**[8] project which is central to the South Wales Industrial Cluster plan. We are currently assessing options to progress the project through its next phases as relevant policy evolves.
- Collaboration in the **West of England Industrial Decarbonisation Plan**[9] in early 2025. This sets out plans for decarbonising heavy energy users in the area and is the basis for our hydrogen planning

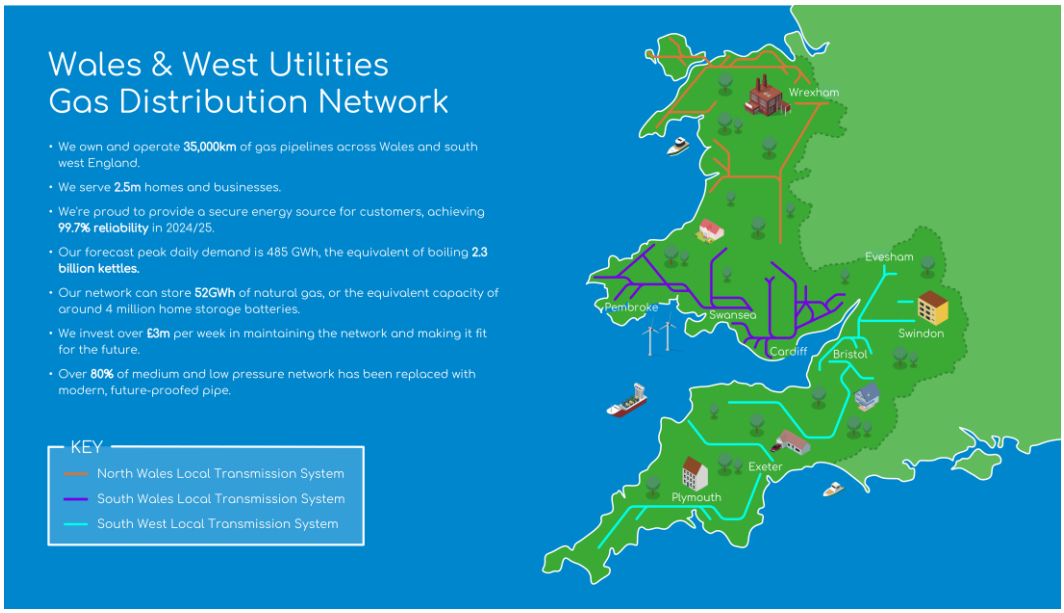
[3] https://assets.publishing.service.gov.uk/media/68874ddeb0e1dfe5b5f0e431/clean-flexibility-roadmap.pdf
[4] https://www.wwutilities.co.uk/about-us/future-of-energy/2050-energy-pathfinder/
[5] https://www.wwutilities.co.uk/media/i1sineot/sustainability-strategy-2023.pdf
[6] https://www.wwutilities.co.uk/media/cq2j3pwz/wwu_hylinegogleddpublicreport_english.pdf
[7] network-innovation-allowance-annual-summary-2024-25.pdf
[8] wwu-hyline-public-report.pdf
[9] https://weic.co.uk/wp-content/uploads/2025/05/UKRI300_WEIC_01_LIDP-Plan_DIGITAL.pdf

in the wider Southwest. In September 2025 we announced the completion of our Conceptual Plan for the region, which will form the basis for potential hydrogen pipeline development to support industrial decarbonisation.

- Publication of our **2024-25 Annual Environmental Report**[10] to share the progress we have made against our Environmental Action Plan ambitions. While we produce the report as part of our regulatory requirements, it also highlights how we have made our business more sustainable for our customers, communities and colleagues.
- Our twelfth consecutive **Gold Award** from the **Royal Society for the Prevention of Accidents (RoSPA)** in 2025.
- One of the first nine companies to do so, we achieved reaccreditation to **ISO 22458 Customer Vulnerability Standard** and the associated Kitemark.
- We continue to be recognised as achieving **ISO14001 (environmental management)** and **ISO55001 (asset management)** accreditations from the International Organisation for Standardization (ISO) following audits of the relevant systems and processes.

Our achievements demonstrate our ongoing commitment to improving the service we provide to today's customers; and to delivering a Net Zero future.

Neil Henson
Chief Financial Officer



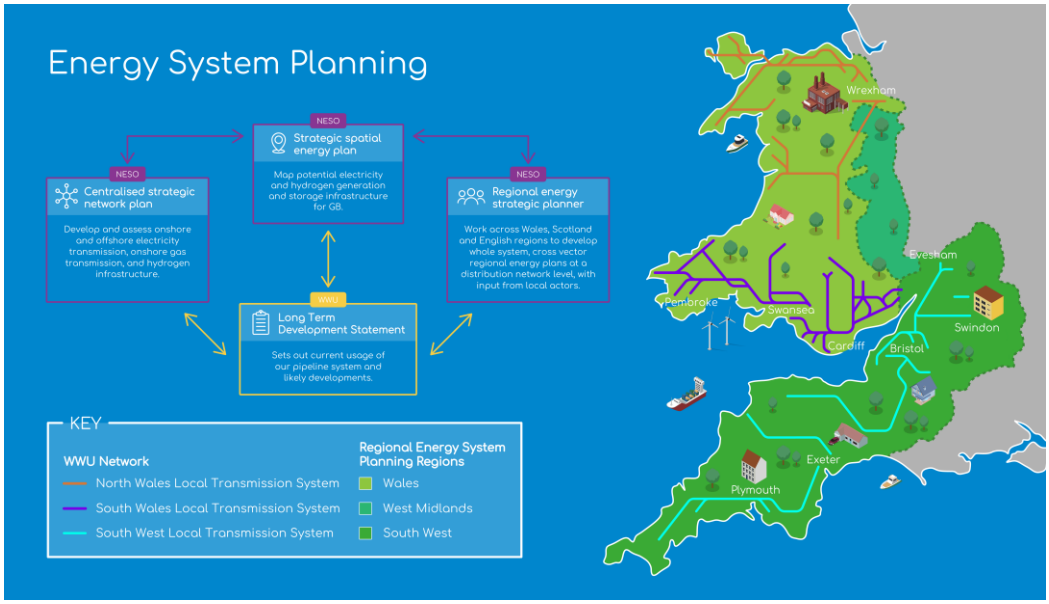
[10] wwutilities.co.uk/media/ehrcyu1e/wwu-annual-environmental-report-2024-25.pdf

Executive Summary

Context

We are required to publish this annual statement in accordance with Standard Special Condition D3 of our Gas Transporters Licence and Section 4.1 of the Uniform Network Code (UNC) Transportation Principal Document[11].

Reflecting our responsive forecasting approach using the latest information available; this year our forecasts are presented in scenarios relating to the impact of the cost of energy on temperature-sensitive load bands.



Our Long-Term Strategy

Our ambition is to be trusted to expertly serve customers and communities with safe, reliable and affordable energy services today, while investing wisely to create a sustainable, greener future.

In 2023, we published our first Sustainability Strategy which sets out our vision and targets, including our aim to develop a Net Zero-ready gas network, and to support innovation and research to develop and deliver lower carbon options for our customers.

An update on progress against our Strategy will be published in late 2025 and is summarised in Section 3 of the main report. Where applicable these impacts have again been accounted for in the forecasting models and research that we have undertaken.

Demand Outlook

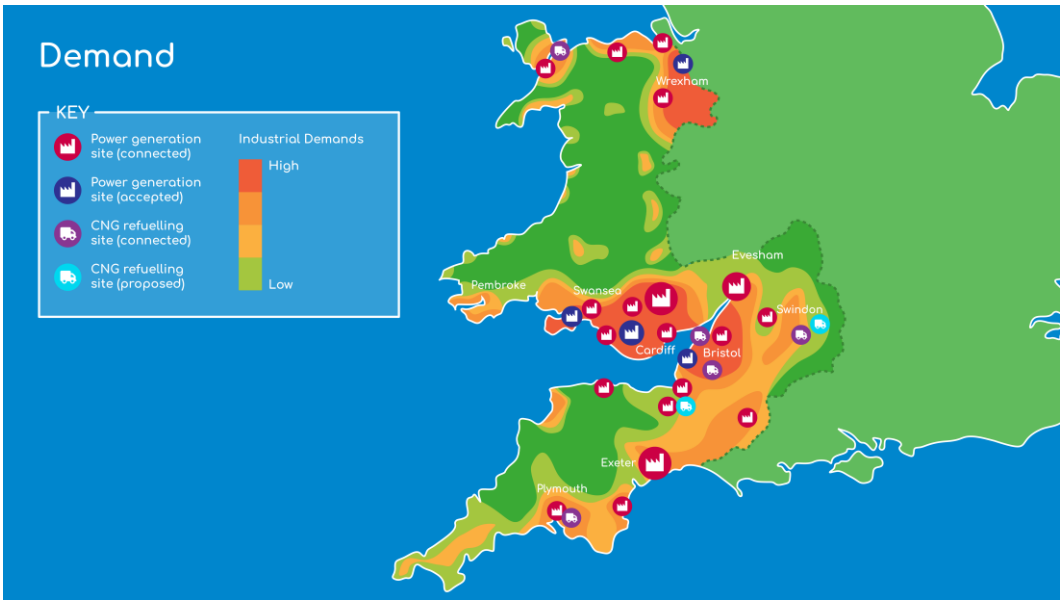
Our approved peak demand forecast scenario anticipates continued levels of demand, a consequence of high energy prices. We expect new connections from large industrial demands such as power generation, compressed natural gas (CNG) fuelling and data centres based on the volume of enquiries received. However, these potential demands are omitted from our forecast to prevent excess capacity being booked at a cost to

[11] https://www.ofgem.gov.uk/energy-policy-and-regulation/industry-licensing/licences-and-licence-conditions

our customers. The subsequent five years of the forecast is characterised by steady reduction due to a combination of improved efficiencies and adoption of low carbon heat technologies.

Peak demands are forecast to remain static until 2029/30, before decreasing by 4% to 2034/35.

We are seeing significant interest in distribution network connections from larger demands; including industry, power generation, compressed natural gas vehicle fuelling, and data centres.



Supply Outlook

Each year, after reviewing peak demand, we ensure that we have sufficient capacity booked with National Gas Transmission (NGT) at our seventeen Offtake sites. This strategy is so that we meet peak demand in our network for the coming year and over the booking period. In addition to natural gas supply, there are twenty-two biomethane sites connected to our network which have capacity to meet the heating needs of over 170,000 customer homes. There are a further nine biomethane sites with booked capacity on our network that would increase the customers supplied to the equivalent of nearly 250,000 homes. We continue to receive a high volume of enquiries regarding prospective sites, indicating increased interest from prospective customers.

We continue to support significant industry work to update regulatory standards around gas quality so that networks can transport a wider range of gases safely - and in doing so, support decarbonisation. Alongside proactively encouraging further green gas connections; we are progressing innovative, pragmatic solutions to enable increased transportation of renewable gases including hydrogen. These include compression, blending tees, and smart pressure control.

Investment Implications

Maintaining a safe, reliable gas supply is a key priority for our stakeholders. We adopt innovative techniques to ensure efficient investment in network health through use of monetised risk models, and we fed this analysis into our RIIO-GD3 business planning processes.

Our need for the following network interventions is growing, to accommodate increasing customer demands for flexible gas usage and green gas injection:

- Network capacity.
- Compression.
- Storage
- Smart Pressure Control

Our Mains Replacement Programme means that our low-pressure distribution networks are largely hydrogen ready. There will be some additional investment needed to repurpose other parts of network for hydrogen, but reusing the existing network is essential if we are to deliver net zero in the UK by 2050. However, the volumes of hydrogen required to maintain energy demand will be greater when compared to natural gas. This, and the transition approach itself, will drive some level of investment in the network.

Appendix 1: Links to Supporting Data

Gas Transporter Licence

Link	Description
https://www.ofgem.gov.uk/energy-policy-and-regulation/industry-licensing/licences-and-licence-conditions	We are required to publish this annual statement in accordance with Standard Special Condition D3 of our Gas Transporters Licence

Long Term Strategy

Link	Description
https://www.wwutilities.co.uk/media/6447/network-innovation-allowance-annual-summary-2024-25.pdf	Wales and West Utilities 2024/25 Delivering Innovation Report
https://www.wwutilities.co.uk/media/ehrcyu1e/wwu-annual-environmental-report-2024-25.pdf	Wales and West Utilities 2024/25 Annual Environmental Report
https://www.wwutilities.co.uk/media/5323/wwu-hyline-public-report.pdf	HyLine Project Final Report

Demand & Supply Data

For data workbook please visit: wwu-2025-long-term-development-statement-workbook.xlsx

Sheet Name	Description
01. CWV's & Coldest Weather Day	12 months of recorded actual Composite Weather Variables. Tables showing the demand from the statistical "Coldest Day" and the "Highest Demand Day". Taken from National Gas - "Data Item Explorer". https://data.nationalgas.com/find-gas-data
02. Forecast Peak Demand	2024 10-year forecast of Peak Day Demand in GWh
03. Historic Max Day Demand	Highest historical actual demand days in GWh
04. Forecast Annual Demand	2024 10-year forecast of Annual Demand in GWh (Calendar Year)
05. Historical Annual Demand	Actual Historic Annual Demand in GWh (Calendar Year)
06. LT Summary Report	Long Term Summary Report showing available and secured capacities at WWU Offtakes. Taken from National Gas - "Data Item Explorer". https://data.nationalgas.com/reports/capacity
07. Offtake Capacities	Table of Offtake capacities compared to Forecast and Booked capacity for 2024/25
Link	**Description**
http://www.gasgovernance.co.uk/OAD	Transportation Principal Document section covering Demand Estimation and Demand Forecasting
https://www.ofgem.gov.uk/publications/exit-capacity-planning-guidance	Ofgem's Exit Capacity Planning Guidance document
https://www.nationalgas.com/sites/default/files/documents/Gas%20Demand%20Forecasting%20Methodology%202020_v1.pdf	NGT's Gas Demand Forecasting Methodology

The Gas Transportation System

Link	Description
https://www.nationalgas.com/our-businesses/network-route-maps	Mapping showing the layout of the NTS

Connections at WWU

Link	Description
https://www.wwutilities.co.uk/services/gas-connections/	General Information for exit and entry connections
https://www.wwutilities.co.uk/media/6260/connections-and-other-distribution-services-charges-march-2025.pdf	Connections and Other Distribution Services Charges
https://www.wwutilities.co.uk/media/6431/4b-principles-and-methods-statement-for-connection-charging-july-2025.pdf	Connection Charging Methodology
https://www.wwutilities.co.uk/media/2254/your-energy-our-network-usingour-gas-network-for-your-biomethane-gas.pdf	Overview of biomethane and other network entry connections
https://www.wwutilities.co.uk/media/1349/wwu-distributed-gas-information-strategy.pdf	Distributed Gas Information Strategy
https://www.wwutilities.co.uk/media/1351/wwu-distributed-gas-connections-guide.pdf	Distributed Gas Connections Guide
https://www.legislation.gov.uk/uksi/1996/551/contents/made	Gas Safety (Management) Regulations