“Our proposal to the New York Public Service Commission seeks to fund programs necessary to continue a safe and reliable service, modernize the gas network, and deliver a sustainable future for natural gas. We will maintain our focus on customer affordability through maximizing efficiencies over the multi-year rate plan.”

John Bruckner
National Grid President, New York jurisdiction

Key elements of 2019 rate review

<table>
<thead>
<tr>
<th>Requested revenue increase</th>
<th>RY1 (2020/21)</th>
<th>RY2</th>
<th>RY3</th>
<th>RY4</th>
</tr>
</thead>
<tbody>
<tr>
<td>KEDNY Annual</td>
<td>$237m</td>
<td>$275m</td>
<td>$275m</td>
<td>$275m</td>
</tr>
<tr>
<td>KEDNY Cumulative</td>
<td>$237m</td>
<td>$275m</td>
<td>$275m</td>
<td>$275m</td>
</tr>
<tr>
<td>KEDLI Annual</td>
<td>$49m</td>
<td>$49m</td>
<td>$49m</td>
<td>$49m</td>
</tr>
<tr>
<td>KEDLI Cumulative</td>
<td>$49m</td>
<td>$49m</td>
<td>$49m</td>
<td>$49m</td>
</tr>
</tbody>
</table>

- Requested ROE of 9.65%
- Requested debt:equity structure of 52%/48% in RY1, 51%/49% in RY2, and 50%/50% for RY3, RY4
- 4 year rate plan (April 2020 to end March 2024)
- $962m capex KEDNY and $586m capex KEDLI for FY21
- $6.2bn capex across the rate plan to 2023/24
- Maintains tracker and true-up mechanisms for property taxes, commodity related bad debt, Pension/OPEB’s, and environmental remediation
- Funds more than 250 new positions in Rate Year 1
- Investment to ensure affordable, decarbonized heating, including expansion to renewable natural gas and geothermal demonstration pilot for 900 customers
- Proposal to adopt additional innovative rate design elements, including performance based rates and incentives and new earnings adjustment mechanisms
- Anticipate new rates effective in April 2020

Customer impact (total bill)

- KEDNY: Typical residential gas customers will see an average net bill increase of 12.0% or $16.66 per month
- KEDLI: Typical residential gas customers will see an average net bill increase of 5.2% or $7.14 per month

National Grid and KeySpan Energy Delivery
New York (KEDNY) and KeySpan Energy Delivery Long Island (KEDLI)

- Downstate New York Gas distribution utilities
- 1.8 million natural gas customers, 4,000 employees
- 1.2 million New York City; 590,000 Long Island
- 12,000 miles of gas distribution and transmission pipe
- 4,000 miles New York City; 8,000 miles Long Island

Meeting our commitments . . .

- Significant capex to modernize gas networks
- Strong operational performance; meeting or exceeding regulatory performance metrics (leaks, emergency response, damage prevention)
- Accelerated leak prone pipe replacement
- More than 22,000 new gas connections since 2016

Financing assumptions

<table>
<thead>
<tr>
<th></th>
<th>Cost of equity</th>
<th>Cost of debt</th>
<th>Rate of Return</th>
<th>Assumed equity capitalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>KEDNY</td>
<td>9.65%</td>
<td>4.11%</td>
<td>6.76%</td>
<td>48.0%</td>
</tr>
<tr>
<td>KEDLI</td>
<td>9.65%</td>
<td>4.06%</td>
<td>6.74%</td>
<td>48.0%</td>
</tr>
</tbody>
</table>
**KEDNY Capex and Opex**  
**Capex**  
- Capital investment of $962m for FY21  
- Replace 70, 75, 80, 85 miles of pipeline across FY21-FY24  
- Storm hardening projects  
- Install new transmission pipes to meet demand and enhance reliability  
- Upgrade Greenpoint LNG Facility  

**Opex**  
$114m increase reflects:  
- $21m inflation  
- Increases in environmental recoveries offset by efficiencies and lower pension expenses  
- Implement pipeline safety programs  
- Low income programs  
- Future of Heat strategy supporting sustainable growth, renewable supply

**KEDNY Year-1 revenue increase ($m)**

**KEDLI Capex and Opex**  
**Capex**  
- Capital Investment of $586m for FY21  
- Replace 155 miles of pipeline each year across FY21-FY24  
- Storm hardening projects  
- Install new transmission pipes to meet demand and enhance reliability  
- Upgrade Holtsville LNG Facility  

**Opex**  
$99m increase reflects:  
- $8m inflation  
- Increases offset by efficiencies and lower pension expenses  
- Implement pipeline safety programs  
- Low income programs  
- Future of Heat strategy supporting sustainable growth, renewable supply

**KEDLI Year-1 revenue increase ($m)**

**KEDNY/KEDLI rate base forecast ($bn)**

**2017/18 RoE/Rate base ($m)**

**FERC**  
**KEDLI**  
11.5%  
$2.3bn  
Narragansett Gas 7.9%  
Mass Gas 6.6%

**KEDNY**  
10.1%  
$3.0bn  
Narragansett Electric 6.4%  
Mass Elec 8.8%

**Friends**  
$0  
**National Grid**  
$20.7bn

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This document contains certain statements that are neither reported financial results nor any 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 “aim”, “anticipate”, “aspect”, “should”, “intends”, “plan”, “believe”, “outlook”, “seeks”, “estimate”, “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 a full 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 “Risks and uncertainties” section on pages 193 to 196 of National Grid’s most recent Annual Report and Accounts for the year ended 31 March 2018 as updated by National Grid’s updated half-year financial information for the three months ended 30 September 2018, published on 8 November 2018. Copies of the most recent Annual Report and Accounts are available online at www.nationalgrid.com or from Link Asset Services. 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.

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