

# NG.news



Welcome to your news update from National Grid, one of the world's largest publicly owned utilities.

**Andy Mead**  
Interim Head of Investor Relations

Welcome back to those of you who have been able to get away over the summer. In this latest edition of our newsletter we would like to update you on some exciting team news and book time in your diaries to meet Dean Seavers, our new US CEO, and some of his team. We would also like to remind you of company news that you might have missed over the summer and our planned activities leading up to half-year results.

As always, if there is anything further you require then please do not hesitate to get in touch with the IR team.

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## Upcoming events

- 16 September**  
BofAML Power & Gas Leaders Conference, Boston
- 17 September**  
Morgan Stanley Power & Utility Conference, London
- 24 September**  
Credit Suisse UK Utilities Day, London
- 10 November**  
Half year results, London
- 12 November**  
US Management Presentation, London

## Financial calendar

- 10 November**  
2015/16 half-year results
- 26 November**  
Ordinary shares go ex-dividend
- 27 November**  
Record date for interim dividend

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## Presentations and links

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- [Providence gas liquefaction proposal press release](#)
- [MA grid modernisation submission press release](#)
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## Group

### 1. **National Grid announces Aarti Singhal as new Director of Investor Relations**

National Grid is delighted to announce the appointment of Aarti Singhal as our new Director of Investor Relations. Aarti has 20 years of experience in the energy sector including serving as the Head of Investor Relations at International Power from 2004 to 2012. Most recently, Aarti has held the role of Head of Communications and Network Leader for Regulation and Market Design at the international division of ENGIE.

Aarti will join National Grid on 1 October 2015 in time for half-year results on 10 November, our US session on 12 November and subsequent roadshows. Aarti is well known to many of you and she is looking forward to meeting you in her new role.

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## Group

### 2. **Save the date: Afternoon of 12th November for an opportunity to meet our US CEO, Dean Seavers, and members of his leadership team in London**

On 12<sup>th</sup> November Dean Seavers, our US CEO, and members of his team will host an afternoon session in London to meet investors and analysts. Dean and his team will provide an update on our programme of regulatory filings and network investments. There will be opportunities for Q&A and to meet the team after the formal presentations.

We intend to make the presentation and Q&A available via live feed for those who cannot attend in person. To register your interest in attending the event, please contact Richard Foster at +44 (0)20 7004 3169 or [richard.foster1@nationalgrid.com](mailto:richard.foster1@nationalgrid.com).

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## Group

### 3. **Opportunities to connect with National Grid**

National Grid's Investor Relations and Management teams are planning to attend a number of events over the course of September. If you would like to express interest in a meeting, please do let the organisers of these events know, or contact us directly via Richard Foster at +44 (0)20 7004 3169 or [richard.foster1@nationalgrid.com](mailto:richard.foster1@nationalgrid.com).

## Conferences & Reverse Roadshows:

**16th September:** Bank of America Merrill Lynch Power & Gas Leaders Conference, Boston - USA

**17th September:** Morgan Stanley Power & Utility Conference, London – UK

**24th September:** Credit Suisse UK Utilities Day, London - UK

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## Group

### 4. Update on scrip and associated share buyback programme

Scrip dividend take-up for the 2014/15 final dividend was around 22%, which resulted in the issuance of approximately 29 million new shares this August. National Grid is managing the dilutive impact of the scrip dividend take-up through a share buyback programme in a similar manner to 2013/14. Since the start of the current period, the Company has completed the purchase of 29 million shares to fully neutralise the scrip uptake.

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## US Regulated

### 5. National Grid announces proposal to add gas liquefaction capability at its Providence facility

In July, the Company made a pre-filing with the Federal Energy Regulatory Commission (FERC) for a project to add liquefaction to its existing liquefied natural gas (LNG) facility located at the Field Point Storage area in Providence, Rhode Island. National Grid LNG, LLC, a National Grid subsidiary, is proposing to build a facility that would take natural gas from the local distribution system, cool it to a liquid state and store it in an existing tank. This is intended to improve security and diversity of gas supply in the region for our customers, where up to 40% of winter peak day needs are currently met by LNG peak shaving plants. The liquefaction facility should eliminate the need to fill the Field Point LNG plant from truck delivery.

The project would install 20 MMCF/Day of liquefaction capacity to operate alongside the existing 2BCF storage and vaporization plant. It is expected to be regulated by FERC in the same way as the existing assets, with costs recovered over 20 years. The expected construction cost of the liquefaction facility is approximately \$100m with an in-service date of 2018.

To view the full press release, please click [HERE](#).

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## US Regulated

### 6. New York Commission issues Track 2 REV White Paper and approves National Grid demonstration project

The Staff of the New York Public Service Commission (PSC) issued its Track 2 white paper in the 'Reforming the Energy Vision' (REV) proceeding. Track 1 focused on customer engagement, markets and pricing, platform technologies and policy issues such as utilities' future market role. Track 2 addresses regulatory

framework/pricing reforms to support the Track 1 direction, including incentive-based rate making, rate plan terms, and rate design – changes critical to ensuring utilities remain financially strong, with access to capital markets at reasonable terms to fund needed infrastructure investments.

Comments to the white paper will occur through November with Commission action expected early next year.

The Company also received Staff approval of its first REV demonstration project, a neighbourhood solar project in an economically distressed area of Buffalo that will help low-to-moderate-income (LMI) customers access clean energy while reducing arrears. Additional projects have been filed and are expected to be approved later this year.

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## US Regulated

### 7. National Grid submits grid modernisation plan to Massachusetts Commission

On 19 August, National Grid submitted its grid modernisation plan in response to an order from the Massachusetts Department of Public Utilities (DPU) that recognises evolving industry and customer needs. Following extensive research and stakeholder engagement, the filing considers how Massachusetts customers could benefit from advanced technologies on the electric grid, including communications, metering, automation of the distribution system and voltage management.

Under its proposal, National Grid submitted four alternatives for consideration, resulting in a range of additional investment levels from \$225 million to \$830 million in total over five years. National Grid believes that the highest investment case would require increases to customer bills of around one percent per annum over the five year period.

There is no timeline for the DPU to review or approve the submitted plans. To view the full press release, please click [HERE](#).

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## US Regulated

### 8. National Grid to exchange its share of Iroquois pipeline for stake in Dominion Midstream

On 17 August, National Grid entered into an agreement to exchange its 20.4 percent equity ownership in the Iroquois gas transmission pipeline that runs from Iroquois, Ontario, Canada to Commack and the Bronx, New York for a \$225.4 million stake in Dominion Midstream Partners, LP. This will take the form of approximately 6.8 million Dominion Midstream common units. Dominion Midstream has existing interests in the Cove Point LNG facility and the Carolina Gas Transmission Company and is expected to grow further through future contributions of assets including Dominion's proposed \$5 billion Atlantic Coast pipeline.

National Grid believes that the agreement to contribute its stake in the Iroquois pipeline represents good value for shareholders and will improve the underlying liquidity of the asset. The transaction is not expected to have any immediate cash impact for National Grid or to significantly affect headline financial results.

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### 9. National Grid announces primary contracts for NSN Link

On 14 July, National Grid, in conjunction with Statnett, announced the award of €1.5 billion of construction contracts relating to the proposed “NSN Link” electricity interconnector between Great Britain and Norway. NSN Link has contracted with two cable suppliers, Prysmian and Nexans, to deliver the cable needed for the 740 kilometre route length. The converter stations in both the UK and Norway will be delivered by ABB, the power technology specialist.

The new interconnector, jointly owned by National Grid and Statnett, will have a capacity of 1,400MW and will be the longest subsea interconnector in the world. The link is expected to be in operation around 2021.

To view the full press release, please click [HERE](#).

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### 10. Winter Review and Consultation report published

On 15 July, we published our Winter Review and Consultation Report. This detailed a number of actions that National Grid has taken to support continued security of supply including procuring balancing services for winter 2015/16 to ensure we have the tools in place to balance the system. At the time of the report, the indicated capacity from generation and these tools showed a loss of load expectation of 1.1 hours/year and a de-rated margin of 5.1% for our base case scenario. As a result, we are expecting the upcoming winter to be manageable.

On the gas side, we are expecting supplies to be sufficient to meet demand. There is currently a restriction on production from the Groningen field in the Netherlands and a reduction in the capacity of the Rough long-range storage site. We are expecting to have more information on both of these before the winter and plan to update our analysis before the Winter Outlook Report is published in October.

To access the Winter Review and Consultation, please click [HERE](#).

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### 11. National Grid publishes Future Energy Scenarios (FES) 2015

On 15 July 2015, National Grid released its Future Energy Scenarios (FES) document for 2015. FES presents a number of alternative scenarios for future UK power generation and energy usage based on extensive stakeholder input. These are designed to help Government, customers and other stakeholders make informed decisions. To access the FES document, please click [HERE](#).

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## 12. Ofgem publishes consultation on specific “uncertainty” cost allowances

On 31 July 2015, Ofgem published a consultation on their proposals for certain cost allowances over the RIIO period. These costs were identified as potentially required but deemed not sufficiently certain to be fixed at the time of the RIIO final proposals in 2012. Instead, an alternative process for determining the final level of allowances was put into place at that time, and made subject to further submissions by National Grid and to regulatory consultation

National Grid submitted applications in May 2015, seeking funding over the RIIO period of £631.8m for transmission sites and £74.6m for gas distribution for a mixture of enhanced security to critical national infrastructure, street works and industrial emissions costs. In this consultation, Ofgem has proposed to allow funding of £532.9m for transmission for upgrades to the relevant sites and £62.6m for gas distribution.

The requirement to fund physical security upgrades to National Grid’s sites began under the previous price control. Ofgem have carried out an ex-post efficiency assessment of the expenditure in the last transmission price control (TPCR4) and are proposing a reduction in historic allowances compared to National Grid’s actual spend of £72.5 million. This has a potential impact on National Grid’s reported regulatory asset value, but is not expected to impact headline revenue or earnings in the current year.

National Grid will respond to the consultation and Ofgem will publish final decisions by 30 September 2015.

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This announcement contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include information with respect to National Grid’s financial condition, its results of operations and businesses, strategy, plans and objectives. Words such as ‘anticipates’, ‘expects’, ‘should’, ‘intends’, ‘plans’, ‘believes’, ‘outlook’, ‘seeks’, ‘estimates’, ‘targets’, ‘may’, ‘will’, ‘continue’, ‘project’ and similar expressions, as well as statements in the future tense, identify forward-looking statements. These forward-looking statements are not guarantees of National Grid’s future performance and are subject to assumptions, risks and uncertainties that could cause actual future results to differ materially from those expressed in or implied by such forward-looking statements. Many of these assumptions, risks and uncertainties relate to factors that are beyond National Grid’s ability to control or estimate precisely, such as changes in laws or regulations, announcements from and decisions by governmental bodies or regulators (including the timeliness of consents for construction projects); the timing of construction and delivery by third parties of new generation projects requiring connection; breaches of, or changes in, environmental, climate change and health and safety laws or regulations, including breaches or other incidents arising from the potentially harmful nature of its activities; network failure or interruption, the inability to carry out critical non network operations and damage to infrastructure, due to adverse weather conditions including the impact of major storms as well as the results of climate change, due to the failure of or unauthorised access to or deliberate breaches of National Grid’s IT systems and supporting technology; performance against regulatory targets and standards and against National Grid’s peers with the aim of delivering stakeholder expectations regarding costs and efficiency savings, including those related to investment programmes and internal transformation and remediation plans; and customers and counterparties (including financial institutions) failing to perform their obligations to the Company. Other factors that could cause actual results to differ materially from those described in this announcement include fluctuations in exchange rates, interest rates and commodity price indices; restrictions and conditions (including filing requirements) in National Grid’s borrowing and debt arrangements, funding costs and access to financing; regulatory requirements for the Company to maintain financial resources in certain parts of its business and restrictions on some subsidiaries’ transactions such as paying dividends, lending or levying charges; inflation or deflation; the delayed timing of recoveries and payments in National Grid’s regulated businesses and whether aspects of its activities are contestable; the funding requirements and performance of National Grid’s pension schemes and other post-retirement benefit schemes; the failure to attract, train or retain employees with the necessary competencies, including leadership skills, and any significant disputes arising with the National Grid’s employees or the breach of laws or regulations by its employees; and the failure to respond to market developments, including competition for onshore transmission, and grow the Company’s business to deliver its strategy, as well as incorrect or unforeseen assumptions or conclusions (including unanticipated costs and liabilities) relating to business development activity, including assumptions in connection with joint ventures. For further details regarding these and other assumptions, risks and uncertainties that may impact National Grid, please read the Strategic Report section and the ‘Risk factors’ on pages 173 to 176 of National Grid’s most recent Annual Report and Accounts. In addition, new factors emerge from time to time and National Grid cannot assess the potential impact of any such factor on its activities or the extent to which any factor, or combination of factors, may cause actual future results to differ materially from those contained in any forward-looking statement. Except as may be required by law or regulation, the Company undertakes no obligation to update any of its forward-looking statements, which speak only as of the date of this announcement.