

# 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

As we head into summer, we would like to take the opportunity to update you on company news and give an early view of our planned activities leading up to half-year results, including further opportunities to meet management and the IR team. This forms part of our ongoing commitment to keep investors, analysts and other market participants up to date on matters relevant to the Group on a timely and appropriate basis. As always, if there is anything further you require then please do not hesitate to get in touch with the IR team.

We look forward to seeing you, and wish you a very pleasant summer.

## In this edition:

1. [National Grid to publish its Future Energy Scenarios 2015](#)
2. [Opportunities to connect with National Grid](#)
3. [Update on scrip and associated share buyback programme](#)

## Events of interest you may have missed...

4. [Downstate New York gas company \(KEDNY\) tracker and SIR filings](#)
5. [National Grid proposes REV Demonstration Projects in Upstate New York](#)
6. [National Grid publishes Electricity Capacity Report](#)
7. [National Grid announces primary contracts for NEMO Link](#)
8. [National Grid publishes full-year results and Annual Report and Accounts for 2014/15](#)
9. [National Grid publishes supplemental appendices to full-year results](#)

[Upcoming events](#)

[Financial calendar](#)

[Contacts](#)

[Presentations and links](#)

## Upcoming events

### 7 September

Exane BNP Paribas Reverse Roadshow, London

### 8 September

Barclays CEO Energy-Power Conference, New York

### 16 September

BofAML Power & Gas Leaders Conference, Boston

### 17 September

Morgan Stanley Power & Utility Conference, London

### 24 September

Credit Suisse UK Utilities Day, London

### 29 September

Wolfe Research Power and Gas Leaders Conference, New York

## Financial calendar

### 21 July

Annual General Meeting

### 5 August

Final dividend paid

### 10 November

2015/16 half-year results

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## Presentations and links

### From this issue:

[Future Energy Scenarios](#)

[National Grid EMR Electricity Capacity Report](#)

[NEMO Link contract press release](#)

[Full-year results presentation](#)

[Annual Report and Accounts](#)

[Additional appendices](#)

### Other presentations:

[Group Introduction](#)

[SRI Presentation](#)

### 1. National Grid to publish its Future Energy Scenarios 2015

On 15 July 2015, National Grid will release 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 register for an email notification alerting you when the FES document is available to download, please click [HERE](#).

[Back to menu](#)

## Group

### 2. 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.

#### Conferences & reverse roadshows:

**7th September:** Exane BNP Paribas Reverse Roadshow, London - UK

**8th September:** Barclays CEO Energy-Power Conference, New York - USA

**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

**29th September:** Wolfe Research Power and Gas Leaders Conference, New York – USA

[Back to menu](#)

## Group

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

Scrip dividend take-up for the 2014/15 final dividend was around 24%, which will result 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. So far this financial year, up to and including 9 July, National Grid has purchased 12.4m shares under the programme.

[Back to menu](#)

#### 4. Downstate New York gas company (KEDNY) tracker and SIR filings

##### **Petition to modify existing Capital Tracker Mechanism**

On 5 June 2015 National Grid's "KEDNY" downstate New York gas business filed a petition with the New York Public Service Commission for a two year extension of its capital tracker deferral mechanism. This would cover up to \$900 million of investments over 2015 and 2016, partly related to mains replacement and partly growth related capital expenditures associated with new customer connections.

This \$900m represents an accelerated level of investment in gas infrastructure. The proposed mechanism would defer all revenue adjustments related to capital trackers since January 2013 until a new rate plan is in place, allowing KEDNY to earn an appropriate return on additional investment with no immediate increase to customer bills.

##### **Petition to increase Site Investigation and Remediation Recovery surcharge**

On 5 June 2015 KEDNY submitted a petition to the New York Public Service Commission to increase revenue relating to its existing Site Investigation and Remediation (SIR) Recovery Surcharge by \$37.5m p.a.. This request would allow the business to recover costs of compliance with mandated environmental investigation and remediation work in a more timely fashion. As such, it has no expected impact on achieved returns. If approved, this additional surcharge will result in a small customer bill increase of around 2.5%. A decision by the Commission is expected around September.

[Back to menu](#)

#### 5. National Grid proposes REV Demonstration Projects in Upstate New York

National Grid is driving innovation and creating the utility of the future through four proposed demonstration projects that will integrate clean energy, harness new technologies, and deliver new options – and more control – for customers. On 1 July 2015, the proposed projects were submitted to state regulators as part of Track 1 of the New York Public Service Commission's proceeding on Reforming the Energy Vision, or REV. They focus on three distinct geographic regions with very different customer needs. The projects will test hypotheses that are expected to lead to scalable solutions and reinvigorate the existing energy delivery business model.

The proposed projects include two projects in Western New York partnering with the Buffalo Niagara Medical Campus to test integration of distributed energy resources including solar, one project in Northern New York partnering with Clarkson University and others to examine feasibility of building a community microgrid, and one project in Eastern New York in Clifton Park to evaluate intelligent and automated systems, including smart thermostats and smart appliances.

Track 2 of the REV proceeding will address regulatory framework/pricing reforms, including incentive-based rate making, rate plan terms, and rate design and is scheduled to formally begin in late July.

The Massachusetts Department of Public Utilities has required electric distribution companies in the Commonwealth to submit ten-year Grid Modernisation Plans. National Grid's plan for modernisation investments and associated recovery mechanisms is scheduled for submission by August 5, 2015.

[Back to menu](#)

## UK Electricity Transmission

### 6. National Grid publishes its Electricity Capacity Report

On 29 June National Grid published the Electricity Capacity Report prepared for DECC to inform their decision making process for the next round of capacity auctions. On the same day, DECC published their decision to procure 47.9GW of generation capacity through the 2015 Capacity Market Auction to be held in December 2015. This T-4 auction is for delivery year 2019/20 and the contracted capacity will be in addition to the 5.5GW already procured for 2019/20 through last year's auction. The T-1 auction for delivery year 2019/20 is currently expected to seek an additional 2.5GW of capacity.

The capacity report is based on a modelling approach utilising National Grid's four Future Energy Scenarios to be published on 15 July. Through this process National Grid has also recommended a range of de-rating factors for each interconnected country with DECC assigning de-rated factors for individual interconnectors that will be available during the delivery year. For more information, please click [HERE](#).

[Back to menu](#)

## Other Activities

### 7. National Grid announces primary contracts for NEMO Link

On 8 June, National Grid announced the two primary winning contractors to build the NEMO Link interconnector between Great Britain and Belgium. Siemens will build the converter stations in both Kent and Zeebrugge and J-Power Systems, a subsidiary of Sumitomo Electric Industries, will design, manufacture and install the HVDC cable. Together the contracts are valued at about €500m, a significant portion of the total expected project investment.

The NEMO Link interconnector will be a 1,000MW, 140km, subsea cable that will provide enough electricity to power half a million homes. It is a joint venture between National Grid and Elia and has been designated as one of the European Commission's Projects of Common Interest.

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

[Back to menu](#)

## 8. National Grid publishes full-year results and Annual Report and Accounts for 2014/15

On 21 May, National Grid published its full-year results for 2014/15. To view the presentation, please click [HERE](#). On 5 June, National Grid published its Annual Report and Accounts for 2014/15. To view the report, please click [HERE](#).

[Back to menu](#)

## 9. National Grid publishes supplemental appendices to full-year results

National Grid has published supplemental appendices that reconcile the revenue allowances from Ofgem's price control financial model iteration of November 2013 to the UK regulated revenues for 2014/15 reported by National Grid on 21 May 2015. The appendices also provide some further detail on the sources of UK regulated operating profit and follow same format as those for the financial year 2013/14 published in May 2015. To view the appendices, please click [HERE](#).

[Back to menu](#)

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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.