Long Term Development Statement 2026

WALES&WEST UTILITIES

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Foreword

Welcome to Wales & West Utilities' 2026 Long Term Development Statement. This document provides an overview of current and forecasted gas demand on our network, future network developments, and the role our infrastructure can play in supporting a secure, affordable and lower-carbon energy system.

As we continue to deliver safe and reliable gas supplies to 3 million customers (including IGT connections) and the 7.5 million people we serve, the energy landscape is evolving rapidly. While gas demand has remained below historic levels in recent years, gas networks continue to play a vital role in heating homes, supporting industry, enabling flexible power generation and maintaining energy security.

Alongside our core responsibilities, we are preparing for the future. We are supporting the growth of biomethane connections, exploring opportunities for hydrogen infrastructure, and contributing to the development of national and regional strategic energy planning through NESO and other stakeholders. Through innovation, collaboration and investment, we are ensuring our network remains resilient and adaptable as the UK progresses towards Net Zero.

Over the last year we have continued to strengthen our environmental performance, develop whole-system planning capabilities and work with partners across Wales and the South West to support industrial decarbonisation and the transition to cleaner energy solutions.

This statement sets out our latest forecasts, network developments and investment plans, providing stakeholders with the information needed to understand how our network is evolving and how it can support future energy requirements.

Our focus remains clear: delivering excellent service to customers today while preparing for the energy system of tomorrow.

Neil Henson
Chief Financial Officer

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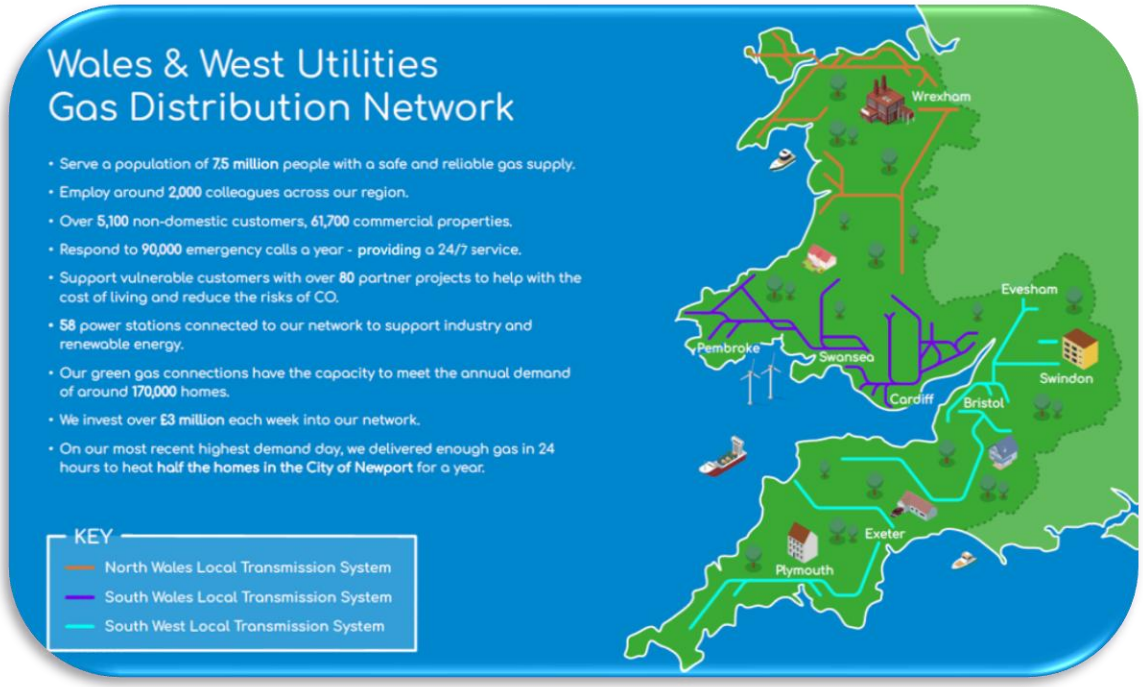
1. Executive Summary

1.1 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[1].

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 and industrial growth.



1.2 Our Long-Term Strategy

The gas distribution sector is undergoing significant change as energy systems become more integrated and customer behaviours evolve. We are adapting our network to support increasing volumes of renewable gases, changing demand patterns and the transition to Net Zero.

Key points include:

- Continuing to maintain a safe, reliable and efficient network for **3 million customers** and the **7.5 million people we serve**, while preparing for future energy needs.
- Supporting the growth of biomethane, with dedicated funding available during RIIO-GD3 for network reinforcement projects such as compression and smart pressure control.

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

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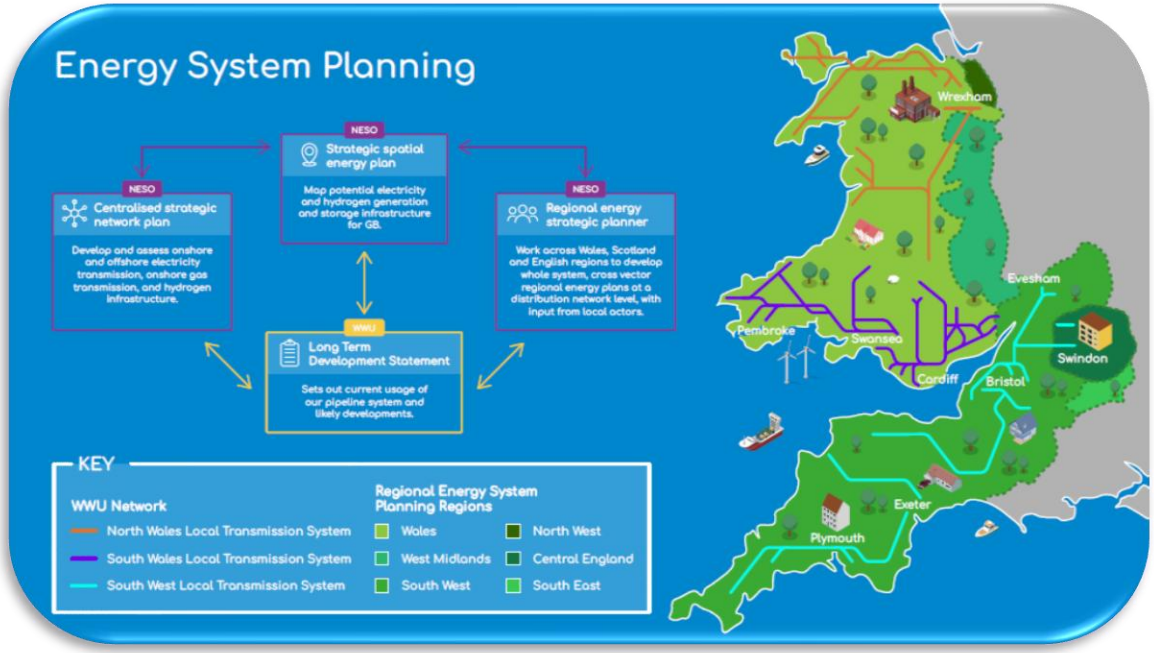
- Working with industry partners on preparations for hydrogen blending, including the development of market frameworks, operational processes and supporting infrastructure.
- Conducting extensive research and innovation programmes focused on renewable gases and whole-system energy solutions.
- Playing an active role in regional energy planning through collaboration with NESO, local authorities, devolved governments and regional stakeholders.
- Using the Pathfinder energy modelling tool to assess future energy scenarios and support Regional Energy Strategic Plans (RESPs).
- Continuing to reduce environmental impacts through emissions reduction, resource management and sustainable land stewardship.
- Delivering a Business Evolution programme to prepare the organisation for the energy transition, including workforce development, asset readiness, regulatory changes, network planning and future operational capabilities.



Overall, we are positioning our network, assets and workforce to support the UK's transition to a Net Zero energy system while maintaining security of supply and enabling the growth of low-carbon gases such as biomethane and hydrogen.

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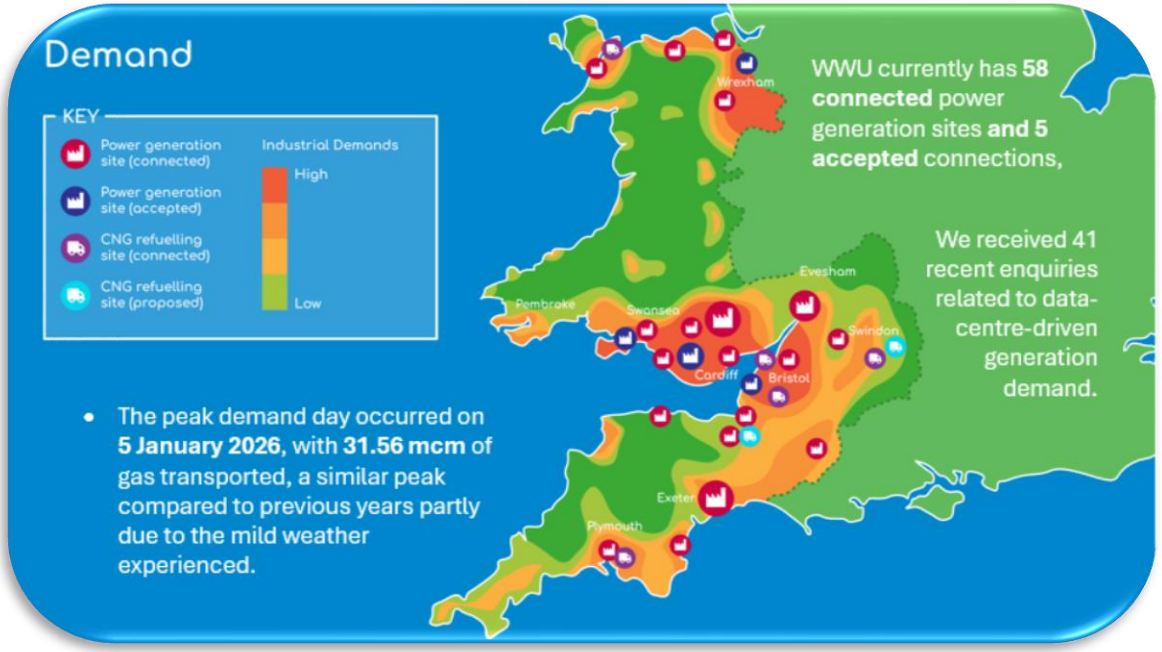
1.3 Demand Summary

Peak Demand

- Our peak forecast scenario is called **Domestic-Driven Stability**, which adopts the NESO view on domestic load and the WWU view on industrial and commercial growth forecasts.
- Even after adjusting for weather, demand remains below historic levels, due to changing consumer behaviour and the impact of high energy prices.
- Peak demand is forecast to **increase slightly until 2029/30** due to small increases in domestic and industrial demand and then is projected to **reduce by 8%** over the longer term due to electrification of heat.
- Demand patterns are becoming more complex, with increasing contributions from flexible gas-fired generation, CNG fuelling and potential data centre developments.



- Gas remains a critical part of the energy system, providing flexible and reliable generation to support renewable energy.
- Forecasting continues to combine customer engagement, market intelligence, weather analysis and network modelling to ensure capacity is available to meet future demand.

Annual Demand

- Annual demand is forecasted to remain **broadly stable until 2029/30**, before gradually declining out to 2035/36 and beyond due to electrification of heat.

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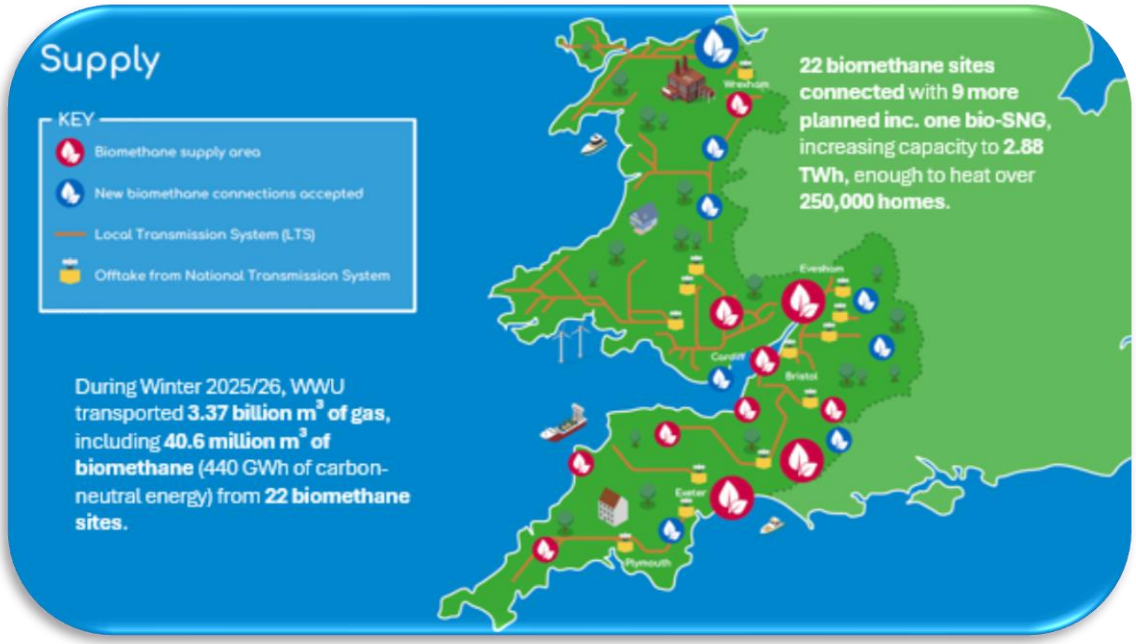
1.4 Supply Outlook

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.

Our primary gas supply is supplemented by biomethane injection sites, but we do not rely on biomethane as firm peak-day supply and continue to book sufficient NTS capacity to meet demand.

The supply side is becoming more complex with localised intermittent biomethane feeds, but we continue to manage supply to customers using our large **58 GWh total daily storage capability**.



Key developments include:

- Continued support for biomethane, synthetic gas and hydrogen as part of the transition to Net Zero.
- 22 connected biomethane sites, primarily in the South West region of the network.
- Nine accepted biomethane sites and one **accepted bio synthetic natural gas (SNG)** supply, increasing potential renewable gas capability to **2.88 TWh (over 250,000 homes).**
- Investment in **reverse compression** and **smart pressure control** technologies through UIOLI reinforcement funding in RIIO-GD3 to unlock additional network capacity for green gas connections.
- Ongoing innovation and collaboration with industry partners to improve connection processes, maximise renewable gas integration, and prepare networks for future cleaner gas supply mix.

We continue to increase renewable gas volumes while maintaining a secure and reliable gas supply, supporting decarbonisation across its network area.

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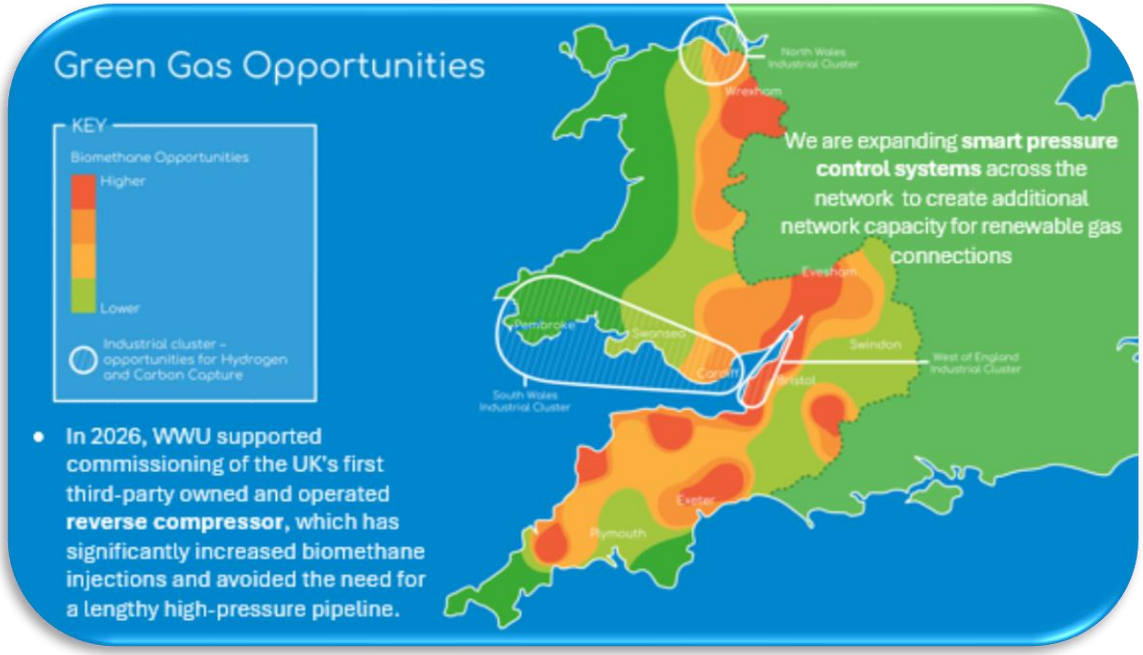
1.5 Investment Implications

We continue to invest in and maintain the transmission and distribution networks across the South West of England and Wales, to ensure a safe, reliable and efficient gas supply while preparing for future customer and decarbonisation needs.

Key activities include:

- Using advanced asset management and risk modelling tools to target investment where it delivers the greatest reduction in safety, reliability and environmental risk.
- Completing a major pipeline replacement project between Derwenlas and Tywyn, improving long-term security of supply, with a further **three South Wales pipeline replacement projects** approved for delivery between 2026 and 2031.
- Continuing investment in the distribution network through the Iron Mains Risk Reduction Programme, replacing over **2,000 km of metallic mains and services** between 2026 and 2031 at an annual cost of around **£160 million**.
- Supporting decarbonisation through network upgrades that facilitate increased biomethane injection and future hydrogen opportunities.



- Developing new processes and connection methodologies to enable further network reinforcement for biomethane projects under UIOLI funding approved to spend during the RIIO-GD3 period.

We balance asset replacement, network resilience and decarbonisation investment to maintain a safe and reliable gas network while enabling the growth of renewable gases.

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2. Our Long Term Strategy

2.1 Key Messages

- **Our ambition is to be trusted to deliver safe and reliable energy today, while supporting a green energy future and keeping our communities connected.**
- **The services that we provide are essential in everyday life for all our customers. We invest over £3m every week in improving our gas network so that it is safe and available when people need it.**
- **We recognise that most of the gas transported to our customers today is a fossil fuel, and that our operations directly and indirectly impact on the environment. We support the commitment of the UK and Welsh governments to reaching Net Zero carbon emissions and believe that the investments we make in reducing emissions, decarbonising heat, power and transport can help deliver a Net Zero energy system.**
- **Our Sustainability Strategy sets our ambition and targets, including how we intend to deliver a Net Zero ready network which can transport low carbon hydrogen in place of natural gas. A revised Strategy will be published in 2027.**

As across the whole energy system, the gas distribution sector is going through significant change, and trends are emerging that have informed our investment proposals and activity in the short and long term:

- Energy networks are becoming much more closely integrated and are interacting in more complex and dynamic ways. Our demand data, for example, clearly shows the increase in the use of flexible generation at times when renewable generation decreases because of weather conditions. This may evolve quickly in response to the UK government's 2030 power sector decarbonisation target.
- New types of customers, with different requirements and behaviours, are having a significant impact on the use of our network. For example, we have implemented smart pressure control to allow us to remotely reconfigure our medium and intermediate pressure systems to enable green gas producers to continue to inject when demand is low. We also anticipate having to implement smarter systems to manage changes in network flows to support gas and electric vehicle charging. This dynamic could further increase if hydrogen is blended into our network.

These trends inform our innovation and Net Zero delivery activity (see 2.3). We have worked on and continue to develop projects to explore cross vector interactions, which are likely to further increase as

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hydrogen develops. This could include green hydrogen being produced from renewable electricity; or hydrogen used to generate electricity to meet peak demands, supporting both the gas and electricity systems. The forecasts detailed in this document represent a range from low to high growth forecasts, and they consider current policy and customer trends.

2.2 Our role in the Energy System Transition

Our extensive network across Wales and the South West of England is a vital asset for our circa 3 million customers across the communities we serve; and will be needed to support secure energy supply for decades to come. Gas distribution network assets will continue to be important to meet seasonal demands and to minimise disruption and cost. We can therefore accelerate the transition to a Net Zero energy system in multiple ways:

- By maintaining a reliable and efficient network
- Continuing to invest in emission-reducing activities,
- Readying our assets to carry low-carbon gases such as hydrogen
- Preparing our assets to support a fully renewable energy system.

We are confident that our gas network infrastructure has a long-term role in the transition to a decarbonised energy system. As custodians of the gas distribution network in Wales and the South West of England, we need to prepare for a range of future outcomes. These include investing carefully to prepare for the transition of our assets; reducing emissions and supporting customers to ensure that no-one is left behind.

We are continuing to connect biomethane producers to our network (see Section 5). We are also working with existing producers, other networks and the wider industry to support developments in green gas. In RIIO-GD3 we have £20m Use It Or Lose It (UIOLI)[2] funding available for reinforcement for biomethane to support entry capacity solutions such as compression and smart pressure control. We are currently developing processes to allocate this funding efficiently to support the capacity reinforcement projects which will have the most impact on biomethane delivery to the network. We anticipate holding an initial application window during winter 2026/27 for allocation of funding for the first 3 years' worth of allowance by the start of 2028.

In addition, we are involved in industry wide initiatives to support the implementation of a potential positive policy decision by the Department for Energy Security and Net Zero (DESNZ) to support GDN blending of hydrogen.

Since 2024, the gas networks continue to design the market frameworks modifications necessary to facilitate hydrogen blending, and to develop a full operational implementation plan. From a market frameworks perspective, a key focus of the project has been to develop capacity and connection models for hydrogen blending entry capacity. This has been supported by significant stakeholder engagement and input including via UNC Review Group 0849R.[3]

[2] https://www.ofgem.gov.uk/sites/default/files/2026-03/biomethane-uioli-governance-document_0.pdf
[3] https://www.gasgovernance.co.uk/0849

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A significant amount of research is underway to understand the relative costs and benefits of different future energy strategies. This will provide evidence to support DESNZ's national decisions on hydrogen blending and other decisions on future energy policy.

Work is ongoing to identify, understand and address the changes to regulations, systems, and processes that will be required to accommodate hydrogen in our network.

2.3 Energy System Transition Research, Development and Innovation

We work collaboratively with other networks, academics, innovators and other third parties to develop projects which support the Energy System Transition, and emissions reductions. Our approach to developing these projects, is presented in our annual 'Delivering Innovation' report[4], which also includes case studies on some of our projects and their benefits.

Preparing our network assets for the Net Zero transition means understanding how the generation and use of energy will change in the regions we serve, so collaboration with partners in these areas is critical. We continue to be active partners in the South Wales Industrial Cluster. Together, we published a feasibility study for the HyLine Cymru hydrogen pipeline in early 2024[5] and continue to develop that flagship project.

We contributed to the development of the North East Wales Industrial Decarbonisation Plan[6], and in summer 2025 published a feasibility study on HyLine Gogledd[7], a hydrogen pipeline to meet the hydrogen demands identified in the cluster plan. During 2024/25 we also mapped the potential for hydrogen in the South West. Our work identifying hydrogen pipeline requirements is also identified in the West of England Local Industrial Decarbonisation Plan[8]. Since then, we have published our Conceptual Plan for the region[9].

[4] https://www.wwutilities.co.uk/media/kecbdegi/wwu-annual-nia-summary-25-26.pdf
[5] https://www.wwutilities.co.uk/media/5323/wwu-hyline-public-report.pdf
[6] North East Wales Industrial Decarbonisation cluster (NEWID) – Net Zero Industry Wales
[7] wwu_hylinegogleddpublicreport_english.pdf
[8] UKRI300_WEIC_01_LIDP-Plan_DIGITAL.pdf
[9] Wales & West Utilities identifies major hydrogen opportunities for south west England | Wales & West Utilities

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2.4 Supporting Strategic Energy Planning

The transition to a Net Zero energy system will require coordinated planning across national, regional and local levels. During RIIO-GD3, we will play an active role in supporting energy system planning activities, working closely with the National Energy System Operator (NESO), devolved governments, regional bodies, local authorities and wider stakeholders to help inform the development of Regional Energy Strategic Plans (RESPs) and other place-based energy planning initiatives.

Building on our extensive experience supporting Local Area Energy Planning (LAEP) cycles in previous years, we will continue to provide stakeholders with access to network intelligence, strategic insight and evidence-based analysis to support decision making. We recognise that local authorities, communities and regional partnerships are increasingly at the forefront of delivering Net Zero ambitions, and we expect the demand for robust energy planning support to grow significantly throughout the RIIO-GD3 period.

Our Pathfinder energy systems modelling tool will remain a key enabler of this activity. Pathfinder allows us to assess a range of future energy pathways, helping stakeholders understand the potential impacts of electrification, heat decarbonisation, low-carbon gases, hydrogen and wider energy system developments on local energy demand and infrastructure requirements. By providing trusted modelling outputs and scenario analysis, we will support NESO, devolved governments, local authorities and regional partners in developing coordinated and deliverable energy strategies that reflect local circumstances and future system needs.

Alongside our analytical capabilities, we will maintain a proactive programme of engagement with local authorities, combined authorities, devolved governments, regional partnerships and industrial clusters across our network area. These relationships will enable us to understand emerging regional priorities, support the development of strategic energy projects and identify locations where future network adaptation or repurposing may be required.

As Regional Energy Strategic Plans (RESP) are established, we will play an active role in supporting NESO and regional stakeholders through our participation in RESP Strategic Boards and associated governance arrangements. By contributing Pathfinder modelling outputs, network intelligence and whole-system expertise, we will help provide a robust evidence base for strategic planning and investment decisions. Through this collaborative approach, we will support the development of integrated regional energy strategies that reflect local ambitions, community priorities and national decarbonisation objectives.

Through the combination of stakeholder engagement, strategic partnerships and advanced energy system modelling, we aim to play a positive and proactive role in supporting NESO, devolved government of Wales, regional bodies and local authorities in planning the future energy system. This will help ensure that communities are supported through the energy transition, infrastructure investment is informed by robust evidence, and we develop a clear understanding of where our network may need to evolve or be repurposed to meet future regional energy requirements.

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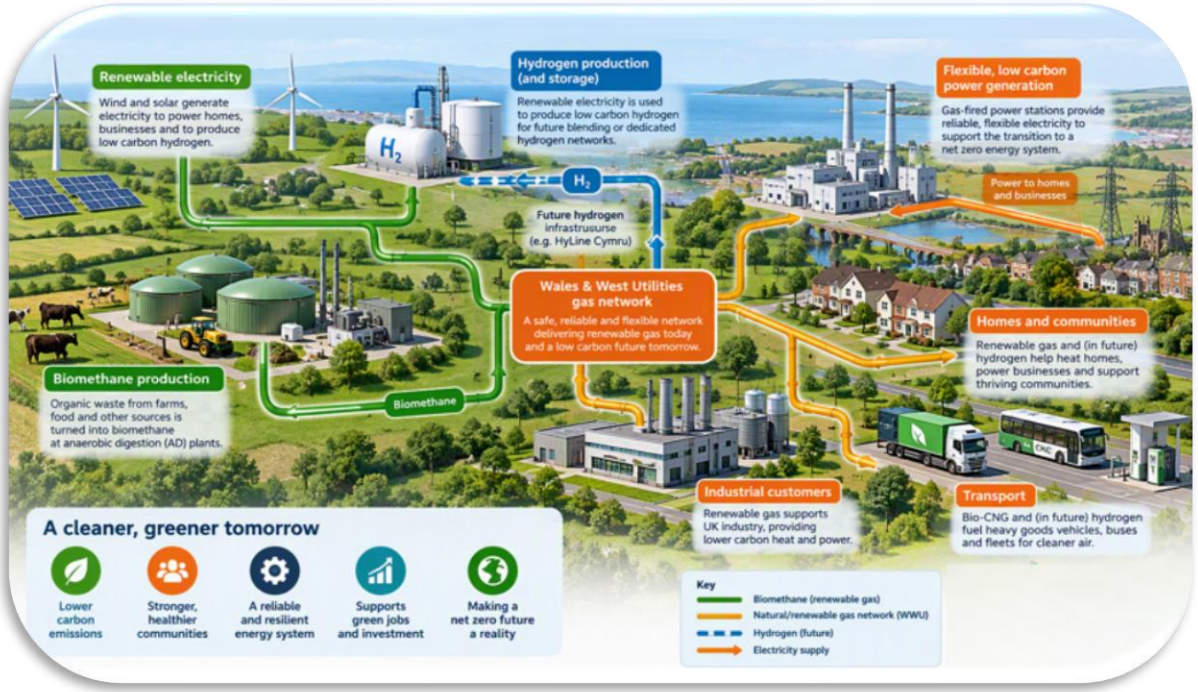
2.5 Managing Environmental Impact

As part of our commitment to sustainability, we are taking action to improve our environmental impact. This includes reducing emissions from our network and operations, managing our waste and resources, and delivering high quality management of the land we are responsible for. Progress is summarised in our Annual Environmental Report[10].

2.6 Business Evolution

Within the scope of our Business Evolution programme are the activities required to safely implement future of energy transition across the business as we prepare for a net zero future. Work in this area was included in our RIIO-GD3 business plan, and we were awarded funding in the following areas which will enable us to deliver preparatory work aligned with national net zero objectives and to maintain resilience during the transition: Robust engineering process, procedures and contingency planning in preparation for future changes

- Transformation capabilities:
  - Project management office
  - Internal and external comms
  - Network planning
- Preparing asset management systems and data for future changes
- Developing company specific regulatory and finance approaches
- Safety under a range of future gas industry scenarios
- Asset management and network infrastructure
- Workforce readiness and training
- Supply chains and partnerships



[10] wwu-annual-environmental-report-2025-26.pdf

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3. Demand

3.1 Key messages

- **The maximum daily demand we saw in winter 2025/26 was relatively low and classed as a 1-in-3 warm day per NESO's Winter Severity report. The maximum demand day was on 05 January 2026 when 31.56 million cubic metres of gas was transported, the equivalent energy needed to heat 36,000 homes for a year, which is around half the homes in the city of network.**
- **Our approved Domestic-Driven Stability scenario adopts NESO's view of domestic demand, which gives a slight overall reduction initially followed by minor recovery over five years. This reduction is offset to some extent by large new industrial demands such as data centres, power generation, and compressed natural gas (CNG) compounded by newly connected large non-domestic sites over the next five years.**
- **Network peak demand for GY 2026/27 is 484.5 GWh/d and is forecast to increase marginally out to 2029/30, before decreasing to 482.8 GWh/d by GY 2035/36 due to the adoption of low carbon heat technologies.**
- **An alternative Data-Driven Growth Scenario was considered but discounted, essentially the same as the approved approach without the addition of two GW- scale data centres based on speculative enquiries received. It was not considered realistic to include these demands at this stage until firm signals are given, increasing the likelihood of actual connection.**

3.2 Winter 2025/26 Review

Winter 2025/26 saw relatively low demand across our network area. This was partly due to mild weather, with the October-March period categorised as a 1-in-10 warm winter in the Winter Severity report NESO shares with gas networks each year. WWU's independent analysis of weather-corrected demand data suggests that less gas is being consumed on high demand days compared to equivalent weather in prior years. This is thought to be due to the high cost of energy over recent years, and resultant changes in the habits of gas consumers rather than a significant decrease in customer numbers.

As per Ofgem's debt statistics, both the number of energy accounts in arrears and the average value of debt have risen steadily, suggesting that this reduction in demand is unlikely to be reversed significantly in the short term Total throughput across the last few winters is summarised in **figure 1** on the next page.

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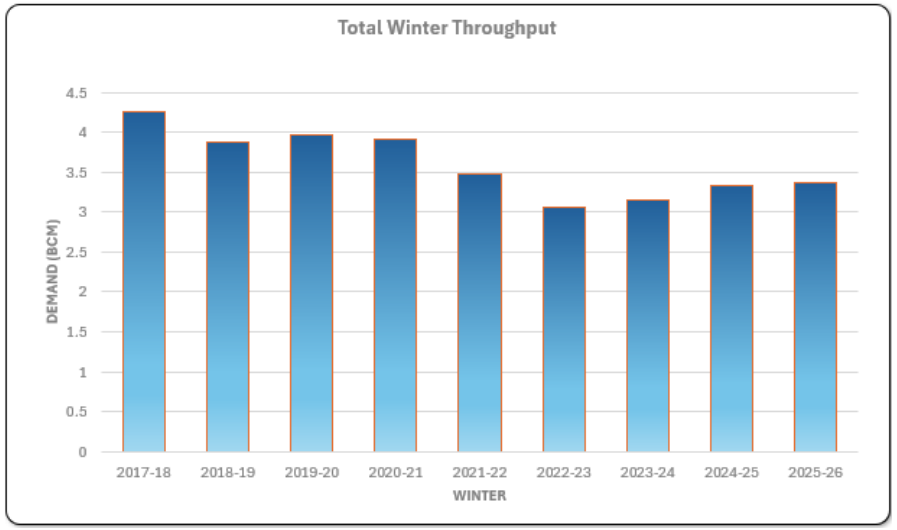

Figure 1 Highest demand days from winter 2017-18 to 2025/26 in Billion Cubic Metres

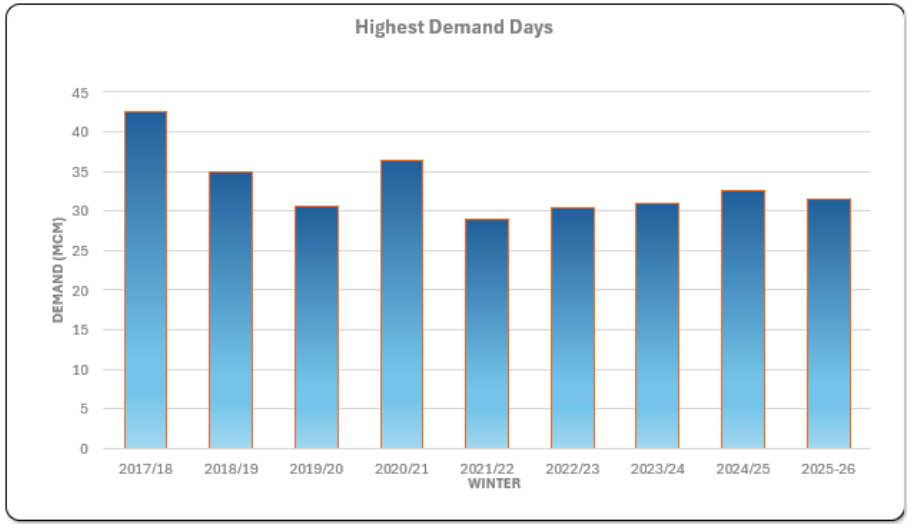

Figure 2: Highest demand days from 2017-18 to 2025/26 in Million Cubic Metres

3.2.1 Highest Demand Days

As with total demand, the maximum daily demand we saw in winter 2025/26 was also relatively low – a 1-in-3 warm day per NESO's Winter Severity report. Again, this is largely due to mild weather but also likely compounded by the impact of high energy prices.

The maximum demand day was on 05 January 2026 when 31.56 million cubic metres of gas was transported, shown on **figure 2** above, the equivalent energy needed to heat 36,000 homes for a year, around half the homes in the city of Newport.

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3.2.2 Winter Demand Profile

In **figure 3** below, the bold red trendline shows the variability of daily demand throughout the course of last winter, with previous winters also shown for context.

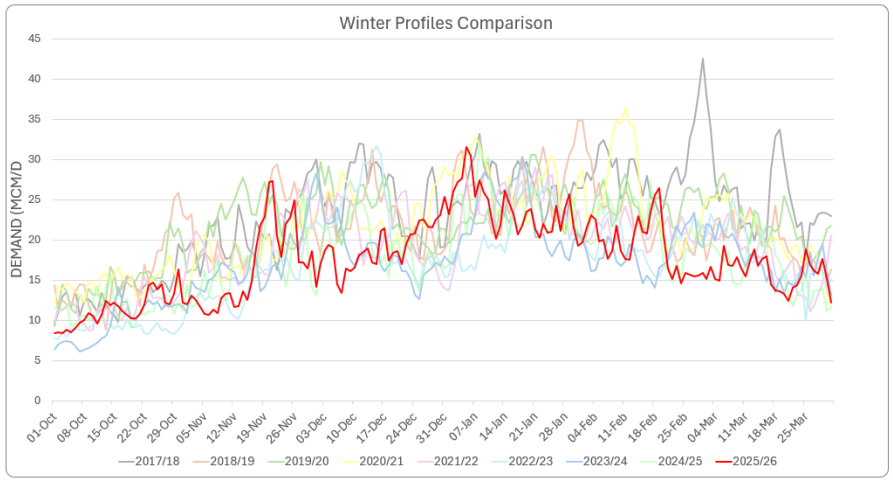

Figure 3: Winter demand profiles from 2017/2018 to 2024/25 in Million Cubic Metres

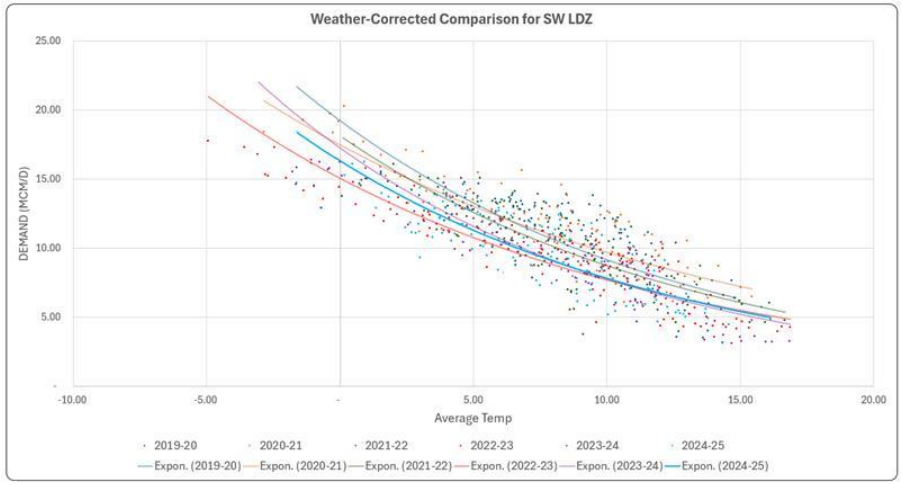

Figure 4 : Relationship between demand & effective temperature since 2019/20 for SW LDZ

3.2.3 Gas Demand and Temperature

The graph in **figure 4** above illustrates that over the recent winters, demand has been lower than during previous winters when similar low temperatures were experienced, or when equivalent effective temperatures were seen. This data forms the basis for our assumption that demand is reduced due to consumer behaviour which is most likely linked to high energy costs. There is currently uncertainty as to whether demand will recover, how soon this might happen and to what extent, as described in the key messages above. This data is for illustrative purposes only and shows only our South West Local Distribution Zone (LDZ), where there is a greater proportion of domestic demand than in Wales. A useful rule of thumb for the relationship between demand and temperature is that every 1°C temperature drop typically results in a 5% demand increase.

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3.3 Exit Capacity Planning Guidance

In December 2020 Ofgem published a new licence obligation; for the gas transporter licence-holders to comply with an enhanced obligations framework, in relation to the exit capacity booking process. Ofgem stated that, "Standard Special Licence Condition (SSC) A57 (Exit Capacity Planning) of the gas transporter licences requires the licence holder to comply with the Exit Capacity Planning (ECP) Guidance[11]. These requirements remain unchanged as we progress through the first year of RIIO- GD3 period.

3.3.1 Forecasting approach

Each year we publish an Exit Capacity Planning Methodology report that sets out the process to be followed[12]. This ECP Methodology details the end-to-end process for the process steps detailed below:

- Collection and processing of actual demand data
- Customer engagement and data collection
- Population of network analysis and other models
- Load and demand forecasting

Over recent years, the requirements of our customers and the way they use our network have changed. Today, alongside the growth of renewable energy supplies in the UK, flexible gas-fired generation plays a bigger part in supporting intermittent renewable generation. We are seeing emerging demand types such as data centres, with CNG fuelling becoming a more established demand - and tracking these is an important part of the forecasting process. These demand types, coupled with continued uncertainty around domestic gas demand, require us to develop our long-term forecasting and modelling capability to ensure that we can continue to develop reliable and efficient networks. We have also tracked domestic demand trends by comparing weather-corrected data for the relevant load band from the days with most severe weather during recent winters.

3.3.2 Flexible Gas Generation & Other Non-Typical Demands

Working in collaboration with other Gas Distribution Networks (GDNs), we have reacted to the changing needs of our customer and commercial services in relation to intermittent or unpredictable demands, like flexible generation and CNG fuelling. We draw on stakeholder engagement and latest market intelligence to obtain up to date views on the potential power generation demand in our network.

[11] Exit Capacity Planning Guidance
[12] ECPG Methodology

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The latest view on distributed power generation connected across WWU is as per **Figure 5**, showing the 58 sites connected and five with connection agreements. In total these 63 sites total 1.74 GW of generating capacity. We have 1 accepted power generation load associated with data centre demand, but none are connected to date. However, we have received 41 enquiries for power generation for data centre loads over the last 12 months and anticipate future demand growth in this area. **Figure 6** shows the five connected and one accepted CNG fuelling sites. Please note that the scaling used for size of demand is not the same for these two graphics.

Figure 5: Power Generation Landscape at WWU

Figure 6: CNG Fuelling Landscape at WWU

3.4 Demand Summary

This section describes the key forecast assumptions that are used in our current processes to generate the ten-year forecast demand for each of the three LDZs within our GDN.

Headline outcomes are included, as well as information about how current forecasts compare to previous years. Further information, including the detailed numerical tables, is provided in an accompanying workbook[13].

Our gas demand forecasting is underpinned by our stakeholder engagement and analysis which suggests that natural gas will continue to play a significant role in the UK energy market beyond 2030.

To summarise:

- Peak (daily) network demand is expected to decrease by approximately 1.5% in 2026/27 compared with last year's peak demand forecast.
- Annual demand is expected to remain largely constant out to 2029-30, before declining in line with peak demand.
- During the next ten years, our view in the 2026/27 forecast is that peak day demand will increase slightly to 2030/31, at which point, it will be 5% higher than the baseline forecast year.
- A slow reduction is currently projected to follow due to electrification of heat anticipated to a very limited extent, although this is something we will review each year.

[13] wwu-2026-long-term-development-statement-workbook.xlsx

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- There is a degree of uncertainty as to how customers will react to price changes, but although the energy price cap has reduced significantly from 2022 levels, it is still high compared to 2021 levels and there is no immediate evidence of a complete recovery in demand.

The relationship between peak and annual demand continues to change and customers continue to use gas for more diverse purposes today than historically seen. One example is gas being used for electricity generation - these loads were previously base load and varied very little day by day. More recently gas generation is being used for flexibility and therefore gas consumption significantly varies day to day, depending on the availability of renewable generation such as wind and solar. This shows the importance of gas networks in a whole energy system context, due to the reliability of gas for dispatchable generation.

3.5 Forecast Process

3.5.1 WWU peak forecasting process

For domestic demand, in our standard approach, we use a model produced by LCP Delta to forecast future demands. The model considers factors including load growth; weather sensitivity; projected improvements to boiler efficiencies, and the latest Composite Weather Variables (CWV) from the Xoserve process. To ensure a robust approach, we carried out further analysis of the weather-corrected demand data considering the outcomes of the different methods: the LCP Delta model; RIIO-GD3 Business Plan connection and isolation projections; and our independent analysis, to arrive at our finalised forecast. As the results of our independent analysis were found to be consistent with NESO's view of domestic demand, we choose to adopt the NESO forecast for this part of demand. However, our view of connected and potential industrial demand diverged from NESO's, so the forecast for this sector has been developed in house.

3.5.2 Capacity management

We annually assess the capacity levels required to operate the network in a safe and secure manner and to comply with the obligation to meet 1 in 20 demand conditions. There are a variety of ways in which capacity requirements can be managed. If a capacity constraint occurs on our network our main options would be to:

- Proceed with the network investment that is described in Section 5; or
- Interrupt key sites through bilateral interruption contracts with customers where available.

If interruption is not taken up there may also be a requirement to increase our bookings of capacity from the National Transmission System (NTS). We have not had any customers willing to be interruptible since 2016 on our network despite having regular invitations through the annual auction for interruption processed by Xoserve on behalf of the gas networks.

Further information including offtake and storage capacity can be found in the network capacity section in our Long-Term Development Strategy (LTDS) Workbook.

3.5.3 Network peak forecast results

This section provides the latest gas demand forecasts through to 2035/36. More detailed information is provided in our workbook published alongside this report on our website. This includes forecasts by load band for both peak and annual demand on a year-by-year basis. Our peak demand forecasts set out a range of anticipated gas

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demand across multiple scenarios. Our core Domestic Driven Stability scenario predicts gas demand increasing over the first five years of the forecast, before subsequent demand reduction due to partial electrification of heat demand. The divergence between our selected Domestic Driven Stability and Data Driven Growth scenarios in 2031/32 and 2033/34 is 66 GWh/d (13% higher) and 143 GWh/d (29% higher) respectively, due to the inclusion of two large speculative Data Centre driven loads. This scenario was developed to illustrate the impact of large data centres on network demand but was discounted as there is a great deal of uncertainty surrounding these sites.

The graphs below show the gas demand forecast for the network. **Figure 7** shows our selected Domestic Driven Stability forecast in the context of historical demand, the capacity we have booked at our NTS offtakes, last year's selected forecast, and NESO's Counterfactual pathway. **Figure 8** sets out a breakdown of the load bands that make up the forecast (with potential future demands added), again with last year's forecast and capacity bookings as context, as well as our alternative High Gas forecast.

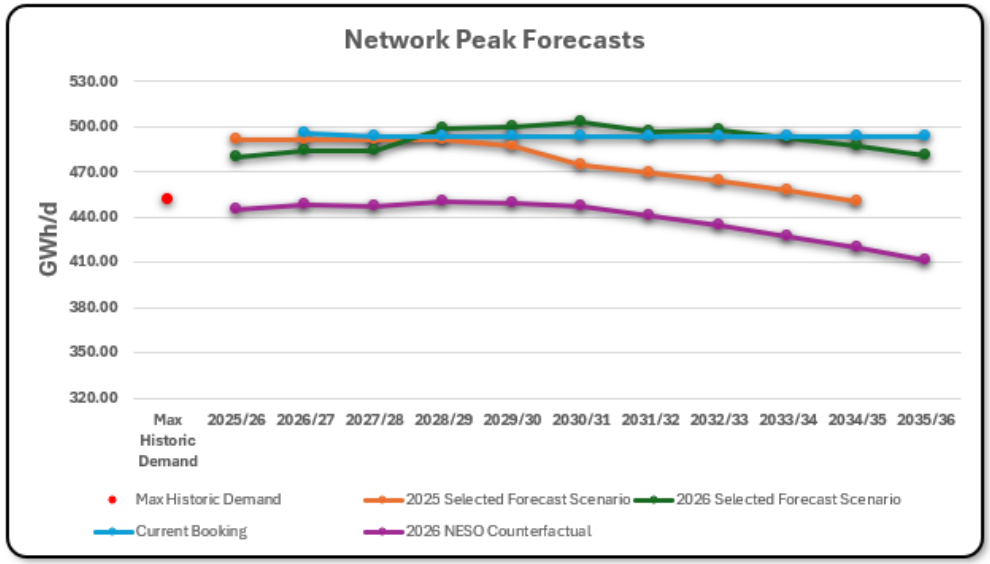

Figure 7: Peak demand forecast compared to NESO's view & last year's forecast

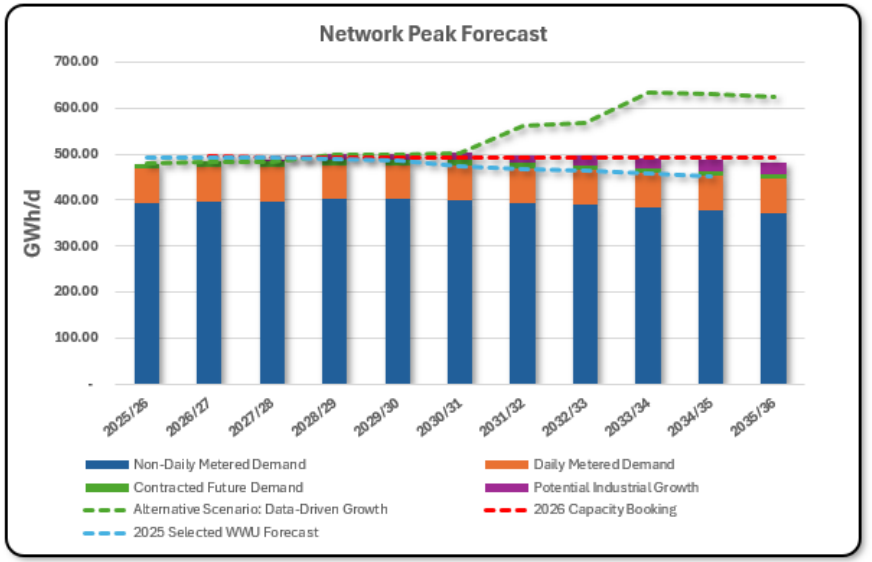

Figure 8: 2026 Network demand forecast breakdown

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4. Supply

4.1 Key messages

- Each year we ensure that we have sufficient capacity booked with NGT at our seventeen Offtake sites to meet peak demand in our network.
- There are 22 biomethane sites connected to our network which have capacity to meet the heating needs of almost 170,000 customer homes, more than enough to supply a city the size of Cardiff.
- A further 9 sites have booked capacity on our network including one synthetic natural gas connection, this would increase the customers supplied to the equivalent of nearly 250,000 additional homes. We continue to receive enquiries for new sites, indicating continued interest from prospective customers.
- We are supporting 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.
- We are proactively encouraging further green gas connections and are progressing innovative, pragmatic solutions like smart pressure control, blending tees and compression to enable increased transportation of renewable gases including hydrogen.
- The first 3rd party owned and operated reverse compressor in GB is now operating successfully on our network and is allowing the biomethane site to inject biomethane without curtailment.

4.2 Winter 2025/26 Review

During the winter period from 1 October 2025 to 31 March 2026, we transported 3.37 billion cubic metres of gas to homes and businesses in our network area. Most of this gas is supplied from the NTS into our network via our seventeen offtakes. However, 40.6 million cubic metres of the gas was met by our 22 biomethane sites which equates to approximately 440 GWh of carbon neutral energy.

We have seen a steady increase in the volume of biomethane transported in our network with a 23% increase through the RIIO-GD2 period since winter 2021/22. This is partly due to biomethane sites becoming more robust, an increase in the volume of biomethane produced at sites and injected to the network and by proactively managing network pressures to allow the entry site to inject. We had no material supply constraints during the 2025/26 winter, and our supply points were managed as per the offtake agreements we hold with NGT and under the Network Entry Agreements (NEA) we have with each biomethane entry site. This has been true for every year since WWU was launched in 2005.

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4.3 Overview

We develop the local transmission and distribution systems to meet the requirements of our customers. In turn, NGT will develop the NTS in line with supply and demand forecasts as detailed within their development statement which is updated in December.[14]

Most of the gas we transport is brought into the network from the NTS via the offtake sites and we also have biomethane supplies contributing a proportion of gas. As biomethane feeds are subject to producer requirements, we do not assume they will be flowing at peak. Therefore, we book sufficient NTS capacity to meet peak day demand requirements.

The general principles of operation are that we take supply from the NTS into our distribution networks at a steady rate across each gas day and that storage within our networks is used to meet the variation in demand of our customers. We store gas within our network of pipes in the form of 'linepack' and in High Pressure Storage Vessels (or bullets). In total, we have 53 GWh storage available in linepack and 5 GWh storage available in bullets. We contract with NGT to utilise 26 GWh of flexible intake capacity which supplements physical storage and takes our total daily storage capability to 84 GWh.

4.4 Distributed gas

4.4.1 Green gas

We continue to be committed to a future low carbon network and support the increasing focus on entry to Distribution Networks, including for gas from many sources such as biomethane, synthetic gas and hydrogen. Gas from non-fossil sources contributes to achieving the UK Government's climate change targets. In accordance with our licence obligations, we introduced distributed gas entry standards to support connections to our network.

In addition, we support two biomethane working groups under IGEM Future Energy Networks (FEN). The Gas Entry Connections Technical Working Group (GECTWG) is a network only group; and the Green Gas Technical Forum (GGTF) includes customer participants from across the industry.

During 2026, we collaborated with other GDNs to progress actions agreed against the 4 workstreams that the Green Gas Task Force are focused on driving to improve efficiency in the biomethane industry. The key areas for standardisation are; Grid Entry Unit design; connection processes and capacity increase solutions.

We participate in industry programmes and groups supported by FEN which consider changes that will be needed for networks to transport hydrogen either as a blend or 100%. These programmes consider the impacts on several areas including safety, customers, billing and regulatory requirements. Work is carried out collaboratively across the UK Networks so that resources are used efficiently, and learning is shared.

[14] Gas Ten Year Statement (GTYS) | National Gas

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4.4.2 Biomethane

We currently have 22 biomethane sites connected to our network and eight more that are expected to connect over the next few years. Once the 30 sites are connected, we will have 2.79 TWh of biomethane which will enable the heating of over 240,000 homes in our network area.

We received 26 enquiries in the last twelve months, indicating significant ongoing interest in this area. This activity has been primarily driven by the UK government's Green Gas Support Scheme (GGSS) and future growth will be dependant in part, on the decisions made on how the support scheme will continue now that current funding has been exhausted.

We recently completed two innovation projects in support of biomethane; the first explored approaches to maximise grid capacity in constrained areas and the second looked at developing calorific value forecasting to assist GDN's in providing improved information to biomethane sites to support CV management. We have also recently started a capacity mapping innovation project to develop a tool that is aimed at helping developers identify the best areas of network to connect a new supply site with access to sufficient capacity all year round.

Figure 9 illustrates the current landscape for biomethane at WWU, and the difference in volume of biomethane injected along with an indication of location.

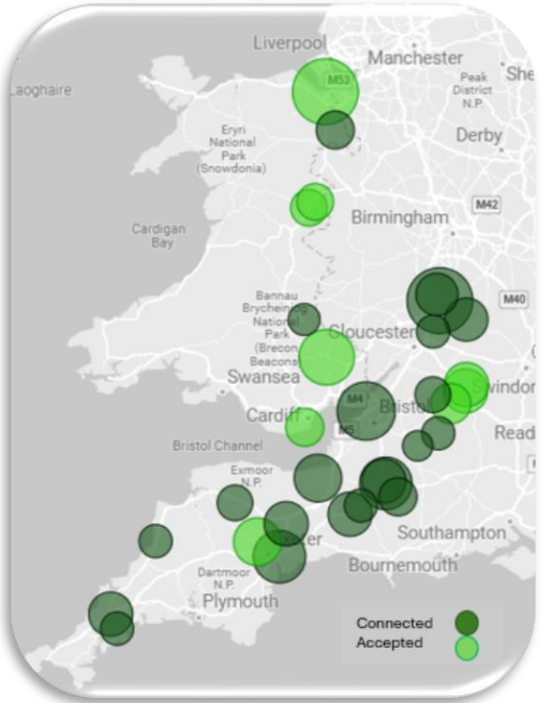

Figure 3: Biomethane Landscape at WWU

4.4.3 Other Renewable Gas

Whilst we don't currently have any other renewable gas sources connected to the network, we do have one accepted bio-SNG which will provide gas to heat the equivalent of over 10,000 homes in the South West area.

We are actively looking into other potential sources of renewable gas to assist our progress to Net Zero. This has resulted in multiple connection enquiries, with one synthetic natural gas site having booked capacity on the network.

The process and equipment involved in connecting these sites are largely as for biomethane plants, but there may be additional considerations to ensure that the composition of the renewable gas produced conforms to regulations.

This takes the number of accepted sites to nine and total carbon neutral gas capability of 2.88 TWh or 250,000 homes. In addition to these we have previously received enquiries relating to landfill gas, which could present further opportunities to transport renewable gas to our customers.

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4.5 Capacity impacts of distributed gas

The principles of gas distribution are challenged by increasing distributed gas entry. Where this occurs at lower pressure tiers and in less populated areas, we need to introduce new technology including compression to move this gas to the areas where our customers need it.

We are pleased to report that we have a fully operational **reverse compressor** on the network which has resolved a capacity constraint for an existing biomethane entry customer. The compressor facility takes gas from a medium-pressure network and discharges into the high-pressure system where sufficient capacity is present due to the larger customer base and wider reach of the network. The addition of this capacity has allowed for further site expansion to generate greater volumes of green gas to help decarbonise the wider gas network, allowing a further 1,500 homes could be heated with biomethane.

To maximise the capacity that can be made available with current technology and following the introduction of new technology; **smart pressure control** systems are now being implemented to provide dynamic pressure-setting changes based on flows of gas into and out of key sites. Our smart pressure control solution has been trialled successfully, and we are now extending this automated control more widely on a large, medium-pressure network.

Please see Section 5.6 Investing in Decarbonisation for further information on the projects mentioned in this section.

We recognise that new commercial and regulatory frameworks will be required to make sure that associated costs of reinforcement solutions are dealt with appropriately. We intend to utilise the Biomethane UIOLI allowance in RIIO-GD3 to facilitate reinforcement for biomethane where appropriate to facilitate more green gas to be brought into the network. Continuing our close work with industry, other GDNs, Ofgem and DESNZ will enable us to find the right commercial solutions to the current challenges faced with green gas entry.

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4.6 NTS supplies

To ensure that we can meet our 1:20 licence condition it is essential that we book sufficient capacity from the NTS to meet our peak day demands. While we consider the availability of distributed gas in the locality, this is not currently treated as a firm supply and is not used to offset our NTS capacity.

The following **figure 10** shows the physical size of our Offtake sites supplying the various parts of our LTS along with the 2026/27 flat capacity bookings.

4.6.1 Network Collaboration

We engage with NGT and other system Users through forums such as Transmission Workgroup which develops changes to commercial arrangements. Relevant examples of forums we contribute to are given below:

- 0894 - Facilitating biomethane entry into the GDN by exporting methane from the GDN into the NTS via compression
- 0903 - The introduction of a single NTS capacity reference price
- 0937R - Aligning LDZ charges with actual gas usage for all customers
- 0945R - Review of NTS access arrangements

Through these groups we aim to ensure that arrangements allow efficient access to and use of the Total System for our customers. The progress of all code modifications is recorded on the Joint Office website.[15]

Subsystem Name	Capacity		2026/27 Capacity Bookings (GWh/d)
	kWh/h	GWh/d	
South West (SW)			
Northern	1,273,043	30.55	22.99
	1,268,668	30.45	19.38
	2,351,411	56.43	51.06
Central	1,875,661	45.02	21.28
	1,968,623	47.25	31.52
Southern	820,260	19.69	14.72
	2,779,769	66.71	47.67
Other	1,334,289	32.02	20.50
	492,156	11.81	6.45
Pressure Controlled	378,413	9.08	4.74
	295,294	7.09	3.90
	218,736	5.25	2.74
	405,099	9.72	5.53
Wales South (WS)			
Wales South	4,570,017	109.68	83.75
	2,769,737	66.47	36.17
	3,289,755	78.95	70.64
Wales North (WN)			
Wales North	2,231,946	53.57	52.20

Figure 4: Physical and commercial capacity through our NTS Offtake sites

[15] https://www.gasgovernance.co.uk/livemods

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5. Investment in the Network

5.1 Key messages

- **Our stakeholders have told us that maintaining a safe, reliable gas supply is a key priority.**
- **We adopt innovative techniques to ensure efficient investment in network health through use of monetised risk models and have fed this analysis into our business planning processes. A targeted, efficient and effective investment programme will enable us to achieve this developed using predictive analytics and supported by high quality data.**
- **In future, we anticipate increasing requirements for network capacity, compression, storage, and smart control to accommodate increasing demands for flexible gas usage and green gas injection from our customers.**
- **In Ofgem's Final Determinations, three LTS pipeline replacements in South Wales were approved for delivery in the 2026-2031 period. The works will result in the abandonment of circa 50km of vintage pipelines reducing the risk of failure and improving safety, resilience and security of supply**
- **From 2026 to 2031 we will replace over 2,000km of metallic gas mains and attached steel services, at an annual cost of £160 million.**

5.2 Distribution and Transmission Networks

We manage the operation and maintenance of the above 7 Bar Local Transmission System and below 7 Bar distribution networks in three LDZs: South West, Wales South, and Wales North.

We continue to develop and invest in our networks to operate a safe and efficient network and to meet current and future customer requirements and operating behaviours.

We are certificated to asset management standard ISO55001 and we plan investment in line with the principles of the standard.

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5.3 Network Management

During RIIO-GD1, we used Condition Based Risk Management (CBRM) models to assess asset condition, reliability and future performance under different investment scenarios. These tools helped us target and justify investment to maintain high levels of network safety and reliability.

Building on this, the industry-wide Network Asset Risk Metrics (NARMs) methodology uses event tree analysis to quantify safety, reliability and environmental risks, assigning a monetary value to network risk. We have strengthened our capability through investment in systems, data scientists and an Asset Investment Management (AIM) optimisation tool, enabling more effective assessment of asset health and risk and better-informed investment decisions.

This enables us to understand the impact of investment on risk and optimise investment decisions, targeting our asset interventions to optimally manage risk. Our RIIO-GD2 plans were derived using this tool and these have underpinned measurement of our delivery against our plan to its completion in March 2026. These tools have also been used to develop our RIIO-GD3 plans and will be used to continually refine and measure its delivery.

For transmission pipelines, we have implemented an 'as low as reasonably practicable' (ALARP) methodology. This enables us to assess the options available to us and identify the most cost-effective way to minimise societal risk, this approach has resulted in interventions specifically targeted in high consequence areas as well as some pipeline replacements where this is the most appropriate solution when supported by a cost benefit assessment.

This approach achieves the greatest risk reduction for the minimum expenditure.

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5.4 Local Transmission System Investment

Construction work has been completed on a project to replace a 13km section of the LTS pipeline between Derwenlas and Tywyn in Snowdonia National Park during RIIO-GD2. This pipeline replacement was supported by a cost benefit assessment, and the justification for replacement based on safety, reliability and least whole life cost was accepted with funding agreed by Ofgem in the RIIO-GD2 price control review. We have installed 2km of new steel LTS pipeline, a new HP/IP Pressure Regulating Installation and 13km of new High-density Polyethylene 7bar main, securing the safe and reliable supply of gas to the coastal towns of Tywyn and Aberdovey in the long term.

In Ofgem's Final Determinations , three further LTS pipeline replacements in South Wales were approved for delivery in the 2026-2031 period. The works will result in the abandonment of circa 50km of vintage pipelines reducing the risk of failure and improving safety, resilience and security of supply.

5.5 Distribution System Investment

We will invest in reinforcement of our network to ensure we maintain security of supply as we connect new consumers, which adheres to the 'peak day demand forecast' described in this document. We will also continue to invest in the replacement of our transportation network assets, primarily for the renewal of mains and services within our distribution system.

This includes expenditure associated with the three-tier approach initiated by the HSE for metallic mains replacement under the Iron Mains Risk Reduction Programme (IMRRP). This is our 30-year gas Mains Replacement Programme (from 2002) which requires all iron mains within 30 metres of a building to be replaced by 2032. The Distribution Network is currently 79% polyethylene, 10% steel, and 11% iron. From 2026 to 2031 we will replace over 2,000km of metallic gas mains and attached steel services, at an annual cost of £160 million. Following completion of the IMRRP we will continue to replace large diameter iron and poor condition steel mains.

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5.6 Investing for Decarbonisation

In future years, further non-demand driven investment may be required as we respond to stakeholder requirements for hydrogen injection, blending services and compression within the DN to facilitate biomethane injection.

We now have a fully operational reverse compressor on the network, which is the first 3rd party owned and operated facility live in GB networks. The site commissioned in July 2026 and WWU are now responsible for monitoring and controlling the site to ensure integrity of the connected pressure systems is maintained. This project avoided the need for 14km of high pressure main to bring the biomethane produced at the Anaerobic Digestor (AD) to a point of higher demand on the network. Several thousand more homes will be heated with carbon neutral energy with the compressor operating; the AD plant does not have to flare, and WWU is now decarbonising a wider part of the network. In the few months that the compressor has been operating, around 125% more biomethane gas has been injected into the network compared to the same period last year without the compressor. Although the anticipated run time is between and 10-20% of the year during the summer when demands are constrained, compressors are expensive to install and to operate.

Our first choice is to use Smart Pressure Control to automate control of our networks which is the least costly option - but will only work if the demand is available all year round. We use this solution to back out our natural gas sites so that the green gas can access all the demand. We have utilised RIIO-GD2 Use It or Lose It (UIOLI) funding to roll out our smart pressure control solution across a large medium pressure network in the South West LDZ. Completion of the roll out is targeted for 2026 and upon successful commissioning, will allow three more accepted biomethane sites to connect and inject.

We undertake analysis to make sure we choose the most efficient and effective solution.

From 1st April 2026 and for RIIO-GD3 period, we have funding to support reinforcement of our system to facilitate biomethane injection; we are working with other networks to develop the detail of the policies required to introduce this consistently across the distribution networks. This will require a change to our connection charging methodology, also known as our 4B statement.[16]

[16] https://www.wwutilities.co.uk/media/e45n5t34/4b-principles-and-methods-statement-for-connection-charging-1st-april-2026.pdf

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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/kecbdegi/wwu-annual-nia-summary-25-26.pdf	Wales and West Utilities 2025/26 Delivering Innovation Report
wwu-annual-environmental-report-2025-26.pdf	Wales and West Utilities 2025/26 Annual Environmental Report
https://www.wwutilities.co.uk/media/5323/wwu-hyline-public-report.pdf	HyLine Cymru Project Final Report
wwu_hylinegogleddpublicreport_english.pdf	HyLine Gogledd Project Final Report
North East Wales Industrial Decarbonisation cluster (NEWID) – Net Zero Industry Wales	North East Wales Industrial Decarbonisation Cluster Final Report
UKRI300_WEIC_01_LIDP-Plan_DIGITAL.pdf	West of England Industrial Cluster Final Report
Wales & West Utilities identifies major hydrogen opportunities for south west England | Wales & West Utilities	South West of England Decarbonisation Plan Final Report

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Demand & Supply Data

For data workbook please visit: wwu-2026-long-term-development-statement-workbook.xlsx

Data Workbook 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	2026 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	2026 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 2025/26
Link	**Description**
http://www.gasgovernance.co.uk/OAD	Transportation Principal Document section covering Demand Estimation and Demand Forecasting
Exit Capacity Planning Guidance	Ofgem's Exit Capacity Planning Guidance document
Gas Demand Forecasting Methodology	National Gas Transmission - 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

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Connections at WWU

Link	Description
New Gas Connection Services | Wales & West Utilities	General Information for exit and entry connections
Connections and Distribution Charges September 2026	Connections and Other Distribution Services Charges
4B principles and methods statement for connection charging 1st April 2026	Connection Charging Methodology
Future of Energy - Biomethane	Overview of biomethane and other network entry connections
Gas Safety Management Regulations	Gas Safety (Management) Regulations

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