

## NOMs Methodology: Introduction to Consultation

The purpose of this document is to set out a common methodology which shall be used by all Gas Distribution Networks (GDNs) to assess the health, criticality and associated risk value of network assets to meet Special Licence Condition 4G (Methodology for Network Output Measures). This methodology is called the Network Output Measures Health & Risk Reporting Methodology & Framework, hereafter referred to as the NOMs Methodology.

This process identifies the potential impact arising from the unavailability or failure of a network's assets through the assessment of the consequence and risk associated with such failures. Risk values are represented in monetary terms as a "common currency" for comparison between different failure types and Asset Groups.

In developing this methodology the following objectives have been targeted:

- Comparative analysis:
  - Over time;
  - Between geographical areas; and
  - Between network assets.
- Evaluation of:
  - Probability of Failure (PoF) of an asset failing to fulfil its intended purpose during any year (see glossary for definition of Probability of Failure);
  - Rate of deterioration to forecast future Probability of Failure;
  - Asset criticality (safety, environmental, reliability, financial); and
  - Network risk, taking into account Probability of Failure, asset criticality and, if feasible, asset interdependence.

Achieving the objectives outlined above will ensure that the benefits of business plan interventions across different gas distribution asset classes can be articulated on a consistent basis, compared, and traded off. This will ensure that customers continue to get best value from the investments that GDNs plan to implement in their networks.

This consultation offers an opportunity to review the Methodology which has been developed by the GDNs under the direction of Ofgem, to raise any questions and signal support for what has been developed.

ENA will collate responses to the consultation for the GDNs to consider. Please return your response to [gas.consultation@energynetworks.org](mailto:gas.consultation@energynetworks.org) by 12:00 on 8<sup>th</sup> August, 2017.