

National Grid Ventures and other activities

Investor Relations | June 2020

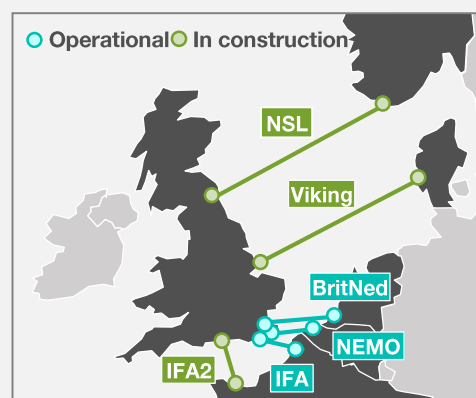


National Grid Ventures is a diverse portfolio of commercial energy businesses operating in competitive markets in the UK and the US. The portfolio comprises of long-term assets with a low risk profile and strong cash flows.

Interconnectors

Interconnectors deliver secure and affordable electricity between two markets and will play a critical role in the cleaner and smarter energy systems of the future. They are recognised by the UK Government as a vital tool to manage energy security, costs to consumers and provide long-term sustainability.

As an interconnector owner and operator, we sell capacity on the interconnector to energy traders and provide services for transmission system operators in the UK and mainland Europe. The main interconnection capacity is sold by auctioning capacity based on the price differentials between markets at each end of the link. This represents roughly 80-90% of revenues, with the remaining 10-20% derived from ancillary services.



Overview of National Grid Interconnectors

	IFA	BritNed	Nemo Link	IFA 2	NSL	Viking Link
Capacity	2GW	1GW	1GW	1GW	1.4GW	1.4GW
Total length	70km	260km	140km	240km	720km	760km
Converter stations	UK: Sellindge France: Les Mandarins	UK: Isle of Grain Netherlands: Maasvlakte	UK: Richborough Belgium: Herdersbrug	UK: Chilling France: Tourbe	UK: Blyth Norway: Kvilldal	UK: Bicker Fen Denmark: Revsing
Commissioned	1986	2011	2019	FY21 est	FY22 est	FY24 est
Ownership	Partnership with RTE	Joint venture NG & TenneT	Joint venture NG & Elia	Partnership with RTE	Partnership with Statnett	Partnership with Energinet
Exp. Capex¹				~£350m	~£620m	~£760m
Regulatory construct	Phased sharing of profits with customers	Subject to a cap	Cap and floor	Cap and floor	Cap and floor	Cap and floor

1. NG share of investment, excluding development expenditure and expressed in nominal terms

Potential interconnection capacity

There are currently 5 interconnectors (5GW) in operation between the UK and European market. National Grid Ventures currently co-owns and operates three of these (4GW) and is constructing another three (3.8GW). A number of studies have suggested that between 15 to 20GW of total interconnection could beneficially exist between the UK and the European market.

Partnerships

£m	Operating profit		Capital investment	
	2020	2019	2020	2019
IFA	61	64	25	19
IFA2	-	-	150	128
North Sea Link	-	-	219	100
Viking	-	-	104	5

Joint ventures

£m	Share of post-tax earnings		Capital investment	
	2020	2019	2020	2019
BritNed	23	27	-	-
Nemo Link	6	2	-	52

Renewable Energy in the US

In the US, National Grid is making exciting progress with renewable energy projects to help accelerate our clean energy future.

In 2019 we completed the acquisition of Geronimo, a leading developer of large-scale wind and solar generation based in Minneapolis. The company has successfully developed 2.4GW of wind and solar generation projects since 2004 and has a strong pipeline of projects at various stages of development.

National Grid owns and operates 314 MW of operational wind projects and 111 MW of solar projects that are either in operation or under construction, through our joint venture (JV) with Washington State Investment Board.

In addition to these large-scale renewable energy projects, we also own:

- JVs with NextEra that develop, construct, and own large-scale energy facilities on Long Island, NY including:
 - Two 5MW/40MWh battery storage energy systems under power purchase agreements (PPAs) with the Long Island Power Authority (LIPA)
 - 23MW utility scale solar project in Calverton on Long Island under development with a PPA with LIPA
- 211MW of rooftop solar for 27,835 customers, through our partnership with Sunrun
- An option to acquire the offshore transmission for Revolution Wind, a 700MW offshore wind farm for Connecticut and Rhode Island



Metering

We provide installation and maintenance services to energy suppliers in the regulated market in Great Britain. We maintain an asset base of ~9m industrial, commercial and domestic gas meters.

The prices National Grid can charge for certain metering services are currently capped by Ofgem.

Key financials

£m	2019/20	2018/19	2017/18
EBITDA¹	196	193	215
Depreciation¹	(38)	(40)	(60)
Operating profit¹	158	153	155
No. Meters²	8.9	9.9	11.0

1. Includes NG Smart

2. Domestic and industrial and commercial meters only



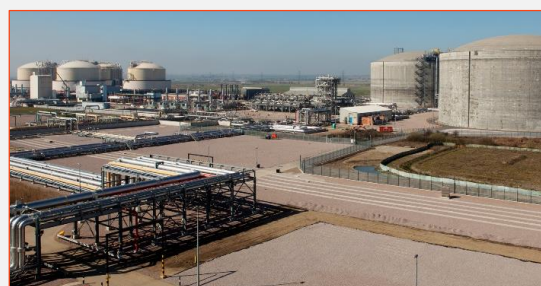
Grain LNG

Grain LNG provides importation services of ship berthing, storage, ship reloading and re-gasification onto the NTS.

Capable of meeting up to 20% of UK gas demand, Grain LNG is the largest importation terminal in Europe, playing a key role in UK energy security of supply.

How we make our revenue

- All importation capacity is sold under long-term take or pay contracts, which have an inflationary index linked to RPI.
- Customers decide the level and timing of LNG imports and the amount sent out into the NTS. Current customers include BP, Pavillion, Sonatrach, Centrica, Uniper and Total.
- We are currently out to market for additional capacity from 2025, including 380,000m³ of associated storage and over 100 berthing slots. This is being made available via a combination of an existing build upgrade (Phase 1) and new build expansion (Phase 4).



Key financials

£m	2019/20	2018/19	2017/18
EBITDA	161	142	142
Depreciation	(83)	(68)	(66)
Operating profit	78	74	76

Note: Includes Grain LNG and Thamesport

Other Activities

National Grid Property

National Grid Property manages the company's surplus land across the UK. With a diverse portfolio of former industrial or "brownfield" sites, our aim is to return this land back to beneficial use and make a continued contribution to the regeneration of UK towns and cities. We achieve this by working with communities, local authorities, regulatory bodies and leading developers. This includes the joint-venture partnership, St. William, with the Berkeley Group.

Existing property portfolio

- 230 sites
- Approx. 1,600 acres, with 200 in London and the south-east
- Sites of varying sizes and potential values across the UK

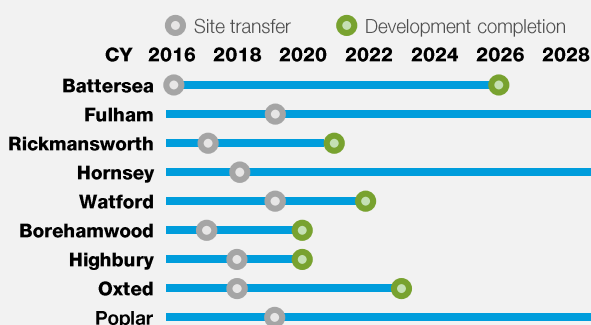
£m	2019/20	2018/19	2017/18
EBITDA	65	183	85
Depreciation & amortisation	(2)	(2)	(1)
Operating profit	63	181	84



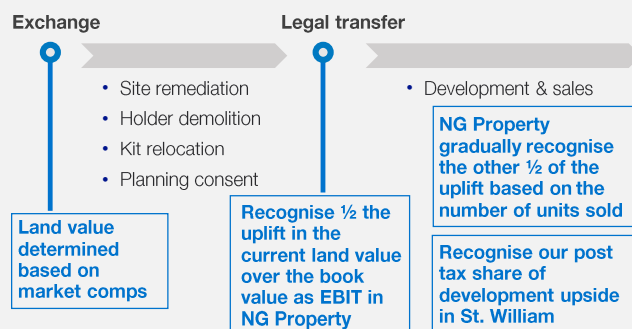
St. William joint venture (JV)

- National Grid supplies the land into the JV and manages site remediation, holder demolition and plant relocation activities
- Berkeley Group contributes the day to day development expertise, from initially securing planning consent, through to on-site construction, marketing and sales.
- The JV provides an opportunity to leverage value from the residential development land, and access to downstream profits
- A potential for 30 sites under consideration for the JV, with scope for 20,000 new homes
- At 31 March 2020, 21 sites had been transferred into the JV, with 9 completed and 12 exchanged

Forecast for the first 9 St. William sites



Phasing of JV profit recognition



NG Partners

- NG Partners is a venture capital fund established to invest in innovative emerging technology start-ups which will provide benefits to our core businesses in the future
- As of 31 March 2020, our investment portfolio included direct investments in 17 start-up companies and 4 venture funds, with a fair value of £134 million



Important notice

This document 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 'aims', '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. Furthermore, this document, which is provided for information only, does not constitute summary financial statements and does not contain sufficient information to allow for as full an understanding of the results and state of affairs of National Grid, including the principal risks and uncertainties facing National Grid, as would be provided by the full Annual Report and Accounts, including in particular the Strategic Report section and the 'Risk factors' section on pages 212 to 215 of National Grid's most recent Annual Report and Accounts for the year ended 31 March 2019 as updated by National Grid's unaudited half-year financial information for the six months ended 30 September 2019, published on 14 November 2019. Copies of the most recent Annual Report and Accounts are available online at www.nationalgrid.com or from Equiniti Limited. Except as may be required by law or regulation, National Grid undertakes no obligation to update any of its forward-looking statements, which speak only as of the date of this document. The content of any website references herein do not form part of this document.